Good afternoon everyone. And thank you for joining us today. My name is Kevin Entricken, and I'm the Vice President of Investor Relations for Wolters Kluwer. I would like to welcome you to the 2007 second quarter and half year results presentation.

This afternoon's presentation will be delivered by our CEO, Nancy McKinstry, our CFO Boudewijn Beerkens and also with us is Jeff McCaulley our CEO of the Health Division. Also with us today is Jack Lynch, Member of the Executive Board.

The presentation will be followed by a question and answer session. The presentation is being simultaneously video web cast. If you have a following question after the presentation, you can submit your question by pressing the icon on your screen. We will then redirect your questions to Management.

I would kindly like you to read the forward looking statement which is included on page two of the presentation today and in our press release. And with that, I'd like to thank you and welcome Nancy McKinstry.
Nancy McKinstry - Wolters Kluwer NV - CEO & Chairman of the Executive Board

Thanks Kevin. Welcome everyone. Good afternoon. Nice to see many of you. As is usual, we will give you, today, an overview of Wolters Kluwer's half year performance as well as our performance in the second quarter. And then describe our operating performance for each division.

As Kevin indicated, Jeff McCaulley, our COO of our Health division is here this afternoon, and he will provide you with more details on our health strategy and the performance in that group through the half year. Then Boudewijn Beerkens, our CFO, will give you some more details around our financial performance. And then I will provide you with the outlook and summary before we go to Q&A.

So, let's begin now with the highlights for the Group.

I am pleased with our results as they are in line with expectations as we focus our efforts on accelerating profitable growth. Across our Company, our businesses are effectively executing our strategy for accelerating profitable growth in four key areas - growing our leading positions, capturing key adjacencies, exploiting our global scale and scope and institutionalizing operational excellence. Our strong performance in key markets, in particular, Corporate and Financial Services in the U.S. and Legal Tax Regulatory in Europe, combined with our good overall organic growth, continued strengthening of our operating margins and significant cost savings has put us on track to meet our 2007 objectives.

Organic revenue growth is accelerating from 1.7% in the half year 2006 to 2.6% through the first six months of 2007. This acceleration in performance is occurring across all of our divisions.

Growth in Online and Software solutions continued at double digit levels through the half year. This growth has occurred across all geographies and divisions as we continue to launch integrated online and software solution products to our customers. As a result of this, since 2003, Electronic revenues, which include online and software, have increased from 34% of our revenues to 48% in this year.

Services are also growing as part of WK's product mix, as many of our software solution products include a services component. Today, Services account for 16% of our revenues, and through the half year grew at double digit levels.

Importantly, operating margins have increased to 18%, fueled by stronger organic revenue growth and the benefits from our successful restructuring program that we completed in 2006.

We have made significant progress in executing our strategy for accelerating profitable growth through the half year of 2007. WK continues to grow our leading market positions by expanding our proprietary content offerings, for example, the launch of books at Ovid as well as by introducing new integrated solutions such as Compliance One in the financial services market.

We have also increased our penetration in key vertical markets through bolt on acquisitions such as ATX/Kleinrock and TaxWise in the Small CPA firm market, as well as through partnerships, such as the arrangement we have with Bloomberg in the legal market. We have captured key adjacent segments through partnerships, particularly within our Health division, as well as through acquisitions and geographic expansion, such as our very recently announced joint venture with MCFR in Russia. And by extending our technology platforms to create new products, such as the launch of the Point, which is our online education platform in the Health division.

We continue to expand our business globally with a significant focus on India, China and Latin America. We have successfully launched our ProSystem FX product line, both in Canada as well as in Australia, and we have now begun to expand our Corporate and Financial service product line into Europe. The development of our global platform, which we call Atlas, is on track. And we will have our first products launched on that in the latter part of 2007.
Finally, we are committed to achieving greater operational efficiencies throughout Wolters Kluwer, through operational excellence programs. Through the half year, we have made considerable progress on our data center consolidation in North America, on continuing to offshore our IT and on additional sourcing programs.

We also continue to drive local programs in all of our divisions through lean Six Sigma techniques. All of these efforts support our goal of continuous improvement in our operating margins.

Now for some additional financial highlights. Organic revenue growth for the half year was 2.6%, an improvement over the prior year of 1.7% organic growth. Second quarter organic growth, which is impacted by the first quarter timing of the French Pharmagora trade show, was 2%, and in line with prior year.

Very importantly, we continued to invest in product development and sales and marketing in order to continue to drive our organic growth. Product development investments in the first half increased 8% over the prior year and our investments in sales and marketing continued at approximately 19% of our revenues.

As a result of increasing organic revenue growth and the benefits of restructuring, we’ve demonstrated strong improvement in our profit margin. Our structural cost savings through the half year were EUR76m, which is a 31% increase from 2006. Ordinary EBITA for the half year grew 21% to EUR304m, achieving an ordinary EBITA margin of 18%, which is an improvement over the 15% result we had in 2006.

The Education divestment was successfully completed in the quarter, with the sales price that we achieved at the higher end of our expectation range. Finally, as Boudewijn will discuss in greater detail, our EUR475m share buyback program is progressing well and is on track for completion by the end of this year.

We are on track to achieve our full year guidance for all of our six key operating and financial measures. Most importantly, we have delivered 3% organic growth in the half year, demonstrating solid progress as we reach to achieve the 4% target by the end of this year.

Operating EBITA margin of 18% in the half year improved from 15% over the prior year, again demonstrating significant progress towards our year goal of 19% to 20%. We have maintained our cash flow guidance of EUR425m, as well as our guidance for our ordinary and diluted EPS of EUR1.45 to EUR1.50 in constant currencies. I’d now like to share the accomplishments of each of our divisions. I normally begin with Health, but since we have Jeff in attendance, I will start with Corporate and Financial Services and then conclude with Health as I hand it over to Jeff.

Corporate and Financial Services contributed significant performance in the half year with 7% organic growth and 5% growth in the second quarter. Corporate Legal Services was the major driver of this performance, delivering double digit growth from the continued strength in Corporate UCC and our Litigation business lines. Strong renewals in our Representation business, market share gains in UCC as well as solid volume in our Corporate On-Demand product lines all contributed to the very strong performance in this division.

Financial Services reported solid results for the half year, with strong performance in Core Banking, Indirect Lending and Insurance product lines, as this unit continues to introduce more electronic and integrated solutions. These results were partially offset by the softness in its Mortgage product line, due to the continued difficulties in the U.S. mortgage market.

Operating margins improved significantly in the half year, increasing to 27%, compared to 20% in the prior year. What’s driving this is the improved organic growth as well as the benefits of the historical restructuring program.

Tax accounting and Legal showed solid results of 2% organic growth in the half year, and 3% for Q2, driven by strong performance in our U.S. Tax and Accounting business as well as in Canada.
Overall revenues increased 15%, in constant currencies, through the half year, due primarily to the acquisitions of ATX and TaxWise, which now represents our Small Firm Services unit. Tax and Accounting delivered good growth over 2006, supported by strong sales of our software product line as well as our online integrated libraries.

Small Firm Services also realized good growth over prior years, as the integration of these two acquisitions is progressing well.

Law and Business delivered solid organic growth of 3% for the second quarter, with flat results through the half year. In the quarter, we saw strong performance from our legal Education unit as well as from Kluwer Law International.

Half year performance was due to the publishing schedule, which is weighted to the second half of 2007, compared with 2006, when most of our new titles came out in the first half.

Operating margins grew significantly in the half year to 25% from 26% (sic - see Presentation) in 2006. Again, very much driven by improvements in our revenue growth, our improved cost structure as well as from the contribution from the Small Firm Services unit.

Now, let’s talk about bit about Europe. Our Legal Tax and Regulatory European Group showed solid organic growth of 3% for the half year, a significant improvement over prior year. 1% organic growth in the second quarter was impacted by the timing of the French Pharmagora trade show. Overall results were driven by continued strong performance in Central-Eastern Europe, Italy and Spain. Very importantly, we saw good organic growth from the Netherlands and Belgium, demonstrating the successful restructuring of those two countries.

Overall, the division showed double digit growth in online and software solutions, as we see across Europe that customers are beginning to adopt these products at a greater pace. Significantly, operating margins increased in the half year to 18%, from 15% in 2006, driven from stronger organic-revenue growth as well as the benefits from restructuring. The division continues to invest in new products, primarily online and software solutions, as well as they continue to pursue additional operating efficiencies through incremental cost saving programs.

Now, turning to Health. Organic revenue was flat for the half year and for the second quarter, in line with expectations, and improved from the minus 1% organic growth we saw in the first half of 2006.

Strong growth is expected in the second half of the year, in line with the developments we experienced in 2006. Solid book sales, driven by new school adoptions and the launch of many new titles, is expected to support our second half year growth.

In the first half year, good revenue growth was demonstrated at Ovid and double digit organic growth was delivered at Clinical Solutions. Ovid’s performance was driven by strong renewals of core products, while new sales of drug information and our ProVation Software lines supported the very good growth that we saw at Clinical Solutions.

Pharma Solutions continued to strengthen its core medical communications and business intelligence lines. At Healthcare Analytics’ strong growth in longitudinal and payer analytic product offerings was achieved.

Professional and Education results were impacted by the timing of wholesaler orders. The Journal business continued to focus on strengthening relationships with our societies, and we recently won two new publishing agreements. In addition, that unit continued to build new proprietary journals including the launch of a consumer focused product called Heart Insight, in conjunction with the American Heart Association.

Operating margins improved in the second quarter, from 12% -- from 11% last year to 12% this year, reflecting continued investments that we’re making in new products and in sales and marketing that will support the stronger growth that we expect in the second half of this year.
So, with those brief remarks, I’d now like to turn it over to Jeff, who will talk at greater detail about Health.

**Jeffery McCaulley - Wolters Kluwer NV - President & CEO, Health Division**

Thank you, Nancy. And good noon -- good afternoon to everyone. Our vision at Wolters Kluwer Health is to play a leading role in the transformation of healthcare through information. No matter where you live in the world today, your healthcare system is undergoing significant challenge to improve access and outcomes, while reducing errors and costs. Importantly, information is a key enabler to solving these challenges. And we at Wolters Kluwer are uniquely positioned to be a significant contributor and benefactor from these changes.

Over the past couple of years, we've been strengthening our portfolio to take advantage of the significant opportunities that will be born of this transformation. Specifically, we've been investing in acquiring or developing to improve our capabilities in content, context and consulting in our core and targeted market segments. As with all of Wolters Kluwer, we believe that building these capabilities represents a move up the value chain of our customers, leading to more sustainable and profitable growth.

Today, our Health business has a heavy concentration of print and non-proprietary content products. This is due in part to our historical mix of businesses, but it’s also a reflection of a healthcare industry that’s been slow to adopt information, technologies and services. That, however, is changing. Of course, we all know that gross healthcare spending is a very large and growing. Unfortunately, healthcare providers have historically allocated a much smaller portion of their operating budgets to information technologies and services than other industries. Over the next five years however, healthcare provider spending on IT will increase by almost 10% compounded annually. That will lead to an $18b segment in Europe and a $46b segment in the U.S.

More importantly, the focus of provider IT spending is shifting from infrastructure and business processes to patient care and clinical processes. These are areas where we've been investing heavily and are well positioned for the future. And most exciting for our business, we're just beginning to see the tip of the iceberg. To give you some perspective of the mandate in the United States for complete adoption of the electronic medical record is 2015. Well, that adoption is no doubt underway. It is in the earliest stages of an eight stage maturation.

According to industry data, only 8% of providers today have reached the third stage, a stage which just begins to mark a much deeper reliance on clinical content, more specifically, the types of products and services that we offer. The implications for our business is significant.

So, much of our focus in recent years has been to better position our portfolio and our capabilities for the future. Content is what has made so many of our health brands what they are today. It is clearly our deepest capability.

In the future, our content will be more multimedia, multichannel, multiuse and even multilingual. Most important here is our focus on proprietary content, where we have proprietary content positions, our businesses show strong growth and healthy margins.

Context, or content in context, represents the technology tools and workflow around our content. It’s what allows our customers to optimally access and use our content in the course of their workflow. Solutions like the Point, our integrated facts in comparison and ProVation MD product bring our content to life in ways that simply and enhance our customers’ performance.

Our Clinical Solutions business, which is our most contextual business, is producing double digit growth and exceptional margins. In fact our Clinical Solutions business is both a proprietary content business and a contextual content business, and not surprisingly, it by far produces our highest margins.
Consulting represents the customized services and support services that we can wrap around our content and contextual solutions. Our Partners-in-Education program, our Custom Medical Communications business and our advanced Healthcare Analytics initiatives are great examples.

The level of engagement and ongoing dependency from these types of services often creates a level of customer intimacy that transforms our relationship from a supplier to a strategic partner. As an example, in our Advanced Analytics business, within our Healthcare Analytics Groups, we’re seeing strong double digit growth.

Clearly, this is an ongoing strategy for us, but we’ve made significant progress in the last three years. We’ve preserved or extended our leading position in content, although now, with nearly double the revenues from Electronic products.

We’ve revitalized our medical journal and drug information business, with a focus on customer intimacy and innovation that’s leading to increased renewal rates and even our ability to sign new journals with two significant new journals signed this year.

We’ve also seen significant signings in our drug information business, with new retail chain customer wins in 2006 and 2007. And we’ve launched new or enhanced Electronic products in every one of our businesses.

We’ve also made strategic acquisitions that fundamentally shifted our capabilities in business intelligence within Pharma and within the Point-of-Care within our Clinical Solutions base, with the acquisition of Healthcare Analytics and ProVation respectively.

And we’ve begun to get real operating and innovation leverage out of our division structure, with common financial and IT systems as well as common planning, product development and process improvement programs. And lastly, we’ve built a leadership team capable of navigating these businesses into higher growth segments as well as growing our capabilities with speed and discipline.

The full benefit of this progression is still materializing having been moderated by two discrete issues, competition within our journals market and compression within the pharma solutions and healthcare analytics market. We’re confident however, that we have taken the necessary steps to address these issues with the largest adverse affect in 2007. Importantly, these affects are already incorporated into our guidance. And more importantly, the majority of our portfolio is performing very well.

In building our Health business, we’ve assembled one of the strongest portfolios of health content and information services in the industry. We broadly serve the healthcare sector - students and professions in every discipline, educational institutions, providers, payers, the life sciences and other information services companies. We also have leading platforms and key alliances with strategic integrators. In short, no other company has the footprint that we have in the Healthcare industry.

Today, we go to market in four customer centric verticals built around leading brands and market positions. In our Professional and Education business, we have leading market positions in book publications with over 30% market share in medical education, over 40% market share in nursing education and practice and covering over 23 specialty areas in the health professions. We also, now, have the leading integrated point of learning system. We also have leading positions in journals with over 220 owned and over 1,000 licensed journals in medical, in nursing and including 60 society journals in partnership with some of the most prestigious societies.

In our Medical Research business, we have the leading professional and medical search platform globally with Ovid. Its use is pervasive. It has presence in over 90 countries. It has adoption by over 90% of the world’s academic medical centers and we see over 1b page views annually and growing.

In our Pharma Solutions business, we have leading positions in drug information journals and publications for drugs under evaluation. And we have leading business intelligence products, including the leading Payer Analytics and longitudinal data solutions.
Lastly, in our Clinical Solutions business, we are the leading provider of point-of-care solutions today, with our referential drug information, our integrated drug information databases, our evidence based clinical guidelines and order sets, as well as our procedure documentation and coding solutions.

In addition to having strong brands and leading positions, each of these verticals has favorable dynamics. In the professional and education market, print remains a strong preference, but we see increasing demand for online and electronic peripherals.

We also see strong and sustained growth in nursing and the health professions. While there’s been increased competition for society journals, we have significantly shored up our competitiveness with new leadership, improved services and new portal strategy and a new sales account management model.

Again, this has already led to improved retention rates as well as new journal signings, including the two journals we’ve won this year.

To counter the price competition, we continue to move more and more of our workflows offshore to maintain and ultimately improve our margins in that business. And at the same time, we’re seeing solid growth within our proprietary Journals business. After years of softness, we are beginning to see modest growth in library budgets for medical research. And we’ll continue to see competition from must-have content, but also a continued shift in the print to electronic migration that favors full text providers like Ovid.

In the Pharma Solutions market, we see that it’s undergoing significant change. But it remains very large and very strategic. Moreover, this change creates tremendous opportunities for those who truly add value to their customers. Not expected -- not unexpectedly, our core content offerings are under pressure, as the value of strategic content, or static content, is much less strategic to our customers today, and challenged in the current environment.

However, our Custom Medical Communications business is seeing strong growth and strong margins. As are our business intelligence products. This, again, bodes well for our value migration strategy.

Importantly, the acquisition of our Healthcare Analytics business was clearly intended to fundamentally shift our capabilities in the Pharma space, favorably shifting our mix from static content to business intelligence.

With the exception of one targeting and compensation contract, the business has performed according to our expectations and the strategy has been well received by our customers.

Beyond that one contract, we’ve renewed all of our key targeting and compensation customers under long term agreements. We continue to see growth in our leadership position within patient longitudinal and managed care product lines, including signing a substantial longitudinal data contract with one of the leading global pharmaceutical manufacturers this year.

Our primary focus in buying the Healthcare Analytics business was the emergence of longitudinal data. It was clear then that the targeting and compensation segment was becoming increasingly commoditized and that the future of the industry was longitudinal data. The good news is that our longitudinal offerings are growing at over 20% a year.

Going forward, we will continue to invest in our leadership within the longitudinal space and continue to drive product innovation. This will take some time, but we are absolutely confident that our Healthcare Analytics business will be a significant contributor to the growth and long term profitability of our division. And we fully expect the growth in longitudinal data and in the managed care space will more than offset price compression within targeting and compensation.

Lastly, within the Clinical Solutions market, we see strong growth and expect it to accelerate. We see strong demand for our drug information products growing in the high single digits. And we see demand for our documentation and coding solutions growing in excess of 20%.
The latter is a strong indication that the point-of-care space is beginning to take off and really represents one of the most strategic opportunities for our business. The acquisition of ProVation Medical here was critical. ProVation not only provided us with the leading procedure documentation and coding company, but it, more importantly, gave us a platform and capabilities for workflow at the point of care. We're now building our order set application on the ProVation workflow engine, as well as our custom clinic note application for Allscripts.

The combination of these leading positions provides us with deep, vertical expertise across healthcare, and positions us well for future growth. We are very well positioned for the education boom in nursing in the health professions. We’re well positioned to lead at the point-of-care. We’re well positioned to provide the pharma industry with new insights, especially with the combination of our Healthcare Analytics business and our presence across the many points of care. And we’re uniquely positioned to create integrated solutions, to accelerate standard-of-care adoption and to support the pay-for-performance movement in healthcare.

Going forward, our 2007 and beyond strategy is tightly aligned with that of Wolters Kluwer Company. To grow our leading positions, our focus is on extending our proprietary and/or exclusive content positions, to leverage our content into critical workflows at key points of use, to develop and deepen our platforms for workflow in integrated solutions, and to continue to customize our services.

To capture key adjacency, our focus is to build out the acquisitions that we’ve made, namely our Healthcare Analytics business and in more detail, our longitudinal and Payer products, as well as our Consulting business. And to build out our ProVation specialty coverage moving into more and more procedural specialties, as well as to leverage the ProVation platform for structured software applications at the point of care.

To exploit our global scale and scope, we intend to continue to develop translated works, but also begin to develop locally originated content in select global markets, as well as to expand our Healthcare Analytics and ProVation platforms globally.

To institutionalize operational excellence, our focus is to drive process excellence on critical processes that drive customer service quality and productivity and to continue our aggressive sourcing, outsourcing and offshoring initiatives in order to lower our cost structure. We will continue to focus on our commercial excellence, specifically in innovation, marketing and sales. We’ll continue to implement division-wide systems to improve and accelerate decision making and execution.

Now, against this strategy, we’ve made significant progress in 2007. We had a very strong front list, and we’re launching four new journals. We have significantly expanded books at Ovid, and we’re on track to launch Ovid SP, as well on track to launch facts and comparisons in the hospital market.

We continue to secure important data sources for our Healthcare Analytics business, and we’ve doubled our advanced analytics group. We’ve delivered the first Clinic Note templates to Allscript and we’re on track to launch our next generation synoptic content solution, our new order set workflow application, as well as our e-prescribing solution.

This year, we’ve grown our India revenues by over 100%, and we’re launching similar direct-sales operations in China. We’ve also launched a Spanish language program with over 20 translated works to date. And lastly, we’ve seen significant interest for our ProVation product line in Australia and New Zealand.

Lastly, with operational excellence, we are on track to deliver our portion of the corporate target. We’re well on track to complete our financial systems consolidation, with four of six of our operating units already live. And we’ve completed a significant realignment of the Ovid pricing, intended to support our customers’ migration in the print-to-electronic movement.

As a result of our continued progress, we expect to see a strong second half, consistent with last year’s performance. In fact, due to customer renewal and budget cycles, due to wholesale and retail stocking cycles and due to our own innovation cycle,
namely our second half publishing schedule, as well as our second half new product launch schedule, we continue to see revenues shift to the second half of the year.

As our costs are more level loaded, the EBITA effect is even more pronounced. However, as these cycles play out, we expect to see strong second half organic growth, and as our top line accelerates against level spending, our EBITA and margins will accelerate even more. This will allows us to hit our full year guidance on all of our key performance metrics.

So, in summary, Wolters Kluwer Health is well positioned for the future. From our strong foundation, we've continued to build our business higher into the value stream of our customers through strategic product development as well as acquisitions. This value progression improves both our growth potential and margin potential and is really evidenced in the proprietary content, contextual workflow and consulting solutions that we offer, already today.

As a result, we're very confident in our ability to achieve our 2007 guidance. We're very confident in our ability to accelerate profitable growth beyond 2007, and we're also very confident and excited about our ability to play a leading role in the transformation of healthcare through information. Thank you. I would like to turn the program over to Boudewijn.

Boudewijn Beerkens - Wolters Kluwer NV - CFO & Member of the Executive Board

Okay. Thank you Jeff. Good afternoon everyone and welcome.

I'm happy to have the opportunity to review Wolters Kluwer first half 2007 financial performance. We are pleased with these results, which represent a good start to delivering our full year guidance.

Let me take you through some specifics. So, Wolters Kluwer is on track to achieve our full year key performance indicators. Half year organic revenue growth has increased from 1.7% in '06 to 2.6% in the first half of '07. The ordinary EBITDA margin grew 18.1%, an increase of 280 basis points compared to '06. That puts us on track to deliver our full year guidance of 19% to 20%.

Cash flow was EUR118m compared to EUR154m last year. '06 benefited from a significant one time tax refund of EUR53m. Excluding this one time free cash flow item free cash flow increased 17% year on year in the first half.

Net income grew 25% to EUR154m, and the successful completion of the divestment of the Education Division generated a book profit of nearly EUR600m.

In June we started the EUR475m share buyback program and we have made significant progress in the meantime. And thanks to the proceeds from divestments of Educations and Sdu we were able to reduce net debt by 34% to EUR1.4b compared to year end 2006.

Looking at our key percentage indicators for the first half I'm delighted to report that each of our four divisions contributed to the overall improvement in organic growth. Revenue grew 6.6% on organic -- sorry, in constant currencies and 2% in actual currencies. The advance reflects a combination of 2.6% organic growth and the impact of acquisitions, all of which was partly offset by a weaker dollar. The average dollar rate in the first half was 8% lower at EUR1.33 compared to EUR1.23 a year earlier and this reduced the reported half year revenue by nearly 5%.

And as you can see, ordinary EBITDA advanced 27% in constant currencies and 21% in actual reported currencies. This reflects organic revenue growth, acquisitions, lower restructuring costs and improvements in the cost base.

So compared with last year our ordinary EBITDA margin rose by 280 basis points to 18.1%. Our ordinary net income grew 18% to EUR181m in the period. Ordinary earnings per share in constant currencies grew 28% to EUR0.60, reflecting the strong underlying performance of the business.
A review of the 2007 half year statement of profit and loss demonstrates solid improvements in profitability. Operating profit grew 23.5% to EUR242m over 2006. It was impacted by an increase in right related amortization costs as a result of recent acquisitions particularly the purchase of ATX/Kleinrock and UTS Tax Wise, now Small Firm Services, part of Tax, Accounting and Legal.

Cost of sales as a percentage of revenues has decreased slightly in the half year compared to the prior year reflecting the benefit of revenue growth and sourcing savings, partly offset by increased investments in data costs.

Marketing and sales cost as a percentage of revenues are materially in line with the prior year. G&A costs have decreased year on year reflecting the benefits of restructuring and lower restructuring costs.

Profit before tax rose 25.3% to EUR198m compared to last year. Results on disposals included Sdu and Nassau in the current year.

Net financing results rose by EUR7m over last year to EUR55m as a result of higher interest rates and the redemption of the low coupon convertible bonds in the fourth quarter of 2006.

Tax expense as a percentage of pretax profits for the first half was 22%. The effective income tax on ordinary net income rose to 27% from 26% in 2006 driven by increased profitability in the U.S. with a higher marginal tax rate.

And finally the divestment of the Education division generated EUR588m in net income terms. The book profit of EUR595m is slightly offset by operational loss of the division, which is line with its normal business cycle. I will elaborate later on this point.

Ordinary net income and earning per share, as you may recall, are our preferred measures. They refer to figures adjusted for amortization of publishing rights, results on disposals and exceptional items. We believe they provide a good benchmark and thus a clear picture of our underlying business performance.

So this time around ordinary net income grew 18.3% to EUR181m driven by organic revenue growth, the contribution of recent acquisitions, lower restructuring costs and an improved cost base thanks to vigorous restructuring.

Ordinary diluted EPS at constant currencies grew 28% to EUR0.60 from EUR0.47 in '06. In actual currencies ordinary diluted EPS grew 18% to EUR0.58 from EUR0.49 a year earlier reflecting the impacts of the weaker dollar.

Turning now to examine cash flow in more detail. We see that free cash flow from continuing operations amounts to EUR118m in the first half compared to EUR154m in the same 2006 periods. So operating profit grew by 23.5% to EUR242m demonstrating the strong underlying performance of the business.

Autonomous movements in working capital was still largely in line with last year and despite continued investments in our business we are strongly committed to active manage working capital throughout the organization. We have largely been able to maintain the strong improvements we have achieved over the past four years in this area.

Paid financing costs in the period rose to EUR86m as a result of higher interest costs and different interest payment schedules. Additionally lower coupon convertible bonds redeemed last year have been replaced by a draw down on the credit facility U.S. dollars which has increased interest expenses.

Corporate income taxes paid in 2007 first half totaled EUR43m reflecting increases in prepaid taxes in the U.S. The prior year benefited from a one time tax refund of EUR53m. And as expected restructuring costs were lower thanks to the gradual completion of programs initiated in 2003.
Capital expenditure on fixed assets have increased from EUR12m to EUR50m in the current half, in line with our full year guidance of 3% of revenues. The increase in capital expenditure around the globe was driven by investments in software products, platform developments, and content initiatives.

The dividends received in 2007 relate mainly to our holding in Sdu and as we have disposed of Sdu, those dividends will obviously not reappear.

Incidentally, if we exclude the one-time significant tax refund of EUR53m in the first half of 2006, cash flow grew 17%.

Acquisition activity was limited in the first half of 2007 compared with a year ago. Total spend was EUR52m, which also includes earnouts from previous acquisitions. As in most cases, the acquisitions were bolted onto businesses that support our strategy of growing our leading positions and capturing key adjacencies.

Allow me to highlight a couple of these. In Financial Services, we acquired Banconsumer Services to strengthen our competitive position in the fast-growing indirect lending segments. This acquisition strengthens our service offering to our larger bank customers in the U.S.

In June, our Legal and Business unit acquired MediRegs, which provides integrated healthcare compliance content and software solutions. This purchase extends our reach in Healthcare, Higher Education, Life Science, and Pharmaceutical customers, bringing additional professional services customers in accounting, law, and consulting.

And disposal activity centers around our decision to divest the Education Division. And let me go through some of the specifics of that transaction. As announced on March 26, we reached an agreement to sell the Education Division to Bridgeport Capital for EUR774m. The agreement was the end result of a review of strategic alternatives announced in September of 2006. The transaction closed in June after regulatory approvals were obtained.

Net proceeds of the transaction totaled EUR665m and the net book gain amounted to EUR595m. These figures are at the upper end of our range -- of our guidance as communicated in our press release on March 26 when we indicated a net book gain of between EUR550m and EUR600m, and net proceeds of EUR525m -- sorry, EUR625m and EUR675m. The net figures are after transaction costs, inter-company settlements, additional pension funding requirements, and tax.

Thanks largely to the application of the participation exemption, the actual tax charge for the transaction was low. The transaction will have a modestly negative impact on EPS, which will be partly mitigated by the share buyback, which is the next topic that I would like to discuss.

We already started the program on June 18 and through July 27, 7m shares were repurchased for a total consideration EUR160m. The average gross purchase price per share was EUR22.66. As of July 27, the program was one-third complete and we expect it to be fully competed by year end.

The impact on EPS will be modest in 2007 as the program falls in the second half of the year. Our guidance for the fully dilutive average weighted number of shares at year end is approximately 307m shares.

So overall, if you look at the key financial ratios of Wolters Kluwer, you can see that the company is looking very solid. Our net debt to EBITDA ratio of 2 times is below our target of 2.5 times. We believe this target range provides the organization with the flexibility to seize investment opportunities as they arise.

Our full year guidance for free cash flow continues to be strong. Our headroom as of June 30 is EUR850m and this all supports our strategy to accelerate profitable growth.
As you can see, by delivering 3% organic revenue growth in the first half we are well on our way to delivering full year growth guidance of 4%. Similarly, ordinary EBITDA margin growth to 18% at the half year also set out our course to realization on our full year guidance of 19% to 20%.

Looking at 2007 as a whole, in light of the targets we have set we expect continued solid cash flow due to the improved growth and margins. We expect ordinary diluted EPS to show a double digit increase in constant currencies. And please bear in mind the second half revenue growth in our business is traditionally stronger than in the first half.

Thank you for your attention. I would like to give the floor back to Nancy.

Nancy McKinstry - Wolters Kluwer NV - CEO & Chairman of the Executive Board

Thanks. We just have a couple of additional brief remarks. Before we go to the outlook I wanted to just share with you some highlights of our recently announced joint venture with the International Center for Financial and Economic Development, which is called MCFR in Russia and that is how we will refer to the company.

We have acquired a majority participation of 55% with the right to purchase the remaining 45% of the shares. This joint venture is in line with our stated goal to continue to expand our global footprint and builds on the very successful program and business that we have in Central and Eastern Europe.

We will combine our existing Russian business into MCFR. They are a leading information provider, both publishing products in the HR as well as in the tax and accounting space. So we’re very excited about this and wanted just to share that with you.

Now turning to the outlook. Over the past few years we have implemented our strategy for transforming Wolters Kluwer with intensity and as a result we are well on track to meet our full year 2007 guidance across all of our key operating and financial measures. As we look beyond 2007 we will continue to focus on our strategy for accelerating profitable growth.

Our guidance for beyond 2007 reflects this plan and includes 4% to 5% organic growth, continuous improvements in our operating margins and double digit growth in diluted ordinary earning per share.

In summary, our strategy for accelerating profitable growth is delivering results. Through the half year all of our divisions demonstrated growth momentum over the prior year. Importantly, we saw strong performance form online, software and services. Significant improvements in our operating margins were also realized. And we are on track to meet our full year guidance for 2007.

So with those remarks I’d now like to turn it over for Q&A.

QUESTIONS AND ANSWERS

Nancy McKinstry - Wolters Kluwer NV - CEO & Chairman of the Executive Board

If you could state your name when you ask a question. Sami.

Sami Kassab - Exane BNP Paribas - Analyst

Good morning everybody, it’s Sami Kassab with Exane BNP Paribas. I’ve several questions please. The first one, could you comment on the impact of the Pfizer contract loss in your revenue growth at Health next year in ‘08? And given what Jeff said, should we expect the growth rate in this division to accelerate in ‘08?
Nancy McKinstry - Wolters Kluwer NV - CEO & Chairman of the Executive Board

Sure, first of all I’ll turn that over to Jeff but it is the afternoon, so good afternoon Sami. Go ahead.

Jeffery McCaulley - Wolters Kluwer NV - President & CEO, Health Division

First of all understand that the Pfizer contract won’t have any impact on 2007 because our contract does run through the end of the year. Going forward it won’t have a material effect on the division. While we would have liked to keep that piece of the Pfizer business it’s important to realize that we continue to have other business with Pfizer, including other product lines with Pfizer that are growing.

More importantly, we continue to see significant growth in our longitudinal data and our payer analytics products, which will allow us to more than overcome any of the compression that we’ve seen within targeting and compensation.

Sami Kassab - Exane BNP Paribas - Analyst

From your comment that the negative impact from the Journal business and from the -- this particular business will have the largest effect in ’07. Does that mean that in ’08 we’ll see stronger growth than in ’07?

Jeffery McCaulley - Wolters Kluwer NV - President & CEO, Health Division

We haven’t given any guidance for ’08. But what I can say is that clearly ’07 has been the worst effect for the impact of journal compression and the targeting and compensation compression.

Sami Kassab - Exane BNP Paribas - Analyst

Turning to CFS, may I ask you if your 5% growth rates we had is representative of what you would expect in Q2, and in Q3 and Q4, or whether the second half of the year, like the other division, may mark an acceleration compared to the 5% we’ve seen in organic revenue growth in Q2.

Nancy McKinstry - Wolters Kluwer NV - CEO & Chairman of the Executive Board

Yes, first of all in the majority of our businesses we definitely have a second quarter -- second half weighting and that’s true in the CFS business as well. And again it has a lot to do with the nature of our -- how we do renewals as well as the nature of how customers buy certain products towards the end of the year.

So the difference between the first quarter in CFS and second quarter, what drove those differences were the following things. We have typically a very strong renewal cycle at Corporate Legal Services in the fourth quarter that spills over into the first quarter. Second factor to share with you, if you look at underlying volumes of transactions in UCC and Corporate on Demand, we did not see any significant differences at all between the first and second quarters. So what you saw there is really the effect in CLS of just the timing of renewals.

In FS we clearly did see the impact of the subprime melt down in the second quarter. That represents about 5% of that units’ revenues. And just to remind everybody, about a third of the division comes from Financial Services so it’s roughly $250m in total revenues on an annual basis, and about 5% of those revenues are tied to subprime. So that certainly did decline in the second quarter.
In the aggregate for the year, we remain very confident in that divisions’ ability to reach their guidance of 5% to 7%. And as you look at FS, the product line we have in that unit is so diverse that, while we did see a negative effect from subprime, we are clearly seeing other parts of the portfolio grow. So on a yearly basis we anticipate that that unit will continue to grow and we think that the guidance that we have for that particular unit within CFS.

Sami Kassab - Exane BNP Paribas - Analyst
And lastly, if I may, can you update us on the progress you’re making into the data center consolidation project as well as the editorial offshoring projects you have please?

Nancy McKinstry - Wolters Kluwer NV - CEO & Chairman of the Executive Board
Yes, Jack’s going to -- this is Jack Lynch and Jack is -- spearheads all of our technology and shared services initiatives.

Jack Lynch - Wolters Kluwer NV - Member of Executive Board
Yes, I think in terms of the data centers there is two components if you will. The first is consolidating 37 data centers to two, and we are near the completion of that effort. In fact we just -- we migrated Ovid, our largest online system, over the weekend. And so we’ll have that completed this fall, the data center migration.

And the second component of that is server consolidation. So we’ll take about 2,000 servers down to 1,500 servers, and the planning for that effort is just beginning and we’ll probably see that happen over the course of 2008.

Nancy McKinstry - Wolters Kluwer NV - CEO & Chairman of the Executive Board
Offshoring.

Jack Lynch - Wolters Kluwer NV - Member of Executive Board
Offshore. For offshoring and editorial offshoring we have right now one project that’s in pilot in Germany, to use near shore operation for editorial offshoring or near shoring in this case. And that’s essentially technical editorial work, so it’s not the actual writing of our content. It’s the value added steps of cross referencing, writing head notes, footnotes so on and so forth.

And in addition, we have editorial offshoring for our Asia Pacific operation in Kuala Lumpur. Captive operation where we offshore all the editorial production work for our Asia Pacific operation.

Sami Kassab - Exane BNP Paribas - Analyst
Just to conclude, the data center cost savings, can you remind us whether they’re included in the ‘07 cost savings guidance or not?

Nancy McKinstry - Wolters Kluwer NV - CEO & Chairman of the Executive Board
If you recall the contract’s a seven year contract and the first few years is front loaded with investments as we undergo the transformation Jack just described. So ’08 is the first year that we begin to see savings and then the saving obviously build really when the server consolidation process is complete and other aspects of the transformation.
Sami Kassab - Exane BNP Paribas - Analyst

Thank you very much.

Nancy McKinstry - Wolters Kluwer NV - CEO & Chairman of the Executive Board

Anna.

Anna Fokkelman - ING Group - Analyst

Good afternoon, Anna Fokkelman from ING. Three questions please. The first one on the Russian acquisition. Can you indicate the growth rates of the Company? And should we expect start up type of margins there or more mature comparables to your European operations?

Second question is following up on the question before on the credit crunch. You indicated the subprime part has affected some of your business, but now the credit crunch is expanding to more parts of the market. Can you indicate how much further of your revenues could be affected by that?

And a final question on the European Division. You mentioned Netherlands and Belgium were important growth drivers. Can you indicate if their revenue growth was above the average of the division in the second quarter please?

Nancy McKinstry - Wolters Kluwer NV - CEO & Chairman of the Executive Board

Okay. First Russia. Obviously that region is growing well because the number of professionals in Health and Tax and Legal is growing faster than Western Europe and North America. So on a growth basis you would certainly see it grow at double digit levels.

On a margin basis it is profitable. It is below the average of Wolters Kluwer, but very close to the average. So it’s higher margin than a typical obviously start up business. So we are clearly focused on continuing to invest there to grow the business within the Russian enterprise.

On credit crunch and subprime, just to remind everyone, what we do in Financial Services is we have quite a broad product line that does a couple of things. It primarily keeps banks and credit unions and other financial institutions in compliance with all of the activities associated with lending, deposit taking and other types of financial compliance.

So it -- a piece of it obviously has to do with mortgage lending and specifically subprime. That the subprime business was obviously the one that’s affected in the second quarter. But other aspects of the business, it is largely a software and documentation business, so it’s less sensitive to overall volume levels as you look at other kinds of transactions that we support.

In addition if you look at things like pension and IRAs and other kinds of things again, less sensitive at all to changes in the economy and much more tied to regulatory activity.

So we don’t anticipate that having -- the other things that are going on in the credit markets having a substantial impact on the business is basically the short answer. And again because of the diverse product line that we have in that segment.

And then the Europe, do you want to take that on Holland and Belgium?
Boudewijn Beerkens - Wolters Kluwer NV - CFO & Member of the Executive Board

Your question was specifically to the second quarter? Both were showing growth above the average, so that's very encouraging.

Nancy McKinstry - Wolters Kluwer NV - CEO & Chairman of the Executive Board

Yes, Hans.

Hans Slob - Rabo Securities - Analyst

I have three questions. First could you indicate whether there was a growth or decline for your Healthcare Analytics business?

Second question is also related to Health. What are the trends you are seeing for the Pharma advertising, any uptick there or still weak?

And on your acquisition in Russia, maybe I missed it but what are the annual sales of that business?

Nancy McKinstry - Wolters Kluwer NV - CEO & Chairman of the Executive Board

What was the last question, Hans, sorry.

Hans Slob - Rabo Securities - Analyst

Your acquisition in Russia.

Nancy McKinstry - Wolters Kluwer NV - CEO & Chairman of the Executive Board

MCFR sorry, I'll take that one Jeff and then take the Health. The annual sales of MCFR are approximately EUR45m to EUR50m. Now keep in mind we would not start to take any of those results into our financial statements until the deal would close. So we're just at the signing stage. We still have to close that deal and still have to go through the customary regulatory activities associated with that.

Okay, and Jeff.

Jeffery McCaulley - Wolters Kluwer NV - President & CEO, Health Division

So we don't give growth within any of our specific business units and we don't break out HA from our overall Pharma portfolio. What I can say is that through the first half of the year that we continued to see pressure in the Pharma market, some on price compression, some spending compression in general. We do expect more favorable performance in the second half, again because a lot of our businesses are second half loaded.

And relative to advertising, we've actually seen a slight uptick in advertising this year over last year. So for the past couple of years advertising has been down. This year we've actually seen a bit of a return within advertising. So through the first half advertising has been good.
Oskar Tijs - Kempen & Co - Analyst

Oskar Tijs, Kempen & Co. I've got three more questions. First on CFS. I read that the first half growth was 7%. Corporate and Legal had double digit growth. Does that imply that financial services was flat or even declining in the first half?

And also on CFS, you explained in previous meetings that of the Financial -- of the Corporate and Legal Services business, half is related to M&A and IPOs. That's also stated as a driver of growth in the first half. How do you see that outlook for that kind of business in the second half?

And third is on margins. They improved with 280 basis points in the first half, and if I take the structural cost savings out, that has an impact of 140 basis points. Where do the other 140 basis points come from? Is that maybe a lower drag from data center consolidation or is there another explanation? Thanks.

Nancy McKinstry - Wolters Kluwer NV - CEO & Chairman of the Executive Board

You can take the costs one. I'll do the first couple. CLS did grow at double digit levels through the first half. Financial Services was also growing but at obviously much lower levels than that, particularly in the second quarter when the effect of the subprime occurred within financial services.

In terms of the outlook, we continue to see a good volume within, as I say, our transactional part of the business of CLS. Just to remind everybody, of the total CFS Division about two-thirds is CLS and about 50% behaves like a subscription business, tied to either representation or now tied to litigation support and e-billing both of which are associated -- or not associated with anything to do with data center consolidation or is there another explanation? Thanks.

Boudewijn Beerkens - Wolters Kluwer NV - CFO & Member of the Executive Board

The margin?

Nancy McKinstry - Wolters Kluwer NV - CEO & Chairman of the Executive Board

Yes, the margin and then we'll go to you Reinier.

Boudewijn Beerkens - Wolters Kluwer NV - CFO & Member of the Executive Board

I think it is kind of a combination of a few cost brackets. The two most important ones are indeed that the overall expenses of let's say data center consolidation and some other transformational costs that were in the previous years depressing margins actually have become less. And secondly, we had let's say, restructuring charges, one off restructuring charges that actually disappeared this year mostly out of the P&L.
Oskar Tijs - Kempen & Co - Analyst

And I have maybe one other add on question. Do you see this the same effect from the second half of more favorable costs from these kind of actions?

Boudewijn Beerkens - Wolters Kluwer NV - CFO & Member of the Executive Board

Well overall these are structural events. So the fact that once you actually move from a tradition into a more stable situation then you will see actually that your expenses will decline. The same of course with structural cost savings and one time restructuring costs that we took in the P&L last year we assume those will not reappear, so the impact will also be beneficial in the second half.

Reinier Westeneng - SNS Securities - Analyst

Yes, Reinier Westeneng from SNS Securities. I've got a couple of questions. First I would like to do some math. Looking through the Health cluster, your guidance over there is 2% to 3% organic sales growth and a margin of around 15%. Well, here comes the math. If I look to the organic sales growth guidance you should achieve organic sales of $20m to $30m in the second half. In order to achieve the margin of 15% you should achieve a $20m increase in EBIT. So I take the $30m in sales and the $20m in EBIT, what do I miss because you do some additional spending there in Data, data cost? So if you then look to the increase in EBIT it looks like all in all an impressive increase. Could you explain what I missed over there? That's the first question.

The second question is -- and the third question are shorter so. Then I look to Health, well it appeared to me from the presentation that you have good confidence about the outlook for Health, not only for 2007, but also beyond it. Looking to your strategic plan, when do you think you will return to levels of 4% at least, in the Health cluster? That's my second question.

My third question is on your Six Sigma initiatives. You started with that last year. Could you elaborate on the developments so far and what kind of cost savings could we expect over there?

And then finally on the acquisitions you made last year on TaxWise and ATX/Kleinrock, could you indicate what the developments are there in terms of the finished sales force?

Nancy McKinstry - Wolters Kluwer NV - CEO & Chairman of the Executive Board

So why don't I take the last two and then let you take the health questions. ATX TaxWise and ATX/Kleinrock and TaxWise the integration is going very well both in terms of migrating customers to a common software platform as well as again combining some of the renewal efforts and the sales and marketing efforts.

So if you look at the renewal effort which occurred at the beginning of late last year and then the beginning part of this year, that effort was very successful. We renewed a substantial portion of all the clients. So we had less erosion than we expected, which you always expect some amount during this kind of transaction. So, very strong renewal cycle. Good growth in new product sales and good growth in the bank products. So that acquisition is progressing well and what we will continue to do now is some of the back office consolidation and really begin to gear up to the fourth quarter where again we begin the renewal cycle. What's a little bit different about that portion of the market compared to what is the higher end of the market is that the renewals tend to come in really in December, January, early February. The renewal cycle is much more compressed and focused more on the latter part of the tax cycle. So a lot of renewals come in, in January where if you look at the high end of our market in ProSystem accounts they tend to renew earlier. So we're very much gearing up renewals and very much gearing up for the new sales push where we're adding additional modules on to both the ATX space and the TaxWise space.
So progressing well, and clearly, a good growth engine for us in the future and the margins have improved over the independent margins of each of the units as we’ve gotten cost synergies out of the combination.

Lean Six Sigma is something I can ask Jeff to specifically talk about some of the things he’s doing in Health, but we are rolling that – we had been rolling that out across all of the WK. What that does is a couple of things for us. We have been in the process of training people to become what they call a Black Belt, which means people that can lead Six Sigma initiatives. They tend to then focus on certain processes within the operation. We have typically focused them on what I would call back office functions and on simplifying the interfaces that we have with some of our customers. So some of the benefit comes on the revenue side and the majority of the benefit obviously comes on the cost side. So, we’ve had a very good program here in Europe that has been underway over the last year. And it is something we will continue to extend and a very good program coming out of the CFS business where we still have room for extension. Clearly Jeff has a number of things going on in Health and then we have a number of initiatives that are beginning in the Tax and Accounting business.

So we have specific internal targets, but we don’t share those targets with the external world. But all of that underpins our ability to get continuous improvements in our operating margin. So as we look to ’08 with that goal in mind a portion of it comes from some of the Lean Six Sigma initiatives, obviously a portion of it comes from the data center consolidation and then a portion from offshoring initiatives. Those are the three biggest really, buckets of efficiency that we can get from the business. Jeff, you want to talk a little?

Jeffery McCaulley - Wolters Kluwer NV - President & CEO, Health Division

So, in terms of the EBITDA expansion in the second half, there are a couple of elements to our cost structure that does change. In some of the data acquisitions that we make there is both an upfront cost and an amortized cost. So typically there is an upfront cost for buying some of the archive of data and then we amortize the prospective cost. So there is some front end loading to the data costs that we acquired in the first half. There was also some front end loading to some of our ramp ups within our sales organizations. We greatly expanded our sales force within Clinical Solutions. We’ve expanded our sales force within PNE books and we’ve expanded into China and we’ve continued our expansion in India. So there’s been a bit of a ramp up in some of our resources in the first half as well which the ongoing infrastructure will stay in place but the ramp up costs will not stay in place.

And then lastly, we get an accelerated benefit from many of the operational excellence and Six Sigma programs that have been in place. And we’ll see more benefit from the full effect of those programs than we did in the first half. One great example is in sourcing. We do a lot in sourcing. We don’t get the benefit of a lot of our PPB reductions until we do all of the printing with the demand that we see in the second half. So there is a number of things at play which actually give us a better cost structure going into the second half that we saw in the first half. So you will see a much higher percentage of incremental revenues fall to the bottom line.

And then relative to our growth outlook, again, we don’t comment in specific detail, but it’s clear to us that as we continue to execute on our value migration strategy, as we continue to enhance the competitiveness of a number of our businesses, which we have, that we will see profitable growth acceleration beyond 2007.

Mariska Douwens - Fortis Bank - Analyst

Mariska Douwens, Fortis Bank. I have a question concerning your corporate costs. They have increased year on year. Is it mainly non-cash and related to the share based payments?

And secondly, a couple of questions on Health, mainly strategic ones, no more. Firstly, the amount of proprietary contents, you indicated about 221 journals. About 15% of all the journals you have are proprietary. It seems a bit low to me, I can remember
that you targeted to increase the amount of proprietary journals, about one-third, could you elaborate on that is that still your plan?

Secondly on your relationship with Allscripts. Is that an exclusive one and do you expect a further partnership to be announced in Health because it's an easy way to leverage on some of Health's infrastructure and contacts?

And thirdly, on data sources, again you have to put more money in securing those. Could you just elaborate what kind of data sources we should think of and how you secure the -- that you really keep on your data aggregate and sales?

Jeffery McCaulley - Wolters Kluwer NV - President & CEO, Health Division

In our Journals business one of our key strategies is clearly to begin to accelerate the launch of proprietary journals. We've been launching a couple of journals each year over the past couple of years. So it's not easy to materially shift the mix from non-proprietary to proprietary, but it's very clearly a strategy of ours and we will continue to launch anywhere between two and five journals a year, as you look out. So on a rolling basis you will continue to see us launch proprietary journals.

Relative to Allscripts we don't comment on the specifics of our customer contracts. But this is a very progressive relationship that we have with Allscripts. I think it will really set the stage for the type of content that you are going to see more and more embedded in the workflow at the point of care and so we're very excited about this relationship and about what it means for these types of relationships with other companies that are at the point of care space.

And then lastly, data sources. As you know primarily our focus is going to be on longitudinal data sources. So you should -- we've got a good position now in all of our retail pharmacy data and mail order data and most of the other physician level and prescription level data. The real detail now is going to be much more around patient longitudinal data, so looking at medical claims data, looking at lab claims data, things that give us a more robust picture of what's going around at the anonymous patient level or detail.

Boudewijn Beerkens - Wolters Kluwer NV - CFO & Member of the Executive Board

On the corporate costs, there is an increase in second quarter mainly. If you look at the first six months you see an increase in FTEs of about three people. It's mainly related to that sometimes we have these initiatives that are steered from a global perspective. In this case it is mainly a telemeasuring program that we start to emphasize by last year and actually start to roll out this year. So a large part of the three additional people at corporate are related to that project. And of course we have associated personnel cost.

Unidentified Audience Member

[Philip] (inaudible). Actually, three questions about Health. If I compare the business to Reed and Thompson, just the numbers, if you look at the last few years you saw the growth at Thompson and Reed was higher in the last few years. Is that due to the mix or is there another explanation and do you expect a difference in the next few years?

Then, on margins, same question. It seems that Wolters Kluwer's margins are lower than that of its peers. Do you expect higher margins in the next years and maybe the 20% plus margin a reasonable expectation for the mid or longer term?

And then thirdly, if you look at the mixed growth between the first and second half it seems that for the second year you will have full growth in the second half. If you look at your peers they get more growth in the second half. It is not a very big difference. So what explains the different phasing about the sphere of growth, than that of your competitors?
Jeffery McCaulley - Wolters Kluwer NV - President & CEO, Health Division

When we look at our business -- I'll answer the question about our growth relative to other sources. When we look at where we compete with Reed and Thompson we feel very good about how our businesses stack up and in many cases we feel that we are winning share, particularly within the book business and other places. But we really don't go head to head with these businesses across the bulk of our portfolio. So our portfolio is very different and I think with that comes a difference in growth rates and margin rates, but importantly our strategy is very much as we outlined. It's to move up the value chain, it's to position ourselves in higher growth segments of the market. We think as we do that and continue to do that that we will continue to see growth rate acceleration. We will see margin rate acceleration going forward.

And then relative to phasing, again, I think it's very much the same. It is a different mix of businesses. We have a much higher non-subscription portfolio. Those tend to be purchased a lot more in the second half of the year than our subscription businesses do which tend to play out a bit more level throughout the year. So I think there is very much structural differences in that regard.

Nancy McKinstry - Wolters Kluwer NV - CEO & Chairman of the Executive Board

If I can just add two other quick things. I think one of the major differences where we do compete with Reed is in the Books business. We use wholesalers as our format of distribution and there are four key wholesalers in the U.S. that, worldwide, but they're based in the U.S. and they go direct to the various bookstores and other kinds of channels. So what we see is that our wholesaler is purchasing in a different way because they're obviously loading inventory in the third and fourth quarter as they then have to stock the shelves for the school programs that start. So it's just a very different buying cycle which explains to a very large extent the first half, second half, kind of dynamic there. But as Jeff indicated, the quality of our portfolio is very good. We're in all of the key segments that we believe. And I think another difference is that we are investing a lot in this business particularly to build out our technology platforms and to build the point of care. We believe that we are ahead of the pack in that arena.

Unidentified Audience Member

Thank you. Could I have one very small question? It's on Online and (inaudible -- technical difficulty) growth. Do you have a number for that for the first half of this year?

Nancy McKinstry - Wolters Kluwer NV - CEO & Chairman of the Executive Board

We basically have said that it's strong. We aren't giving a specific figure. We will give you that at the end of the year.

Reinier Westeneng - SNS Securities - Analyst

Reinier Westeneng, SNS Securities. Three follow up questions. First, on the taxation spending, compared to last years the spending is rather low. What should I read through that? Are there less potential candidates, are candidates too expensive or is there nothing going on over there?

And then the second is for Jeff again. You are quite confident about achieving your target for the full year. What do you perceive as the main risk not to achieve that target, so please elaborate on that?

And finally, on the margin, in the first half the margin for the Group as a whole increased by 280 basis points with the acceleration in organic sales growth expected in the second half, we were expecting acceleration in the EBIT margin in the second half?
So, Boudewijn will take the question on acquisitions and then we'll move on.

Boudewijn Beerkens - Wolters Kluwer NV - CFO & Member of the Executive Board

If you recall you were always -- in the past, before 2006 you saw that most of the acquisition spending for Wolters Kluwer was done in the second half instead of the first half. In '06 you saw, mainly due to AJ and ProVation we had actually a very strong first half and a weaker second half in acquisition spending. So we continue to look at opportunities when they come by or when they arise.

You know we have very strict criteria around our acquisition levers on what we like to finance, what kind of return levels we want and want to see realistically. And as with every other year, we have been actually pretty rigorous in putting that criteria to each individual acquisition. I cannot say that we are seeing less opportunities. Not at all. But I think it could be that the cheap credit actually that was available in the first half of this year of course helped to actually pushing up prices by competing parties to levels that we were just not willing to afford. But overall we feel pretty confident that we see what's coming by, we keep our own strategy there and I think we will continue to look for bolt on acquisitions wherever these are appropriate.

Nancy McKinstry - Wolters Kluwer NV - CEO & Chairman of the Executive Board

And I would just add a couple of things. First and foremost, almost all of our acquisitions come from the bottom up. So if you look at our strategic plans in each of the divisions that we do every year, they have a list of specific targets that they are focused on to continue to build our very strong vertical position. So that again, it then becomes the question of, which are actionable and how long does it take for those to be actionable. So there are clearly as many candidates as there ever have been in the pipeline.

I think one of the considerations is that when we do make a series of acquisitions, like in the case of Jeff's business, HA and ProVation, in the case of tax with ATX and TaxWise, we clearly want the management team to integrate those businesses. So there is a period of time upon which we've taken a big step with an acquisition and we're going to digest it before we're going to continue to necessarily do other things. So there is a bit of that goes on over the course of the year.

And I would just remind everybody that the focus of our strategy remains on organic growth and we really use the acquisitions as a way to continue to refine our deep vertical market penetration as well as to capture adjacent segments.

Jeffery McCaulley - Wolters Kluwer NV - President & CEO, Health Division

Relative to the second half, again, we feel very confident with our guidance, in large part because of this seasonality that we have seen many times. The biggest growth component to our second-half organic growth continues to be in our Book business. But it's an area where not only do we know we've got a very strong front list, but frankly, we can see adoptions. So we know what adoptions have taken place in the first quarter. We know what adoptions have taken place in the second quarter. We can look at the year over year growth in those adoptions and feel very confident that the second half growth in wholesale stocking and retail stocking will also take place. So that's clearly the biggest item for us, but we also have a lot of leading indicators around that component of the business to help us feel very confident in our guidance.

Reinier Westeneng - SNS Securities - Analyst

There is another question on the margin increase in the first half of 280 basis points. With the anticipated acceleration in sales in the second half you also have to expect an increase or an acceleration in the margin expansions.
Nancy McKinstry - Wolters Kluwer NV - CEO & Chairman of the Executive Board

Yes, that’s true overall for Wolters Kluwer. If you look at the margins that we typically produce in the fourth quarter, and would be true in pieces of Jeff’s business, based again, on what he said, both higher organic growth which again is a true statement of Wolters Kluwer as well as the fact that in some cases particularly in Jeff’s area there are programs that we start at the beginning of the year and you don’t really see the affect till later in the year.

Reinier Westeneng - SNS Securities - Analyst

So what you are saying is that looking to the margin guidance for the full year of 19% to 20% there will be more on the high end than the low end of that range?

Nancy McKinstry - Wolters Kluwer NV - CEO & Chairman of the Executive Board

No, we are saying 19% to 20% so that is the guidance.

Hans Slob - Rabo Securities - Analyst

I have a few questions. Hans Slob, Rabo Securities. Could you address us on the Espir rollout at the CFS division? And secondly you signed a big contract with the Dutch Central government, when does revenues kick in and how material is that? And was there also growth in the Dutch business without that contract?

Nancy McKinstry - Wolters Kluwer NV - CEO & Chairman of the Executive Board

Espir, we continue to progress well. As you know we had signed two contracts last year for Espir. One of those clients we continue to grow the business with them. Just to remind everybody there is various components of Espir based on the type of loans. So for example a client could buy mortgage but then also decide to buy home equity and other components in that. So you can grow an account. So we are clearly growing the two clients that we have signed and we have additionally people that are very close to signing, in the pipeline. So it’s going well and we view this as again, a major support of the future growth in that division.

Dutch contract, material to the Dutch business, growing. Obviously helps support the growth we saw in that group. The business would have grown without that contract, on a yearly basis, clearly. And the biggest source of growth we’re getting in Holland is really twofold. One is our Navigator product is doing very well. That is our central, online product that we launched a couple of years ago and we continue to drive penetration in that business. We also see good growth in our Business Media business lines as well as we continue to see a pickup in legislation relative to prior years and again, that supports those renewals as well as new products.

Mariska Douwens - Fortis Bank - Analyst

Thanks. I have a question concerning the Medical division. You guys split -- actually I’m a bit puzzled by it because actually it says that medical research is about 18% of sales and professional education 45%. Actually I had other numbers in my mind when I look at the end of 2006. So is there a shift there between divisions, could you elaborate on that?

Secondly, on the TAL division, it seems that you’re at -- sorry to compare you again with the Thompson and Reed. I know it’s not fully comparable, but regarding Tax and Accounting if you are looking at Thompson they seem to record higher figures than the 8% growth while you recorded about 5% in the Tax and Accounting division, so if you could elaborate on the difference there?
Could you also give some flavor about the UK and what's the negative impact on the TAL growth was of the UK inclusion?

Jeffery McCaulley - Wolters Kluwer NV - President & CEO, Health Division

We did restructure our Journal's business unit, moved it out from under the Medical Research business back into the Professional and Educations business. We did that in large part in response to some of the challenges that we were seeing with our society customers. So, that is really, now, a standalone P&L within the P&E unit with full ability to really focus on our society customers. It's been seen very well by our customer base and has led to a lot of the improvements that we are seeing in the competitiveness of that business. What it also did is really put our content factory back together. And so now we can get a lot more leverage between our P&E books business and our P&E journal's business under the professional and education umbrella, with common content management systems and content process development systems including looking at offshoring some of our editorial workflows and the like.

Nancy McKinstry - Wolters Kluwer NV - CEO & Chairman of the Executive Board

And then in terms of TAL, we feel very confident in the guidance that we gave for that division. What you see is strong sales of our Software division. That is happened to support the 5% organic growth. And then what you will see in the second half is that we have a lot of year end editions and a lot of new titles that come out in the third and fourth quarter both for TAA which is the Tax and Accounting group as well as for the Legal group. And again, part of what you see in the first half results in TAL, as a total division, is that last year the new titles for legal were primarily frontloaded in '06. So you are going to see accelerated growth overall for TAL as we head into the third and fourth quarters.

So as it relates to Thompson, we are very confident in our competitive position. We monitor this very closely. We see inventory growth in our content businesses as well as very strong sales in the software business so we know we're gaining, certainly maintaining and gaining share in many of the segments. Against Reed, we don't compete with them in tax. In fact we license our tax content to them. So they are really a partner in that regard. And again, our legal business is very much a complimentary product to both Thompson and Reed. We're a specialty legal publisher. So it's a very much traditional content business.

Boudewijn will talk a little bit about the UK and what we expect for the year.

Boudewijn Beerkens - Wolters Kluwer NV - CFO & Member of the Executive Board

So to your specific question in terms of what the impact has been on the UK, on the TAL results. For the half year in organic growth it was about minus 0.4%. For the half year our margin was about minus 0.3% -- sorry, 0.3%. So our margins would have been around 28% within TAL without UK and without organic growth would have been about 2.5%.

Nancy McKinstry - Wolters Kluwer NV - CEO & Chairman of the Executive Board

And another factor, just quickly on the second half is that what we are seeing with the UK is clearly margin improvement year on year because we have largely finished the cost restructuring in the UK. And now, as we indicated, we expect overall flat performance on the revenue side for the year as they build towards '08 where we expect them to contribute positively to organic growth. But what that means is the organic growth will accelerate in the UK in the third and fourth quarter. Again, that supports the overall lift we will get in the second half of the year.

Sami Kassab - Exane BNP Paribas - Analyst

Thank you, its Sami Kassab, Exane Paribas. Can you comment on the changes you made in the pricing structure of Ovid? What changes have you made and what will be the expected impact on the top line for the new product?
Jeffery McCaulley - Wolters Kluwer NV - President & CEO, Health Division

Essentially what we did with Ovid is we began to price more along the value of our content than just the volume of our content. So we didn't price specifically according to page views or usage, but we essentially setup a proxy for how much content is being used. We think ultimately that pricing may go more along the lines of usage but we don't think our systems are ready for that or our customers. But I think in the long run that's a shift that we've seen happen in other markets, just not within the health market. But essentially that's what we did so now we price some of our proprietary must have content higher than we do content that you can get on other platforms or content that is not often accessed in the market place. So it's much more of a price to value concept than it was a price to volume concept. Do you understand the difference? Customers at one time would say, I want 100 titles and we'd kind of price the volume without necessarily looking at the value of the 100 they were selecting. So today there maybe a different stratification across those 100 titles than there were in the past.

Nancy McKinstry - Wolters Kluwer NV - CEO & Chairman of the Executive Board

One of the things that you should step back, because you look a little confused is, one of the things that we were kind of different in the market compared to our competitors is that our competitors tended to really force the customer to buy a bundle and there was very little choice within that. We kind of went to market very much with flexibility. So to Jeff's point, the downside of that flexibility was there was a lot of fungibility across the titles. And what we've done now is step back to try and achieve two things. One is to ensure a smoother migration as customers go from print to online. That was one objective in the pricing. And the second which was what Jeff mentioned, a correlation between the price and value of content because keep in mind we sell not just proprietary content which is we own, but we also license content and we package that and sell that along with that.

Sami Kassab - Exane BNP Paribas - Analyst

I think you mostly sell third party content. So does it mean that on the third party part you are cutting prices and that you have all mix of (inaudible)?

Jeffery McCaulley - Wolters Kluwer NV - President & CEO, Health Division

Not at all. We really do look a lot at how, must have, that content is in the market place. So there are certainly some third party content that is very important content that gets a lot of page views and a lot of hits on the system and that content will continue to command a high price in the market place.

Mariska Douwens - Fortis Bank - Analyst

Sorry, another one. Well actually it's about an addition that you added, regarding your share buyback program. You said you expect this to end of this year, but you made some conditionals and also state that in the event of a corporate action regarding Wolters Kluwer, could you elaborate on that? How should we take this or is it just some legal stuff you have to add?

Boudewijn Beerkens - Wolters Kluwer NV - CFO & Member of the Executive Board

No, it's not a legal exit or anything like that. I mean I think in the reality of today's world we want to execute this program. But if there would be unforeseen circumstances that would allow us to, at that moment, stop, abandon or otherwise alter the program we wanted to be up front about it, that that opportunity always exists. We have been pretty clear. We expect the program to end at the end of this year, EUR475m and we buy back in essence approximately about 20m shares.
Nancy McKinstry - Wolters Kluwer NV - CEO & Chairman of the Executive Board
Well thank you very much, we really appreciate it. You have questions from the web? Yes. Okay, there you go.

Kevin Entricken - Wolters Kluwer NV - VP IR
Many of the questions from the web have also been asked in this room so I am going to specifically address some of the unique ones that came in over the web. First one would be directed likely to Boudewijn. Boudewijn, do you expect a significant foreign exchange related derivative gain in the second half cash flow and can you quantify?

Boudewijn Beerkens - Wolters Kluwer NV - CFO & Member of the Executive Board
It’s a little bit difficult to predict the dollar so I won’t go there. I think, as you have seen, that the large synthetic forwards amounts that we used to have in the past have mostly been replaced by the multi-currency, metro-hedged type of funding. And therefore, depending of course what the exchange rate would do Euro/Dollar I think we’re properly covered. Our current assets are covered for approximately 26% over the first quarter and second quarter mostly it was around 33% but due to the proceeds from Sdu and Education we of course lowered our credit facility, the amount we’ve drawn on the credit facility which is of course part of our offsetting mechanism. But 26% at the moment. We will slightly start to increase actually over time, once we further execute the buyback program and we start to refinance again and we will draw again on the end zero in dollar.

Kevin Entricken - Wolters Kluwer NV - VP IR
An additional question from Paul Gooden at ABN AMRO. What portion of your employees are offshore?

Nancy McKinstry - Wolters Kluwer NV - CEO & Chairman of the Executive Board
It’s roughly about 10% of our population that are FT equivalents offshore. And then we clearly have captive, as we said, in Kuala Lumpur and other places.

Kevin Entricken - Wolters Kluwer NV - VP IR
Acquisitions, are you noticing any changes in prices or levels of competitions in the acquisition targets?

Nancy McKinstry - Wolters Kluwer NV - CEO & Chairman of the Executive Board
I’ll start and then you can join in, which is as we mentioned, most of our acquisitions are bottom up driven by the divisions and typically are non-auction situations where we get to know the principals as a result of some type of business that we are doing with them in terms of potentially creating a distribution agreement or whatever and that leads to the acquisition. So we clearly continue to pursue most of our deals in that type of arrangement where it is largely an exclusive transaction. Where we do have auctions, clearly, I mean this would come as no surprise to all of you, right, the prices are very high. And I would say one of the differences that I have seen, having been in the business since the late ‘80’s early ‘90’s is that the prices you’re giving away more of the synergies in your price as a strategic than you would have a decade ago. Now, it will be very interesting to see if the recent changes in the credit markets change any of that. But clearly the biggest competition we would see when we do go to auction, which again is not too often, is that there are a lot of sponsors in those deals and paying high multiples.
Kevin Entricken - Wolters Kluwer NV - VP IR

Specific question on TAL. In fact Small Firm Services. We said that the TAL margin was benefited by Small Firm Services in the first half. Will this be the case in the third quarter as well?

Nancy McKinstry - Wolters Kluwer NV - CEO & Chairman of the Executive Board

I would say that we know the answer but we would prefer just to say that Small Firms Services is a good margin business and will contribute overall for the year because we don’t get into margin guidance by the division. This is a sub segment of a sub division so it gets a little tricky.

Boudewijn Beerkens - Wolters Kluwer NV - CFO & Member of the Executive Board

Of course the heat of the tax season is mainly in the first quarter and slightly in the second quarter while the third and fourth quarter are again rebuilding for the new tax season. So if you would see some sort of pattern you would probably see the first quarter being very high and then it gradually sizes down to the fourth quarter and then it hikes up again.

Kevin Entricken - Wolters Kluwer NV - VP IR

A question for Jeff, with revenue for the Health division. Can you give us some information on the splits of revenue between content, context and consulting?

Jeffery McCaulley - Wolters Kluwer NV - President & CEO, Health Division

I can. I don’t know if that’s something we’ve done. Okay, so roughly the way we look at this and it’s a good story because we began tracking the mix of our business and more importantly the mix of where we were in testing. So today if you look at our business we’re still probably somewhere in the neighborhood of 70% a content business. There is probably another 25% of our business that has some element of content and context or purely just context and then the balance is in services today. So, Services is clearly the piece of the business that has not become a big part of the mix yet but is clearly something that we are focusing on in growing the business.

Importantly, our spend is a very different mix. We’re spending a lot more in building our contextual capabilities than building our services capabilities. So as a leading indicator of where that mix is going, I think it’s important to understand that we are clearly focused on moving up the value chain and so you will see that mix continue to shift. But some of the content — what I would say is it probably won’t add up to 100 because some of the content also gets embedded in the context. So it’s — you kind of have to start looking at it through a different lens. There is purely a content business but some of it also gets fed into our contextual solutions as well.

Kevin Entricken - Wolters Kluwer NV - VP IR

Nancy, from [Veronica Pecklinger] at Goldman Sachs, a strategic question on Health. We understand the confidence in the Health Division. However, would you consider a strategic alternative if it does not live up to your expectations?

Nancy McKinstry - Wolters Kluwer NV - CEO & Chairman of the Executive Board

We talked about this in the past. We’re very confident in our Health division. If you look at the macro trends in the industry it remains a good industry, lots of new drug development over the long term. Clearly spending in healthcare, as Jeff indicated, is
well in excess of general G&P growth. We are well positioned, we are investing in the business and we remain confident that we will grow the business and improve its operating margins.

Kevin Entricken - Wolters Kluwer NV - VP IR

Also from Veronica, for you Boudewijn. Could you comment on the working capital for the full year, do you expect a significant outflow in the CFS for the full year after the outflow seen in the first half?

Boudewijn Beerkens - Wolters Kluwer NV - CFO & Member of the Executive Board

The guidance we gave on the working capital so far has been that we assumed we remain neutral year on year. Now, given the -- and this is autonomous movement of the working capital, that outline, that guideline still stands. As you have seen in the first half, we were kind of in line with last year. Slightly worse due to of course a lot of bits and pieces going back and forth. We still feel confident. We of course put a lot of effort in keeping our working capital and managing our working capital appropriately in line with the strong growth and the acceleration of the organic growth that you see in the business. But we keep our guidelines as we have given it before.

Kevin Entricken - Wolters Kluwer NV - VP IR

Also Boudewijn, a question from Paul Sullivan. Can you remind us of the net interest and tax rate guidance for the full year? What blended interest rate should we use for next year, 2008?

Boudewijn Beerkens - Wolters Kluwer NV - CFO & Member of the Executive Board

The blended interest rates would be around between 5.5% and 6%. As far as the effective tax rate is concerned it would be around 27%.

Kevin Entricken - Wolters Kluwer NV - VP IR

And from [Grisban Gozzi], in Health, Jeff, what year on year growth can you talk to us about in the book adoptions?

Jeffery McCaulley - Wolters Kluwer NV - President & CEO, Health Division

Again, that’s not a level of detail we would give right now. What I can say that we see strong growth in our Professional and Education business particularly within our Books business and based on the adoptions that we have seen in the first half we fully expect that our Professional and Education business will perform in line with guidance and where we have seen it perform over the last couple of years.

Kevin Entricken - Wolters Kluwer NV - VP IR

Very well. That takes care of the questions that we have had from online. Any further questions from --?

Nancy McKinstry - Wolters Kluwer NV - CEO & Chairman of the Executive Board

Great. Thank you. I think this is finally concluded. Thanks very much.