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PRESENTATION

Kevin Entricken - Wolters Kluwer NV - Vice President of IR

Good afternoon, everyone. Thank you for joining us. I'm Kevin Entricken, Vice President of Investor Relations for Wolters Kluwer. I'd like to welcome you to full year 2008 results.

Today's presentation will be delivered by our Chairman and CEO, Nancy McKinstry. Also Boudewijn Beerkens, our CFO and member of the Executive Board will present. And also joining us is Jack Lynch, member of the Executive Board.

Our presentation today is being simultaneously webcast. For those of you that are viewing the presentation on the webcast, you can submit a question during the question and answer segment by using the icon on your desktop.

Now for those of us that are in the room here today, I'd like to ask you to make sure you get your questions in during the presentation while we have the full Board here with us, so they can answer those questions.

I'd like you to read the forward-looking statements on page two of the presentation. They're also included in our press release.
With that, I’d like to kick it off and turn it over to Nancy.

Nancy McKinstry - Wolters Kluwer NV - CEO

Thanks, Kevin. Good afternoon; welcome, everybody. Thank you very much for joining us.

What I will be talking about this afternoon is to describe our highlights of our performance for 2008, talk about our key accomplishments against our performance indicators, and briefly discuss each one of our divisions. Then following my opening remarks, I’ll turn it over to Boudewijn, who will talk about our financial performance in more detail, and then come back and conclude with our outlook for ’09 and some summary remarks.

So let’s begin. 2008 was a challenging year as the world economies weakened throughout the year. Market contractions were felt in all geographies, and subsequently had an impact on our customers and our businesses.

Yet despite these unfavorable economic conditions, Wolters Kluwer showed resilience, and we are well positioned for sustained profitability and long-term growth. I’m pleased with Wolters Kluwer’s double-digit EPS growth, resilient operating margins, and solid cash flow performance.

Revenue growth was 3%, driven by acquisitions. Organic growth was flat due to the impact of market conditions on our cyclical product lines. Importantly, however, our subscription and non-cyclical products delivered 3% organic growth, driven by 9% growth in online and software solutions.

Operating margins improved, despite the weaker market conditions, driven by the contribution from the higher margin electronic products, the benefits of structural improvements made in prior years, and the contribution from our operational excellence initiative programs, including Springboard.

Investments in new product development continued at 8% to 10% of total revenues, and our strong balance sheet enabled us to take advantage of strategic acquisitions in key markets. Our strong financial position enables us to recommend an increased dividend of EUR0.65 per share.

Despite the challenging economic landscape, Wolters Kluwer made good progress in strategically important areas in 2008. Our investments in innovation continued and resulted in the development of new and enhanced products in online and software solutions, as well as the launch of next generation delivery platforms. These products drove strong growth and margin improvement, and supported improved customer retention rates across all divisions.

In addition to new product development, the Company strengthened and expanded its leading positions in core markets, with key strategic acquisitions in global Tax and Accounting, with the acquisition of Addison in Germany, IntelliTax in North America and MYOB in the UK; and in the Healthcare market, with the acquisition of UpToDate, a leader in evidence based information and clinical decision support.

The Company also continued to leverage its local brands and expertise to expand its footprint globally. Asia continues to be a priority for us, with 2008 organic growth of almost 40% in India, and 80% in China. We also accelerated actions in 2008 to address the underperformance of the Health portfolio, including significant cost restructuring and aggressive management of our wholesale channel.

Finally, operational excellence initiatives continued to drive efficiencies, as does the Springboard program, which was launched in 2008. Based on the early success, we expanded and accelerated Springboard, and it delivered better than expected savings in 2008.
All of these initiatives contributed to the solid margin performance that we experienced in 2008.

Wolters Kluwer delivered growth in earnings, better profit margins and strong free cash flow. This performance resulted from our product mix, due to good growth in higher margin online and software solution products, as well as the impact from our restructuring programs and our operational excellence programs.

The portfolio is solid and resilient and our 2008 financial performance demonstrates that investments that we've made in new products and operational excellence initiatives have yielded good results.

Wolters Kluwer enjoys the benefit of a resilient portfolio, with the majority of our revenue streams derived from must-have content software and services delivered to professional markets. Approximately two thirds of our revenues are subscription based, with stable retention rates.

In 2008, subscription and non-cyclical product revenues grew 3%. This result was also driven by increased customer demand for integrated workflow and software solutions, which contributed 9% growth.

The balance of the portfolio is comprised of transactional products, which includes books, mortgage and corporate lending products, advertising and promotional product lines, as well as training. It is these transactional areas that Wolters Kluwer experienced pressure from the global economic slowdown.

Revenue growth grew 3%, with organic growth flat. The divisional performance reflects the mix of products, with the economic cycle having the strongest impact on those divisions with a higher component of non-subscription revenue, as well as in the case of our Health Division, two significant one-time events.

The Company’s commitment to invest 8% to 10% of our revenues in new and enhanced products and technology platforms is demonstrated in the solid progress that Wolters Kluwer has made in growing our revenues from electronic products since 2004. Today, electronic revenues represent almost half of our total revenues, as compared to 38% in 2004.

These products grew 9%, with strong growth at Tax and Accounting, LTRE and at Ovid within our Health portfolio. These products typically carry higher retention characteristics compared with our traditional print products, and provide a strong foundation for us to capture future growth opportunities.

Despite market conditions, I'm pleased that our ordinary EBITA grew 5% in constant currencies, and our ordinary EBITA margin improved to 20.1% from 19.5% in 2007. This performance was driven by solid growth in subscriptions, and strong growth in electronic products, as well as the benefits from our structural improvement programs.

Now I’d like to talk about each one of our divisions, beginning with our Health division.

Health delivered -- excuse me, Health’s revenue declined 3% in 2008, with organic growth declining 5%, due largely to two significant one-time events, as well as from the effect of the economic cycle on our advertising and promotional product lines.

The loss of a significant pharma contract, and the adjustment of wholesaler inventory levels to reflect changes in buying behavior, negatively affected our organic growth by 4 percentage points. Partially offsetting this effect, the division saw good growth in our Medical Research and our Clinical Solutions units, as well as double-digit growth in our managed care and brand analytic product lines within the Pharma Solutions unit.

The acquisition of UpToDate also contributed to revenue growth of 2%. Strategically, this acquisition accelerates the realignment of the division’s portfolio towards subscription products and higher growth market segments, and it solidifies our Clinical Solutions group as the leader in evidence-based information and clinical decision support.
Operating margins at the division were lower compared to 2007, due to increased revenues and the acceleration of our restructuring of the wholesaler channel. This result was partially offset by strong cost reduction across the division, as well as an acceleration of our off-shoring initiatives.

Subscription and non-cyclical products had 2% organic growth, underpinned by stable retention rates. This underlying performance was significantly affected by lower orders from our wholesalers as this channel adjusted its inventory levels to reflect shifts in buying behavior by the loss of one significant data contract and reduced spending on the part of our pharmaceutical clients on advertising and promotional programs as a result of the economic slowdown.

The division made good progress in delivering new and enhanced products, including Ovid SP, which contributed to 6% organic growth at Medical Research. The unit also expanded partnerships and publishing relationships.

The global expansion strategy made good progress in terms of both our Spanish language program, as well as the extension of our ProVation product line in Australia and New Zealand, and from a new distribution partnership in China. All of these actions have put us in a solid position to improve the performance in Health in 2009.

Now turning to Corporate and Financial Services, CFS’s revenues declined by 1%. This was driven by a 2% decline in organic growth, offset by contributions from acquisitions of 1%. Corporate Legal Services declined 3% as corporate formation transactions and UCC lien volumes were negatively impacted by the economic cycle.

Despite the impact of a weakening economy, CLS continued to strengthen its market positions through investments in innovation. CLS launched the next generation of its flagship products, including ctadvantage.com in the Corporate market and ilienonline.com in the UCC market.

Financial Services performed well in a challenging market environment, with underlying growth in line with prior year. Growth in banking analytics, as well as our security and insurance product line, was offset by weakness in our mortgage transaction revenue. Financial Services also extended its market position within the core banking segment through continued new sales of ComplianceOne.

The division’s ordinary EBITA margin proved resilient, remaining in line with prior year at 28%, despite the decline in the revenues.

The division’s subscription and other non-cyclical products delivered solid organic growth of 4%, driven by strong performance of our software solutions, as well as our security and insurance product lines. This growth was offset by double-digit declines in transactional products, in lending and corporate formation activity.

Contributions from electronic products remained steady with prior year. However, subscription products continued to see good customer demand, offset by lower online transactions. This strengthening in our subscription products contributed to strong operating margin performance in the division in 2008.

Now moving to Tax, Accounting and Legal; TAL’s revenues grew 8% in constant currencies. Organic growth was 3%, which was supported by double-digit growth at Small Firm Services, and among our corporate customers in North America, as well as strong performance from our online products. All of this contributed to organic growth of 6% at our US Tax unit. In addition, our India and China units also delivered double-digit growth in 2008, which supported our global expansion.

Acquisitions contributed an additional 5% to overall growth. These acquisitions significantly expanded the unit’s global Tax footprint, with the addition of IntelliTax in North America, MYOB in the UK. In addition, the unit expanded into the risk management area with the acquisition of Ci3.
Law & Business strengthened its position by launching several new online and workflow solution products, as well as continued to grow its integrated online libraries. This growth was moderated on a year-over-year comparison basis due to the robust publishing calendar that we had in 2007, which was not able to be repeated in 2008.

Ordinary EBITA margins increased to 25% from 22% in 2007, resulting from a combination of improved product mix, with a greater percentage of our revenues coming from higher margin online and software solutions, as well as benefits from prior restructurings in the UK, and from the results of our operational excellence programs.

The solid performance in subscription products, particularly among small firms and corporate clients, was offset by sluggish sales of books in the fourth quarter, which is traditionally our strongest selling season for new titles.

Canada showed good growth in all lines of business. And in Asia, Asia was the basic growth -- driver of growth within our Asia Pacific region.

Online and software products now account for 54% of the division's total revenues, reflecting consistent investments made in new and enhanced online and software solutions.

2008 also marked the launch of our next generation platforms, including the .net release of our ProSystem fx Tax software line, as well as the release of IntelliConnect, which is the next generation of our online delivery platform.

Now moving to LTRE; LTRE's revenues increased 6% over prior year in constant currencies. Organic growth was 2%, driven by strong sales performance for online products, new workflow solutions and software offerings across the division. Acquisitions contributed an additional 4% to overall revenues.

LTRE successfully grew its online and software revenues by 9% organically. Online growth occurred across all countries, with double-digit performance in Belgium, Germany, Spain and Central and Eastern Europe.

The acquisition of Addison, a leading provider of Tax and Accounting software in Germany, was a significant achievement for the division. In addition, we made smaller acquisitions in Belgium, Spain and the Netherlands, which has further extended our position in Tax, Accounting and Legal.

Ordinary EBITA margins increased to 21% in 2008 from 20% in 2007 on the strength of our revenue performance and the benefit from operational excellence initiatives.

Subscription and other non-cyclical products grew 3% organically. Online and software products contributed to this strong performance, as well as growth in training services. Electronic products now represent 46% of the total revenues at LTRE.

The division did see the negative effect of the economic cycle on its advertising revenues in the Netherlands and in France, as well as weakness in fourth quarter book sales across the division.

Now with those comments, I'd like to turn it over to Boudewijn, who will talk more about our financial performance.

Boudewijn Beerkens - Wolters Kluwer NV - CFO

Thank you, Nancy, and good afternoon, everyone, and welcome. I'm happy to have the opportunity to review Wolters Kluwer's 2008 full year financial performance.
The highlights of the year demonstrate the strong fundamentals of the business and evidence of our resilient portfolio. Despite challenging economic conditions, the Company's profitability improved. Ordinary EBITA grew by 5% in constant currencies, and ordinary EBITA margin improved 60 basis points from 20.1%—from 20.1% from 19.5% in '07.

The margin improvement is supported by four elements. Growth in electronic products adding up to approximately half of total revenues, the benefit of structural improvements made in prior years, early cost containment measures, and benefits stemming from operational excellence programs, including Project Springboard.

As a result of these improvements and a share buyback program in '07, ordinary diluted earnings per share grew 10% in '08 to EUR1.52 in constant currencies. Free cash flow grew 3% in constant currencies. The Brazilian portfolio and strong cash generation continued to support a solid financial position.

The Company proposes a 2% increase of the dividends to EUR0.65 per share, which equals a 4.8% dividend yield over the closing share price of 2008, making this one of the highest in the industry.

Looking at the impact of the currency fluctuations, the movement in the euro/dollar exchange rate as compared to the prior year put downward pressure on reported growth rates. Approximately half of Wolters Kluwer's revenue is earned in dollar denominated areas.

Organic revenue was in line with the prior year, and acquisitions contributed 3% to growth.

The decline of the US dollar resulted in our average euro/dollar exchange rates weakening from EUR1.37 in '07 to EUR1.47 in '08. This resulted in a downward 4% impact on our growth rates.

Wolters Kluwer is a global company, and it's worth repeating that our exposure to the US dollar is primarily translational. Our transactional exposure is small, as our products are predominantly made in regions where they are sold.

Our US dollar sensitivity can be summarized as follows: a 1% change in the euro/dollar rates has an approximate EUR16 million impact on revenue, a EUR4 million impact on ordinary EBITA, and approximately EUR0.01 impact on earnings per share.

A review of the full year 2008 profit and loss demonstrates stable profitability under challenging economic conditions. As discussed, revenue grew 3% in constant currencies, driven by a good performance of the core subscription and other non-cyclical products, and the contribution of acquisitions.

Ordinary EBITA grew by 5% in constant currencies, and the overall EBITA margin improved to 20.1%. Exceptional costs of EUR51 million included the EUR45 million in exceptional restructuring expenses related to Project Springboard, and EUR6 million in non-recurring costs of acquisition integration.

The financing expense of EUR119 million increased compared to prior years. This was due to higher cost of funding as a result of newly issued, long term, fixed rate bonds and loans, and a higher average net debt due to acquisition spending. The effective tax rate of profit before tax decreased to 18% in '08 from 23% in '07, reflecting the impact of lower profits in relative high tax rate countries, and the effective use of the Dutch financing center in the Netherlands.

Profit from continuing operations of EUR315 million declined 5% compared to the prior year, driven by the weak US dollar, higher financing costs, and the inclusion of the exceptional restructuring expenses. This is partly offset by lower tax rates and charges. In constant currencies, profits from continuing operations decreased 2%.

With weaknesses in mortgage and corporate lending apparent at the beginning of the year, the management team acted early in designing a cost containment plan that would support margin development in the face of an economic downturn. These
plans included reorganization programs, real estate consolidation, and close monitoring of discretionary expenses. This early planning served us well. While cost containment was a priority, it did not come at the price of sacrificing future growth.

As you will note, we continued our investments in marketing sales and publishing and editorial initiatives, while reducing our cost of revenues and general and administrative expenses as a percentage of revenues.

Wolters Kluwer continued to invest in new products and platforms to support future growth. The Company has consistently invested 8% to 10% in growth initiatives to drive innovation and the continued migration of revenues from print to electronic products. These investments included developments of the next generation [eovix.net] software platform, the Global Atlas online platform, launched in Teleconnect in 2008, and content conversion programs in Germany and the Netherlands.

These investments are in addition to our Springboard operational excellence efforts, and will continue into 2009.

In determine our benchmark figures, we adjust net income and earnings per share for amortization of publishing rights, results and disposals, and exceptional items. We believe this view of ordinary income and EPS represents a clear picture of our underlying business performance.

Ordinary net income grew 4% in constant currencies, as a result of early cost containment measures, operational excellence programs, and higher margin contributions from electronic products. Ordinary net income grew to EUR420 million, slightly ahead of the prior year. Improvements in profitability were slightly offset by the weakened US dollar.

Ordinary diluted EPS grew 10% in constant currencies to EUR1.52, from EUR1.38 in '07. After the impact of the weakened US dollar, reported ordinary earnings per share was EUR1.47, a EUR0.09 or 7% increase over the prior year. As a result of the prior year share buyback program, the weighted average number of diluted shares decreased in the period.

In summary, the EUR0.09 growth EPS included a EUR0.07 lift for improved results of operations, and an EUR0.08 lift resulted from the prior year share buyback program. These improvements were partially offset by a favorable currency impact of EUR0.06.

Moving on to the balance sheet, Wolters Kluwer enjoys a strong financial position. Long term assets mainly include goodwill and publishing rights. The increase in these assets in 2008 is driven by acquisitions and a stronger US dollar at year-end.

Operating working capital balances were materially in line with the previous year. Growth in the seasonal balances driven by year-end billing cycles were offset by decreases in deferred income, driven by improved retention, acquisition balances, and a favorable year-end guarantee impact.

Non-operating working capital decreased, reflecting higher cash balances, driven by strong year-end collection activity, and lower short term borrowing balances.

Net debt increased to EUR2.3 billion at year-end, 2008, mainly due to acquisitions. The ratio of net debt to EBITA increased to 3.2% from 2.4% in '07. But it should be noted, only a partial year of EBITA related to acquisitions is included earnings results. This, and the 2008 exceptional restructuring cost, impact this ratio.

Had a full year of acquisition related EBITA been included, and exceptional restructuring costs been excluded, the net debt to ordinary EBITA ratio would have been 2.8%.

The Company targets a net debt to EBITA ratio of approximately 2.5%. The Company could temporarily deviate from this relative indebtedness ratio, with the goal of returning to its targets over the medium term.

Our refinancing activities of 2008 have made Wolters Kluwer a strong organization. We have improved liquidity, extended maturities out beyond 2013, and ensured adequate funding to drive operations and support investments.
As previously announced, short term debt was refinanced in February, with a 30 year private loan agreement for a total amount of JPY20 billion, or the equivalent of EUR157 million. Additionally, the Company refinanced that with a 10 year, EUR750 million Eurobond in April, and a 20 year Eurobond of EUR36 million in August.

Net refinancing of greater than EUR900 million at attractive rates ensures a strong liquidity position and sufficient year-end headroom in excess of the Company’s EUR500 million policy minimum. It should be noted, we currently hold 50% of the 2011 debt redemption balance in cash.

Looking at the cash flow for the year, cash flow grew 3% in constant currencies to EUR450 million. After the impact of the weaker US dollar, free cash flow decreased by EUR20 million to EUR395 million in reporting currency.

Cash flow from operating activities grew by 7% in constant currencies, or by 2% compared to the prior year. Financing charges were favorably impacted by the refinancing and the favorable timing of interest payments which will reverse in 2009. Furthermore, lower net tax payments benefited from tax refunds.

Capital expenditures increased by 18% in constant currencies, and growth was in all divisions. As a result of high capital expenditures, our cash conversion ratio was slightly below 2007 levels.

The year included several key strategic acquisitions that support our strategy of growing our leading positions. The total expense was EUR667 million, which also includes earn-outs from previous acquisitions. These businesses, acquired in 2008, contributed EUR53 million to revenues and EUR16 million to ordinary EBITA, representing an ordinary EBITA margin of approximately 30%, well above Wolters Kluwer’s average.

2009 will demonstrate further benefits from synergies while integrating these business, contributing further to margin support. These are high value companies which support our strategy to move into more electronic software and services, and have higher growth and margin characteristics.

The Company is disciplined, and will not deviate from its financial criteria when it comes to acquisitions. All acquisitions must be EPS accretive in year one, and must cover its weighted average cost of capital within three to five years of the acquisition dates. Looking back on the last several years, the acquisitions we have undertaken have contributed to revenue growth, enhanced profitability, and improved return on invested capital.

As announced in November, the Springboard program was expanded and accelerated, based on early positive results. The program is designed to further operational excellence initiatives, resulting in sustainable margin growth.

Unrealized run rate saving estimates are expected to reach EUR120 million by 2011. Total program savings are expected over a four year period. Savings are expected to result largely from standardized technology platforms and IT infrastructure, streamlined content manufacturing processes, expanded global sourcing programs, and offshore service centers for software development and testing. As noted earlier, non-recurring program investment of EUR118 million over a four year period will be treated as exceptional, as presented in our benchmark figures.

At the close of 2008, the program realized cost savings totaling EUR16 million, EUR6 million ahead of earlier estimates. This performance is driven by a reduction in force and earlier than anticipated realized sourcing savings.

In summary, we have a solid financial position. We are realizing good growth in the core subscription and other non-cyclical business, despite a challenging economic backdrop.

Higher margin electronic revenue growth, acquisitions, and operational excellence initiatives are driving improved profit margins. Refinancing initiatives have pushed up maturities beyond 2013, increased liquidity, and improved headroom. Our free cash flow generation continues to be strong. Earnings per share is growing, and our financial position is solid.
Thank you for your attention. I now turn it to Nancy, who will inform you about our outlook in 2009.

Nancy McKinstry - Wolters Kluwer NV - CEO

Thank you, Boudewijn. A few words about our outlook.

For 2009, ordinary EBITA margin is expected to be broadly in line with 2008, despite the expectation of continuing weak market conditions. Free cash flow is expected to be approximately EUR350 million. Return on invested capital is currently expected to meet or exceed 8% after tax, and our ordinary diluted EPS is expected to range from EUR1.41 to EUR1.46.

This guidance reflects the resiliency of our portfolio. While we are not giving you full year revenue guidance due to the uncertain economic conditions, we do expect that the portfolio and non-cyclical -- our subscription business and the non-cyclical part of our portfolio, which represents 71% of the total, will continue to perform well, supported by improved retention rates and continued migration to electronic products.

Book products, which represent 11% of the total, will continue to be challenged by the economic cycle, but the negative comparables in 2008, due to the actions that we took within the wholesaler channel, are expected to diminish in 2009. Other cyclical revenue, which represents approximately 18%, is expected to continue to be impacted by current market conditions. In addition, as you know, we have strong comparables in the first half of 2009.

In summary, I am pleased that Wolters Kluwer showed good resilience during 2008 despite difficult economic conditions. While market contractions were felt, the fundamentals of our business are strong, and the Company benefits from a diversified and defensive portfolio. We continued to make good progress against our strategic goals in 2008.

This progress was evidenced by key acquisitions that strengthened our market positions, by the launch of new and enhanced products and platforms, which enabled us to continue to increase the share of our revenues coming from electronic products, and by the expansion of our global footprint. Our solid profitability and cash flow was driven by good growth in subscriptions and online and software products, as well as the benefit of structural improvements and restructuring programs.

Finally, our strong balance sheet solidly provides us with the financial support for our long term strategy. All of this provides us with confidence as we enter 2009 in our ability to continue to position the Company to drive long term profitable growth and value for our shareholders.

Thank you very much. I'll now open the floor for Q&A.

QUESTIONS AND ANSWERS

Nancy McKinstry - Wolters Kluwer NV - CEO

Yes, please?

Konrad Zomer - Cheuvreux - Analyst

Hi, it’s Konrad Zomer with Cheuvreux. Two questions, please; the first one, the Health performance. From memory, you said at the interim stage that you’d addressed some of the issues with the wholesalers in the first half, and that was going to have a lower impact on the second half. If we look at the reported numbers today, it looks like the underlying business performance actually deteriorated in the second half versus the first half of last year. Could you maybe comment on that?
And the second question is on the acquisition of UpToDate. When you announced the deal, you didn't disclose any financial details other than the revenue contributions from this business. There were lots of stories in the market about how much you would have paid for that. Obviously, today we've been given an overall number you've spent on acquisitions, which makes me believe that you actually paid quite a lot of money for that business.

Can you confirm that UpToDate as a standalone business will be earnings accretive in year one, as you say, for all acquisitions? It strikes me that a deal that -- well, is rumored to have cost you about $500 million on a sales contribution of $80 million, that looks like a very difficult deal for me in terms of getting the financials right. Thank you.

Nancy McKinstry - Wolters Kluwer NV - CEO

Okay, let me start and then -- I'll comment a few words about UpToDate and then pass it over to Boudewijn.

First, on the wholesalers, I don't believe we actually ever talked about first or second half. I think you may be confusing that with the loss of the large pharma contract where it certainly did have more of an impact during the first half of our 2008 results versus the second half.

As it relates to wholesalers, we actually accelerated our actions in the second half in an effort to get all of this accomplished within 2008. So, in fact, the actions had a more negative impact in the second half of 2008 than in the first half.

As it relates to UpToDate, just a couple of quick comments. Obviously, it's a very important strategic acquisition for us. The Company is the leader in providing evidence-based information and clinical decision support to physicians worldwide, and in combination with our Clinical Solutions Group, clearly positions us as the clear leader in that market space.

So the Company is growing at very high double-digit levels. That continued in 2008, and we anticipate as we continue to integrate UpToDate with our existing assets that we will achieve additional revenue synergies, and the business is profitable.

So that is the strategic view. I can certainly say that the price that you mentioned was not the price that we paid, but I will let Boudewijn talk about the acquisition criteria.

Boudewijn Beerkens - Wolters Kluwer NV - CFO

First, on the acquisition, as you can imagine, we do not disclose, of course, specific details on each individual acquisition. That is also why we show you a (inaudible) and accretive, etc., growth per year per acquisition for the acquisitions made in a specific year.

The same here. All the acquisitions we made, we are very pleased. They were extremely important from a strategic point of view. They bring exactly the electronic revenues that we require; they're in software and services; they have higher margins; they have higher growth characteristics than the existing portfolio than we have within Wolters Kluwer and, therefore, really mostly [bowler hat].

The acquisitions we have made in 2008 as a Group do come up to our financial criteria, and that is even excluding all the integration benefits that we will actually reap, and which we anticipate that they will come in over 2009. So the multiples all will improve substantially even in the year to come.

Maybe one remark I would like to make also on your remark within Health and the wholesalers, I think what you could refer to is that in the first half of 2008, we did indicate we would solve the issue of the wholesalers, but then we anticipated what we call more of a glide path approach where, over time, we would actually solve the issue with the wholesalers and the general changes.
We actually have accelerated that program substantially in the second half of 2009 -- 2008, under Nancy's supervision within the Health Division. So instead of spreading the pain over longer periods, we decided actually to take action in one year. That is the reason why you see that the impact of the wholesaler clean-up is larger than earlier anticipated.

Nancy McKinstry - Wolters Kluwer NV - CEO

Sami.

Sami Kassab - Exane BNP Paribas - Analyst

Thank you very much. Good afternoon. Sami Kassab at Exane BNP Paribas. I have three questions if I may, please. The first one is on the outlook for '09. Some of your competitors indicated that they believe legal tax regulatory information businesses can show organic revenue growth in '09. I understand you cannot, do not want to guide for the whole Group in terms of revenue outlook. Uncertainties within the CFS may explain that.

Nonetheless, focusing on the Tax, Accounting, Legal and [altery], would you share the view of your peers that these are business that despite the current market environment should be able to show positive organic growth in '09, please?

Nancy McKinstry - Wolters Kluwer NV - CEO

Okay, do you want to do all three at once? Yes, okay.

Sami Kassab - Exane BNP Paribas - Analyst

Yes, please. The second question refers to the wholesaler issue. You indicated a EUR19 million negative impact for '08. Would you be able to give us your view as to the impact you expect for '09? Will it be half of that for instance?

And the last question, still on Health. You mentioned, or you talked about product pruning a few months ago. The word has appeared from the press release. You were talking about divestments. Could you elaborate and share your view on whether you will prune products, or whether you plan or try to divest the different assets within Health. Thank you.

Nancy McKinstry - Wolters Kluwer NV - CEO

Okay, sure. Thanks. Let me first talk about -- as we indicated, we are not giving you an overall numeric goal for organic growth for the Group or for the individual divisions, but what I can say within Tax and Accounting is that the fundamentals of that market worldwide remain strong. If you talk to any of the accounting customers that we have, they continue to grow their businesses. We anticipate more regulation that has been fuelling the growth of that industry. They also continue to suffer from shortages of professional workers, so again that fuels interest in productivity.

On the legal side, I think what you see is that there clearly are law firms that have slowed down as a result of the overall economic climate. However, the products that we provide are very much must-have products that they need, regardless of how their transaction volume looks, so we continue to anticipate that they will be buying our products. Our retention rates, coming out of 2008, which is one of our big metrics that we look at, is the starting inventory levels of our portfolio at the beginning of 2009, if you look at those levels, both within Tax and Accounting and our Legal groups, both in Europe and North America, retention held up very well, and so that speaks to that.

So clearly, the macro environment on Legal, Tax and Accounting remains positive. We also anticipate that there will be a lot of legislative activity. Now that doesn't typically affect you right away, because the way things work is you have to have the laws
created, and then regulations, and then compliance, so there is a bit of a lag effect there. But clearly, we anticipate that all of the regulatory changes will benefit us in the medium term.

The one other comment I would make is, clearly, we did see sluggishness in our books product line across the entire globe in the fourth quarter. I also think that was unfortunately the peak selling season for most of our book products, particularly within Tax, Accounting and Legal. So I do think we'll continue, as we mentioned in the press release, see some sluggishness in that particular category.

**Sami Kassab - Exane BNP Paribas - Analyst**

Can I just jump in on the book side? Could you share with us the percentage of your revenues within books that come from the academic versus professional channels?

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

Other than -- well, most of our books are what we would call professional. The academic piece is the text books that are sold largely within Health, but I don't have that breakdown for you.

Now let's talk about wholesalers. As Boudewijn indicated, we decided to aggressively move on the wholesaler channel issue in 2008, so you should not anticipate any incremental effect of that in 2009. So we anticipate that our wholesalers will return to their traditional patterns of ordering behavior over the course of 2009.

And then finally, on product pruning; we consistently prune products. That's part of being an information provider. We are, as part of the overall effort to improve the performance in Health, we did more aggressively look at the portfolio and we have identified certain product lines, and they really fall down at the product line level, that we would be more aggressively be harvesting, and some lines that we may look to divest over the course of the next 12 to 24 months.

All of those would be in the non -- what we would call the non core areas. Our focus within Health from a growth perspective will be on continuing to build out Ovid within our medical research area, and continue to build out our clinical solutions line, benefitting obviously from our acquisition of UpToDate, as well as our lines of managed care and brand analytics within our Pharma Solutions Group.

**Sami Kassab - Exane BNP Paribas - Analyst**

Will you include the effect of product pruning in the organic revenue growth number as you report going forward, or would you --?

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

Yes, we do that all the time. It is only if we obviously divest something that's a true -- get cash for anything that we might sell.

**Sami Kassab - Exane BNP Paribas - Analyst**

Would you want to quantify the impact product pruning will have on organic revenue growth in Health in '09?
Nancy McKinstry - Wolters Kluwer NV - CEO

No. We anticipate that it's just a normal part of the business, and we do that not just in Health, but across the portfolio. It's part of, as I say, being what I would call a traditional publisher. Okay, Hans.

Hans Slob - Rabo Securities - Analyst

Yes, Hans Slob, Rabo. Just a couple of questions. One, with regard to your Healthcare Analytics business, say following the painful loss of Pfizer you have won a number of smaller contracts, and also you said that the longitudinal data business is growing. Can we expect, therefore, growth to return in 2009 for this business?

And secondly, with regard to the medical textbook business, now that the inventory levels are, let's say, at lower levels, do you expect that Wolters Kluwer medical textbook business will grow in line, let's say, with the market.

And third is, is the free cash flow guidance in or excluding, let's say, the restructuring [outflow]?

Nancy McKinstry - Wolters Kluwer NV - CEO

Okay. I'll take the first two, and then Boudewijn can talk about free cash flow. HA, again, you know we don't give you the growth levels down at the sub-unit, but what I can say is, obviously, as we look to this year of 2009, the impact of the loss of the large contract is completely out of the numbers. We did win a couple of sizeable contracts, both with the FDA and with BMS, and we continue to grow quite at high levels within the managed care and brand analytics product lines.

So clearly, we anticipate an improved performance and a positive growth number in the HA business.

On the textbook line, we believe that our competitive position is unchanged, meaning that we have very strong areas within our textbook business, and we would anticipate that our performance would look more or less in line with the market growth over the medium term.

You want to talk about free cash flow?

Boudewijn Beerkens - Wolters Kluwer NV - CFO

The cash flow guidance we gave you is excluding the -- Springboard's cash-outs associated with the program, so it is a like-for-like with the number we gave you for 2008.

Nancy McKinstry - Wolters Kluwer NV - CEO

Yes.

Maurits Heldring - Fortis Bank - Analyst

Maurits Heldring from Fortis Bank, Netherlands. Three questions, starting with two housekeeping ones. First of all, what was the amount of earn-outs spent in '08? Second one is, can you provide us with the funded status position of the pension fund as defined under IFRS by year-end? And then thirdly, referring to slide nine, the electronic revenues, what we have seen is that since 2006 the percentage has increased from 46% to 49% in 2008. I was wondering what has the impact of acquisitions been here. Would there have been growth in electronic revenues as a percentage of those revenues excluding acquisitions?
Nancy McKinstry - Wolters Kluwer NV - CEO

Okay, I’ll take the last one, while -- Boudewijn, or do you want to start? Do you want to start with the earn-outs?

Boudewijn Beerkens - Wolters Kluwer NV - CFO

I’ll start, but I am just looking it up for what the exact number is.

Nancy McKinstry - Wolters Kluwer NV - CEO

Okay.

Boudewijn Beerkens - Wolters Kluwer NV - CFO

Yes, I can answer it now. The overall impact was slightly below EUR20 million.

Second question is on the pension fund. We have a current rather small underfunded status of around EUR30 million. As I mentioned this morning to the press, our Dutch Pension Fund, which by far is the largest pension fund, has a coverage ratio of about 103, which is based on the norm set by the Dutch Central Bank, so the IFRS number materially of course has different assumptions underlying it.

So in that sense, we are in pretty good shape, and as -- from the moment in time at the end of 2008, all our pension funds are doing pretty nicely and pretty okay.

Nancy McKinstry - Wolters Kluwer NV - CEO

Okay, and then on the online question, we don’t break out again because what happens, obviously, with acquisitions is they become integrated pretty much within the core business so it begins to be difficult to separate what comes from what element.

But I would say that the single largest contributor to this growth was the LTRE division, and for some of those of you who have followed us quite some time, if you remember back in 2003/2004, we didn’t have a lot of online revenues in Europe. And now, as I mentioned in my remarks, the division takes 46% of the total revenues now from online and software. So while I don’t have that exact number, I would hypothesize that it would stand regardless of what came from acquisitions. Yes?

Unidentified Audience Member

I want to refer to a matter we touched during the conference call about Springboard. A year ago, we were sitting here, Springboard was looking a lot different, a lot smaller in that respect, and you literally said this is not a restructuring program. Everything we’re doing is very much [flowing] through our operating result. I appreciate that you break down the course of the Springboard program now, so that if you want, you can filter it out, but would it be possible next time to give us some more details about Springboard; what has been done, how has the money been spent and that sort of thing going forward?

And a question connected to that. At the conference call in November, it was unclear whether or not the Springboard program would actually lead to higher margins. Can you confirm -- is anything clear about that at this stage?
Yes, why don’t you take it?

Yes. To answer the first question, which is what is the difference between a year ago when we announced the program and the trading update in November and acceleration in the program, we had financed the program through the P&L in the original program, and we decided that we would take the one-time non-recurring costs, the exceptional items below the line, so as not to distort our steady state operating performance as we expanded the program. So that was -- that’s the primary reason for the change in the way in which we accounted for the investment.

The second question had to do with reporting more detail in the future. Now I think we feel comfortable that we said that we will produce EUR120 million in run rate savings by 2011. In order to realize those savings, we will invest EUR180 million, and that we will do it through five separate work streams, if you will. The first being contents supply chain re-engineering; the second, simplification and standardization of our back office systems; the third, our sourcing programs; the fourth being our offshore programs, and the fifth being our business optimization programs.

Because of the nature of these programs, they tend to be large scale initiatives. As you can see, for example, we invested EUR45 million last year. We produced savings in year, but we are also producing EUR55 million in savings this year. It’s difficult to predict a precise timing in the savings, from what particular initiative will produce those savings, so my personal view is disclosing more details is not helpful. I think we would rather spend more of our time producing the results.

Yes, and I can say that while we again are not giving long-term guidance around operating margin improvement, clearly, as we all described today, part of the resiliency of the business, I think you can see in our financial performance, and that’s coming from a combination of both portfolio shifts as more and more of the business is going electronic, as well as from Springboard and other operational excellence programs. Yes?

Michel Veul, SNS Securities. I wondered, your first half figures, you mentioned that apparently in the second half, organic growth at TAL would exceed first half growth. It didn’t because it stuck to 3%. Well, there were still some quite good growth figures in US Tax, also Legal activities and so on. So what basically developed differently than you assumed half a year ago? Could you elaborate on that?

Second one, your statement on the wholesale -- on the book store. It seems to be still somewhat cautious as you said that you solved the problem. You have quite a good [fund] list. Does it imply that maybe competitors are running ahead at this stage, or are you losing some of the market share?

And a third one, just the tax rate. What can we take into account for ’09? Thank you.

For ’09, you can use similar tax rates on the benchmark as we had this year; around 24%.
Nancy McKinstry - Wolters Kluwer NV - CEO

Yes, and I think if you look at TAL, what you see is that in the fourth quarter of the year, we had substantial growth within our Tax business. Our Tax, if you just look at the US Tax and Accounting business, we clearly had very good growth in the fourth quarter, as we typically do from a combination of a lot of new software sales get done, but -- ahead of accountants putting their heads down to work on the tax year, and we had very good growth out of our small firm services. Again, that reflects somewhat, the seasonal effect.

So offsetting that, what you see is that in the Legal US business, if you recall, we had very strong comparables in the fourth quarter of 2007 as a result of some titles that were not repeated in 2008, and we also saw some negative effect of the economic cycle on our UK business in advertising and training.

So if you were just to isolate Tax and Accounting, which is the lion's share of the division, you would have in fact seen very strong growth in the fourth quarter. But that was offset, as I say, by the impact of the Legal and the UK business.

And I think you had one other question. Oh, the books business. In the Health area, first of all, I would say it's actually difficult to measure precise market share because you have pretty good data coming out of the US, but very hard to measure internationally exactly where you stand. But I would say, in aggregate, our competitiveness and our competitive position is strong, and that the lion's share of what's going on in the numbers was really the wholesaler action.

Boudewijn Beerkens - Wolters Kluwer NV - CFO

I'd like to add something to that. The way we measure it is, as we call it, the sell-through and the sell-to. If we look at what the sell-through is, so what the wholesalers basically sell year-on-year to the markets from our inventory, we see clear growth again in 2008. So in that sense, that's a good indicator about how we perform.

Nancy McKinstry - Wolters Kluwer NV - CEO

And that's a little bit back to, Hans, your question about the market growth, and how we measure market growth is really more through the sell-through versus the sell-to.

Okay.

Wijnand Heineken - Independent Minds - Analyst

Wijnand Heineken, Independent Minds. I have a couple of questions. You mentioned a lot of times about retention rates holding up well and things like that. Could you be a bit more specific how that percentage now stands; what numbers are attached to it?

Then, within Health, with all the actions being taken on the wholesale issue, what basis of margin might we pencil in if we look at the '09 estimates?

And then on integration costs, you have taken out the Springboard related costs as an exceptional, but added integration costs of acquisitions as well. Is that a new accounting policy that you will do that in the future as well? Because normally, you always have some acquisitions which should be integrated, I suppose.

And another question on Springboards, with the additional EUR39 million of cost savings, is there any division where that specifically will kick in, or is it more or less balanced amongst the divisions according to the sales and profit contribution?
Okay, so we'll start actually in reverse order. Jack, you want to do Springboard?

Yes, I think it's -- in terms of savings and where they're going to be derived, from a divisional perspective, nearly 40% of all the initiatives are what I would call cross-divisional initiatives that are really leveraging global scale. So, for example, in sourcing, in off-shoring centers of excellence, we're really leveraging our scale to realize synergies across the various businesses. So you'll find that each of the divisions will be contributing to the overall investment in the savings for Springboard this year.

And then on the integration costs, Boudewijn will talk about that.

Yes. The only reason why we actually published the Springboard's associated costs, expenses, or acquisition expenses as exceptional is because of its material size, and the fact that it's a one-time nature. So in normal years when we actually do some acquisitions but they're all small, you would anticipate that they don't actually come across these [material] thresholds and, therefore, we normally take them as part of the normal cost structure.

But given the fact that we in '07 made a couple of larger acquisitions with substantial integration costs, it's justified for us to present them to you as an exception.

And then the first two questions on retention rates, obviously, we measure it at a -- both at a product and business unit level, so frankly the average numbers are not so meaningful from your perspective.

But what I can tell is that the numbers are increasing for two reasons. One is that, as more and more of our business becomes online and software, those products tend to have higher retention characteristics, that's one. And then two, particularly in Europe, we've been working hard over the last couple of years to improve our sales and marketing programs, and that's obviously also a driver of improved retention.

So, retention rates on an average basis, both by class of product, print, online, and software, clearly have been increasing, but we don't disclose the absolute numbers, nor would I, frankly, think they'd be all that meaningful to you folks. But they are improving.

Secondly, on wholesale -- on Health in terms of margins, again, we don't give you divisional guidance around margins. But again, what I can say is, what will drive improved margins in Health, it will come from three sources. One, obviously, the wholesaler management issue is behind us, in '08, that's one source; two, you will continue to see growth coming on some of our higher margin areas like our clinical solutions group and our online products, that's two. And then three is, because of the impact of the one-time contract loss in HA, because that happens to be a fixed margin business, as you would imagine that had a negative effect on operating margins as well. That effect will be out of the numbers as we head into 2009.

And then finally, of course, is we're clearly taking a number of restructuring actions, both within Springboard, but also additional things going on in the division.
Yes?

Konrad Zomer - Cheuvreux - Analyst

It's Konrad Zomer again at Cheuvreux. Just as a general question, you had two sales warnings last year, but you kept your earnings guidance intact, and you managed to achieve that, so I think that's a very good effort. Were you very -- sorry, let me rephrase that. Were you very cautious at the start of last year when you set that earnings guidance? Because I can imagine that it's quite a task, if your sales do not grow by 4% but are flat organically that you still manage to meet your earnings guidance. Or what have you changed during the year that allowed you to still meet that guidance despite the slightly adverse top line developments?

Nancy McKinstry - Wolters Kluwer NV - CEO

Yes, I think, clearly, what has underpinned our good profitability is the portfolio mix, as more growth is coming from online and software services. As I mentioned, we had 9% organic growth in those lines. Two, we took, obviously, management actions, particularly in areas like corporate and Financial Services where we saw the volume starting to decline really in 2007. So we were ready to move quickly in that area from just pure cost management.

And then finally, as Jack indicated, we had good results in the beginning of the Springboard launch in 2008. So when we set our guidance originally, we hadn't seen yet the full results there, and that was one of the drivers behind the expansion of the program. And as you can see, the contribution coming from Springboard was positive in '08, and that helped our resiliency around the margins.

Yes, go ahead.

Thijs Berkelder - Petercam - Analyst

Thijs Berkelder, Petercam. On the free cash flow guidance, the EUR350 million, can you explain how you reached that level versus EUR395 million, let's say, presented this year? Is that -- are there other effects than an expected decline in EBIT?

Boudewijn Beerkens - Wolters Kluwer NV - CFO

No, the largest impact actually comes from these additional -- actually, the first time interest payments we have to make on the new refinance portfolio. And the difference is about anywhere between EUR30 million and EUR40 million.

And then the second point, as you can see from consistent with the past, our capital expenditures also continue to increase year-after-year to ensure future growth. And also for 2009, as we gave an indication about 4% of revenues, we intend to see our CapEx growing also.

Nancy McKinstry - Wolters Kluwer NV - CEO

Sami?

Sami Kassab - Exane BNP Paribas - Analyst

Thank you. Can you discuss your price increases that you have passed through in the H2 renewal season, please? Is it in the same range than the one you've passed through before, or how do you see pricing developing in these markets, please?
Secondly, can you confirm that when you say that the Healthcare Analytics will grow, is that for the whole division, or just the longitudinal data part of it, i.e., does it include Addison reprints business?

And lastly, did you see any pick-up in the Financial Services transaction revenues in November and December, please?

Nancy McKinstry - Wolters Kluwer NV - CEO

Okay. Let me start with pricing. I'm smiling, because no matter how many times we say we're not going to give divisional guidance, we get a lot of questions, obviously, at the divisional basis and unit basis. But let me start with pricing. I would say that our pricing power as a company remains strong, because what we produce for our customers is must-have information and content. I would say that what has clearly changed over the course of the year, not just for Wolters Kluwer, but for all businesses, is expectations around inflation, so that clearly is a different kind of set of numbers I think today than it was a year ago.

But as you might imagine, because 71% of our portfolio is subscription and non-cyclical, a lot of the pricing that we set is done early in the year, and then that is baked into our renewal pricing. So our pricing programs have largely been set in 2008 that affect 2009, and on average, as we guided you last year, that was roughly around 3% to 4%.

Now again, that number is on the business that is subscription and the business that is retained within that. And then, individual titles or transactional businesses get priced over the course of the current year. But I would say that, again, nothing has really been altered in terms of the pricing behavior on our part.

On HA, I was referring to, specifically within our Healthcare Analytics business, because the question was really around, what is the impact of the new contracts that we've won recently, and so that was that part of the business.

And then finally, Financial Services; we did see slightly positive growth in our Financial Services group in the fourth quarter, and that's coming from a combination of our subscription businesses, but also, I would say, that clearly we're beginning to see some stabilization around some of the margin -- excuse me, the mortgage transactions. But I would just caution all of us that I don't think you can necessarily see a trend in this kind of market. But we'll take whatever we can get, as they say, on things like that. So it was a good December for them.

Yes, please.

Maurits Heldring - Fortis Bank - Analyst

Maurits Heldring, Fortis. Follow-up on Tax, Accounting and Legal. The margin expansion in '08 was impressive. I think if we focus on the second half, there was even a margin expansion of 500 basis points, if my math is correct. I was wondering, is there any beneficial impact from acquisitions? Can you give some more background on the phenomenon of margin growth in the second half?

Nancy McKinstry - Wolters Kluwer NV - CEO

Okay. Well, two things. One is, as I indicated, we had very strong organic growth in the fourth quarter in Tax and Accounting, which is the largest driver of that division, and that is driven by the normal seasonality of the business, and driven by the contribution from our Small Firm Services Group, that is a very high margin business.
Maurits Heldring - Fortis Bank - Analyst

So no beneficial impact from acquisitions?

Nancy McKinstry - Wolters Kluwer NV - CEO

Well, the Small Firm Services is the combination of ATX, TaxWise that were previously acquired, but it happens to be that their peak selling season is the end of November/December, and then January/February/March, and they make basically all of their income in those five months. So that contributed to the good performance on the margin basis, but not from anything that we acquired, like IntelliTax was so late in the year that did not have an impact.

And then, of course, we have Springboard and operational excellence, and Boudewijn will add some more color commentary?

Boudewijn Beerkens - Wolters Kluwer NV - CFO

Yes, so specifically on the IntelliTax. As it was acquired so late in the year, the majority of the benefits of that acquisition you will see actually happening in 2009.

Nancy McKinstry - Wolters Kluwer NV - CEO

Yes, please.

Unidentified Audience Member

(Inaudible). Some of us had dinner yesterday with [Reed Elzevir]. Could you explain why you have done so well in this whole legal firm business, where everybody else is reporting that that segment of the market has underperformed the segment of the larger law firms? What's the success here?

Nancy McKinstry - Wolters Kluwer NV - CEO

Yes, well, first of all, for Small Firm Services, what we're specifically talking about is Tax and Accounting. And these are people that could be anywhere from a five-person firm down to a sole practitioner, so it's a completely different market than the legal small-firm market. And then -- so that's one difference.

And then certainly in Europe, where we are much more significant, we're a leader in Europe, we continue to see growth in the small firm market, both within the Tax and Accounting as well as the Legal market. And I think as we've talked in previous occasions, if you look at the way the markets in Europe segment, they're quite different than the US market, both on the Tax and Accounting side and on the Legal side. Where in the US you have a very high percentage of the market in the large and medium segment, where in Europe there aren't a lot of firms of that size, and it's really the small firms that represent the bulk of the market, and we have very strong positions there. So it's a bit of trying not to compare apples to pears, I think, in terms of your questions.

Unidentified Audience Member

Is there a different relationship between the large firms you serve and the smaller firms you serve in terms of when people are being made redundant? I can imagine that there is less of a relationship in a big firm to -- that they cancel subscriptions, or that they buy less, or start nagging about the conditions of the contract in relation to a small firm. Could you perhaps elaborate about that?
Yes, I think that in this economic environment, I think, first of all, all customers are obviously conscious of every purchase decision regardless of segment, and that’s true for all players in the industry. I would say in fact perhaps a little bit differently. I think that what you see in the large firms is that they buy typically one of everything. So every single player is represented in the mix, and so when they are confronted with budget constraints, they will look to get rid of the least must-have information. And so what’s always critical, and this is true as we talk about society journal titles, and medical, or tax/legal, is that key for us has been to retain that leading position as it relates to the quality of the product, because you never want to be third or fourth on anyone’s list.

So the reason our retention rates hold up well even in this kind of economic environment is because the content is well regarded and the products are must-have. I think in the small firms, there they don't have that luxury of a lot of different product lines, and so there they typically are retaining the product because they need it to get their job done. So the biggest issue in the small firm market is, only as people leave the profession, or there’s consolidation, etc. I frankly think it’s tougher on the upper end of the market.

Yes? Oh, sorry. Sami, and then we'll go to you, sir.

Thank you. Can you characterize how you see your frontlist in the Tax, Accounting and Legal division compared to last year?

And secondly, is there a case to argue, or do you see some trading down into Loislaw from the larger legal research platforms? Historically, Loislaw is priced at the lower price point. Are you benefiting from any trading down within the year, maybe mid tier law firms in the US?

Yes, on the frontlist, I would say that it’s a normal year for us. What happens with all new titles is sometimes we happen to have a revised edition of a title that happens to be a very good seller. This, as we look at our publishing calendar, this year it's a pretty typical year for us so we have a good frontlist. Nothing extraordinary, but also a decent frontlist on both the Tax and Accounting, and on the Health side of the business.

And was ’08 a typical frontlist year as well?

Well, the comparative from ’07 to 08, for Legal ’07 was a very extraordinary year because we had some titles, so ’08 number in comparison to ’09 numbers will be a normal year.

And then on Loislaw, anecdotally what the team will tell us is there has been some larger law firms where they had multiple providers and dropped one of the larger online services and used Loislaw plus one of the other large online services. But again, I would call that anecdotal, and I hardly think it’s a major trend in the market.

Kevin?
Kevin Entricken - Wolters Kluwer NV - Vice President of IR

Nancy, Boudewijn, we have a couple of questions from those who are joining us by webcast. I've got a question from a number of analysts, including [Paul Gooden] and Meg Geldens around CFS. The trends that you've seen in the third/fourth quarter, moving into the first quarter of this year and what you expect going forward on new cyclical type products.

Nancy McKinstry - Wolters Kluwer NV - CEO

Yes, certainly what I'd like to do is separate out corporate transactions from lending transactions, so if you look within CLS, the two types of transactions that we have are corporate formations and M&A type of transactions. And then we have UCC transactions which are associated with lending.

In 2008, our UCC transactions had a more pronounced decline than the corporate transactions. We would anticipate that in total, both those lines of businesses will be negatively affected by the continued economic cycle, but we would anticipate that the UCC part of the business will probably recover a little bit as we head into 2009.

On the Financial Services side, as I indicated, in the latter part of November/December, there was some stabilization of mortgage lending, but it continues to be an incredibly reduced volume level overall for the lending transactions.

So what we are anticipating, as we indicated in the press release, is that overall, we expect that those, transactional product lines will continue to be affected negatively by the economic cycle. But I think, you might just see a little mix shift between the lending transactions and the corporate transactions.

Kevin Entricken - Wolters Kluwer NV - Vice President of IR

Great, we also have a number of questions on acquisitions and specifically -- I'm going to try to group a number of them together. Acquisitions, how important is acquisition of software service type businesses to your strategy? Do you see yourself doing more acquisitions in 2009, and what are you seeing as far as pricing or opportunities in this particular area?

Nancy McKinstry - Wolters Kluwer NV - CEO

Okay, I'll talk strategically and than ask Boudewijn to talk about pricing and the activity levels. Strategically, we were very pleased that we were able to get some key acquisitions in 2008 that were very much focused on doing a couple of things. One is extending our global footprint in Tax and Accounting, and that's been a very successful marketplace for us. We're the leader across all of the geographies that we operate in, and that's a place we will continue to build out.

And the second area, was obviously in the evidence-based clinical decision support arena with UpToDate.

So one, we are pleased with that. Acquisitions still we view as an augmentation of our organic growth efforts and their really designed to either round out a position that we have in an existing market, or provide us with an entree into an adjacent segment of one of our core markets. But the focus remains on global Tax and Accounting, and a bit in Healthcare, and then occasionally in Europe if we're lucky enough that one of the families that still own things in Europe decides to sell. But Europe is obviously -- we're pretty much a leader in all geographies except Germany.

Kevin Entricken - Wolters Kluwer NV - Vice President of IR

So does your guidance for 2009 include future acquisitions?
Nancy McKinstry - Wolters Kluwer NV - CEO

No, as we normally -- well, first of all, we're not giving you overall guidance, but we normally don't include any acquisitions, because we make no specific target internally to acquire businesses. It's very much driven strategically and very much driven from the divisions.

So, Boudewijn, are you going to talk about expectations?

Boudewijn Beerkens - Wolters Kluwer NV - CFO

Yes, as you can see from our current net debt levels, we probably will focus for 2009 specifically on our debt reduction. On the other hand, we have a very interesting pipeline of acquisition opportunities as we do actually every year. We are -- we like to be creative around structuring deals if possible. I also believe that 2009 might give us certain opportunities to get our hands on assets that otherwise might have been out of our reach.

So clearly for us, priority is actually getting to the target rate of net debt to EBITDA to two and a half. That's priority that we will remain in the market for very interesting opportunities whenever that is doable.

From a pricing perspective, as you know, the longitudinal nature of the cash flow generation within our industry, the impact of an economic cycle like this on prices, is actually not that big. And maybe I should say not that big yet, but so far, we have not seen variable assets coming down in value substantially to make it attractive for us to make a pass. So whatever will happen in the remainder of 2009 is difficult to say, but we will be optimistic from that perspective.

Kevin Entricken - Wolters Kluwer NV - Vice President of IR

With regard to the recent acquisitions, are there earn-outs that are going to impact cash in 2009?

Boudewijn Beerkens - Wolters Kluwer NV - CFO

No, nothing material.

Nancy McKinstry - Wolters Kluwer NV - CEO

Yes, Hans.

Hans Slob - Rabo Securities - Analyst

(Inaudible question - microphone inaccessible).

Nancy McKinstry - Wolters Kluwer NV - CEO

Can you just repeat the question.
Boudewijn Beerkens - Wolters Kluwer NV - CFO

Yes, the question was what the average interest rate will be for ’09 versus 2008? I think you should count at around 6.5% versus an average of 6% in 2008. The reason of course being that we have secured our financing for a long period of time and, therefore, the long maturity dates also are [lessons] very beneficial, and we feel these are very attractive rates for the current portfolio.

Kevin Entricken - Wolters Kluwer NV - Vice President of IR

Boudewijn, would you comment on covenant rates and your headroom; the covenant rates, bank covenant and headroom?

Boudewijn Beerkens - Wolters Kluwer NV - CFO

We do not disclose what our covenants are. I can tell you that we are comfortably currently within the covenants that we do have within the contracts and, therefore, we have a liquidity over 500 million at year-end. So I think liquidity or covenant would not be an issue for us to do any acquisition whatsoever. But again, as said before, that reduction is priority for 2009.

Kevin Entricken - Wolters Kluwer NV - Vice President of IR

One other question for Boudewijn. Can you update us on your hedging, foreign exchange hedging, and how that may impact cash flow in 2009?

Boudewijn Beerkens - Wolters Kluwer NV - CFO

Yes, at year-end 2008, our dollar assets were covered by about 21%. The majority of that was covered by the credit facility which we drew in dollars, and we only had one [off-selling] position we had on 50 million in derivatives that will mature by the end of 2009.

Now it could very well be that due to the strong appreciation of the dollar that we have seen in the fourth quarter of 2008 that would continue into 2009, that that position might end up giving some negative impact on our cash flow from investments in 2009.

And please remind that the benefit we will get on the EBITA side is far larger than any negative we would get out of the position of the derivative instruments.

I also think, maybe for reference purposes, our derivative portfolio therefore is also substantially smaller than it has been actually over previous years. Therefore their exposure is also much smaller.

Kevin Entricken - Wolters Kluwer NV - Vice President of IR

One more question on cost cutting and the balance that you are striking between investing in the business and managing margins. Should things turn out to be worse economically in 2009, do you have further capacity to manage to the margin guidance that you’ve given us?

Nancy McKinstry - Wolters Kluwer NV - CEO

Well, clearly, Springboard is a major driver of a lot of our operational excellence programs. Clearly, we have confidence in the guidance we gave you, otherwise we would not have done so. So we are ready to go this year, and we have a solid management
team in place, and we have lots of initiatives underway that really started in 2008, so we feel very comfortable with where we are.

Nancy McKinstry - Wolters Kluwer NV - CEO

Other questions? Yes, please.

Sander van Oort - Kempen & Co - Analyst

Hi, Sander van Oort, Kempen & Co. A few questions, first of all on the Healthcare Analytics business. You just said you have already won some new contracts. Did it already contribute in second half to the Health division, and if not, can you maybe elaborate a little more on phasing of these new contracts going into 2009?

Also the contracts, will these newly won contracts fully compensate for the contracts last year, so in terms of size?

And the second question on -- I was wondering whether there is any exceptionals in the Health EBIT in the second half of the year, and maybe you can also give some more feeling of the one-off items in the Health EBIT in the first half of '08.

And finally, I was wondering whether we can expect somewhat more detailed guidance when the year progresses. Is this set of guidance net debt will maintain throughout the year, or can we expect a more detailed divisional guidance when you have somewhat more visibility?

Nancy McKinstry - Wolters Kluwer NV - CEO

Yes, I'll start, and then hand it over to Boudewijn on margin questions. In terms of the phasing of the contracts, first, they all began this year, so there was nothing in the 2008 numbers that related to the wins specifically that we talked about which was the FDA and the BMS. As we think about the phasing, they typically, because they're long term contracts, that we recognize the revenue as the work is done, so they tend to be phased equally throughout every month of the year.

The -- in total they -- neither one of those contracts were large enough to completely compensate for the loss of the one contract that we've been indicating over the last couple of years, but in aggregate, all of the work that we have been doing to win contracts, because we won others, not just those two, positions that the HA business for growth in 2009.

Boudewijn, do you want to talk about exceptionals?

Boudewijn Beerkens - Wolters Kluwer NV - CFO

Yes, your question was specifically around exceptionals within Health. Let me start off with the one timers, so mainly the declining wholesale inventory on the one hand, and the loss of the Pfizer contract, all had a significant impact on the bottom line. I can imagine that, especially within [HAE] it's a relatively high fixed cost business, so any loss, or gain for that matter, is [sensed] pretty dramatically in the bottom line.

Secondly, within the wholesalers and the pharmaceuticals business, indeed, also the drop and the forced reduction of inventory has a strong impact on the bottom line. Now therefore, you also see that your overall margin of our Health division coming down year-on-year. That is partly compensated by some savings we got out of Springboard generated in 2008 on the one hand, but also the growth we have seen for example in our MR division, our business unit that has been growing by 6% and, therefore, contributes to the bottom line. And, of course, we have some benefit from the UpToDate acquisition.
Nancy McKinstry - Wolters Kluwer NV - CEO
And then on guidance, do you want to do that one? They wanted to know if we plan to do anything more as it relates to guidance over the course of 2009.

Boudewijn Beerkens - Wolters Kluwer NV - CFO
No.

Nancy McKinstry - Wolters Kluwer NV - CEO
Exactly, you get to say that.

Boudewijn Beerkens - Wolters Kluwer NV - CFO
(Inaudible) to say no all the time, so I say it now; no. I think we have the -- the whole Springboard (inaudible) has been laid out pretty precisely, but given the nature of some of the investments and work on our hands, it is not always easy to clearly indicate when those savings will actually come in, although we have very large confidence that the EUR55 million will be achieved over 2009. But any phasing through 2009 or whatsoever is difficult to do.

Nancy McKinstry - Wolters Kluwer NV - CEO
Also, we are not planning to give divisional guidance, which -- during the course of this year.

Okay, other questions? Well, thank you all. We ask and invite you to join us for coffee and I think some pastries or sweets. And thank you very much for your attention and your questions.