Thank you for joining us today. My name is Oya Yavuz, and I am Vice President of Investor Relations at Wolters Kluwer. I would like to welcome you all to our fourth quarter full year 2006 results presentation.

This afternoon's presentation will be given by our CEO Nancy McKinstry, our CFO Boudewijn Beerkens, as well as Kevin Robert CEO of our Tax and Accounting Division. Also present here today is Jean-Marc Detailleur a member of the Executive Board.

The presentation will be followed by a Q&A session. This afternoon's presentation is also being simultaneously video webcast. Those of you following the webcast can send in questions by pressing the icon on your screens. I will then redirect them to Management.

I'd kindly like to ask you to read the forward-looking statement, which is included in your presentation on page two, and also in our press release. With that I'd like to hand over to Nancy. Thanks.

Thank you Oya. Good afternoon everyone. Thank you very much for joining us this afternoon.
Just a brief recap of the agenda. As usual I will provide the overview of Wolters Kluwer’s results for 2006, followed by a discussion of each of our divisions. Then I will turn the podium over to Kevin. Kevin is our CEO of our Tax and Accounting unit. And he is going to talk a bit more about the strategy in that group, and give you an update on where they are.

Then I'll talk about our outlook for 2007. Then Boudewijn Beerkens, our CFO will discuss our financials in more detail. And then I'll conclude with some remarks before we go onto Q&A.

So, with that as an introduction, I’d like to say that we are quite pleased with our performance for 2006. We delivered on, or exceeded all of our key performance indicators. Most importantly we’ve shown solid organic growth throughout the year. And we've delivered strong cash flow. We've also achieved significant cost savings as the restructuring program that we started back in 2003 reached its conclusion.

We are particularly pleased by the double digit growth in online and software products that we experienced. Today 43% of our revenues come from electronic products, compared with 31% in 2003. Increased investments in product development, sales and marketing, and selective acquisitions have also supported our growth. The acquisitions that we made in 2006 have strengthened our leading positions in key segments, as well as provided us entry into adjacent markets.

In 2006, we also continued to provide strong returns to our shareholders. So our accomplishments in 2006 provide us with a very strong foundation to accelerate our performance as we head into this year and beyond.

Organic growth for the quarter was strong at 6%, with just over 3% organic growth for the full year. This is a 1% improvement over our prior year performance and above our full year guidance of 2 to 3%.

Our ordinary EBITA margin was 17% versus 16% in 2005 as a result of both our higher growth performance, as well as the effect of our cost savings. This was partially offset by increased investments in product development, sales and marketing, as well as some continued restructuring.

With structural cost savings of EUR128m we have exceeded our full year cost saving target.

All of our divisions enhanced their revenue performance over last year. Corporate and Financial Services, Tax Accounting and Legal had very strong organic growth in 2006. At LTRE organic revenue growth of 1% was achieved, restoring growth to this division after several years of decline, and very much marking the success of the restructuring of that division.

Health revenues increased 25% over prior year, largely driven by acquisitions. The division had strong Q4 performance of 6% organic growth, resulting in 3% organic growth for the full year.

Education also showed good performance in all markets, with over 2% organic growth for 2006.

We love this chart at Wolters Kluwer. Since 2003 we have restored organic growth across all the divisions, turning around our performance from minus 2% in 2003 to positive 3% in 2006. And in our business, which is still largely a subscription business, this is a major achievement for us as an organization. And really provides us with a proven foundation upon which we can now build to accelerate our growth performance.

Our strategy of investing in key market positions, and delivering online and workflow solutions has been a central component of our ability to achieve sustainable organic growth. All five of the divisions have shown progress over prior year. And we saw strong online growth for all of Wolters Kluwer.

The launch of new integrated tools and solutions has also supported improved customer retention, as these types of products provide us with great opportunity to participate more deeply within our customer's workflow. This growth has been supported by an increase in product development investments of 9% over the prior year.
Strategic acquisitions, such as Healthcare Analytics and ProVation in Health, Carl Heymanns in LTRE and ATX/Kleinrock and TaxWise within TAL, have strengthened our position within our key vertical markets.

I am pleased that within 2006 we met or exceeded each of our key operating and financial targets that we set as part of our three year plan. Most importantly, we have further established momentum for growth, by delivering organic growth of 3% for 2006.

Ordinary EBITA margin of 17% was driven by significant savings that have resulted from the completion of our restructuring program. This strong performance contributed to ordinary earnings per share of EUR1.23.

Cash flow remains very strong at Wolters Kluwer of EUR443m for the year, which was significantly above the initial target that we set for 2006.

One of the major parts of our transformation has been the focus on online and software products. And since 2003 we have substantially increased the percentage of our revenues coming from these types of products, from 31% back in 2003 to 43% by the end of 2006. Very importantly, growth in online and software have occurred across all geographies and all divisions which highlights the importance of these types of products, integrated content and software to the overall growth program that we have at Wolters Kluwer.

Now I’d like to turn our attention to each of our divisions, beginning first with our Health Group. The Health division delivered a strong fourth quarter performance with organic growth of 6% to finish the year at 2.7% organic growth. Revenue growth was particularly strong in the Nursing segment of Professional and Education, for Ovid’s online offerings, and for our Medi-Span and eFax products.

These results were further driven by the success of new product introductions, overall, within Health. Also driven by a robust front list at P&E, as well as good customer adoption of electronic drug information and efficient support tools.

The EBITA margin was slightly impacted in 2006 by significant investments in new products as well as additional data purchases for our Healthcare Analytics line, and increased investments in sales and marketing and royalty costs.

Now looking at our Corporate and Financial Services division, this division showed strong revenue growth of 8% in 2006 with organic growth of 7.5% for the full year. This group significantly over achieved our guidance of 3 to 5% that we gave at the beginning of 2006.

For the fourth quarter the unit achieved 8.8% organic growth. This strong performance was driven largely by the Corporate Legal Services unit, which achieved record volume growth in core products and services. UCC Services, Core Search and Litigation Solutions also contributed to the strong growth performance.

Financial Services also performed well, with organic growth of 5.4%. This was driven by good new sales in our banking analytics line, as well as the successful launch of Expere within the large bank market. By the end of 2006 we had signed an additional two customers to our Expere product line.

Ordinary EBITA margins increased to 22% supported by the significant revenue growth within this division, despite the fact that we continued to make significant investments in new product development and in shared services.

Now a few comments about Tax Accounting and Legal. This unit also achieved strong revenue growth of 9% in 2006, with organic growth of 5% for the full year. For the fourth quarter, the unit achieved 5.9% organic growth. Within Tax and Accounting we saw continued strong demand for software, which fueled double digit growth within those product lines. Integrated online libraries also continued to contribute to our overall growth performance.
Law and Business showed solid organic growth through increased product innovation, improved retention, and the delivery of several new online libraries.

Strong margins were maintained within the division, despite increased investments in new products, as well as in next generation research and .Net platforms.

Margins were also slightly impacted by the seasonality of our Small Firm Services group, which includes our ATX/Kleinrock and TaxWise businesses.

So, with those brief remarks about TAL, I’d now like to turn it over to Kevin. As we mentioned Kevin is the CEO of our Tax and Accounting unit. And Kevin and his team have done a remarkable job at building a very strong strategy for growth, within the division. And we’d like to give him the opportunity now to give you an update on that plan. So Kevin.

**Kevin Robert** - Wolters Kluwer NV - CFO, Tax and Accounting

Good afternoon, and welcome. When you look at the Tax and Accounting marketplace, its one that is going through a fundamental shift and it’s a very dynamic market. And the key drivers, behind this shift, are changes in the workforce. This goes with the general aging of the population.

Currently 75% of the membership of the AICPA, that’s the American Institute of Certified Public Accountants, will be eligible to retire in the next 14 years. So that’s a tremendous outgoing of resources that are currently doing the work today.

And you also have increasing regulatory changes. Sarbanes Oxley is creating an enormous workload on corporations, and subsequently to the CPA firms.

So, you have a labor shortage on one hand, you have more work to be done on the other hand.

So, what’s happening now is a lot of firms are looking at their client list. And coming back to that client list, and they are saying, you know what, these lower value clients we are going to fire. We are going to push them down to someone else.

So now what you have, s you've got work that’s going from the top tier firms that’s being pushed down to the middle tier firms. And now that's creating more demand for information products, productivity tools. And firms are looking at these products and saying, okay we want them integrated, because they don't really care whether its software or research. What they want to be able to do is get their work done, and get their answers done as quickly as possible. So we view this as a fundamental shift in the marketplace.

Our approach to taking advantage of this shift is really to create the most comprehensive suite of tax and accounting software. And it really comes into four areas.

First of all we extend into emerging practice areas. And this is mainly in support of firms that are trying to drive productivity, through building a paperless office. And in building the paperless office we've launched several products that help support that. Our document management systems, our paperless audit system called Engagement. And a new product that actually takes paper documents, converts them into electronic, and then for later use within the production of the tax returns, called ProSystem Scan.

We’ve also taken these products and we've versioned them to expand into adjacent markets. Our major focus has been the small and medium enterprise, as well as Australia and Canada.
And, as Nancy mentioned earlier, the acquisition of ATX/Kleinrock and TaxWise allow us now to have new brands that target the small CPA and the commercial tax preparer.

And, of course, our foundation products, which are our research products as well as the ProSystem FX Tax product line, we are heavily investing in those to bring them to the next generation. And that really sets us up well to continue this growth in the future.

One of the fundamental things that we've done, and when you look at the change that we made back in 2003, and moving into customers' units is that, we've taken that customer unit and we've actually broken it down, and are looking at the customer base, and into each of its various segments. Now, the reason that this is important, our view of the world back in 2003, was basically a traditional tax market. And we viewed our core market then as at about $1b. By breaking down the segments and looking to where we could expand, we now view that market as about a $2.3b market.

And we've done this by really breaking down into segments, and understanding our customers’ workflow and product usage. That's allowed us to really get deep into the way that our customers work, build products to their specific needs, and really drive some new opportunities.

Back in 2000, when you look at the pie chart on the left there, we really only played in the upper end of the CPA market, with our research and software products. And in the corporate space we really only played with our publishing products.

So we had a big opportunity to go after, and by segmenting the market that created some new opportunities for us. Some of those new opportunities have really transitioned us into this market place to really take advantage of this fundamental shift.

When you look at this competitive map that we have in front of you right now, you see on the premium segment Wolters Kluwer is the only player in this space that has a complete range of tax research, tax software, accounting research and accounting software products.

And if you go all the way down to the bottom of this chart, in the value segments, we've replicated that approach. And that was with the acquisition of ATX, TaxWise and Kleinrock.

So, we've got this fundamental shift that's going on in the marketplace. And we think that we've effectively sandwiched the competition in the middle. So, as work is being pushed down from the top tiers down to the second tier and to the middle tiers, we think those firms now that are looking for more sophisticated tools will come up to the ProSystem in CCH lines. Those firms that are looking for a value play but still want a full suite of products, we think we have a solid choice for them with the ATX/Kleinrock and TaxWise lines. So we like the way that we've positioned ourselves in the marketplace.

And we continue to see new opportunities for growth. When you look at our core products and our core customers, we are investing. We are investing in our ProSystem FX product line, and we are investing in our research product lines through Global Atlas. And I am going to talk about these a little more in a couple of slides.

But we are also seeing additional opportunities to take our existing product lines, and reversion them in new customer segments. And although with the acquisition of ATX, TaxWise and Kleinrock we were able to pick up some core products, what we are also able to do is leverage some of the existing CCH products, and version them specifically for that market.

We are also to take some of those same products and globalize them, to be able to offer those products in Canada and Australia. Now, today in Canada, we are the only vendor that has a complete range of software and research products targeted to the tax and accounting professional in Canada. We are also replicating that strategy in Australia. We still have two products to launch and they will both be launched by the middle of this year.
When you also look at new products that we are launching to our core customers we are able to go through and launch new products in the accounting and auditing area. This has been a big key area for us. Paperless audits has been a big growth area for us.

We've also launched new products that drive paperless capabilities with our Scan product line and our document management systems.

And finally, we have an opportunity to really get into new areas with our corporate SME initiative. That's a small and medium sized enterprise where we are targeting corporations less than 500m. And here we are versioning our paperless audit system, our tax systems and our document management systems specifically for corporate tax departments.

This has allowed us to get some pretty good product introductions, and some good growth right off the bat. Our Knowledge Tools product, which is the auditing systems, which is both content and software tools integrated together is set to launch for the second quarter of this year.

I talked a little bit about the expansion that we've had in the small and medium sized enterprise for the corporate market. And this has allowed us to create a dedicated sales force and a specific brand launch called CorpSystems, targeted specifically for corporate tax departments. Our first year sales were over target, and our average sale was 73% higher than what it was when we were -- when we didn't focus on this market.

Now, why is that the case? The corporations now typically only do one tax return. And what was happening in the past is that a corporate tax department would buy the product. And it was typically a CPA that left their public practice and decided to go work in a corporate environment. So they were buying the product specifically the same way that they bought it as a CPA.

Well, we were able to go through and do some analysis of that specific segment. And in doing that, we were able to find out that if we packaged certain products together, help them capture information on the front end, and also places where they could store it, we could increase the price of that sale.

Now, we specifically also targeted this position in the marketplace because the upper end of the market was dominated by CorpTax and Vertex's tax system, as well as InSource. So, it allowed us to strategically get there. Now they can't effectively move down because they are pretty well locked in with their legacy pricing. And we can still have a good price competitive advantage there. But it's still a higher price than what we were selling the products for into the CPA space.

And finally, we also have some introductions with a product called Scan. I talked about the CPA striving for productivity. And a lot of this is being done with them creating, what's called the paperless office. What the Scan product does is it helps automate the process of producing a tax return.

Most of the clients will bring in a shoebox of information into the CPA's office. And in that shoebox it contains receipts. It contains W2s, which is earnings statements, dividend statements and so forth. Well that information is dropped into a scanner, sorted and put into the order that the way -- that the professional will do a tax return.

And most of our customers today use two screens. So one monitor will have the information that's been scanned in, and the other one will have the input screen where they will input the information. And electronically they will put check marks on the information to make sure that it was all put into the system. And, again, it supports their entire workflow.

The next generation of this product is going to be to automatically take the information now that it is scanned in and automatically populate the tax return. And that's a release that's targeted for later this year.
So this strategy and this targeting of products has really allowed us to grow. If you look at some of the key metrics for the U.S. market, our inventory for our publishing products grew 6.8%. Our retention of our publishing products increased 2.8%. And some of our newer product lines are getting good adoption. Our Accountant’s Research Manager grew 47.3% last year.

And on the software side our inventory grew almost 14%. The revenue of our Tax product, which is our core product, grew better than 8%. And our non-tax products grew better than 30%.

We are also getting recognized by several of the trade magazines. Accounting Today has their annual list of Top 100 products. We have 20 products on that Top 100 list. That’s more than any other vendor has. And we also received an Industry Innovation Award for ProSystem fx Scan.

When you look at the key trendsetters in the marketplace, the top 100 firms, all 100 of those firms either use our research products, our software products or both. And this has led to just great retention, with our software product line of better than 95%.

Now, looking forward, we are making investments in both our research platforms and our software platforms. When you look at our research platform today, the key competitive advantage that we have is our content. And that’s the rich depth of content produced by the CCH Publishing Group.

But we know we can make improvements to our platform. And the key areas that our customers want us to improve on is a simple more modernized interface, improved display capabilities, be able to take more content intelligence out of the content itself, and create a more intuitive and innovative search routine.

Now we’ve shown several iterations of our prototypes to our customers, and these are some of the comments that we’ve gotten back. Significantly easier to use because it’s very basic. It’s self-explanatory. Everything is right there for you. This is the same format as a lot of the programs that we use, like Windows Explorer and Outlook. People should readily understand how to use it. And compared to what I am doing on my computer, the ability to toggle back and forth makes it much faster, and time is money.

So we are real happy with the initial results, and we are targeted for a launch of this product in late 2007.

In the software line we are taking a similar strategy. We are taking our software platform and we are leveraging the Microsoft .Net technology, and its going to give us some advantage in several different ways.

First area is portability and collaboration. We are seeing firms today that are moving their -- all of their production work, if you will, over into the web. And by doing that they are doing it at different phases. Some of them are moving it -- want to keep it desktop on some products, and they want to move other products to the web.

What the Smart Client application allows us to do is take that and allow the firm to migrate it the path that they want to migrate at. And so this really is a key approach to us.

They also want to do application sharing. With the workforce being so hard to attract resources these days, a lot of people are working at home, working at different locations. So, application sharing is becoming a bigger, bigger deal for firms today. They want to have more than one person being able to work on the same tax return and be able to collaborate on that tax return.

And finally more connectivity options with both other members of the firm, but also their clients. They want to be able to have secure portals where the clients can come in, post information, and also pick up information without having to go to the CPA’s office all the time.
We are also optimizing processes. We are using a process called Contextual Design. And that's a fancy word for just saying we go in and watch the way customers work, and we catalogue all of that information. And we make sure that our software supports the way that the firms work. This just gets greater acceptance in the way that a firm adopts our products.

And we've optimized three major processes - the way that they electronically file the returns, the way that they correspond with their client producing correspondence for tax returns and as well as reviewing tax returns on screen.

We also create complete workflow management tools. And these are dashboards that are customized and personalized specifically for your role within a firm, whether you are a partner, whether you are an associate, whether you are staff. And it has your work to do, and the way that you route information back and forth to other professionals within the firm.

And then finally it's all controlled by one common database. And this really does help us facilitate the integration. And we are following the same process that we are following with Global Atlas. We are showing customer's iterations of the product. We are getting feedback along the way. But more importantly, we are really capturing the work upfront on the way that they do work, and make sure that our products support that.

I want to talk a little bit about the acquisition of ATX/Kleinrock and TaxWise, because that really gets us into a new area of the market that we traditionally haven't played in. When you look at this acquisition it does several things for us. In growing the customer base we've added 56,000 customers to the CCH family.

We are also being able to version specific products, specifically tailored to this market and it's going to allow us to increase the average sale per customer. We've already started with the integration of products and technologies. And that's going to allow us to be able to take that even further to get greater economies as we start consolidating the product lines together.

In fact, between the two products, we've already produced over 5m tax returns that have been electronically filed directly to the IRS. That's better than 12% of their total volume from all of the different tax vendors. We are pretty proud of that for the first year effort that we've owned these companies.

And then finally consolidating the back office operations, to continue to make sure that, we drive the profitability out of this Group.

When you look at this strategy overall, tax and accounting is fully aligned with the overall WK strategy. We are going to grow our leading positions by enhancing our platforms, and deepening our content in the leading specialty areas.

The key adjacent expansion will be in the small and medium sized enterprise, and the lower end of the CPA market. And on a global basis, tax and accounting will continue to expand its ProSystem fx line in both Canada and Australia. And finally, TA will continue to drive cost savings through operational excellence, and create some additional offshoring opportunities in both our publishing, and in our software development initiatives.

So thank you and I am going to turn it back over to Nancy.

Nancy McKinstry - Wolters Kluwer NV - CEO

I would like to talk a bit now about our last two remaining divisions, LTRE and Education. LTRE delivered strong fourth quarter performance with organic growth of 3.8% to finish the year at 1.1% organic growth.

We continue to see strong growth in Central Europe, Spain, Italy and to a lesser extent in France. Very importantly the Netherlands and Belgium demonstrated modest positive organic growth, which reflects the successful restructuring that we've done in those two countries.
Online revenue growth strategic expansion into new geographies such as Portugal and continued investment in sales and marketing also supported these good results.

Acquisitions also contributed to LTRE’s performance, most notably the Carl Heymanns acquisition that we made in Germany, which has expanded our leadership in the academic and the legal market within Germany.

Operating margins improved significantly in the division, driven both by the positive organic growth that we experienced, as well as the cost savings that have come out of the major restructuring of LTRE.

So, we are quite pleased with these results. And they really reflect, as I say, the three year effort that’s been underway within our European business.

So now looking at our Education division, this group showed organic growth of 7.7% in the fourth quarter, to finish up the year at 2.4% organic growth. We saw good performance across all of the markets and geographies with especially good growth in the U.K. based on our relationship with AQA, which is the major testing association in that market.

Operating margins increased from 19 to 20%, again reflecting the revenue growth that we saw in the division, as well as the effect of the restructuring that’s been done over the last couple of years.

As we announced, back in September of 2006, Wolters Kluwer has begun to explore strategic alternatives for the Education division. We expect that this review process will be completed within the first half of 2007.

In 2006, compared to last year, we spent an incremental EUR22m on product development for a total investment in product development of EUR272m. This represents an increase of 9% over the prior year.

Non-exceptional restructuring costs were EUR39m, which was above the original guidance that we provided you at the beginning of 2006 and reflects some additional restructuring that we did both in the Health division, as well as at LTRE. And includes investments that we continued to make in the data center consolidation work that’s underway in North America as part of our shared services initiatives.

For the full year 2006 we realized EUR128m in cost savings, as the restructuring programs that we started back in 2003 and 2004 continued to yield efficiencies. As a result, our expected run rate savings are now EUR160m.

So, now a few words about our outlook before I turn it over to Boudewijn for some more details. For 2007 our divisions will build on the success that they had in 2006 to accelerate our growth performance. This chart shows you our expectations by division. For Health we expect 2 to 3% organic growth, 5 to 7% for Corporate and Financial Services. 4 to 6% for Tax Accounting and Legal. The LTRE division is expected to grow 2 to 4%. And finally Education is also expected to grow 2 to 4%. The end result of this divisional performance, for all of Wolters Kluwer, is an organic growth expectation of 4%.

As we look to 2007 our focus will remain on driving organic growth. Our target of 4% organic growth reflects an increase over the performance that we delivered in 2006. We are also guiding significantly improved margins of 19 to 20%, even as we continue to make investments both in product development, in new technology platforms, as well as in sales and marketing. In 2007 we also expect continued strong cash flow.

So with those brief remarks, I now will turn it over to Boudewijn who will talk about our financial performance in a bit more detail.
Boudewijn Beerkens - Wolters Kluwer NV - CFO

Thank you Nancy, and good afternoon everyone, and welcome. Let me take you through the financials of Wolters Kluwer for the full year in a little bit more detail.

We achieved all our key performing indicator targets, as announced in the beginning of ’06, and even over-achieved our organic growth and free cash flow.

To reiterate what Nancy said, organic revenue growth grew even further from 2% in ’05 to over 3% in ’06. Ordinary EBITA margin grew from 17% in 2006 to -- sorry to 17% in ’06 from 16% in ’05, which reflects higher revenue growth, partly offset by shared services costs, investments in project developments, in particular the PS fx.Net and our global platform, as well as increased marketing and sales spending.

Cash flow came in strong at EUR443m, 23% above the EUR351m in ’05 and well over our guidance of EUR350m. Profit for the year of EUR322m was -- came well in above that of the previous year of EUR261m.

Effective tax rate on pre-tax ordinary income was 25%, and in line with 2005. Net debt increased to just over EUR2b due to increased acquisition spending. Gross debt was, however, stable with the prior year at EUR2.2b.

Financing results came in line with 2005 due to the acquisition spend, which was offset by a more efficient balance sheet.

Looking at some specifics, revenues at actual currencies grew 9%, as a result of organic growth of 3% and the remainder came largely from the impact of acquisitions. The average U.S. dollar/euro rate in 2006 of 126 versus 125 in ’05 did not cause materially currency exchange differences for the full year, unlike what we saw in previous years.

Our ordinary EBITA margin and ordinary net income were both up compared to the prior year. This was due to increased revenues, as well as significant cost savings from our restructuring program. The ordinary earnings per share in actual currencies was therefore EUR1.23.

Free cash flow was up 26% to EUR443m. This came in above our original guidance, largely due to a large and unexpected refund of income tax of almost EUR60m mainly in the Netherlands, as well as the further improvements in the working capital of almost EUR20m.

Turning to the P&L let me highlight the main differences with the prior year. We had no exceptional expenses in 2006. Amortization increased due to acquisitions. Financing costs were in line with 2005, due to a more efficient capital structure, despite the increase in debts. Our average financing costs in 2006 were approximately 5%. In 2007 we expect this to increase slightly.

For 2007 we expect financing costs to come in between EUR110 and EUR120m. This is mainly due to a higher debt, as well as the redemption of our low interest convertible bond at the end of 2006.

Effective tax rate on pre-tax ordinary income was 25%, and in line with 2005. This is a result of a lower tax rate in the Netherlands, offsetting higher tax from improved profitability from our U.S. operations. Our guidance for tax on our benchmark for 2007 is approximately 26% due to a further increase in profitability in higher tax regions.

And as always, to give you a picture of our underlying business performance, let me run you through our ordinary net income, which is our benchmark measure. To get to this benchmark we take net income, we add amortization after tax, take away any divestment income, and correct for exceptionals. For 2006 this resulted in a 19% higher ordinary net income of EUR387m, and a 16% higher ordinary EPS of EUR1.23.
Please note that you should expect our diluted weighted average number of shares in 2007 to be lower at around EUR340m
due to the redemption of the convertible bonds.

Moving onto the balance sheet. The increase in non-current assets is largely as a result of acquisitions. We see non-current liabilities decrease and current liabilities increase, mainly due to a switch from long term debts to short term liabilities.

We’ve repaid the convertible bonds in November 2006 for a total of EUR422m. Group equity of EUR1.2b benefited from the profit for the year and actuarial gains and employee benefits, partly offset by the decrease of the U.S. dollar at year end.

Net debt increased by 25% to just over EUR2b compared to EUR1.6b in ’05 due to increased acquisition spend. Our net debt to ordinary EBITDA ended the year at 2.9 times. In 2007 we expect this to come down to our target level of 2.5 times.

Turning to cash flow, I would like to pull out two items on this slide. Cash flow from operating activities increased and this was caused by higher operating profits. This increase was, however, offset by higher financing costs, due to the premium of the convertible bonds that was repaid in November 2006, and a lower contribution from working capital.

We also saw a further positive contribution to working capital compared to the previous year, prolonging a three year run of working capital improvement. The movement of working capital includes a special payment of EUR10m in the fourth quarter to the U.K. pension funds. Tax payments were substantially lower in ’06 as a result of refunds we’ve received from finalizing previous filings.

Looking at cash flow from operating activities we see a higher capital expenditure due to software developments, mainly driven by Health and our Global Tax and Legal Publishing platform. Higher acquisition spending which mostly relates to the acquisition of Healthcare Analytics, ProVation, ATX/Kleinrock and TaxWise. An increase in cash from derivatives, due to realized swap gains of EUR105m in ’06, compared to EUR83m in ’05.

Cash flow from financing activities shows the impact of two bond redemption, namely in 240m bonds and the remainder of our convertible bonds of EUR422m.

We have now moved to a more natural hedged balance sheet where we’ve refinanced ourselves in U.S. dollars by drawing on our multi-currency credit facility to match our dollar U.S. -- U.S. dollar denominated assets. By year end 2006 we had drawn $890m to finance the bond redemptions and acquisitions. Last year we also repurchased approximately 1m shares.

Summarizing these cash flow streams has resulted in a negative net cash flow of just under EUR300m at year end 2006, mainly due to, one, a higher operating profit, two, larger tax refunds, three, high acquisition spend, and four, redemption of debts.

We’ve reduced our cash balances at year end from EUR428 to EUR138m, hence creating a more efficient use of funds. Even excluding the tax refunds, and despite continued investments in our business, we enjoy a very strong free cash flow.

We again managed to improve working capital in 2006 by EUR19m. However, the main reason for the lower increase in working capital compared to last year, relates to trade debtors, and is the result of growth in the business, particularly in the fourth quarter. Due to strong working capital management, we improved working capital by almost -- by more than EUR230m over the past four years.

Turning to acquisitions, the total net spending for acquisitions for the year 2006 was EUR773m including earn-outs of past deals. Let me highlight the main acquisitions of 2006. In January we finalized the acquisition of NDC Information Management, which is a provider of healthcare information, now called Healthcare Analytics. Healthcare Analytics has revenues of approximately $165m.
In the same month we also acquired Sage Practice Solutions line of business, from Sage software. And this business offers business management software and services to small and mid-sized business customers in North America. With $7m in revenues this acquisition strengthened our Tax Accounting and Legal division.

Also in January we further strengthened our position within the health market with the completion of the ProVation Medical acquisition, a privately held company, providing medical documentation, coding and workflow solutions to hospitals and surgery centers in the U.S. ProVation has revenues of approximately $30m.

In May we closed Carl Heymanns Verlag deal, which brings us revenues of EUR50m. Carl Heymanns, one of Germany’s leading academic and legal publishers, further strengthens our German business within the LTRE division.

As Kevin discussed, in August we acquired ATX/Kleinrock, and in October TaxWise. Annual revenues of ATX/Kleinrock are approximately $40m and TaxWise $53m.

The contribution to our 2006 results from these acquisitions was EUR187m to revenues, and EUR24m to ordinary EBITA. The annualized revenues from these acquisitions are EUR252m, with annualized ordinary EBITA of EUR47m. All acquisitions are accretive to ordinary EPS in year one, and are expected to cover their cost of capital within three to five years.

In 2006 we also announced three small divestments with total annualized revenues of approximately EUR17m. In January the divestment of Segment within the LTRE division was finalized. In February the CFS division divested CT Insurance Services. And in December we completed the sale of Cedam Scholastica, a school books part of Cedam within the legal, tax and regulatory Europe division. This all resulted in a book gain of EUR9m.

And as we look to our targets for 2007, the focus remains on driving organic growth. Our target of 4% growth reflects a further increase over 2006 levels. The significant margin expansion we expect this year is a result of three main elements, improved top line growth, no more restructuring expenses and further incremental cost savings of over EUR30m. We expect continued solid cash flow due to improved growth and margins. We anticipate maintaining working capital improvements and are guiding no working capital improvements for 2007. We expect capital expenditure to increase to approximately 3% of revenues and this year return on invested capital is projected to grow above our weighted average cost of capital of 8% after tax due to improvements in our operating margins. We expect ordinary EPS to increase by more than 10%, as indicated.

I’m very pleased to highlight that Wolters Kluwer is in a solid financial position. It is evidenced by the fact that we significantly improved working capital over the past four years. We continue to generate strong free cash flow. We have an efficient capital structure and at year end, our headroom was EUR400m. Our current headroom is slightly above that. This all supports our future strategy to accelerate profitable growth. And with that, I would like to give the floor back to Nancy and thank you for your attention.

**Nancy McKinstry** - Wolters Kluwer NV - CEO

Thanks Boudewijn. Just a couple of final remarks before we move to Q&A.

Over the past three years we have implemented our strategy for transforming and strengthening Wolters Kluwer with intensity and with a lot of rigor around execution. So as we look to 2007 we have a strong foundation and a lot of momentum around our organic growth performance. We are now focused on executing our strategy for accelerating profitable growth. Our guidance for 2007 reflects this plan and includes 4 to 5% organic growth beyond 2007, strong free cash flow, continuous improvements in our operating margins and double digit growth in diluted ordinary earnings per share.

Our strategy for 2007 builds on the successful transformation of the Company and focuses on four key strategic actions - grow our leading positions in core vertical markets, capture key adjacencies where we can leverage our existing leading positions,
our substantial brands, as well as our technology platforms. Exploit our global scale and scope, both in terms of extending our geographic footprint, but also taking some select product lines and selling and marketing them on a worldwide basis, and finally, institutionalizing operational excellence by implementing a variety of different programs in each of the divisions. Our strategy for 2007 and beyond will result in sustained and profitable growth and in enhanced value to both our customers and our shareholders.

So with those remarks, thank you very much for your attention and we'll now turn it over to Q&A.

**QUESTIONS AND ANSWERS**

Unidentified Audience Member

Thank you very much. Good afternoon, everybody. A few questions if I may, please. The first one is on the Health business. Health is supposed to be one of the two growth drivers of the Company. 2007 it will be the worst performers according to your expected outlook. When and why do you expect Health to go back to the 4/5% growth you were guiding for previously, please?

Nancy McKinstry - Wolters Kluwer NV - CEO

Okay. Go ahead.

Unidentified Audience Member

Secondly, on the LTRE business, given the 4% growth you posted in Q4, the 2 to 4% guidance you have for '07, may we suggest that it’s a bit conservative or that there were exceptional items impacting the Q4 numbers? Could you elaborate on what underpins the guidance for the European business, especially given that the U.K., is out of the scope now? Thank you.

Nancy McKinstry - Wolters Kluwer NV - CEO

Okay. First on Health, if you look at our 2006 performance what you see is really a mixed picture. We had very good growth within our Professional and Education units, driven by new adoptions, particularly of our nursing product line, as well as a strong front list. We expect that trend to obviously continue into 2007. We also saw strong online growth both at Ovid, as well as in Medi-Span and in some of our drug information product lines. So those trends we, again, expect to continue into 2007.

Offsetting that, however, is that we saw softness in both advertising as well as in other promotional programs that are supported by marketing and promotional spending on the part of pharmaceutical companies. So if you look at our books program, vouchers, medical communications, advertising, those programs were all soft in 2006 and we do not expect a reversal of the fundamental trends in the pharmaceutical industry happening in 2007. So our guidance of 2 to 3% really reflects the continuation of both the positive experiences that we had in 2006, as well as the softness that we experienced.

So in terms of your longer term question, we remain very committed to Health. We believe that it’s still a good market for us. We have very good positions in the business. If you look at the macro trends in health in terms of both the percentage of G&P that Healthcare accounts for, particularly in the U.S., very high, continuing to grow. A lot of drug development is still occurring.

So over the long term, we still have very strong growth prospects for both the sector as well as for Wolters Kluwer. What we are doing is we need to make some modifications in our own product lines to reflect the fact that some of the trends in the pharmaceutical sector are unlikely to really reverse. And what that means for us is that we will continue to put our capital into...
product lines that are more must-have for both pharmaceutical customers as well as other customers in the healthcare market. So those are things like our decision-support tool and some of the other kinds of products that we have been building.

Unidentified Audience Member

Would you like to share with us the amount of revenues exposed to the vouchers in Pharmico advertising segments?

Nancy McKinstry - Wolters Kluwer NV - CEO

Yes. Last time we said about 20% or so. So about 20%, something. And then on LTRE, the guidance of 2 to 4%, if you recall, at the LTRE Day, which was part of our strategy session, we had originally had guidance of 2 to 3%. We've now increased that to 2 to 4%, really driven by a couple -- two factors primarily. One is as we looked at the beginning inventory levels, one of the key drivers of our business, as you know, is we're still largely a subscription business.

So one of the major factors for us is, how do we start the year in terms of our inventory levels? So if you look at Europe in total, we had -- we started this year in a good position if you look at the countries' inventory levels. So that gives us confidence to increase the upper end of the range from 3 to 4%. And the other thing, as you point out, is we did move the U.K. into the Tax, Accounting and Legal Group. The U.K. accounts for approximately EUR150m within the portfolio of LTRE. Okay?

Unidentified Audience Member

Thank you.

Nancy McKinstry - Wolters Kluwer NV - CEO

Yes, Reinier.

Reinier Westeneng - SNS Securities - Analyst

Reinier Westeneng from SNS Securities. A couple of questions. First of all, on the LTRE Europe, fairly strong performance in Q4. I was wondering, is there any phasing in the quarter or is it, rather, other exceptional things which can explain the strong performance? That's the first question.

The second question, what would have been the growth in that division without U.K. business?

And a question for Boudewijn, respect to the 10m payment for the deficit in the year, pension funds. I have two questions on that. First of all, could you indicate what the total deficit is in that pension fund and whether we can expect more payments?

And second question, more is an accounting theme. Why don't we see that in the P&L? So why is it in -- why I guess -- I can't explain -- if I can -- it may have some cash flow impact but why is it not going to the P&L? Or is it? Maybe I missed something.

And the final question is on the target of net debt to EBITDA of 2.5. How should I read the target? Does it mean when you exceed the targets or when net debt to EBITDA is below the target you are, for instance, considering to return cash to shareholders or is that probably too optimistic from my point of view? Thank you.
Nancy McKinstry - Wolters Kluwer NV - CEO

Okay. I'll start and then hand it over to Boudewijn. On the sort of seasonality of that within LTRE, first, as you know yourself, Reinier, since you've followed us for a couple of years now, you'll know that in general, the second quarter -- or the second half of any calendar year is weighted more heavily than the first half of the year in terms of our overall organic growth.

So what you see is kind of a progression throughout the year. That's true for LTRE as well. They typically have a strong fourth quarter. A lot of that is due to year end kind of products. Often in individual countries we have a year end set of additions of whatever content that we are producing.

Within the fourth quarter of 2006 we had very strong organic growth in two countries. One was France, again, due to some products that we produced at the end of the year that had to do with some different legislative activities going on in France.

And then the second country was Germany where we also signed a major contract with a customer. So those two factors would not, obviously continue in the normal course of any particular quarter. It just happened to come in the last quarter of 2006.

So we expect a normal kind of pattern of building throughout the year. We did note in our press release that the first quarter of 2007 we'll expect to see a stronger organic growth than the first quarter of 2006 because we have a large trade show in France called Pharmagora that occurred last year in April. It is now planned for March of this year. So that will affect, particularly the LTRE results.

And then on the U.K., we will be providing you with pro forma information before the Q1 results of this year. So that will give you an opportunity to understand exactly what the effect was of moving the U.K. out. Okay, Boudewijn.

Boudewijn Beerkens - Wolters Kluwer NV - CFO

Yes. We have been making a lot of work over the last couple of years to modify our pension plans in those countries where we still had a defined benefit plan. And we tried to move that as much as possible in a defined contribution mode. We were successful also moving the U.K. plan in that sense. The EUR10m payment that we made to U.K. pension funds was part of the deal we had with the trustees. You will see further payments happening in the next four to five years of a lower amount than the EUR10m that we did now, just to make sure that the funding of the overall pension funds is up to standard again and as part of the agreement that we made.

As you know, the liability we would have on the pension funds we'll find in our pension provision. And any under-fundedness that we have to fund always goes through our P&L -- sorry, through our cash flow. So this was the reason why you see it there.

And last, but not least, on your -- on our targets for net debt to EBITDA, we have a target of 2.5 times. That will allow us temporarily to be deviating from that target. And actually, what happened at the end of 2006 when we acquired ATX and UTS, by actually that we borrowed for those acquisitions and therefore temporarily were out of line.

Now we will look, of course, at a most efficient way of investing our capital in whatever way. And therefore, it's a little bit soon to draw any conclusion of if you are below that 2.5 times, what will happen to that money. But, as you know, the priority of this Board is first and foremost investing in the business in a way to make sure that there is a sustainable and long term acceptable organic growth into the future.

Nancy McKinstry - Wolters Kluwer NV - CEO

Good. Yes, Oskar.
Oskar Tijss - Kempen & Co - Analyst

I have a couple of questions for Kevin. First, you defined the $2.3b market and you explained for the CPA market that you now basically cover the whole -- everything that you want to cover for these other large system markets you defined. What would you expect that you need additional acquisitions to build your position?

The second question is what do you think the growth of this market is? And how does that compare to your own growth?

And my third question is how resilient do you expect this market to be if the U.S. economy does slow down going forward?

And the fourth quarter question is about seasonality. Typically tax and accounting is Q1 loaded. Do you see any change to that trend towards other quarters and is the ATX and TaxWise acquisitions, have they got a similar seasonal pattern as your -- all businesses? Thank you.

Kevin Robert - Wolters Kluwer NV - CFO, Tax and Accounting

On the first question, let me make sure I've got all of them, is do we see that we'll have to add any additional acquisitions to compete in some of the other markets? Particularly when we look at the other market opportunities we see that as the corporate space and with our sales and use tax line and income tax lines, we think we have most of the assets there that we need to compete.

It's a matter of us being able to version those product lines to make sure that we fit the specific workflows, because when you look at a CPA firm, a CPA firm is concerned about doing thousands of tax returns, whereas a corporate tax department is really concerned about doing one tax return. So the workflow pattern in there is a bit different. So we're making sure that we address that within the specific product line. So we don't think that we'll need acquisitions to compete effectively in that space. And so we think that that's a good opportunity for us.

In terms of the resiliency of the market should the U.S. have an economic downturn, there's an expression in the United States, death and taxes, with taxes being one of them. No matter what the economy is you do have to file a tax return. So in some respects, that does always hold up, but there is an impact when you start seeing businesses not do as well because the accounts don't do as well.

But if you go back to the comments that I made about the fundamental shift in the marketplace, we're going to be facing a labor shortage for some time now. And we're also going to have the increasing legislation from Sarbanes Oxley. And every country, whether it's Canada, Australia or the Netherlands, also has a corresponding SOX-type legislation. So I don't see that workload going away. So I think we'll be able to withstand any kind of economic downturn pretty easily because the filing requirements are, you have to comply and the dynamics in the marketplace I think will continue to drive there.

In terms of seasonality in business with both ATX and TaxWise, I think they will be a little bit more front-end loaded because of the amount of transactions. We'll charge so much for E-filing and some certain other products that come in there with the transaction of the tax return. And different from the premium segment of the market, the value segment of the market typically is focused in the December to April timeframe. So we'll probably see a little bit more of a front-end loading of the revenues from the product line in that timeframe.

And was there one question that I missed?

Nancy McKinstry - Wolters Kluwer NV - CEO

Market growth.
Kevin Robert - Wolters Kluwer NV - CFO, Tax and Accounting

Oh, the market growth. When you look at the market growth overall, you get some differing opinions. We see this market growing overall at just the tax and accounting professional marketplace right at about the 6% range and we'll -- we plan to grow above that. And we do think that we're gaining share in that space.

Colin Tennant - Lehman Brothers - Analyst

Thanks. It's Colin Tennant at Lehman. A question on the Health business again. The Healthcare Analytics I understand is going to be included now in the -- is included in your organic growth target of 2 to 3%. So I just wondered if it's -- is it in line with that or is it a drag on the overall growth of the division. And you mentioned in the statement, I think, a couple of issues around the pricing pressure particularly, and investment costs. I wonder if you could just give us a bit more background on how those trends are going into '07 and '08. Thanks.

Nancy McKinstry - Wolters Kluwer NV - CEO

Yes. First I would say that in terms of '06 performance around Healthcare Analytics, it did I meet our expectations around the growth of the business that we had indicated when we made the purchase. On the operating income, as we had indicated during the course of '06, it was below the initial guidance that we had given because we did make a commitment to purchase some additional data sets, primarily mail-order data.

So we are in the process of continuing to invest in this business. That was part of the goal behind making the acquisition was that we recognize that how we participated through our Pharma Solution business in the industry was among these marketing and promotional kinds of products and that we really needed to move up the value chain. So the goal behind the Healthcare Analytics acquisition was to get into more must-have information, which is what they clearly do provide.

So what you see in Healthcare Analytics is, again, a bit reflective of the comments I made overall in Health, which is you see growing product lines around the patient-centric and APLD product lines which are the longitudinal product data sets, which allow pharmaceutical companies to compare trends over time and also to move from just prescription physician-centric analytics into much more patient-centric analytics. So those product lines are growing within the Healthcare Analytic space.

Conversely though, on the other side, you do see pressure around the core targeting and compensation product line. And that's pressure that has been there for a couple of years and is continuing to grow as the pharmaceutical sector continues to restructure themselves. So you have this, again, balancing act within that condition. So if you look at the results overall, we clearly -- the Healthcare Analytics, while we don't give individual guidance by unit, I would say that it's clearly not planning to grow above the 2 to 3% guidance that we've given you for 2007 for Health. Yes.

Unidentified Audience Member

[Inaudible]. On Europe, was there an impact on the advertising in Q4? And could you also give the split between electronic and prints and what was decline of prints?

And then a question on Q4 margins. You mentioned that there were some data consolidating costs in there and restructuring costs were also higher than initially anticipated. Should we expect them also in '07? And how many will this cost for the data consolidation? And could you give more color on the corporate costs which were in Q4, significantly above the rest of the other quarters?
Nancy McKinstry - Wolters Kluwer NV - CEO

Okay. I'll start and then hand it off to Boudewijn for corporate costs. On advertising, as you know, overall we only have about 4% of our revenues advertising driven. It's really in three places within Health, where clearly we experience softness within the advertising as I talked about earlier, within France and within the Netherlands. Those are the three major places where we do have advertising. Within the Netherlands we did see growth in advertising year on year and especially in the fourth quarter and we also saw growth in the French business around advertising, but not at the same level that we experienced within Holland.

Electronic products, as I indicated, we now have about 43% of our overall revenues coming from electronic products. If you look at the growth that we experienced in '06 for online and software overall for Wolters Kluwer, that was about 23%. So clearly, that's been a growing part of the business. What you see, in the broad trends, is that CD-ROM is obviously, and loose leafs are still in decline across most of our business as customers migrate to online and books remain a healthy area for us as well as online and software solutions.

Yes, we don't give out the specific breakdown of electronic product growth by division, so -- and then on restructuring, as you know, our restructuring program has now come to an end. 2006 represented the end of that plan. It's been a successful program for us. We will continue to find operational efficiencies throughout the business. That is what will underpin, partially, our continuous focus on improving our operating margins that we talked about as part of our overall strategy. But all of the restructuring that we might do would be imbedded within the P&L. So there will be no more specific discussion of either cost savings or restructuring as we go forward.

And now Boudewijn on corporate costs?

Boudewijn Beerkens - Wolters Kluwer NV - CFO

Yes, with corporate costs. You can actually break it down in three major areas. First, we had some special events in 2006 related to strategic update, European Day, and some other specials that added a little bit to costs.

Secondly, we had some consulting support on some of our internal plans, for individual divisions that we also sometimes drive from corporates.

And last, but not least, we had accruals -- additional accruals for employee bonuses and [L-tip] to those corporates, which you always do in line, actually, with the year's expectation quarter by quarter and as you can see, we had a pretty good fourth quarter, and therefore we had in addition a slightly higher accrual in that period.

Hans Slob of Rabo Securities. A couple of questions. First of all, could you share with us the performance of the U.K. and the prospects for '07?

Secondly, could you also give us the amount of the earn-outs in the EUR73m you spent on acquisition? Probably they are still from the Agostini acquisition, I suppose? And could you also share with us the percentage of electronic sales within your Education activities?

And lastly, you mentioned some additional restructuring in Health and also in Europe. What actions have you been taking there?
Okay. I'll do the three and then ask Boudewijn to talk about the earn-outs. In the U.K., as you may recall from the overall way that we have been restructuring Europe, it takes about two and a half to three years to do the restructuring, with the first effects being taking out as much cost, recalibrating the management structure and then beginning to see growth happen within the country. That's exactly what we experienced in the Netherlands and Belgium, where year over year from 2004 to 2005 we started to see margin improvement in those countries. And then we saw even more margin improvement from '05 to '06. And then we saw modest organic growth in Holland and Belgium in '06. And their performance will improve as we head into '07.

So if you use that experience in Holland and Belgium to talk about the U.K., what you see is that we have seen margin improvement from '05 to '06. Again, they took out a number of heads. They've recalibrated the business. There still is some restructuring that will go on now in the first quarter of '07 as we complete the SAP implementation and some of the other things that are a multi-year plan. So the expectation now for the U.K. in '07 is that, again, we'll see margin improvement over '06 and we will see flat to modestly positive organic growth. On the revenue side in '06, the U.K. continued to be a negative organic growth.

And then percent of sales in Education that are electronic, it's relatively small today. It is a growing part of what we do. In education, unlike some of the other divisions, the electronic products are really wrapped around the core textbooks, so we do blended learning products within Education. That's been a growing product line in both the Netherlands, as well as in the U.K. But on a percentage basis, it's still quite small overall. So as we think about the business, obviously Education is still predominantly print.

And then on restructuring, both in Health and LTRE, in the Health Group, we've split the Medical Research business. I think we talked about this with our third quarter results into the Journal business and the Audit business. And as part of that split, we are -- we consolidated our software development areas within the Ovid business. So that was part of what we did with restructuring, and mostly what we did was obviously, reduce the number of heads in that area.

And then in LTRE, it was a lot of sort of nipping and tucking throughout the division. We did some outsourcing of our warehousing in Germany. We did some other additional outsourcing in France and a few other places, again, largely leading to FTE reductions and that's the restructuring cost. And then --

Boudewijn Beerkens - Wolters Kluwer NV - CFO

Okay, to be precise, 23m.

Hans Slob - Rabo Securities - Analyst

Thanks.

Nancy McKinstry - Wolters Kluwer NV - CEO

Yes.

Maurits Heldring - Kepler Equities - Analyst

Maurits Heldring from Kepler Equities. Two questions. The first one is whether you could provide us with the underlying wage inflation in 2006 and whether you expect an increase in 2007 or not.
And the second question is on CapEx. You said it will be creeping up in 2007 as a percentage of revenues. Could you indicate in which divisions there will be an increase in spend and why?

**Nancy McKinstry** - Wolters Kluwer NV - CEO

Okay. Boudewijn will handle the wage question. On CapEx, yes we will be spending a bit more. Largely I can turn to my colleague here. Kevin is a big source of that incremental spending for both the completion of the research platform that we've been building and also .NET technology because we are now far enough along in the building of the new .NET platform for Pro System fx that some of that investment becomes CapEx. So that is one of the major drivers. We're also continuing some content management programs within LTRE as we continue the build out of our electronic product revenues. And we're also launching an enhanced version of Ovid called Ovid SP, which will occur in the fourth quarter of '07 and that's also been one of the drivers.

So I would categorize the CapEx increases regardless of division, it's very platform centric and very much multi-year plans that are now moving from the operating expense category really into the CapEx category.

Wage inflation?

**Kevin Robert** - Wolters Kluwer NV - CFO, Tax and Accounting

I get all the fun question me. 3% we took for 2007. Similar.

**Nancy McKinstry** - Wolters Kluwer NV - CEO

I'm sorry to neglect this side of the room, Anne, yes.

**Annemijn Fokkelman** - ING Financial Markets - Analyst

Anne Fokkelman from ING. Two questions please. First on the global legal platform, how much have you invested in that up to now and can you give us a timeframe when you expect that to be rolled out? And can expect additional cost savings from that when it's finished?

Second point on the Corporate Financial Services division. Can you give us a feel for how much of the revenue is subscription based there and as such protected from a potential deceleration of the U.S. economy?

**Nancy McKinstry** - Wolters Kluwer NV - CEO

Okay. On the global legal platform, we aren't talking specifically about how much we are spending. But it is a three year plan that, in terms of development and it's multi-million dollars in terms of what we've been spending on the platform.

The release schedule is as follows, which is we already today have a number of small product lines that are on Atlas which is the name of the platform and we are in the process of continuing to build up the functionality. We will move in fact with Kevin's TRN which is our tax research platform. That will go into alpha in 2007 so at the end of the fourth quarter we'll be live in alpha and beta with customers but we will not cut over until after the tax season in 2008.

And then we are continuing to migrate our product lines within Europe in the late 2007 and 2008 timeframe. So we would anticipate that somewhere towards the end of 2008 we would have migrated the vast majority of the business over to the Atlas platform.
There will be -- the benefits from us are from an efficiency perspective are following. We do expect some upgrading obviously because you move from developing two platforms, Europe, North America, into one. And then but the second largest benefit comes from as we make enhancements into the core technology that those enhancements can get released on a worldwide basis, so that we can begin to accelerate the improvements that we make in the online platform.

And then on Corporate and Financial Services, just to refresh your memory, two-thirds of that is the Corporate Legal Services unit and about a third is the Financial Services unit. Within CLS about half that business is the subscription in nature and less sensitive to the economic cycles. The other half of that two-thirds is tied to our business formation, M&A activity, lending activity, so that would be more economically sensitive.

One of the things though before I comment on the SS part, one of the things that’s going on in CLS is that we are moving more and more as we built out our strategy into things like litigation solutions and into e-billing and other kinds of capabilities. As we make that move into those adjacent markets all of that becomes far less economically sensitive. So over time, the division’s revenues as those segments grow are becoming slowly less tied to business formation and M&A activity.

Within Financial Services, that business is largely really more sensitive to regulatory activity than it is to pure economic cycles. So the part of SF that’s really tied to cycles is around lending, the Mortgage business. So in fact if you look at our results in SF from ‘04 to ‘05, and then ‘05 to ‘06, what you see is the mortgage part of that business did decline. But the growing part was Expere and a lot of the things tied to both the Patriot Act as well as some additional legislation that occurred around pensions.

So probably more information than you wanted, but that’s the lay of the land there.

Yes Oya.

Oya Yavuz - Wolters Kluwer NV - VP IR

I have a couple for Kevin actually. Both related to competitors Thompson. One from Paul Sullivan, Merrill Lynch. Can you compare and contrast your results in tax and accounting to Thompson’s Q4 results?

And from Usman Ghazi at Dresdner, asking are the investments in platforms etc in tax and accounting a catch up or like for the Checkpoint platform? Or could you explain why WK growth still lags a little on Thompson’s growth?

Kevin Robert - Wolters Kluwer NV - CFO, Tax and Accounting

Well Thompson had obviously a very solid year and in areas where we compete head to head we think we actually held our own or actually did a little bit better. But they’ve got a couple of areas where they’ve been able to grow I think pretty aggressively. One of them was in their bank product line, their fiduciary tax systems where they virtually have no competition at all. And this is where they produce tax returns for large banks themselves.

The second area is in the upper area of the corporate space with the InSource product line. Their competing against Corptax which has been sold by Deloitte to a company called MLM. And that created some confusion in the market place and I think you’ve got some switching that’s going on with customers and also Vertex.

And I think in that space there they’ve emerged as the leader and we don’t compete in that space today. So I think they’ve had some pretty good growth in both their areas. And so I think from that standpoint. I think that’s driving a lot of their growth.

In regards to their Checkpoint line where they talk about the growth, we think a lot of it is migration of products because as we talked about our publishing inventory grew 6.8% and we think that’s a good growth, more than what the market has been
growing in total in the publishing area in that space. So we think a lot of their growth on the Checkpoint line is a result of migration of the PPC product line that's predominately print and CD moving into the Checkpoint line. Okay.

In regards to the platform itself, most of our revenues in the publishing are electronic. And so while we've had some real good growth all along the way there the key competitive component within the publishing is the content itself.

And I will agree with you, I think our platform, the current platform is a little bit dated. And we've made some changes to that platform mainly through product lines that we could actually take and migrate to the new global Atlas platform. Products that, you might of heard the names of CCH In Hand and Smart Charts. That's helped drive a lot of the growth. And those applications if you will, will actually will actually migrate over to the global Atlas platform.

Those three comments that I shared with you earlier that customers had given us from the focus groups were all the result of iterations of the global Atlas platform. So we think that it's going to give us a good strong competitive advantage.

So I think from an ease of use standpoint I would agree that we may be playing a little bit of catch up. However from a content standpoint and the tools we've built around that content like CCH In Hand and Smart Charts, we're still doing very well with that platform and getting good solid growth. We think global Atlas really does take us to the next level.

Oya Yavuz - Wolters Kluwer NV - VP IR

I have a couple of questions on margins actually. Many analysts are asking so I'll ask it just in one go. Which of your divisions are going to contribute most to the margin improvement in '07?

Nancy McKinstry - Wolters Kluwer NV - CEO

The two major drivers of margin improvement will be LTRE. As you know they had good growth in margins from 15% in '05 to 17% in '06. And we expect additional improvements in '07, again largely because the restructuring programs are done and the effects of those cost savings will be coming though, as well as the flow through effect of stronger organic growth within that division.

And then the second major improvement will come in the TAL area, again because we're getting strong revenue growth there as well as some of the investment plans that Kevin has had over the last couple of years have come to conclusion, particularly some of the expansion we've been doing within Asia and within Canada.

Oya Yavuz - Wolters Kluwer NV - VP IR

Paul Sullivan has asked, Paul Sullivan at Merrill Lynch said should we expect further above the line restructuring charges in '07?

Nancy McKinstry - Wolters Kluwer NV - CEO

No, we will not be giving any more information about restructuring or cost savings. As I said, we may take restructuring-like activities but that's part of the normal course of business and it would flow through the P&L in the normal course of the activity.

Mariska, yes?
Mariska Douwens - Fortis Bank - Analyst

Thanks. Mariska from Fortis. I had a question please, for regarding your restructuring outlays. Do you expect any cash impact on 2007?

Secondly, about the Education unit. Are you somewhat deterred by that fact that there so many Education assets for sale now? Does it impact your decision or not?

And finally about, we had a bit of a review on your restructuring plan when you announced it. At the start you also indicated how the cost savings would be spread over the various divisions. It seems to me that Europe is getting much more savings than you previously indicated then in October 2003. Could you a bit give us some flavor where you have some higher savings than expected on divisional basis? Thank you.

Nancy McKinstry - Wolters Kluwer NV - CEO

Thank you. On the Education side, as you know our decision to review alternatives for Education was very much the result of the fact that we have announced our strategy for accelerating organic growth. I think we’ve been quite clear about where we want to put our capital within the portfolio of Wolters Kluwer, which is within worldwide tax and accounting and health and corporate and financial services.

We view the division of Education as being in very good shape from both the growth plan as well as from an operating income perspective. So it made sense for us to now look at alternatives that really give that division potentially an opportunity to move more electronically than we might be able to support.

So that is the driver behind the review of strategic alternatives for us. As you know it only represents about 10% or so of our business so it’s not a significant part overall of Wolters Kluwer. And we view the fact that others have also, since our announcement, announced their own plans as frankly coincidence and will not affect our strategic review.

Boudewijn, you want to talk about yours and then I’ll come back.

Boudewijn Beerkens - Wolters Kluwer NV - CFO

Yes, the total outstanding restructuring provision we have is approximately EUR40m, of which we will spend about half of that over 2007 and the remainder in the years after.

Nancy McKinstry - Wolters Kluwer NV - CEO

On the cost savings again, well we don’t specifically give the results by division, I will say that LTRE did exceed what we had originally planned for them. And again it’s largely because as you get into restructuring a country we have found new opportunities that we might not have anticipated at the beginning when we created the plan back in late ’03. So they are achieving better than what we had originally expected.

There, yes.

Reinier Westeneng - SNS Securities - Analyst

Reinier Westeneng, SNS Securities. I’ve got a couple of small questions left. First of all on the shared services initiative in United States, from previous meetings or conference calls we can remember that they were -- said it was a rather complex process. So
could you please give us an update on how things are going there? When we can see the first benefits of that investment made and the size of the benefits please?

Secondly on the hedging policy, Boudewijn said in his presentation that now the balance sheet is more or less naturally hedged. Does it mean that you don’t have any derivatives outstanding now?

And finally with respect to Health, maybe I'm wrong but please correct me then. My impression is that the organic sales growth in that division is probably somewhat lower than you earlier expected. On the other hand I can imagine that you have internally targets, marking targets, that you have to achieve. So does it mean that we can expect further cost savings in that division?

Nancy McKinstry - Wolters Kluwer NV - CEO

Why don't I start and then we'll talk about hedging and then come back on Health.

On shared services we're making very good progress both within North America and within Europe. Shared services for us has been two major activities. One is centralizing around technology platforms in order to get benefits across multiple divisions. And second, really centralizing certain functions, like HR for example in North America, some procurement activities here in Europe.

So if you look at where we are very far along in terms of implementation, within Europe we've had a very successful procurement and sourcing plan and that will continue to run throughout 2007. Likewise, in the U.S., we've also had a very successful sourcing plan and that again will continue throughout '07/'08. Offshoring has been a very important and successful activity out of North America. We've done a lot of offshoring of our IT development function to Asia, India primarily.

And now we are looking to begin that activity in a pilot way here in Europe, not so much focused on IT but really focused on certain kinds of editorial functions. We're also looking in North America to continue to look at editorial now as an area that we could do more with offshoring. We did successfully set up an offshoring enterprise in Kuala Lumpur. So we have experience now of taking editorial functions out of New Zealand and Australia to Kuala Lumpur and that's been successful both from a quality standpoint and a cost standpoint.

So those programs are, both sourcing and offshoring, I would say are kind of well on their way and it's really a question of expansion of those kinds of activities.

The second area that we are pretty far along on now is HR, really centralizing the HR function in North America. That has been completely implemented in '06 and now we are just working on some additional service level kinds of things within that area. And that has led to cost savings within the North America realm.

And then the last area is the data center consolidation. We have, by the way, within Europe we don't talk about is as much, but we already have moved to outsource our hosting and equivalent of the data center activities within Europe. That has been successfully completed in '06. It was much smaller in terms of the scope of that activity compared to what we're doing in North America.

The North America shared service data consolidation is well underway now. We have moved over 70% of our servers now to our outsource partners. We have successfully amended the agreement that we had with them that occurred last year. So we are now working under a better arrangement from a service level perspective and under an arrangement that better reflects the scope of our activities.

As we have indicated, the cost savings associated with the data center consolidation in North America really do not begin until very much the end of '07 and really starting in 2008, and then beyond. And that was the original plan back even in 2003.
Reinier Westeneng - SNS Securities - Analyst
Can you already provide us with some indication what these savings could be for that --

Nancy McKinstry - Wolters Kluwer NV - CEO
We're not giving that information, but what we can say is it's these kinds of programs that underpin the general guidance that we've given about continuous operating margin improvement beyond '07. Boudewijn, on hedging.

Boudewijn Beerkens - Wolters Kluwer NV - CFO
Yes, on hedging. As far as the net investment hedges are concerned, we have still one, we have a portfolio outstanding of about EUR250m. That is of course considerably lower than what it used to be.

But when I said we move more into a natural hedge it is actually we start indeed to move away from synthetic hedge into more of a natural hedge by we draw on a credit facility in dollars. So, and therefore, our current coverage is approximately 40% of the U.S. dollar assets on the balance sheet.

As you know we also have some interest rate swaps, hedging outstanding, and those are more to make sure that we offset either according to our policy of fixed/floating ratio or offset a little bit more dollar interest payments whenever we feel that is necessary.

Nancy McKinstry - Wolters Kluwer NV - CEO
And then on Health, Health will continue in 2007 to be an area of investment for us. It's not an area that we are targeting for specific restructuring kinds of activities. It's really a growth area for us over the long term and we will continue to invest both in new products and adding content. We planning to launch a number of new journals for example and the goal in our growth area is not focused per se on margin improvement, but really focused very much on setting the right stage for stronger growth in the longer term.

What, Oya has one more?

Oya Yavuz - Wolters Kluwer NV - VP IR
[inaudible - microphone inaccessible].

Nancy McKinstry - Wolters Kluwer NV - CEO
Oh, sorry. Does anyone else have a final question?

Unidentified Audience Member
[inaudible] what P&L and cash tax rate should we anticipate for near and long term? The guidance you gave, maybe you can just repeat that?
Boudewijn Beerkins - Wolters Kluwer NV - CFO

The tax rates that we indicated for 2006 and onwards is approximately 26%. And as I indicated in my presentation, mainly driven by increased profitability from higher tax regions. Read in that sense mainly the U.S., and therefore, we anticipate slightly higher tax rate.

Nancy McKinstry Okay, well if there’s nothing further thank you very much. We appreciate you folks joining us this afternoon and look forward to some refreshments outside.