Wolters Kluwer

2014

Annual Report

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Message from the CEO

Message from the CEO

Wolters Kluwer's 2014 results show the outcome of our relentless focus on innovation and continuous investments in the transformation of our business. Revenues increased by 3% in constant currencies and 2% organically. At €516 million, free cash flow exceeded expectations, up 3% overall; our margin of 21% remains strong. Net-debt-to-EBITA improved to 2.1, better than target, proving the strong financial health of the company.

Our leading, high-growth positions, now representing 48% of our total revenues, grew 7% organically, reflecting the significant investments we are making in these markets. Importantly, digital & services revenues, which account for 80% of the total, grew 5% organically. North America and Asia Pacific drove our growth geographically, and we continued to invest in our future growth in emerging and developing regions.

In an economically uncertain environment, especially in Europe, Wolters Kluwer is characterized by its resiliency and financial strength. Our progressive dividend policy, with year on year increases, and our share buy-back programs demonstrate our commitment to shareholder value.

Progress on strategy

2014 was the second year of our 2013-2015 business strategy, Realizing Our Growth Potential, which aims to expand our leading growth positions, invest in solutions that improve our customers' outcomes and productivity, and drive efficiencies in our operations. The progress we made against each objective is indicated by our improved operating performance in 2014. The successful transformation towards a digital company is also clear, with 80% of revenues coming from digital products and services and strong innovation occurring across the business.

The selective acquisition of high-quality businesses continues to augment our drive for organic growth and innovation. In April 2014 we acquired the remaining shares of Datacert, a global leader in the rapidly-evolving enterprise legal management market. In combination with our existing products in this market, we are the market leader serving customers in more than 190 countries. We continue to improve our operational effectiveness and in 2014 we implemented a new business process and procurement solution that is projected to generate significant savings over the coming years.

Supporting our customers

We delivered ground-breaking mobile solutions to the market again last year. One example is UpToDate Anywhere, the global, mobile version of our leading clinical decision support tool that is now used by over 1 million clinicians in 170 countries. Innovations like this are the result of our continued commitment to invest in new and enhanced products – consistently between 8 and 10% of revenues over the past several years. This cycle of innovation helped to fuel our organic growth in digital products and services revenues in 2014.

Through multiple initiatives including user-centric development sessions led by our technology organization, we are exploring new ways to benefit from advanced technologies and generate greater value from our products. For instance, our tax software unit developed CCH Axcess, the industry's only cloud-based solution that handles all of the tasks associated with the tax process, allowing work to happen anywhere, anytime. Digitalization not only leads to more efficient business operations for our customers, it also supports a responsible use of natural resources.

Emerging and high-growth geographic markets are a priority for Wolters Kluwer, and we aim to increase our penetration in the fast-growing BRIC geographies. With this in mind, we refined the organizational structure of our Emerging & Developing Markets group that was implemented in 2013, to now also include China. This will enable cross pollination of business models that work well in promising professional markets.

People that matter

Our tagline, When you have to be right, encompasses the passion and drive of our 19,000 talented staff all over the world, who bring together the insights and expertise that our customers benefit from. Last year, we launched the first-ever global employee study giving greater insights to fully unleash our talent potential. Wolters Kluwer's drive for diversity among employees creates a strong capability to find solutions for crucial issues that our customers, and on a larger scale, society, need to solve. Even more reason to be proud of the many industry recognitions and awards we received last year. Especially notable is the Dow Jones Sustainability Index that again mentioned Wolters Kluwer as one of the most sustainable companies in the industry.

On behalf of all our employees at Wolters Kluwer, I would like to thank our shareholders and investors for their support in our journey to build a digital business for the long term. Most importantly, we thank our customers for their recognition of the quality we bring them every day. We are committed to deliver on our promise.

Nancy McKinstry

CEO and Chairman of the Executive Board
Wolters Kluwer

Company Profile

Our customers make critical decisions every day; we help them move forward with confidence. Wolters Kluwer provides legal, tax, finance, and healthcare professionals with the essential information, software, and services they need to make decisions with confidence.

We Support:

600,000
Legal professionals worldwide

210,000
Top accounting firms worldwide and most of the world's governing tax authorities

1,000,000
Healthcare professionals in 170 countries

90%
of the world's top banks and 98% of the top U.S. banks

Our business strategy and ambition

Expand our leading, high-growth positions:
- Focus majority of investment on high-growth segments where we have market leadership
- Drive expansion in emerging, high-growth regions

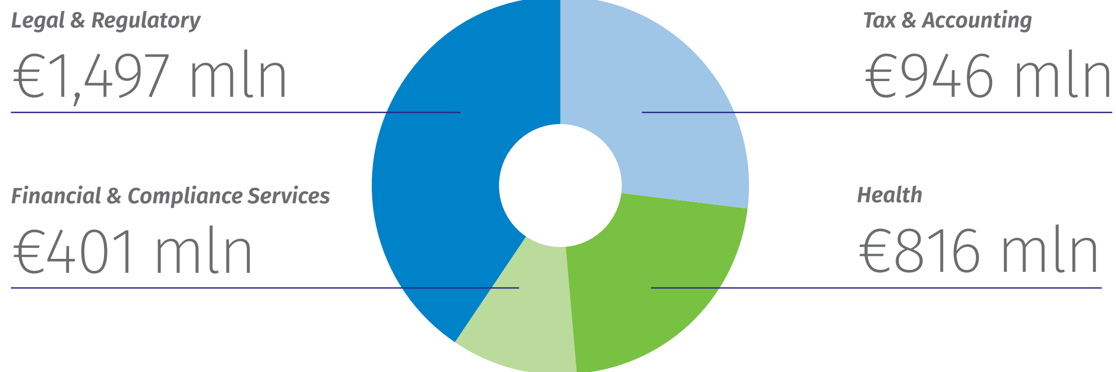
Deliver solutions and insights:
- Drive growth in digital solutions and services
- Develop innovative products and services that support customers to make critical decisions, increase productivity, and add value to society
- Invest in mobile applications, cloud-based services, and integrated solutions
- Product investment of approximately 8-10% of revenues

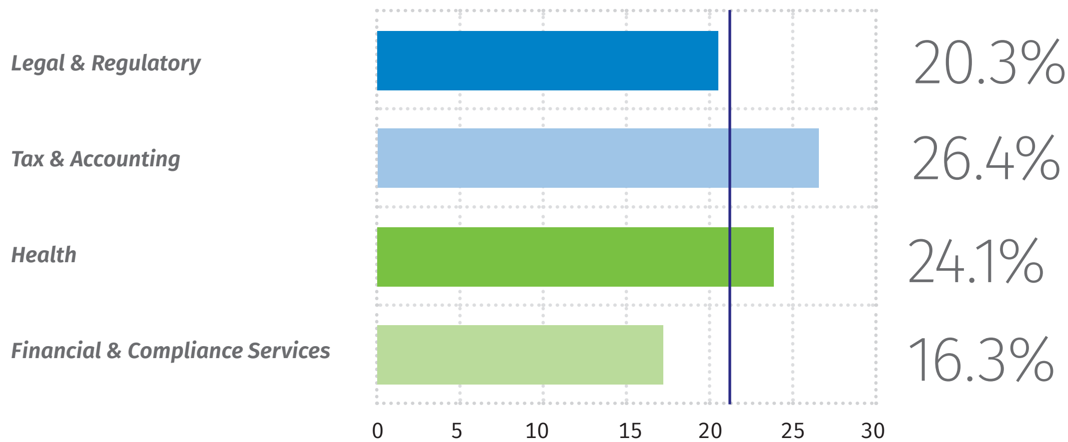
Drive efficiencies:
- Drive efficiencies in sourcing, technology, real estate, organizational processes, and distribution channels
- Deliver cost savings to support investments and margin expansion
- Minimize our environmental footprint

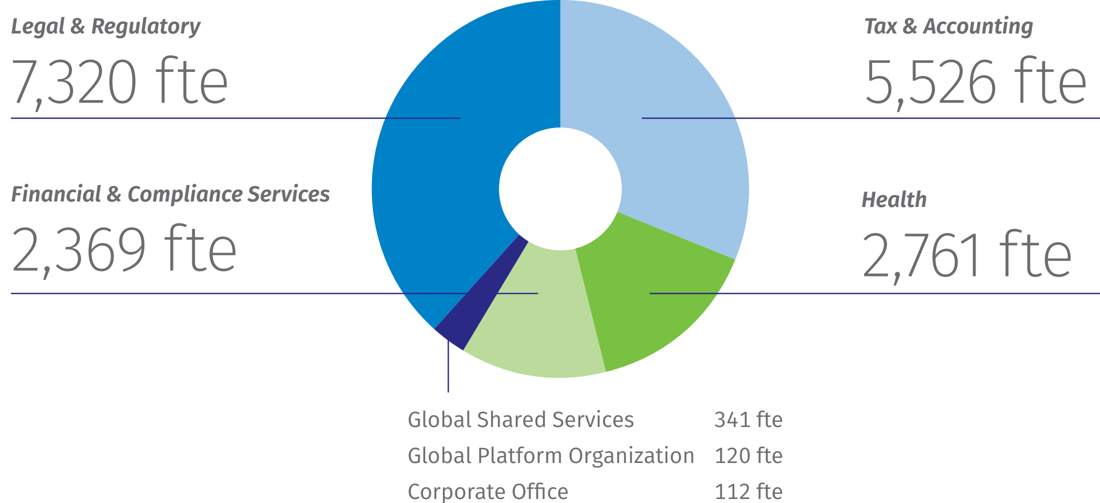
Global team of experts

We are proud to have many leading experts and highly-engaged professionals among our global workforce. What we promise and expect from our employees is to let their actions be guided by four simple but powerful principles: make it better, embrace change, engage the customer, and be influential. Our six company values guide our employees in their work: customer focus, innovation, accountability, integrity, value creation, and teamwork.

2014 Key Figures

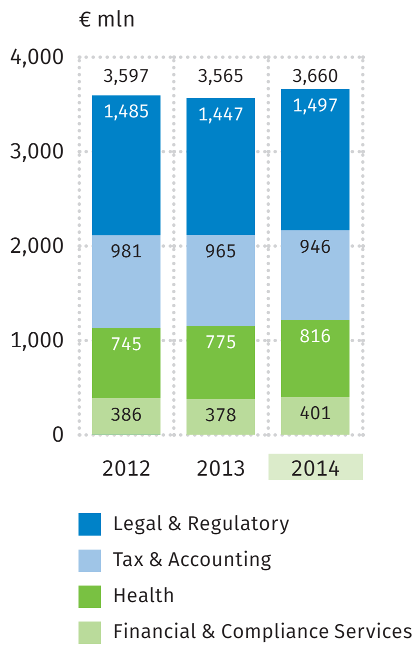




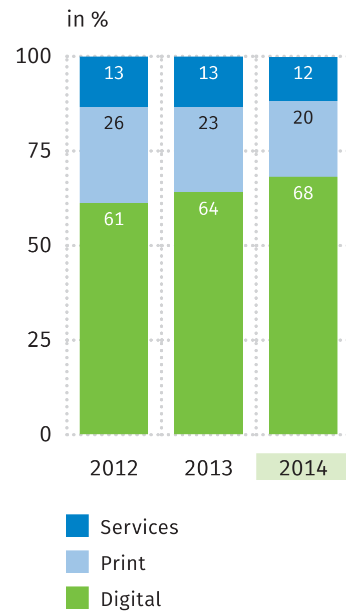


Revenues

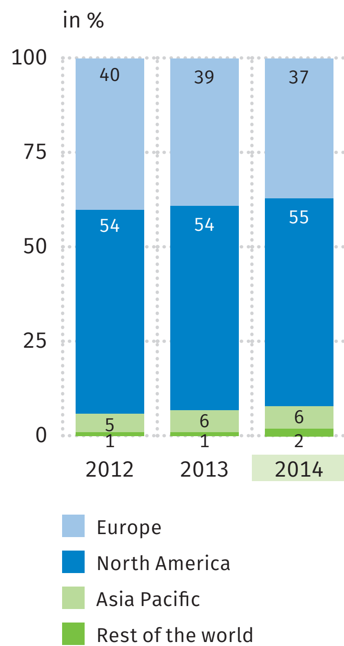
Revenues by division



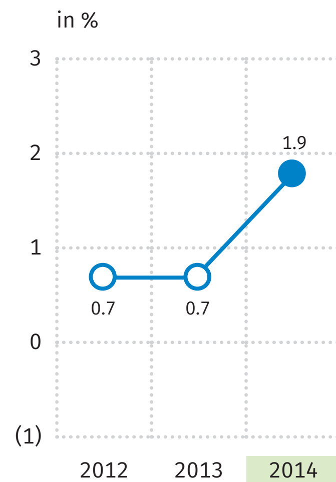
Revenues by media



Revenues by geography



Organic revenue growth



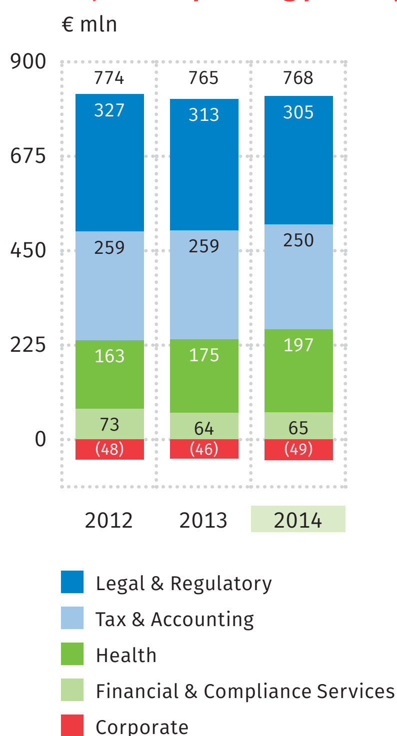
Key Performance Indicators

		2014	Target 2014	2013
Adjusted operating profit margin	*in %*	21.0	20.5 - 21.5	21.5
Adjusted free cash flow*	*in € mln*	513	≥ 475	507
Return on invested capital	*in %*	8.5	≥ 8	8.7
Diluted Adjusted EPS*	*in €*	1.59	Low single digit growth	1.55

* in constant currencies (€/$ = 1.33)

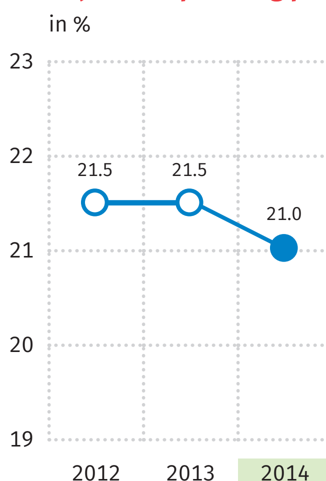
Adjusted operating profit by division

€ mln



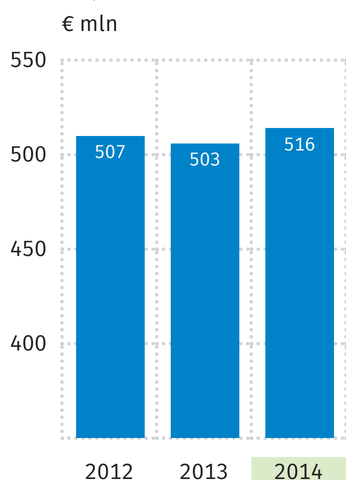
Adjusted operating profit margin

in %



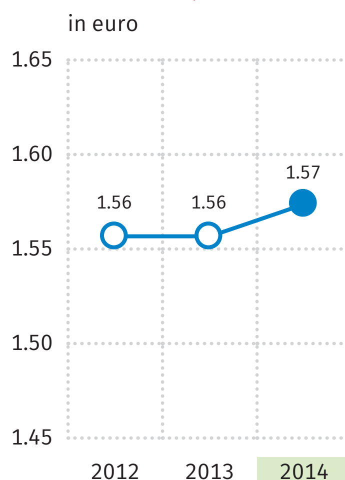
Adjusted free cash flow

€ mln



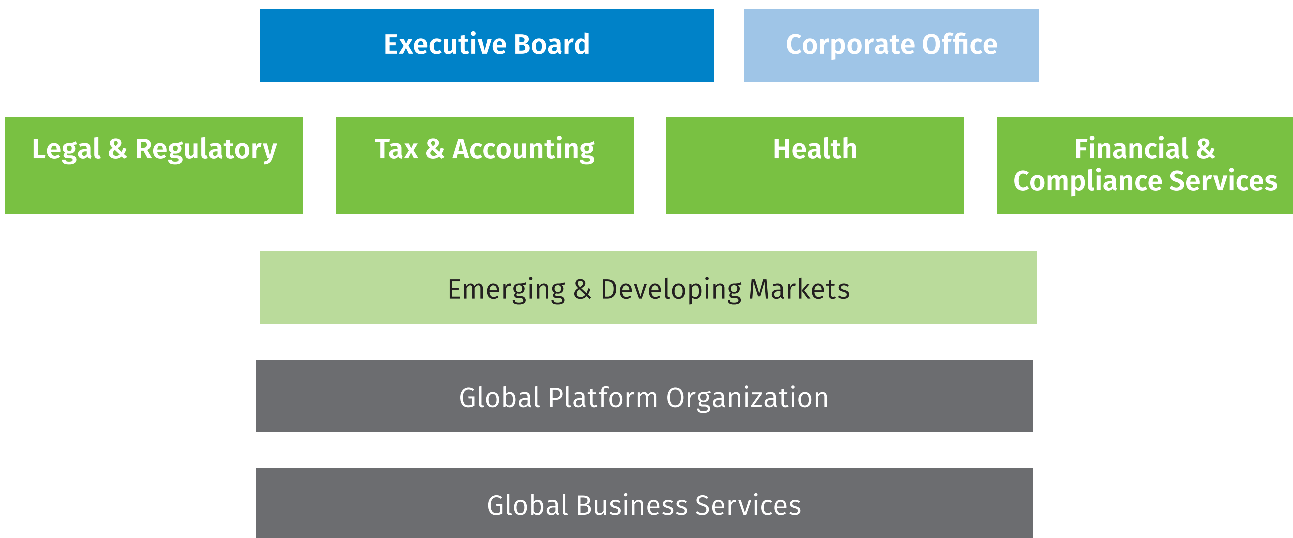
Diluted adjusted earnings per share

in euro



Organization

Wolters Kluwer is headquartered in Alphen aan den Rijn, the Netherlands, and stock-listed on Euronext Amsterdam: WLSNC.AS, stock code 39590, ISIN code NL0000395903; included in the AEX and Euronext 100 indices. Wolters Kluwer has a sponsored Level 1 American Depositary Receipt program.



Legal & Regulatory

The Legal & Regulatory division consists of two groups: Corporate Legal Services and Legal & Regulatory Solutions.

Corporate Legal Services

The Wolters Kluwer Corporate Legal Services group is the leading provider of software and information services for legal and business professionals worldwide. Customers rely on Corporate Legal Services for its unrivaled subject matter expertise, workflow solutions, and personalized service in legal compliance, lien management, brand protection, and enterprise legal management.

Customers
Corporate legal departments, Law firms, Brand professionals, Underwriters, Small business owners.

Portfolio
CT Corporation, CT Small Business, CT Lien Solutions, ELM Solutions, Corsearch.

Legal & Regulatory Solutions

The Wolters Kluwer Legal & Regulatory group provides information, software, and integrated workflow solutions to legal and business professionals worldwide. The products and services help customers manage complex compliance requirements, realize higher productivity, and build stronger client relationships.

Customers
Lawyers and law firm professionals, Corporate legal departments, Compliance professionals, Legal educators, Universities, Libraries, Government agencies.

Portfolio
Kleos, Iter, Navigator, Verifield, MediRegs, IPSOA, Jurion, LA LEY, Lamy, Law Dailies, LEX, Leggi D'Italia, Jura, Croner.

Tax & Accounting

Wolters Kluwer Tax & Accounting is a global, leading provider of tax, accounting, and audit information, solutions, and services. The division delivers solutions that integrate deep local knowledge with leading workflow technology solutions, helping professionals worldwide navigate complex regulations and requirements to ensure compliance with accuracy, efficiency, and ease. The division also helps firms effectively manage their practices and strengthen relationships with their clients.

Customers
Accounting firms, Corporate finance, Tax and auditing departments, Government agencies, Universities, Libraries.

Portfolio
CCH, Addison, A3 Software, CCH Axcess, CCH ProSystem, Twinfield, Global Integrator, CCH iFirm, Prosoft, Dinkum, CorpSystem, CCH IntelliConnect, ATX, IPSOA.

Health

Wolters Kluwer Health is a leading global provider of information, business intelligence, and point-of-care solutions for the healthcare industry. Serving more than 170 countries and territories worldwide, Wolters Kluwer Health's customers include professionals, institutions, and students in medicine, nursing, allied health, and pharmacy.

Customers
Professionals and students in medicine, nursing, allied health, Medical libraries, Hospitals.

Portfolio
UpToDate, ProVation Order Sets, ProVation MD, Medi-Span, Facts & Comparisons, Lexicomp, Sentri7, Medknow, Language Engine, Medicom, Ovid, Lippincott Williams & Wilkins.

Financial & Compliance Services

Wolters Kluwer Financial & Compliance Services helps organizations around the world manage their most pressing risk, compliance, finance, and audit challenges by providing software, expertise, and services to help them make critical business decisions in a rapidly changing, global environment. The division's solutions help customers manage local, regional, and global risk and performance issues across their business and improve performance and profitability.

Customers
Risk, compliance, audit, and finance professionals in industries such as banking, securities, insurance, and government, Audit professionals in life sciences, healthcare, transportation, energy, and other sectors.

Portfolio
Wolters Kluwer Financial Services, TeamMate, OneSumX, ComplianceOne, GainsKeeper, Wiz, NILS, Teleroute.

Emerging & Developing Markets

The Emerging & Developing Markets group is focused on accelerating our company's footprint in key high-growth regions, particularly in China, India, Latin America, Middle East, and Africa. The group works across all divisions to leverage our digital investments, tailor products to local customer needs, and establish a long-term presence in these fast-growing geographies.

Global Business Services

Per February 2015, Wolters Kluwer consolidated its Global Shared Services organization with Corporate Strategy into Global Business Services. Global Business Services provides services to Wolters Kluwer's business units in the areas of strategy, technology, sourcing, procurement, finance, and human resources.
It supports the company's strategy and execution thereof by raising innovation and effectiveness, and achieving global scale.

Global Platform Organization

Wolters Kluwer's Global Platform Organization (GPO) is the company's technology development and deployment organization. The GPO provides a best-in-class open platform and innovative, differentiating tools that can be incorporated by Wolters Kluwer businesses worldwide into their targeted, segment-specific products and workflows. Partnering with the GPO reduces time-to-market and increases innovation in product development for Wolters Kluwer businesses.

Management and Supervisory Board Profiles

Executive Board

Nancy McKinstry
CEO and Chairman of the Executive Board
American, 1959, Chief Executive Officer and Chairman of the Executive Board since September 2003, and Member of the Executive Board since June 2001

As CEO and Chairman of the Executive Board, Ms. McKinstry has Executive responsibility for Division Performance, Global Business Services, Technology & Business Development, Legal Affairs, Human Resources, Communications, and Sustainability.

Kevin Entricken
CFO and Member of the Executive Board
American, 1965, Chief Financial Officer and Member of the Executive Board since May 2013

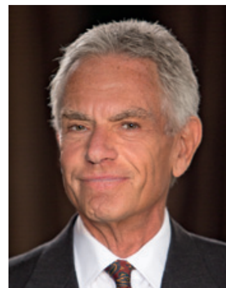
As CFO and Member of the Executive Board, Mr. Entricken has Executive responsibility for Accounting, Business Analysis & Control, Internal Audit and Internal Controls, Investor Relations, Mergers & Acquisitions, Risk Management, Taxation, and Treasury.

Full profiles of the members of the Executive Board are available on www.wolterskluwer.com.

Supervisory Board

Peter Wakkie
Dutch, 1948, Chairman of the Supervisory Board, member of the Selection and Remuneration Committee, appointed in 2005, current term until 2017
Position:
– Founding partner of law firm Spinath & Wakkie
– Former Chief Corporate Governance Counsel and member of the Executive Board of Royal AHOLD N.V.

Supervisory directorships and other positions:
– Chairman of the Supervisory Board of TomTom N.V.
– Vice Chairman of the Supervisory Board of ABN AMRO Group and ABN AMRO Bank
– Member of the Supervisory Board of BCD Holdings N.V.



Len Forman
American, 1945, Deputy Chairman of the Supervisory Board, Chairman of the Audit Committee and member of the Selection and Remuneration Committee, appointed in 2005, current term until 2017
Position:
– Former Executive Vice President and Chief Financial Officer of the New York Times Company (United States)

Supervisory directorships and other positions:
– Member of the Board (Non-Executive Director) and Chairman of the Audit Committee of TechTarget Inc. (United States)

Bruno Angelici
French, 1947, member of the Audit Committee, appointed in 2007, current term until 2015
Position:
– Former Executive Vice President, Europe, Japan, Asia Pacific, Latin America, Middle East, and Africa of AstraZeneca Plc.

Supervisory directorships and other positions:
– Chairman of the Board (Non-Executive Director) of Vectura Group plc (United Kingdom)
– Member of the Board (Non-Executive Director) of Smiths Group plc (United Kingdom)
– Member of the Board (Non-Executive Director) of Novo Nordisk A/S (Denmark)
– Member of the Global Advisory Board of Takeda Pharmaceuticals Ltd. (Japan)

Barbara Dalibard
French, 1958, Chairman of the Selection and Remuneration Committee, appointed in 2009, current term until 2017, will resign after the Annual General Meeting of Shareholders of April 22, 2015
Position:
– Chief Executive Officer of SNCF Voyageurs (France)

Supervisory directorships and other positions:
– Member of the Supervisory Board of Michelin S.A. (France)
– Member of the Supervisory Board of NTV S.p.A. (Italy)
– Member of the Supervisory Board of Eurostar Ltd (UK)
– Member of the Supervisory Board of Voyages SNCF. Com (fully owned by SNCF Voyageurs)

René Hooft Graafland
Dutch, 1955, member of the Audit Committee, appointed in 2012, current term until 2016
Position:
– CFO and member of the Executive Board of Heineken N.V. (until April 23, 2015)

Supervisory directorships and other positions:
– Chairman of the Supervisory Board of Royal Theatre Carré
– Member of the Supervisory Board of Royal AHOLD N.V.

Rima Qureshi
Canadian, 1965, appointed in 2014, current term until 2018
Position:
– Senior Vice President, Chairman of Region Northern Europe, Russia and Central Asia, Chief Strategy Officer and head of M&A, Ericsson Group

Supervisory directorships and other positions:
– Member of the Board of Directors (Non-Executive Director) of MasterCard Worldwide

Organizational management

Richard Flynn
Group President and CEO
Corporate Legal Services

Stacey Caywood
CEO
Legal & Regulatory Solutions

Karen Abramson
CEO
Tax & Accounting

Robert Becker
CEO
Health

Brian Longe
CEO
Financial & Compliance Services

Corinne Saunders
CEO
Emerging & Developing Markets

Andres Sadler
CEO
Global Business Services

Dennis Cahill
Executive Vice President
Global Platform Organization

Senior management, Corporate Office

Maryjo Charbonnier
Senior Vice President
Chief HR Officer

Sander van Dam
Senior Vice President, Accounting & Control
CFO, Global Business Services

George Dessing
Senior Vice President
Treasury & Risk

Elizabeth Satin
Senior Vice President
Corporate Development and Mergers & Acquisitions

Maarten Thompson
Senior Vice President
General Counsel & Company Secretary

Report of the Executive Board

Introduction

Wolters Kluwer is increasingly becoming a digital and software company. This is driven by the needs of our customers, who require productivity tools and the best insights to make their decisions. The operational and financial performance over the past year demonstrates our progress on the strategy.

Operational performance

Key Figures	**2014**	2013	Change in actual currencies (%)	Change in constant currencies (%)
Business performance – benchmark figures				
Revenues	3,660	3,565	3	3
Organic revenue growth (%)	2	1		
Adjusted operating profit	768	765	0	0
Adjusted operating profit margin (%)	21.0	21.5		
Adjusted net profit	470	467	1	3
Diluted adjusted EPS (€)	1.57	1.56	1	3
Adjusted free cash flow	516	503	3	1
Diluted adjusted free cash flow per share (€)	1.72	1.68		
Net debt	1,897	1,988	(5)	
Cash conversion ratio (%)	100	95		
Return on invested capital (ROIC) (%)	8.5	8.7		
Ultimo number of FTEs	18,549	18,329		
IFRS figures				
Revenues	3,660	3,565	3	3
Operating profit from continuing operations	569	619	(8)	
Profit for the year from continuing operations	474	353	35	
Profit for the year, attributable to equity holders of the Company	473	345	37	
Diluted EPS (€)	1.58	1.15	37	
Net cash from operating activities	645	630	2	

The operational performance from continuing operations in 2014 was characterized by the following:

- Revenues up 3% in constant currencies and up 2% organically.
  - Leading, high-growth positions grew 7% organically (48% of total revenues).
  - Digital & services revenues grew 5% organically (80% of total).
  - North America and Asia Pacific drove organic growth.
- Adjusted operating margin 21.0%, within guidance range, reflects increased restructuring.
- Diluted adjusted EPS €1.57, up 3% in constant currencies, in line with guidance.
- Adjusted free cash flow €516 million, up 1% in constant currencies, exceeding expectation.
- Net-debt-to-EBITDA improved to 2.1 at year-end (2013: 2.2).
- Proposed 2014 dividend increase to €0.71 per share to be paid in cash.

Revenues

Group revenues increased 3% overall to €3,660 million, up 3% in constant currencies. Excluding both the impact of exchange rate movements and the effect of acquisitions and divestitures, organic revenue growth was 2%, an improvement on the prior year (2013: 1%). The fourth quarter saw improved transactional revenues and some benefit from one-time sales. Revenues from North America (55% of total revenues) increased 3% organically, with all four divisions enjoying growth in this region. Revenues from Europe were flat on an organic basis, as growth in the Financial & Compliance Services, Tax & Accounting, and Health divisions was offset by decline in Legal & Regulatory Solutions Europe. Asia Pacific and Rest of World, which represented 8% of group revenues in 2014, grew 7% organically, driven by Financial & Compliance Services, Health, and Tax & Accounting.

Revenue bridge		%
Revenues 2013	3,565	
Organic change	67	2
Acquisitions	62	2
Divestments	(24)	(1)
Currency impact	(10)	0
Revenues 2014	3,660	3

U.S. Dollar 2014: average €/$=1.33 versus 2013: average €/$=1.33.

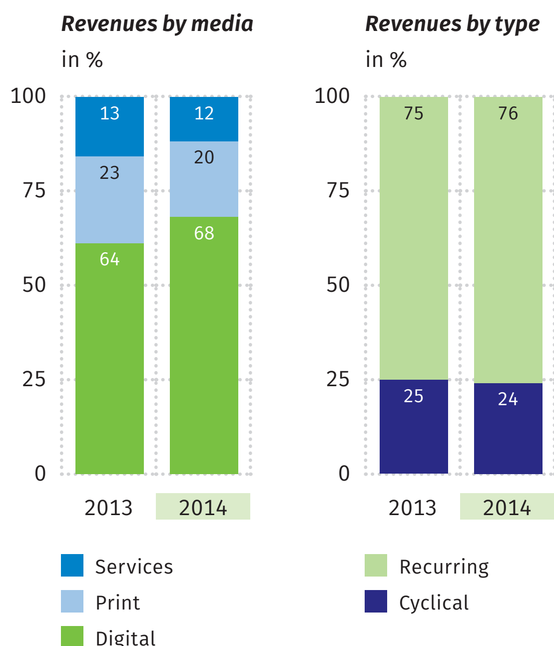
Across the group, digital products continued to drive the group's growth. Total digital revenues reached €2,472 million, up 8% in constant currencies and up 6% organically. Services revenues, which includes legal representation, consulting, training, events, and other services, were stable overall. Print formats declined 9% on an organic basis, with printed book revenues declining 10% and looseleaf, journal, and other print subscriptions down 8%. Print now represents only 20% of total revenues.

Revenues by type	% of total	2014	2013	Δ (%)	Δ CC (%)	Δ OG (%)
Digital and service subscription	59	2,155	2,016	7	7	5
Print subscription	9	341	387	(12)	(10)	(8)
Other recurring	8	281	274	2	2	1
Total recurring revenues	76	2,777	2,677	4	4	3
Print books	8	289	322	(11)	(11)	(10)
CLS transactional	6	215	191	13	13	7
FS transactional	1	37	39	(5)	(5)	(6)
Other non-recurring	9	342	336	2	2	3
Total revenues	100	3,660	3,565	3	3	2

Δ - % Change; Δ CC - % Change constant currencies (€/$ 1.33); Δ OG – % Organic growth

Revenues by Media	**2014**	**2013**	**Δ (%)**	**Δ CC (%)**	**Δ OG (%)**
Digital	2,472	2,286	8	8	6
Services	453	454	0	0	0
Print	735	825	(11)	(10)	(9)
Total revenues	3,660	3,565	3	3	2

Δ - % Change; Δ CC - % Change constant currencies (€/$ 1.33); Δ OG - % Organic growth



Divisional performance

Legal & Regulatory

Full year	**2014**	**2013**	**Δ (%)**	**Δ CC (%)**	**Δ OG (%)**
Revenues					
Digital and service subscription	730	673	9	9	2
Print subscription	242	265	(9)	(7)	(9)
Other recurring	55	55	(1)	0	3
Total recurring revenues	1,027	993	3	4	(1)
Print books	134	140	(5)	(5)	(10)
CLS transactional	215	191	13	13	7
Other non-recurring	121	123	(1)	0	(3)
Total revenues	1,497	1,447	3	4	(1)
Operating profit	246	311	(21)		
Adjusted Operating Profit	305	313	(3)	(3)	(6)
Adjusted Operating Profit margin	20.3%	21.6%			
Capital expenditure (CAPEX)	54	48			
Ultimo number of FTEs	7,527	7,263			

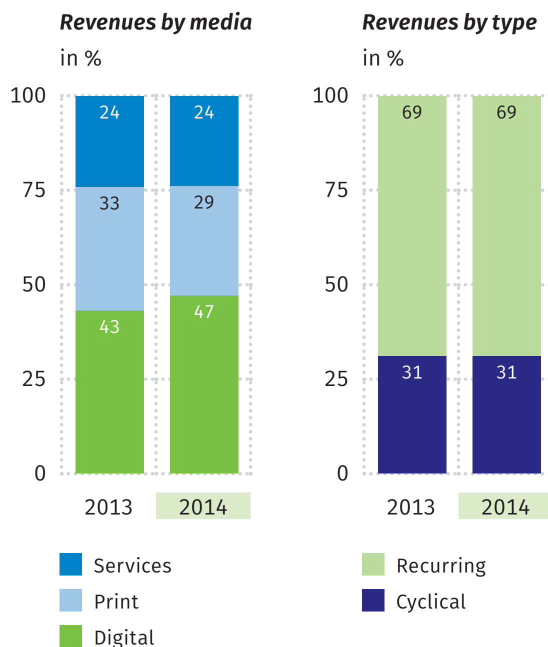
Δ - % Change; Δ CC - % Change constant currencies (€/$ 1.33); Δ OG - % Organic growth

Our Legal & Regulatory division is among the world's largest providers of information solutions and services in the areas of law, business, and compliance, helping legal professionals to achieve greater effectiveness and productivity.

Wolters Kluwer Legal & Regulatory revenues increased 4% at constant currencies, reflecting the net transfer of certain publishing assets from Tax & Accounting and the net effect of acquisitions (Datacert and LexisNexis Poland in 2014) and divestments (mainly Best Case Solutions in 2013 and Canadian legal assets in 2014). On an organic basis, the division's revenues declined 1% (2013: 1% decline). The divisional adjusted operating profit margin declined 130 basis points, reflecting mainly increased restructuring costs and margin-dilutive transfers and disposals. IFRS operating profit decreased 21%, mainly due to the book gain on the sale of Best Case Solutions in 2013.

Corporate Legal Services (33% of divisional revenues) revenues grew 14% at constant currencies, reflecting the consolidation of Datacert, which became wholly-owned in April 2014. Organic growth was better than expected at 5%, driven by strong transaction volumes in the final weeks of the year. Corporate Legal Services (CLS) transactional revenues rose 7% organically for the full year (first half 2014: 3%) helped by a relatively easy comparable in the fourth quarter and a number of large, one-time customer projects. *CT Corporation* performed well in both Small Business and Corporate segments, with strong renewal rates for legal representation services. *CT Lien Solutions* was impacted by the down-cycle in UCC filings, but one-time law firm projects more than compensated for this in the second half. *Corsearch* experienced increased search volumes, particularly in Europe. In Enterprise Legal Management (ELM) Solutions, the new name for the combined *Datacert* and *TyMetrix*, revenue growth was strong and the integration plan is on track.

Legal & Regulatory Solutions (67% of divisional revenues) revenues were stable at constant currencies. The net transfer into the division of European tax and accounting publishing assets and the acquisition of LexisNexis Poland were offset by organic revenue decline of 3% and the effect of several small disposals. Print revenue trends deteriorated in the second half, particularly in Europe, and additional restructuring actions were implemented to reduce the cost base. Digital revenues grew 3% organically (Europe 3%; North America 5%), but this was more than offset by the decline in print. Among our digital products, legal software solutions delivered double-digit organic growth, led by products such as *Kleos*, our legal practice management solution for law firms in Europe.



Tax & Accounting

Full year	2014	2013	Δ (%)	Δ CC (%)	Δ OG (%)
Revenues					
Digital and service subscription	678	665	2	3	4
Print subscription	38	54	(29)	(27)	(4)
Other recurring	135	131	3	3	0
Total recurring revenues	851	850	0	1	3
Print books	40	54	(26)	(26)	(7)
Other non-recurring	55	61	(10)	(9)	4
Total revenues	946	965	(2)	(1)	3
Operating profit	179	178	1		
Adjusted Operating Profit	250	259	(3)	(3)	(3)
Adjusted Operating Profit margin	26.4%	26.8%			
Capital expenditure (CAPEX)	38	49			
Ultimo number of FTEs	5,688	5,842			

Δ - % Change; Δ CC - % Change constant currencies (€/$ 1.33); Δ OG - % Organic growth

Tax & Accounting is the leading provider of tax, accounting, and audit information, solutions, and services, helping the tax and accountancy profession grapple with ever-greater regulatory and compliance complexity.

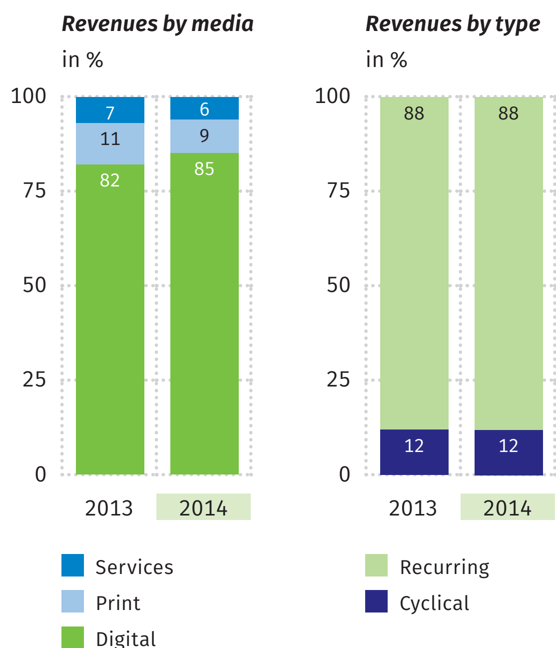
Wolters Kluwer Tax & Accounting revenues declined 1% in constant currencies due to the net transfer of publishing assets from Tax & Accounting into the Legal & Regulatory division. Organic growth improved to 3% (2013: 1%), benefitting from favorable timing and one-time sales. The adjusted operating margin declined as a result of the increase in restructuring costs announced at the start of 2014. Restructuring, which was mainly in North America and Asia Pacific, was aimed at making editorial and production costs more flexible and establishing centers of excellence in software development. IFRS operating profit increased 1% reflecting lower amortization of intangibles.

In January 2015, Tax & Accounting completed the acquisition of SBS Software, a provider of accounting and payroll solutions which will be combined with our software business in Germany.

Tax & Accounting North America (56% of divisional revenue) achieved 5% organic growth in software revenues, benefitting in the second half from some favorable timing effects. Software growth was partially offset by declines in print formats and bank product fees. Our foundation (on-premise) software suite for professionals saw good growth, while our new cloud-based software suite, *CCH Axcess*, attracted both existing and new customers seeking productivity gains. In publishing (now named Research & Learning), *CCH Intelliconnect* was enhanced with browser search and *Quick Answers*.

Tax & Accounting Europe (33% of divisional revenue), now essentially a software business having transferred nearly all of its publishing assets into the Legal & Regulatory division, further improved its organic growth rate. Despite the weak economic backdrop, performance was good in most countries, particularly Germany, Spain, and Scandinavia. Investment in cloud-based and collaborative solutions continues. *Twinfield*, our collaborative accounting solution in the Netherlands, saw double-digit organic growth and launched a solution for the German market in the fourth quarter.

Tax & Accounting Asia Pacific & Rest of World (11% of divisional revenue) also achieved improved organic growth, enhanced slightly by one-time sales in the fourth quarter. In Asia Pacific, growth in software products was partially offset by decline in print subscriptions and books. *CCH Integrator* introduced a cloud-based module to help customers comply with New Zealand goods and services tax. In September 2014, we acquired Dingxin Chuangzhi, establishing a position in the Chinese audit software market. *Prosoft*, our Brazilian tax software provider, grew revenues at a double-digit rate organically.



Health

Full year	2014	2013	Δ (%)	Δ CC (%)	Δ OG (%)
Revenues					
Digital and service subscription	498	439	13	13	13
Print subscription	60	67	(10)	(10)	(8)
Other recurring	91	88	3	2	2
Total recurring revenues	649	594	9	9	9
Print books	115	128	(10)	(11)	(11)
Other non-recurring	52	53	(2)	(2)	(1)
Total revenues	816	775	5	5	5
Operating profit	162	140	16		
Adjusted Operating Profit	197	175	13	11	11
Adjusted Operating Profit margin	24.1%	22.6%			
Capital expenditure (CAPEX)	49	44			
Ultimo number of FTEs	2,807	2,779			

Δ - % Change; Δ CC - % Change constant currencies (€/$ 1.33); Δ OG - % Organic growth

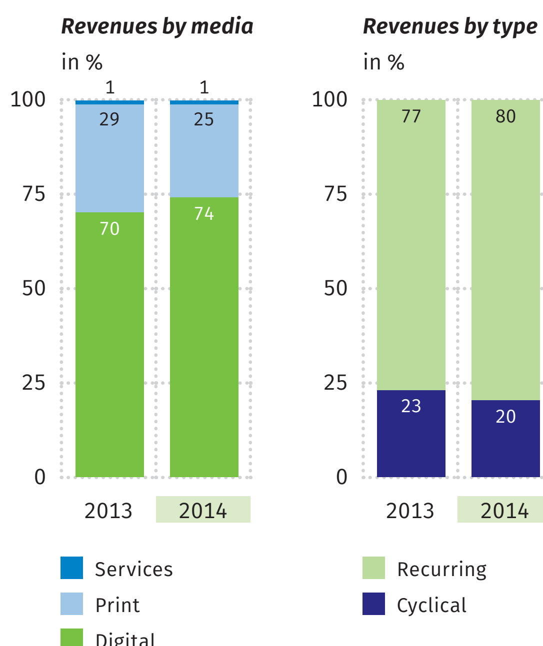
Our Health division is among the world's largest providers of products that support clinicians from learning to practice, helping to improve quality of care as well as access to, and the overall cost of, health care. In 2014, we saw further strong growth in Clinical Solutions and we continued to invest to transform the traditional parts of the business.

Wolters Kluwer Health revenues increased 5% in constant currencies, all of which was organic growth. Adjusted operating profit increased 11% organically, benefitting from operating leverage and the ongoing mix shift towards Clinical Solutions. As a result, IFRS operating profit increased 16%.

Clinical Solutions (45% of divisional revenue) achieved double-digit organic growth, with strong performances across most product areas and in all regions of the world. *UpToDate*, our leading clinical decision support tool, saw continued robust growth as it completed its

global launch of the *UpToDate Anywhere* mobile access platform and introduced its 22nd medical specialty, Palliative Care. The product is now used by over 1 million clinicians in over 170 countries. We sustained investment in new products: *UpToDate Clinical Consultant*, a Chinese language version of the product, is on course to see its first launch in second half 2015. Our clinical drug information, documentation, and informatics platforms also performed very well on a global basis. Throughout 2014, Clinical Solutions products *ProVation Order Sets, Sentri7, UpToDate*, and *Lexicomp* continued to receive high ratings from KLAS, the leading U.S. health IT research firm.

Medical Research, Professional & Education (55% of divisional revenue) revenues were broadly flat on an organic basis, as good growth in digital products was offset by continued decline in print formats. In Medical Research, our online platform *Ovid* achieved good growth in subscription revenues. The offering added new digital products based around our Professional & Education titles and expanded its journal content. Print journal revenues continued to decline as readership migrates to online usage. *Lippincott Williams & Wilkins (LWW)* won five new society contracts during the year, including *PAIN*, and published new society titles, including the *Journal of the American Academy of Orthopaedic Surgeons*. Medknow in India grew strongly and now provides open access publishing services to over 350 journals. In Professional & Education, digital revenues, including learning and reference solutions such as *Lippincott's Nursing Advisor, Lippincott's Nursing Procedures & Skills, PrepU*, and *DocuCare*, grew over 50% organically. This performance was more than offset by an 12% decline in printed books.
In early 2015, Medical Research and Professional & Education, which already share brands, content and back-office functions, are being merged in order to facilitate closer collaboration around new products, sales, and marketing.



Financial & Compliance Services

Full year	2014	2013	Δ (%)	Δ CC (%)	Δ OG (%)
Revenues					
Digital and service subscription	249	239	5	4	3
Print subscription	1	1	(21)	(23)	(23)
Total recurring revenues	250	240	5	4	3
FS transactional	37	39	(5)	(5)	(6)
Other non-recurring	114	99	14	13	11
Total revenues	401	378	6	6	4
Operating profit	33	30	8		
Adjusted Operating Profit	65	64	1	0	(2)
Adjusted Operating Profit margin	16.3%	17.1%			
Capital expenditure (CAPEX)	7	7			
Ultimo number of FTEs	2,415	2,339			

Δ - % Change; Δ CC - % Change constant currencies (€/$ 1.33); Δ OG - % Organic growth

Financial & Compliance Services, one of the world's leading providers of audit, compliance, finance, and risk management solutions, plays a critical role in helping professionals deal with regulatory scrutiny and fast-changing compliance requirements.

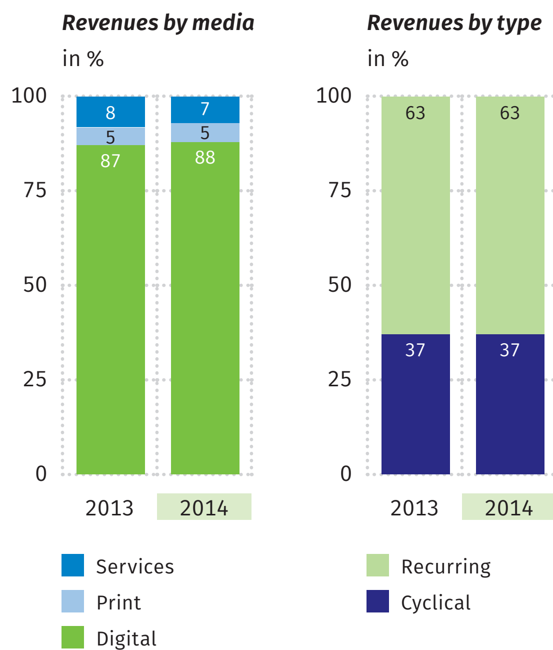
Wolters Kluwer Financial & Compliance Services increased its revenues by 6% in constant currencies, including the effect of acquisitions, most notably Financial Tools in January 2014. On an organic basis, revenues grew 4%, following strong software license and professional services sales in the fourth quarter. Adjusted operating profit was stable in constant currencies. The adjusted operating profit margin decline reflects lower Financial Services (FS) transactional revenues, higher personnel-related costs, and an increase in restructuring costs. IFRS operating profit increased 8%, due to lower acquisition integration costs.

Finance, Risk & Compliance (47% of divisional revenues) achieved double-digit organic growth, primarily as a result of software license sales, professional advisory and product implementation fees relating to new customer wins for our enterprise risk management and financial risk and regulatory reporting solutions. These software solutions, as well as our financial crime control and audit management applications, were recently brought together under a single brand, *OneSumX*. Growth was strong in all regions, especially in North America and Europe. Recurring revenues, which comprise software maintenance fees and service subscriptions, grew steadily. During 2014, Wolters Kluwer Financial Services was ranked 4th globally in the Chartis Research RiskTech 100 ranking and was named Quadrant Leader in the Enterprise Governance Risk & Compliance category.

Audit (11% of divisional revenue) delivered robust organic growth for the full year, more than absorbing the effect of a product rationalization program started in 2013. Our *TeamMate* internal audit solution won new customers around the world, particularly in the U.S., South America, and the Middle East & Africa. Investment continues on the next generation platform. In the fourth quarter, a *TeamMate* data analytics module was launched.

Originations (32% of divisional revenue) saw top line decline, due largely to the downturn in the U.S. mortgage refinancing market. FS transactional revenues declined 6% for the full year (first half 2014: 21% decline), benefitting in the fourth quarter from a change in IRA roll-over regulations. Margins were impacted by lower mortgage-related transaction revenues and increased restructuring and severance costs.

Transport Services (10% of divisional revenue) revenues declined, with trends improving towards the end of the year. The transition to a subscription-based pricing model is nearly complete and further restructuring was undertaken during 2014 to optimize the cost base. Management announced it is conducting a review of strategic alternatives for the unit, including divestment.



Corporate

Full year	2014	2013	Δ (%)	Δ CC (%)	Δ OG (%)
Operating profit	(51)	(40)	27		
Adjusted Operating Profit	(49)	(46)	6	6	6
Capital expenditure (CAPEX)	0	0			
Ultimo number of FTEs	112	106			

Δ - % Change; Δ CC - % Change constant currencies (€/$ 1.33); Δ OG - % Organic growth

Corporate expenses increased 6% at constant currencies, due to increased FTEs and personnel costs as well as higher advisory fees. The increase in IFRS operating costs reflects non-recurring items recorded in 2013.

Global Shared Services

In 2014, Global Shared Services, the internal unit that supports the entire company with various IT, back-office, and procurement services, delivered a significant contribution to the overall efficiency and operational excellence of Wolters Kluwer. This included consolidation of datacenters and streamlining global IT vendors. Global Shared Services also launched the next step in the journey to working in the cloud, with the introduction of Microsoft Office 365, enabling employees worldwide to collaborate and connect through the use of virtual software tools.

In February 2015, we introduced a new organization, Global Business Services (GBS). GBS consolidates the previous Global Shared Services organization with Corporate Strategy. This consolidation will allow the company to fully integrate and leverage services and operational capabilities for its divisions, as part of the strategic framework, in order to more immediately respond to strategic, market, and technology changes. Mr. Andres Sadler, former Senior Vice President, Strategy & Operational Excellence, was appointed as CEO, Global Business Services.

Global Platform Organization

In 2014, the Global Platform Organization (GPO) supported Wolters Kluwer businesses worldwide with multiple technology developments. The GPO's search and content publishing technologies enable our product developers in all business units to deliver innovative and superior solutions to our customers. Global Atlas, the electronic content delivery and publishing platform for Wolters Kluwer's products and services, was expanded with several new key features. Global Atlas supports more than 400,000 active users of products such as *IntelliConnect*, our platform for tax and legal professionals, and *Navigator*, our online legal platform. *CCH iKnow*, co-developed by the Tax & Accounting division and GPO, is a one-stop portal providing access to a wide range of current resources, tools and data, created by industry experts to assist accountants. It was a winner of the Wolters Kluwer Global Innovation Award in 2014, in the category Greatest Value to Customers.

Solid financial position

Balance sheet

Non-current assets, mainly consisting of goodwill and publishing rights, increased to €5,420 million in 2014 mainly as a result a stronger U.S. dollar as well as smaller impact from acquisitions and capital expenditure, partly offset by amortization. Shareholders' equity increased to €2,121 million from the profit for the year and exchange differences from a stronger U.S. dollar partly offset by dividend payments, the share buy-back and the re-measurements on defined benefit plans. In 2014, the Company executed a share buy-back program of €25 million. The Company repurchased 1.2 million of ordinary shares under this program at an average stock price of €21.18. The total weighted average number of ordinary shares in 2014 was 295.9 million (2013: 295.7 million).

Net debt reduced to €1,897 million at December 31, 2014, compared to €1,988 million at December 31, 2013. The leverage ratio net-debt-to-EBITDA was 2.1 at year-end, improving from 2.2 at year-end 2013. Our target leverage ratio remains 2.5.

Balance sheet	2014	2013	Variance
Non-current assets	5,420	4,862	558
Working capital	(477)	(912)	435
Total equity	2,121	1,584	537
Net debt	1,897	1,988	(91)
Net-debt-to-EBITDA ratio	2.1	2.2	(0.1)

Debt refinancing

In January 2014, the Company fully redeemed the ten-year Eurobond (2003-2014) of €700 million with an annual coupon of 5.125%.

In May 2014, Wolters Kluwer issued a new ten-year Eurobond of €400 million. The bonds have been priced at an issue price of 99.164 per cent and will carry an annual coupon of 2.500%.

In July 2014, Wolters Kluwer signed an amendment to, and extension of, our €600 million multi-currency credit facility with a 5-year maturity and improved terms, The new €600 million multi-currency credit facility will mature in July 2019 and includes two one-year extension options.

Working capital

Operating working capital amounted to €(791) million, compared to €(707) million in 2013, a decrease of €84 million. Non-operating working capital increased to €(221) million, mainly due to the redeemed senior bond (€700 million) in January 2014.

Working capital	2014	2013	Variance
Inventories	120	104	16
Operating accounts receivable	1,233	1,109	124
Deferred income	(1,375)	(1,214)	(161)
Trade and other payables	(384)	(368)	(16)
Operating current liabilities	(385)	(338)	(47)
Operating working capital	(791)	(707)	(84)
Cash and cash equivalents	535	755	(220)
Non-operating working capital	(221)	(960)	739
Total	(477)	(912)	435

Other developments

Financing results

Reported financing results amounted to a negative €56 million (2013: negative €128 million) and included adjusted net financing costs of €113 million, employee benefits financing costs of €5 million, a €14 million loss on investments available-for-sale, and a €76 million revaluation gain on our 38% interest in Datacert triggered by the purchase of the remaining 62% in April 2014. Profit from continuing operations before tax increased 5% to €512 million (2013: €490 million).

Taxation

The reported effective tax rate declined to 7.4% (2013: 28.0%) mainly as a result of the non-taxable revaluation gain on Datacert and a positive tax impact related to previously divested assets. The positive tax impact was partially offset by the taxable transfer of assets within the Group as part of the consolidation of our platform technology.

Earnings per Share

Total profit for the year increased 37% to €474 million (2013: €346 million) and diluted EPS increased 37% to €1.58 per share.

Diluted adjusted EPS was €1.57, up 1% overall and up 3% in constant currencies.

Return on invested capital (ROIC)

In 2014, the ROIC was 8.5% (2013: 8.7%).

Cash flow

Adjusted operating cash flow was €764 million (2013: €727 million), up 5% overall and up 3% at constant currencies. The cash conversion ratio was significantly better than expected at 100% (2013: 95%) as a result of prudent working capital management and strong inflows in the fourth quarter. The full year saw an autonomous working capital contribution of €4 million (2013: absorption €22 million). Capital expenditures amounted to €148 million (4.0% of revenues), stable compared to €148 million in 2013 (4.2% of revenues).

Adjusted free cash flow was €516 million, up 3% overall and up 1% in constant currencies. This was despite an increase in paid financing costs, due to an additional coupon payment, and an increase in corporate income tax paid, due to timing of payments. The net use of restructuring provisions amounted to €9 million compared to €11 million in the prior year.

Cash flow	2014	2013	Δ (%)	Δ CC (%)
Net cash flow from operating activities	645	630	2	1
Capital expenditure	(148)	(148)	0	0
Adjusted free cash flow	516	503	3	1
Diluted adjusted free cash flow per share (€)	1.72	1.68	2	1
Cash conversion ratio (%)	100	95		

Δ - % Change; Δ CC - % Change constant currencies (€/$ 1.33)

Acquisitions

Acquisition spending, net of cash acquired, was €178 million (2013: €192 million), including deferred and contingent consideration payments of €18 million related to past acquisitions (mainly Prosoft). The majority of the acquisition spending relates to the acquisition of the remaining 62% of Datacert. Smaller acquisitions included Financial Tools, now part of our Financial & Compliance the Services division, LexisNexis Poland in Legal & Regulatory Solutions, and the Chinese audit software provider, Dingxin Chuangzhi in Tax & Accounting.

Divestments

Cash proceeds from divestments, net of tax, were €29 million (2013: €63 million), relating mainly to the divestment of Canadian legal assets as well as a reduction in corporate income tax paid in relation to previously divested assets.

Dividend

Wolters Kluwer has a progressive dividend policy under which the Company expects to increase the dividend per share each year. At the upcoming Annual General Meeting of Shareholders, we will propose increasing the dividend over the 2014 financial year to €0.71 per share (2013: €0.70). Dividends will be paid in cash on May 13, 2015, for ordinary shareholders, or on May 20, 2015, for holders of American Depository Receipts (ADRs). Shareholders can choose to reinvest their Wolters Kluwer 2014 dividends by purchasing further shares through the Dividend Reinvestment Plan (DRIP) provided by ABN AMRO Bank NV.

Anti-dilution policy and share buy-back 2015
Wolters Kluwer has a policy to offset the dilution caused by its annual performance share issuance with share repurchases. In line with this policy, the Company intends to repurchase up to €40 million in shares in 2015. Given the improvement in our leverage over the past few years, the Company announces its intention to return cash to shareholders by repurchasing an additional €100 million in shares, bringing the total intended buy-back to €140 million in 2015.

Full-year 2015 outlook

In 2015, we intend to further sharpen our portfolio towards our leading, high growth businesses, to step up organic investment in digital products, and to continue to drive efficiencies, particularly in low growth or declining operations. We expect the adjusted operating margin to increase in 2015. This includes anticipated 2015 restructuring costs of €30-€35 million (2014: €36 million), mainly in Legal & Regulatory Solutions. The table below provides our guidance for the full-year.

Performance indicators	2015 guidance
Adjusted operating profit margin	21.0% - 21.5%
Adjusted free cash flow	€500 - €525 million
Return on invested capital	≥ 8%
Diluted adjusted EPS	Mid-single-digit growth

Guidance for adjusted free cash flow and diluted adjusted EPS is in constant currencies (€/$ 1.33). Guidance for EPS growth reflects the announced share repurchases. Adjusted operating profit margin and ROIC are in reported currency.

Our guidance for diluted adjusted EPS is based on constant exchange rates. Wolters Kluwer generates more than half of its revenues and adjusted operating profit in North America. As a rule of thumb, based on our 2014 currency profile, a 1 U.S. cent move in the average EUR/USD exchange rate for the year causes an opposite 1.0 euro-cent change in diluted adjusted EPS. Currency is expected to have a more significant influence on results in 2015 than in recent years.

We expect adjusted net financing costs of approximately €100 million, excluding the impact of exchange rate movements on currency hedging and intercompany balances. We expect the benchmark effective tax rate to be between 27% and 28% in 2015. We expect a cash conversion ratio in line with our historic average of 95%, and capital expenditure between 4% and 5% of revenue.

Our guidance assumes no significant change in the scope of operations. We may make further disposals which could be dilutive to margins and earnings in the near term.

2015 Outlook by division
Legal & Regulatory: we expect Corporate Legal Services to achieve organic revenue growth, albeit at a more moderate pace in the second half. This is expected to be more than offset by organic decline in Legal & Regulatory Solutions, due to continued weakness in print formats. Margins are expected to contract modestly, due to cost inflation, additional product investment and restructuring.

Tax & Accounting: we expect underlying revenue momentum to be similar to 2014, with growth in software solutions more than offsetting ongoing decline in print publishing and bank product revenues. First half growth is expected to be more muted due to normal seasonal sales patterns. We expect margins to improve modestly.

Health: we foresee steady revenue performance, supported by robust growth in Clinical Solutions. The combined Medical Research, Professional & Education is likely to see growth in digital revenues offset by continued decline in print formats. Margins are expected to rise despite increased product investment and additional restructuring.

Financial & Compliance Services: organic growth in our Finance, Risk & Compliance and Audit units is likely to moderate from the strong double-digit growth achieved in 2014. Market conditions for Originations are mixed, with U.S. refinancing volumes still declining, but new lending regulations providing opportunities for growth.

People that matter

We believe that our employees are the cornerstone of our success as a business. In over 40 countries around the world, they deliver on our commitment to customers across the globe: to help them work more effectively and make critical decisions every day. Our tagline, When you have to be right, embodies this commitment and understanding of our customers' needs.

We aim to be the employer of choice for talented employees that are committed to delivering results, and to build a culture of innovation and accountability. Our employees come from diverse nationalities and fields, but all share the desire to make things better. Through their work they are influential and deeply engaged with

our customers. To succeed in our ever-changing markets and industry, we embrace change and use it for innovating our approach, our portfolio, and our company. We strongly believe that diverse teams are more innovative and produce better outcomes, and that is why we actively promote diversity in the organization.

In 2014, we launched the first-ever global employee survey, Our Enterprise, to engage employees and create a foundation of insight to help inform our future initiatives that continue to drive the company's transformation and deliver strong performance. The strong response to the survey, 80% of employees, demonstrated that our employees are invested in Wolters Kluwer and our future together. Employees told us what we do well and also where we can do better. In 2015, we will identify 1-3 key initiatives for Wolters Kluwer to undertake as an enterprise, based on the most important opportunities we have for improvement. Divisions will also determine additional areas they should focus on within their units.

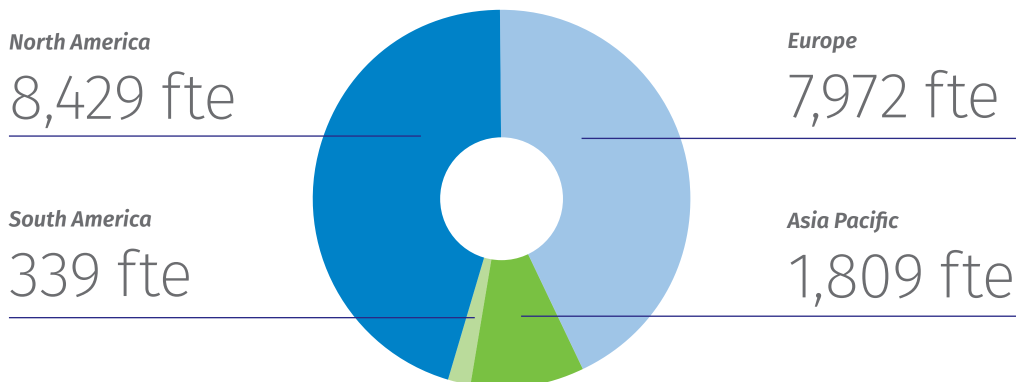
2014 also saw the development of an enterprise-wide performance management framework, aligning all employees and managers with one approach to performance reviews and development. We see this as an important step in our evolution as a global organization, creating consistency in how employees are evaluated and ensuring that job responsibilities, priorities, and performance expectations are clearly communicated and aligned between managers and their employees. We believe that by creating a culture of high performance, we support our ongoing efforts to attract, develop, and retain the best talent.

We also expanded our existing talent management programs to include training and engagement programs for our top middle-level managers. Over 450 managers from areas as diverse as IT, Sales, Product Development, and Marketing met in 8 different locations over the course of the year to learn about the business priorities and develop critical leadership skills.

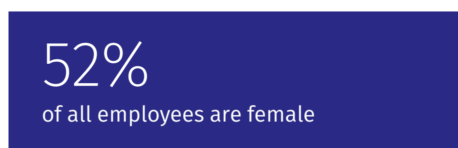
In January 2015, we welcomed a new Chief HR Officer, Maryjo Charbonnier. Ms. Charbonnier has extensive leadership experience in HR strategy, talent acquisition and development, and employee engagement programs. We look forward to her insight and expertise as we continue to drive and build on our strategy in 2015.

Geographic spread of employees

18,549 fte



Gender diversity at Wolters Kluwer



Sustainability

Sustainability drivers are key for achieving long-term business success. The relationship between business operations and the environment thus need to reinforce each other. Our sustainability efforts are designed to reflect this integrated approach.

The delivery of information, software, and services to professionals is ever-changing. The speed of this transition influences not only the way we reach our customers, but also our products and solutions. Wolters Kluwer's approach focuses on innovation-driven sustainability. This way, we can proactively combine the changing demands of our customers and the environment we operate in. We strive for increasing customer satisfaction, while at the same time meeting societal demands, by producing high-quality sustainable solutions.

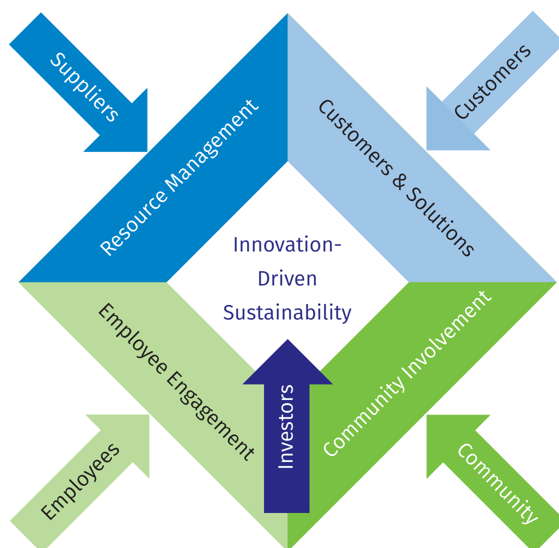
Talent development and diversity is one of the main drivers of innovation at Wolters Kluwer. The fact that we have a dedicated and diverse group of employees makes us stand out among our competitors. We believe that an environment of engaged professionals with different skills and backgrounds creates the best setting for sustainable innovation.

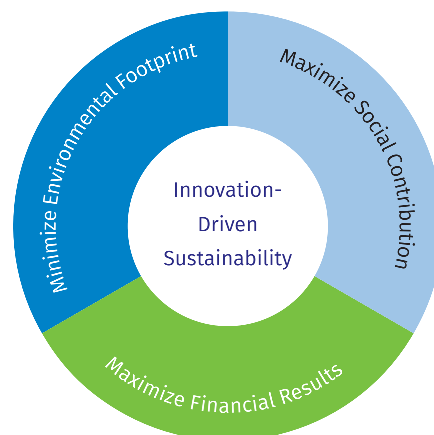
As natural resources are finite, Wolters Kluwer constantly searches for ways to reduce its environmental impact. One way we do this is by reducing both our own paper consumption as well as that of our customers through our digital information solutions.

To ensure that our business is sustainable, we balance the interests of people, planet, and profit. This means that our strong focus on financial results is combined with the aims of minimizing our environmental footprint and maximizing our social contribution. We advance our sustainability efforts through four major building blocks:

1. Customers & Solutions: We offer high-quality information solutions that meet our customers' need for efficiency and improved decision making.
2. Resource Management: Wolters Kluwer is a global company with offices, suppliers, and customers all over the world. We aim to reduce our environmental impact on all parts of the supply chain.
3. Community Involvement: Our employees and innovative solutions improve the communities we engage in, through many charitable actions and community investment activities.
4. Employee Engagement: Our focus on diversity and talent development continues to spark innovation through an enabling and inspiring working environment.

Our success would not be possible without the support and dedication of our employees. To improve our capacity for innovation, we encourage our employees to spend time with customers to understand their needs. At the same time we support our employees to further develop their skills.





Report of the Supervisory Board

Introduction

The Supervisory Board of Wolters Kluwer is responsible for supervising and advising the Executive Board in setting and achieving the company's strategy, targets, and policies. The Supervisory Board is guided by the interests of the company and takes into account the interests of the company's stakeholders.

Meetings

The Supervisory Board held 7 meetings in 2014. Four meetings were partly held without the members of the Executive Board being present. Four of the current Supervisory Board members (Mr. Wakkie, Mr. Angelici, Mr. Forman, Ms. Dalibard) attended all meetings. Mr. Hooft Graafland attended six meetings. Ms. Qureshi had indicated before her appointment in April 2014 that she would miss two meetings due to previously scheduled other obligations. In addition to the scheduled meetings and conference calls, the Chairman of the Supervisory Board had regular contact with the Chairman of the Executive Board.

Financial statements

The Executive Board submitted the 2014 financial statements to the Supervisory Board. The Supervisory Board also took notice of the report and the statement by KPMG Accountants nv (as referred to in Article 27, paragraph 3 of the company's Articles of Association), which the Supervisory Board discussed with KPMG. Taking KPMG's report into account, the members of the Supervisory Board signed the 2014 Financial Statements, pursuant to their statutory obligation under clause 2:101 (2) of the Dutch Civil Code. The Supervisory Board proposes to the shareholders that they adopt these Financial Statements, at the Annual General Meeting of Shareholders of April 22, 2015, see *Financial Statements*.

Evaluations

The functioning of the Supervisory Board and the Executive Board and the performance of the individual members of both Boards were discussed without the members of the Executive Board being present. The composition of the Supervisory Board, the Audit Committee, and the Selection and Remuneration Committee, was also discussed in the absence of the Executive Board. In preparation of these discussions, the members of the Supervisory Board provided feedback about the performance of the Supervisory Board through a written assessment. The outcome of this evaluation was discussed in a meeting without the Executive Board members being present.

Overall, the outcome of the evaluation that was carried out in 2014 on the functioning of the Supervisory Board and its Committees over 2013 was positive. The Supervisory Board was very positive about the role and organization, agenda setting, productivity, and member qualification. This includes the teamwork within the Supervisory Board and the collaboration with the Executive Board. Although the interactions with management are transparent and the Supervisory Board receives adequate information, several suggestions were given by some of the members regarding further improvement of the quality and format of the information provided to the Supervisory Board as well as the priority setting and the most optimum way to involve the Supervisory Board in strategic discussions. It was also suggested to occasionally ask outside speakers to share their perspectives on developments in relevant areas with the Supervisory Board. These recommendations were followed up in the course of 2014.

To further increase the quality of the evaluations, the Supervisory Board resolved to engage an external firm to assist in the evaluation every three years. Previously, an external firm was engaged to facilitate the evaluation in 2012. Therefore, in early 2015 this firm was engaged again.

Strategy

The Supervisory Board was kept informed of the execution of the strategy that was announced in February 2013.

In 2014 the Executive Board introduced an internal Vision and Strategy Planning (VSP) process. Compared to the Business Development Plans that were used in the past, the VSP process focuses more on the long-term strategy of each of the divisions and Wolters Kluwer as a whole. During the year, the Executive Board kept the Supervisory Board informed about the progress of developing the VSP plans for each of the divisions and Wolters Kluwer as a whole. The divisional CEOs were invited to present the VSP plans for their divisions to the Supervisory Board, including the VSP regarding emerging markets. This enabled the Supervisory Board to get a good view on the opportunities and challenges for each of the divisions, and to support the Executive Board in making the right strategic choices for each business.

During the working visit in Boston, the management team of UpToDate (part of the Health Division) gave an extensive presentation about the business. In addition, the management team of the Finance, Risk and Compliance business (part of the Financial & Compliance Services division) gave a presentation to highlight their strategy for serving financial institutions with risk and regulatory reporting products. The Supervisory Board highly values the visits to operating companies, because it enables the Supervising Board to meet local management and learn about the businesses in more detail.

The Supervisory Board was also informed about the innovation activities within Wolters Kluwer, including an overview with respect to the most important organic investments per division. 2014 was the fourth year in which Wolters Kluwer rewarded promising new initiatives via the Innovation Awards. Two innovation Award winners gave a presentation to the Supervisory Board during the working visit in Boston. The Supervisory Board fully supports all efforts to drive an increased culture of innovation within Wolters Kluwer.

Due to the transformation of Wolters Kluwer, information technology becomes increasingly important for the company. Management of the company's Global Shared Services organization and Global Platform Organization gave presentations in order to update the Supervisory Board on the technology strategy and execution thereof. The presentations also covered an update on operational excellence efforts.

In relation to the strategy, the Supervisory Board also considers it important to be aware of the main developments with respect to competition and the markets the company operates in. Towards that end an overview of the most important developments in the market is discussed during each meeting. In addition, presentations were given by outside experts on the main trends in the Media and Entertainment Industry and value creation opportunities.

Acquisitions and divestments

The Supervisory Board discussed (potential) acquisitions and divestments with the Executive Board. The Executive Board informed the Supervisory Board about all pending acquisition activity. The Supervisory Board also discussed the performance and positive value creation of previously made acquisitions. Acquisitions are an important contributor to the transformation of the company's portfolio towards higher-value digital products and to geographic expansion.

In 2014, the Supervisory Board approved the acquisition of the remaining stake of 62% in Third Coast Holdings, the parent company of DataCert. The CEO of Wolters Kluwer Corporate Legal Services gave a presentation to the Supervisory Board to explain the rationale of acquiring this remaining stake.

Corporate governance, sustainability, and risk management

The Supervisory Board was kept informed about developments with respect to corporate governance. An overview of the company's corporate governance can be found in *Corporate Governance.*

Updates were shared on the continuous successes of the sustainability initiatives in 2014. Wolters Kluwer has again been listed in several important sustainability indices such as the Dow Jones Sustainability Index, and the Corporate Knights Global 100 Index, and participated in the Carbon Disclosure Project. In addition, Wolters Kluwer was for the first time included in the FTSE4Good, STOXX and Vigeo indices. The Supervisory Board supports the sustainability efforts and is pleased with the progress made and the company's performance in this area. The sustainability goals on the reduction of print, the use of responsible paper and the integrated supplier principles are supported by the Supervisory Board. For more information, see the Sustainability Report 2014.

The Supervisory Board and Audit Committee discussed risk management at various occasions and were also informed about the general and financial risks of the business and about the results of an assessment of internal risk management and control systems. The Audit Committee and Supervisory Board discussed the continuing actions the company takes to further improve the internal risk management and control systems. For more information, see *Risk Management*.

Talent management

The Selection and Remuneration Committee and Supervisory Board discussed talent management and succession planning within Wolters Kluwer during two meetings. This included an overview of the outcome of the division and functional talent reviews and the enterprise talent review. In addition, we were informed during each of the Supervisory Board meetings about recent changes within relevant positions in the company. The Supervisory Board also met with various executives and managers during presentations and the working visit. We consider it an important part of our responsibilities to carefully monitor talent development and succession planning within the company.

Finance

The Supervisory Board carefully monitors the financing of the company including the available headroom. The Supervisory Board also closely monitored the net-debt-to-EBITDA ratio, which improved from 2.2 per year-end 2013, to 2.1 per year-end 2014, again better than the target of 2.5.

In accordance with the policy to offset dilution of the performance shares issuance via share repurchases, the company completed a share repurchase of €25 million in the third quarter of 2014, which was approved by the Supervisory Board. The Supervisory Board approved the new ten-year €400 million Eurobond with an annual coupon of 2.5%. In addition, the Supervisory Board approved the extension of the € 600 million multi-currency credit facility, with a new five-year maturity and two one-year extension options.

Other financial subjects that we discussed were the budget, the financial outlook, the achievement of financial targets, use of free cash flow, the outcome of the annual impairment test, and annual and interim financial results.

Investor Relations

The Supervisory Board was well informed about Investor Relations. Updates were given during several meetings. These updates included share price developments, communication with shareholders, analyst research, and the investor seminars from Legal & Regulatory Solutions and the Tax & Accounting Division. We also carefully reviewed and approved the press releases regarding the full-year and half-year results, and the quarterly trading updates.

Audit Committee

The Audit Committee met four times in 2014, during the preparation of the full-year and half-year results, and around the interim trading updates for the first and third quarter. The Audit Committee currently consists of Mr. Forman (Chairman), Mr. Angelici, and Mr. Hooft Graafland. Mr. Forman and Mr. Angelici attended all of the meetings. Mr. Hooft Graafland was absent during one meeting. The meetings of the Audit Committee were held in the presence of the Executive Board members, the external auditor, the internal auditor, and other corporate staff members. In line with the Dutch Corporate Governance Code, the Audit Committee meets once a year with the external auditors without members of the Executive Board being present. After every meeting, the Chairman of the Committee reports back to the full Supervisory Board. Among the main items discussed during the Audit Committee meetings were the financial results of the company, status updates on internal audit and internal controls, IFRS, pensions, tax planning, impairment testing, the treasury policy, the financing of the company, hedging, and the quarterly reports and full-year report of KPMG.

The Audit Committee has reviewed the proposed audit scope and approach, the audit fees, the independence of the external auditor, and the non-audit services provided by the external auditor. The Auditor Independence Policy is published on the company's website www.wolterskluwer.com.

According to the new Dutch Law on Auditor Independence, the company is required to change its external audit firm every eight years, starting January 1, 2016. Following this new law, it was decided to rotate the auditor for the audit conducted over the financial reporting year 2015. The Audit Committee was closely involved in the process of selecting a new audit firm. At the Annual General Meeting of Shareholders in 2014, Deloitte Nederland B.V. was appointed as new auditor for a period of four years, starting with the financial year 2015. The Supervisory Board has the discretion to put the appointment of the external auditor on the agenda of the General Meeting of Shareholders before the lapse of the four-year period.

Selection and Remuneration Committee
The Selection and Remuneration Committee met five times in 2014 and had one scheduled conference call. The Committee consists of Ms. Dalibard (Chairman), Mr. Forman, and Mr. Wakkie. All of the current members of the Committee attended all meetings and the scheduled conference call. After every meeting, the Chairman of the Committee reports back to the full Supervisory Board. The resolutions regarding appointments and remuneration were taken in the full Supervisory Board, based on recommendations from the Committee.

The Committee has discussed the remuneration policy for the Executive Board, including the base salary, new conditional awards of performance shares under the Long-Term Incentive Plan, and targets for the Short-Term Incentive Plan. For more information about the remuneration policy of the Executive Board and the execution thereof, see *Remuneration Report* and *Note 34* of the Consolidated Financial Statements.

The Selection and Remuneration Committee also reviewed the remuneration of the members of the Supervisory Board. Taking into consideration the increased responsibilities of Supervisory Board members, market practice and the fact that the last increase took place four years ago, it will be proposed to the Annual General Meeting of Shareholders to increase the salary of the Chairman by €10,000 and the salary of the other members by €5,000. Following this amendment, the compensation will be as follows: €70,000 for the Chairman, €60,000 for the Vice-Chairman, and €55,000 for the other members. The compensation for membership of the Audit Committee and Selection and Remuneration Committee will not be amended.

Supervisory Board composition
In 2014, the second term of Mr. James expired. Mr. James was not available for reappointment. Ms. Rima Qureshi was appointed as new Supervisory Board member at the Annual General Meeting of Shareholders that was held on April 23, 2014.

In 2015, the second term of Mr. Angelici will expire. Mr. Angelici is available for reappointment. After careful consideration, the Supervisory Board has resolved to propose to the Annual General Meeting of Shareholders that will be held on April 22, 2015, to reappoint Mr. Angelici.

To our regret, Ms. Dalibard has decided to resign after the Annual General Meeting of Shareholders in 2015. Due to additional responsibilities at SNCF Voyageurs, Ms. Dalibard no longer has sufficient time to combine her position at that company with the Supervisory Board membership at Wolters Kluwer.

The Supervisory Board has actively searched for a new member. We are very pleased that Mr. Ben Noteboom is prepared to accept a seat on the Supervisory Board. Mr. Noteboom has broad international general management experience. At the Annual General Meeting of Shareholders that will be held on April 22, 2015, we will propose to appoint Mr. Noteboom as new Supervisory Board member.

The Supervisory Board is searching for another candidate to bring back the number of Board members to seven again. For the time being the number of Supervisory Board members is six. The composition of the Supervisory Board is in line with the profile as it relates to expertise, nationality, and age. According to the Dutch law that became effective as of January 1, 2013, a proper composition of the Supervisory Board means that at least 30% of the members should be female. The current composition of the Supervisory Board is in line with the diversity target in the Dutch laws. After resigning of Ms. Dalibard and appointment of Mr. Noteboom, this target will no longer be achieved. The Supervisory Board will have due regard for diversity with respect to future appointments.

All Supervisory Board members comply with the best practice provision of the Dutch Corporate Governance Code regarding the maximum number of supervisory board memberships at Dutch listed companies. All members are committed to dedicate sufficient time to their Wolters Kluwer Supervisory Board membership. This is evidenced by the high attendance rate at scheduled meetings of the Supervisory Board and at the Committee meetings, the availability for ad hoc calls, the quick response time on written questions, and the fact that the members attend the meetings well prepared and actively participate in the discussions.

For more information on each Supervisory Board member in accordance with the Dutch Corporate Governance Code, see *Management and Supervisory Board Profiles*. All members of the Supervisory Board are independent from the company within the meaning of Best Practice Provision III.2.2 of the Dutch Corporate Governance Code.

Finally, the Supervisory Board would like to take this opportunity to thank the Executive Board and all employees worldwide for their highly appreciated efforts in the past year.

Alphen aan den Rijn, February 17, 2015

Supervisory Board
P.N. Wakkie, Chairman
L.P. Forman, Deputy Chairman
B.F.J. Angelici
B.M .Dalibard
D.R. Hooft Graafland
R. Qureshi

Remuneration Report

Introduction

During the Annual General Meeting of Shareholders of April 21, 2004, the remuneration policy for members of the Executive Board was adopted and the Long-Term Incentive Plan approved. Amendments to the remuneration policy and the Long-Term Incentive Plan were approved during the Annual General Meetings of Shareholders in 2007 and 2011. In line with Dutch legislation, the execution of the remuneration policy will be put on the agenda for discussion as a separate agenda item at the Annual General Meeting of Shareholders of April 22, 2015.

Remuneration policy
The goals of Executive Board remuneration are to align individual and company performance, strengthen long-term commitment to the company, and attract and retain the best executive management talent.

The remuneration of Executive Board members is based on surveys and analyses by internationally recognized firms specializing in executive compensation. Because Wolters Kluwer is a global organization, remuneration is benchmarked individually against surveys from European and U.S. companies, taking into consideration geographic locations where Executive Board members might be recruited to and where new members might be recruited from in the future.

Composition of remuneration
Remuneration for the Executive Board consists of three elements: a base salary, a Short-Term Incentive Plan (STIP) on which a cash bonus can be earned, and a Long-Term Incentive Plan (LTIP) on which performance shares can be earned. The base salary of individual Executive Board members is determined annually by the Supervisory Board, based on recommendations from its Selection and Remuneration Committee. Both the short-term and long-term incentives vary according to performance. The Supervisory Board resolves annually which targets are set for the STIP. Variable elements of the remuneration package make up the largest portion of the Executive Board's total compensation, reflecting the philosophy that senior executive compensation is linked to shareholder value and performance. Because the LTIP is based on the performance over a three-year period, the remuneration policy contributes to the long-term objectives of the company. The STIP targets largely reflect the key performance indicators that the company reports about in its periodical results. These indicators are an important measure of the success of the execution of the company's strategy. As such, the remuneration is directly linked to performance and the strategy.

Ms. McKinstry and Mr. Entricken participate in the defined contribution pension plan of Wolters Kluwer United States.

Governance
In line with the Dutch Corporate Governance Code, the Selection and Remuneration Committee and the Supervisory Board made scenario analyses when they determined the level and structure of the Executive Board's remuneration. These analyses included all elements of remuneration, including potential LTIP and STIP pay-outs, under various scenarios. The Committee has also discussed to which extent the variable remuneration might expose the company to risks, taking into consideration the overall risk profile of the company, as described in the *Risk Management* section of the Annual Report. The Committee reached the conclusion that the remuneration policy provides management with good incentives to create long-term value for the shareholders, without increasing the overall risk profile of the company. The Committee engaged an outside compensation advisor to provide recommendations and information on market practices for compensation structure and levels. The Committee had extensive discussions, supported by the external advisor, to review the composition and key drivers of remuneration.

Employment contracts
In line with the Corporate Governance Code, as a policy, future appointments of Executive Board members will take place for a period of four years. As such, the appointment of Mr. Entricken at the Annual General Meeting of Shareholders in 2013, took place for an initial period of four years. The existing contract of Ms. McKinstry, who was appointed before the introduction of the first Dutch Corporate Governance Code and has an employment contract for an indefinite period of time, will be honored. Periods of notice vary between 45 days and 180 days. With respect to future Executive Board appointments, the company will, as a policy, comply with the Best Practice Provision of the Dutch Corporate Governance Code regarding the maximum severance remuneration in the event of dismissal. In line with this Best Practice Provision, the contract with Mr. Entricken contains a severance payment of one year's salary. However, the company will honor the existing contract with Ms. McKinstry who was appointed before the introduction of the first Dutch Corporate Governance Code.

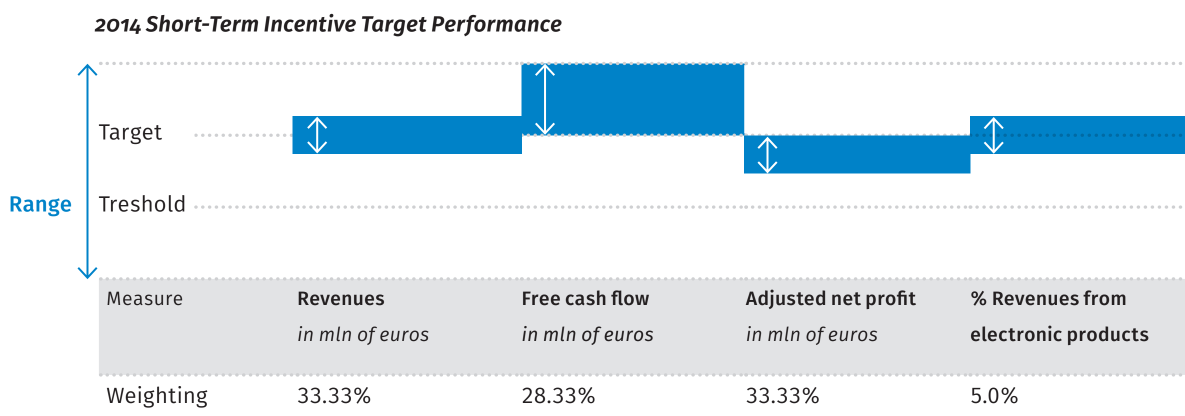
The employment contracts of the Executive Board members contain stipulations with respect to a change of control of the company. According to these stipulations, in case of a change of control, the Executive Board members will receive 100% of the number of conditional rights on shares awarded to them with respect to pending Long-Term Incentive Plans of which the performance period has not yet ended. In addition, they will receive cash compensation if their employment agreement would end following a change of control.

Executive Board remuneration 2014 and 2015
Fixed and variable compensation and other considerations for members of the Executive Board in 2014 are detailed in *Note 34* of the Consolidated Financial Statements.

In 2014, the base salary of the members of the Executive Board increased by 2.5%. For 2015, the Supervisory Board decided to give the Executive Board members a regular base salary increase of 2.5%. Mr. Entricken will get an additional increase of 7.5% (total increase of 10%) as a result of a benchmark study that showed his base salary was below market levels.

Short-Term Incentive Plan
The Wolters Kluwer STIP grants Executive Board members a cash bonus if specific targets are met. The Supervisory Board determines the targets on an annual basis. Payment of the STIP bonus for each Executive Board member only takes place after verification by the external auditor of the Financial Statements of the company, including the financial performance indicators on which the financial STIP targets are based.

The STIP bonus for performance in 2014 (pay-out in 2015) for the members of the Executive Board was based on the achievement of targets with respect to revenue performance (33.3%), adjusted net profit (33.3%), free cash flow (28.3%), and a sustainability related target, revenues from electronic products as a percentage of total revenues (5%). The Supervisory Board selected this target because electronic products reduce paper consumption and increase productivity which contributes to an improved sustainability performance for Wolters Kluwer and its customers. Consistent with the changes to the remuneration policy approved at the 2007 Annual General Meeting of Shareholders, the pay-out percentages to be earned based on performance were determined for each of the Executive Board members through individual benchmarking. The achieved percentages, earned in 2014 and payable in March 2015, will be 134.67% for Ms. McKinstry and 104.67% for Mr. Entricken. The chart below shows performance against target of each of the STIP measures in 2014.



Measure	Revenues *in mln of euros*	Free cash flow *in mln of euros*	Adjusted net profit *in mln of euros*	% Revenues from electronic products
Weighting	33.33%	28.33%	33.33%	5.0%

Since these bonuses are related to 2014 performance, the costs are included in the total remuneration costs for 2014 as shown in *Note 34* of the Consolidated Financial Statements.

For 2015, the Supervisory Board has approved the same target pay-out percentages for Executive Board members as for 2014: 125% of the base salary for the CEO and 95% of the base salary for the CFO. The maximum achievable pay-outs will be 175% for the CEO and 145% for the CFO. These amounts would only be payable if the actual performance exceeds 110% of target. There is no pay-out for results below 90% of target.

For 2015, the Supervisory Board has approved similar measures as for 2014: revenue performance (33.3%), adjusted net profit (33.3%), free cash flow (28.3%), and revenues from digital products as a percentage of total revenues (5%).

Long-Term Incentive Plan

The Long-Term Incentive Plan (LTIP) aligns the organization and its management with the strategic goals of the company, thus rewarding the creation of shareholder value. The plan uses performance shares and at the beginning of a three-year period a conditional award of shares is established. The total number of shares that the Executive Board members will actually receive at the end of the three-year performance period depends on the achievement of predetermined performance conditions.

Until 2011, rewards were fully based on Wolters Kluwer's Total Shareholder Return (TSR) in relation to a group of peer companies (TSR ranking). TSR is calculated as the share price appreciation over a three-year period including dividend reinvestment. By using a three-year performance period, there is a clear relation between remuneration and long-term value creation. As a policy, the company uses a 60-days average of the share price at the beginning and end of each three-year performance period to reduce the influence of potential volatility in the stock markets around year-end.

At the Annual General Meeting of Shareholders of April 27, 2011, the proposal to add diluted earnings per share (EPS) as second performance measure for the Executive Board LTIP 2011-13 and future plans was approved. According to this amendment, for 50% of the value of the shares conditionally awarded at the beginning of a three-year performance period, the pay-out at the end of the performance period will depend on targets based on EPS performance (EPS Related Shares). For the other 50% of the value of the shares conditionally awarded at the beginning of a three-year performance period, the pay-out at the end of the performance period will continue to depend on targets based on TSR in relation to a group of peer companies (TSR Related Shares). For calculation purposes the definition of diluted EPS as disclosed in the Annual Reports of Wolters Kluwer will be used, the definition of which is similar to basic earnings per share (the profit or loss attributable to the ordinary shareholders of the company, divided by the weighted average number of ordinary shares outstanding during the period), except that the weighted average number of ordinary shares is adjusted for the effects of all dilutive potential ordinary shares. Using EPS as performance measure for LTIP leads to a stronger alignment between the successful execution of the strategy to generate shareholder value and management compensation.

TSR peer group and incentive zones

In 2014, the TSR peer group consisted of the following companies: Arnoldo Mondadori, Axel Springer, Daily Mail & General, Dun & Bradstreet, Grupo PRISA, John Wiley & Sons, Lagardère, McClatchy, McGraw-Hill, Pearson, Reed Elsevier, T&F Informa, Thomson Reuters, Trinity Mirror, and United Business Media. This peer group is consistent with the peer group at the launch of the plan in 2004, with the exception of companies that have been replaced because their shares are no longer publicly traded. The Supervisory Board has established a secondary tier of peer group companies that can be used to substitute any of the current peer group companies should they delist during the term of the performance period. This secondary tier of companies includes Aegis Group, Gannet Co, Supermedia, and Yell Group. In case of delisting of a peer group company due to a takeover, the Supervisory Board can resolve to replace that peer group company either by the acquiring company, or by one of the secondary tier companies.

The Executive Board can earn 0-150% of the number of conditionally awarded TSR Related Shares at the end of the three-year performance period depending on Wolters Kluwer's TSR performance compared to the peer group (TSR Ranking). The company's external auditor, appointed by the Supervisory Board, verifies the TSR Ranking.

As approved in the 2007 Annual General Meeting of Shareholders, there will be no pay-out for the Executive Board with respect to TSR Related Shares if Wolters Kluwer ends below the eighth position in

the TSR Ranking, 150% for first or second position, 125% for third or fourth position, 100% for fifth or sixth position, and 75% pay-out for seventh or eighth position. These incentive zones are in line with best practice recommendations for the governance of long-term incentive plans.

TSR performance 2011-13 and 2012-14

For the three-year performance period 2011-13, Wolters Kluwer reached the eighth position in the TSR Ranking. As a result, Ms. McKinstry received 75% of the number of conditional rights on shares that were awarded to her in 2011.

At the time the conditional awards of shares for the 2011-2013 performance periods were made, Mr. Entricken was CFO of the Health division and as such on the senior management LTIP scheme. The targets set for senior management in 2011 were different from those for the Executive Board members. They were fully based on TSR performance (no EPS target) with different performance incentive zones. According to the 2011-13 senior management LTIP, the eighth position that Wolters Kluwer reached in the 2011-2013 performance period, led to a pay-out of 100% of the number of conditional rights on shares that were awarded in 2011. As such, in 2014, Mr. Entricken received 100% of the number of conditional rights on shares that were awarded to him in 2011. It is noted in this respect that starting with the 2012-2014 performance plan, the senior management LTIP has been aligned with the Executive Board LTIP by adding an EPS target and applying the same pay-out schedule for TSR Related Shares as the Executive Board.

For the three-year performance period 2012-14, Wolters Kluwer has reached the sixth position in the TSR Ranking. As a result, in 2015, Ms. McKinstry and Mr. Entricken will receive 100% of the number of conditional rights on TSR Related Shares that were awarded to them in 2012.

EPS Targets and pay-out schedules

With respect to the EPS Related Shares the Executive Board members can earn 0-150% of the number of conditionally awarded EPS Related Shares, depending on Wolters Kluwer's EPS performance over the three-year performance period. At the end of the three-year performance period, the Executive Board members will receive 100% of the number of conditionally awarded EPS Related Shares if the performance over the three-year period is on target. There will be no pay-out if the performance over the three-year period is less than 50% of the target. In case of overachievement of the target, the Executive Board members can earn up to a maximum of 150% of the conditionally awarded shares. The Supervisory Board will determine the exact targets for the EPS Related Shares for each three-year performance period. The targets will be based on the EPS performance in constant currencies, to exclude benefits or disadvantages based on currency effects over which the Executive Board has no control. Pay-out of the performance shares at the end of the three-year performance period will only take place after verification by the external auditor of the EPS performance over the three-year performance period.

EPS performance 2011-13 and 2012-14

The EPS target that was set for the 2011-13 performance period was based on a Compound Annual Growth Rate (CAGR) for EPS of 5.1%. The company outperformed the target. Due to the outperformance, in March 2014 Ms. McKinstry received 150% of the number of conditional rights on EPS related shares that were awarded to her in 2011.

The EPS target that was set for the 2012-14 performance period was based on a Compound Annual Growth Rate (CAGR) for EPS from continuing operations of 12.2%. The company outperformed the target. Due to the outperformance, Ms. McKinstry and Mr. Entricken will receive 150% of the number of conditional rights on EPS Related Shares that were awarded to them in 2012.

Conditional share awards

The conditional share awards for the Executive Board members are determined by the comparable market information from European and U.S. companies. The actual number of conditional rights on shares awarded over the performance periods 2013-15 and 2014-16 can be found in *Note 34* of the Consolidated Financial Statements.

As explained above, shares are conditionally awarded at the beginning of a three-year performance period. The 2007 Annual General Meeting of Shareholders also approved the proposal to determine awards of conditional rights on shares for the Executive Board on a fixed percentage of base salary determined by individual benchmarking. For the 2015-17 performance period, these percentages are similar to the 2014-16 plan, determined to be 285% for the CEO, and 175% for the CFO. These percentages are determined through an annual benchmarking process.

The number of shares conditionally awarded at the start of the performance period is computed by dividing the

amount, as calculated above, by the fair value of a conditionally awarded share at the start of the performance period. The actual amount granted can vary from year to year, depending upon benchmark salary reviews. Because the fair value of TSR Related Shares can be different from the fair value of EPS Related Shares, the number of conditionally awarded TSR Related Shares can deviate from the number of conditionally awarded EPS Related Shares.

Senior management remuneration

Senior management remuneration consists of a base salary, STIP, and LTIP. The senior management STIP is based on the achievement of specific objective targets that are linked to creating value for shareholders, such as revenue performance and free cash flow. As of 2012, the LTIP targets and pay-out schedule of senior management have been equated with the LTIP targets and pay-out schedule of the Executive Board.

2014 Financial Statements

Consolidated Financial Statements

Consolidated Statement of Profit or Loss

in millions of euros, unless otherwise stated		2014	2013
Continuing operations			
Revenues	*Note 5*	3,660	3,565
Cost of sales		1,173	1,143
Gross Profit	*Note 5*	2,487	2,422
Sales costs	*Note 9*	690	674
General and administrative costs	*Note 10*	1,221	1,168
Total operating expenses	*Note 5*	1,911	1,842
Other operating income and (expense)	*Note 11*	(7)	39
Operating profit	*Note 5*	569	619
Financing results	*Note 14*	(56)	(128)
Share of profit of equity-accounted investees, net of tax	*Note 19*	(1)	(1)
Profit before tax		512	490
Income tax expense	*Note 15*	(38)	(137)
Profit for the year from continuing operations		474	353
Profit/(loss) from discontinued operations, net of tax	*Note 7*	-	(7)
Profit for the year		474	346
Attributable to:			
– Owners of the Company		473	345
– Non-controlling interests	*Note 16*	1	1
Profit for the year		474	346
Earnings per share (EPS) (€)	*Note 6*		
Basic EPS from continuing operations		1.60	1.19
Basic EPS from discontinued operations		-	(0.02)
Basic EPS		1.60	1.17
Diluted EPS from continuing operations		1.58	1.17
Diluted EPS from discontinued operations		-	(0.02)
Diluted EPS		1.58	1.15

Consolidated Statement of Comprehensive Income

in millions of euros, unless otherwise stated		**2014**	**2013**
Comprehensive income			
Profit for the year		474	346
Other comprehensive income			
Items that are or may be reclassified subsequently to the statement of profit or loss:			
Exchange differences on translation of foreign operations		355	(156)
Exchange differences on translation of equity-accounted investees		1	0
Reclassification of foreign exchange differences on loss of control	*Note 8*	-	1
Net gains/(losses) on hedges of net investments in foreign operations		(31)	8
Effective portion of changes in fair value of cash flow hedges		(15)	(17)
Net change in fair value of cash flow hedges reclassified to the statement of profit or loss	*Note 14*	0	38
Items that will not be reclassified to the statement of profit or loss:			
Re-measurements on defined benefit plans	*Note 28*	(45)	32
Income tax on other comprehensive income	*Note 21*	16	(13)
Other comprehensive income/(loss) for the year, net of tax		281	(107)
Total comprehensive income for the year		755	239
Attributable to:			
– Owners of the Company		758	241
– Non-controlling interests		(3)	(2)
Total		755	239

Consolidated Statement of Cash Flows

in millions of euros		**2014**		**2013**	
Cash flows from operating activities					
Profit for the year from continuing operations		474		353	
Adjustments for:					
Financing results	*Note 14*	56		128	
Share of profit of equity-accounted investees, net of tax	*Note 19*	1		1	
Income tax expense	*Note 15*	38		137	
Amortization, impairments, and depreciation	*Note 13*	332		317	
Additions to provisions		32		23	
Fair value changes on contingent considerations	*Note 11*	(4)		(4)	
Book (profit)/loss on divestments of operations	*Note 8*	(12)		(58)	
Share-based payments	*Note 31*	22		14	
Autonomous movements in working capital		4		(22)	
Paid financing costs		(135)		(115)	
Paid corporate income tax	*Note 21*	(116)		(99)	
Appropriation of provisions for restructuring	*Note 29*	(43)		(33)	
Other		(4)		(12)	
Net cash from operating activities			645		630
Cash flows from investing activities					
Capital expenditure		(148)		(148)	
Disposal of discontinued operations, net of cash disposed of		-		(10)	
Acquisition spending, net of cash acquired	*Note 8*	(178)		(192)	
Receipts from divestments, net of tax	*Note 8*	29		63	
Dividends received	*Note 19*	2		2	
Cash from settlement of derivatives		(27)		6	
Net cash used in investing activities			(322)		(279)
Cash flows from financing activities					
Repayment of loans		(977)		(378)	
Proceeds from new loans		668		708	
Collateral paid	*Note 26*	(20)		-	
Repurchased shares	*Note 30*	(25)		(27)	
Dividends paid		(209)		(204)	
Net cash from/(used in) financing activities			(563)		99
Net cash from/(used in) continuing operations			(240)		450

Consolidated Statement of Cash Flows (continued)

in millions of euros, unless otherwise stated		**2014**	**2013**
Net cash from/(used in) continuing operations		(240)	450
Net cash used in discontinued operations		-	(3)
Net cash flow from/(used in) continuing and discontinued operations		(240)	447
Cash and cash equivalents less bank overdrafts at January 1		643	215
Exchange differences on cash and cash equivalents and bank overdrafts		10	(19)
		653	196
Cash and cash equivalents less bank overdrafts at December 31	*Note 24*	413	643
Add: Bank overdrafts at December 31	*Note 26*	122	112
Cash and cash equivalents at December 31	*Note 24*	535	755

Consolidated Statement of Financial Position

in millions of euros, at December 31		**2014**	**2013**
Non-current assets			
Goodwill and intangible assets	Note 17	5,172	4,592
Property, plant, and equipment	Note 18	131	124
Investments in equity-accounted investees	Note 19	17	31
Financial assets	Note 20	15	27
Deferred tax assets	Note 21	85	88
Total non-current assets		5,420	4,862
Current assets			
Inventories	Note 22	120	104
Trade and other receivables	Note 23	1,253	1,110
Income tax receivable	Note 21	39	33
Cash and cash equivalents	Note 24	535	755
Total current assets		1,947	2,002
Current liabilities			
Deferred income		1,375	1,214
Trade and other payables		384	368
Income tax payable	Note 21	41	38
Short-term provisions	Note 29	30	33
Borrowings and bank overdrafts	Note 26	125	117
Short-term bonds	Note 26	-	700
Other current liabilities	Note 25	469	444
Total current liabilities		2,424	2,914
Working capital		(477)	(912)
Capital employed		4,943	3,950

Consolidated Statement of Financial Position (continued)

in millions of euros, at December 31		2014		2013	
Non-current liabilities					
Long-term debt:					
Bonds		1,875		1,479	
Private placements		384		384	
Other long-term loans		45		46	
Total long-term debt	*Note 26*		2,304		1,909
Deferred tax liabilities	*Note 21*		339		321
Employee benefits	*Note 28*		176		126
Provisions	*Note 29*		3		10
Total non-current liabilities			2,822		2,366
Equity					
Issued share capital	*Note 30*	36		36	
Share premium reserve		87		87	
Legal reserves		(7)		(318)	
Other reserves		1,990		1,759	
Equity attributable to the owners of the Company			2,106		1,564
Non-controlling interests	*Note 16*		15		20
Total equity			2,121		1,584
Total financing			4,943		3,950

Consolidated Statement of Changes in Total Equity

in millions of euros			Legal reserves			Other reserves				
	Issued share capital	Share premium reserve	Legal reserve participations	Hedge reserve	Translation reserve	Treasury shares	Retained earnings	Shareholders' equity	Non-controlling interests	Total equity
Balance at January 1, 2013	36	87	44	(98)	(171)	(85)	1,725	1,538	20	1,558
Total comprehensive income/ (loss) for the year 2013				29	(152)		364	241	(2)	239
Transactions with owners of the Company, recognized directly in equity										
Share-based payments							14	14		14
Tax on share-based payments							(3)	(3)		(3)
Release LTIP shares						17	(17)	0		0
Cash dividend 2012							(204)	(204)	0	(204)
Repurchased shares						(20)	(4)	(24)		(24)
Other movements			30				(28)	2	2	4
Balance at December 31, 2013	36	87	74	(69)	(323)	(88)	1,847	1,564	20	1,584
Total comprehensive income/ (loss) for the year 2014				(48)	360		446	758	(3)	755
Transactions with owners of the Company, recognized directly in equity										
Share-based payments							22	22		22
Tax on share-based payments							(6)	(6)		(6)
Release LTIP shares						17	(17)	0		0
Cash dividend 2013							(207)	(207)	(2)	(209)
Repurchased shares						(25)		(25)		(25)
Other movements			(1)				1	0	0	0
Balance at December 31, 2014	36	87	73	(117)	37	(96)	2,086	2,106	15	2,121

Notes to the Consolidated Financial Statements

Note 1 – General and Basis of Preparation

General

Reporting entity
Wolters Kluwer nv ('the Company') with its subsidiaries (together 'the Group') is a global leader in professional information services. Professionals in the areas of legal, business, tax, accounting, finance, audit, risk, compliance and healthcare rely on Wolters Kluwer's market leading information-enabled tools and software solutions to manage their business efficiently, deliver results to their clients, and succeed in an ever more dynamic world.

The Group maintains operations across Europe, North America, Asia Pacific, and Latin and South America. The Company is headquartered in Alphen aan den Rijn, the Netherlands. The Company's ordinary shares are quoted on the Euronext Amsterdam (WKL) and are included in the AEX and Euronext 100 indices.

Statement of compliance
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations, prevailing per December 31, 2014, as endorsed for use in the European Union by the European Commission. These financial statements were authorized for issue by the Executive Board and Supervisory Board on February 17, 2015.

Consolidated financial statements
The consolidated financial statements of the Company at and for the year ended December 31, 2014, comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities') and the Group's interest in associates and jointly controlled entities. The significant accounting policies applied in the preparation of these consolidated financial statements are set out in Note 2, Significant Accounting Policies. These policies have been consistently applied by the Group entities.

A list of participations has been filed with the Chamber of Commerce in The Hague, the Netherlands and is available from the Company upon request.

In conformity with article 402, Book 2 of the Dutch Civil Code, a condensed statement of profit or loss is included in the separate financial statements of Wolters Kluwer nv.

Basis of preparation

Basis of measurement
The consolidated financial statements have been prepared under historical cost except for the following material items in the statement of financial position:
- those financial assets and those financial liabilities (including derivative financial instruments) recognized at their fair value or their amortized costs;
- share-based payments; and
- net defined employee benefit asset/liability.

Functional and presentation currency
The consolidated financial statements are presented in euro, which is the Company's functional and presentation currency. Unless otherwise indicated the financial information in these financial statements is in euro and has been rounded to the nearest million.

Use of estimates and judgments
The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of income and expense. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of

making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Judgments made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 3.

Comparatives

Where necessary, certain reclassifications have been made to the prior year financial information and the notes thereto to conform to the current year presentation and to improve insights.

Effect of new accounting standards

Except for the EU endorsed amendments below, the Group has consistently applied the accounting policies set out in Note 2 to all periods presented in these consolidated financial statements.

The Group has adopted the amendments to the following standards: IAS 32 – Financial Instruments: Presentation; IAS 36 – Impairment of Assets; IAS 39 – Financial Instruments: Recognition and Measurement; IFRS 10 – Consolidated Financial Statements; IFRS 11 – Joint Arrangements; and IAS 27 – Separate Financial Statements.

Effect of forthcoming accounting standards

A number of new standards and amendments are not yet effective for the year ended December 31, 2014, and have not been adopted earlier in preparing these consolidated financial statements.

IFRS 9 – Financial Instruments

IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. IFRS 9 is effective on or after January 1, 2018.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 establishes a single comprehensive framework for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 – Revenue, IAS 11 – Construction Contracts, and the related interpretations when it becomes effective. IFRS 15 is effective on or after January 1, 2017.

The Group is currently assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9 and IFRS 15.

Note 2 – Significant Accounting Policies

Except for changes explained in Note 1, the Group has consistently applied the following significant accounting policies to all periods presented in these consolidated financial statements.

Basis of consolidation

Subsidiaries

Subsidiaries are all entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Equity-accounted investees

Equity-accounted investees comprise interests in associates and joint ventures.

Associates are those entities in which the Group has significant influence but not control over the financial and operating policies, generally accompanying a shareholding of between 20% and 50% of the voting rights. A joint venture is an arrangement in which the Group has joined control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method of accounting and are initially recognized at cost, which includes transaction costs. Associates are recognized from the date on which the Group has significant influence, and recognition ceases the date the Group has no significant influence over an associate. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition. Joint ventures are

recognized from the date that joint control commences, and recognition ceases the date the Group has no longer joint control over a joint venture.

When an interest in an associate is increased to a controlling interest, the equity interest previously held which qualified as an associate is treated as if it were disposed of and reacquired at fair value on the acquisition date. Accordingly, it is re-measured to its acquisition date fair value, and any resulting gain or loss compared to its carrying amount is recognized in profit or loss. Any amount that has previously been recognized in other comprehensive income, and that would be reclassified to profit or loss following a disposal, is similarly reclassified to profit or loss.

Loss of control
On loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss.

If the Group retains any equity interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently the remaining interest is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Transactions eliminated on consolidation
Intra-group balances and transactions, and income and expenses, and any unrealized gains and losses arising from transactions between Group companies are eliminated in preparing the consolidated financial statements. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Unrealized gains arising from transactions between the Group and its equity-accounted investees and joint ventures are eliminated to the extent of the Group's interest in the equity-accounted investees and joint ventures.

Foreign currency
Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the Group entities operate (the functional currency). The consolidated financial statements are presented in euros, which is the Group's presentation currency.

Main currency exchange rates

rates to the euro	2014	2013
U.S. Dollar (at Dec 31)	1.21	1.38
U.S. Dollar (average)	1.33	1.33

Foreign currency transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

However, foreign currency differences arising on the following items are recognized in other comprehensive income:
– qualifying cash flow hedges to the extent that the hedge is effective;
– available-for-sale equity investments (except for impairment); and
– qualifying net investment hedges in foreign operations to the extent the hedge is effective.

Non-monetary assets and liabilities in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the transaction date. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at foreign exchange rates prevailing at the dates the fair value was determined.

Foreign operations
The assets and liabilities of Group companies, including goodwill and fair value adjustments arising from consolidation, are translated to euros at foreign exchange rates prevailing at the end of the reporting period. Income and expenses of Group companies are translated to euros at exchange rates at the dates of the transactions. All resulting exchange differences are recognized in the currency translation reserve as a component of other comprehensive income.

When a foreign Group company is disposed of, exchange differences that were recorded in other comprehensive income prior to the sale are reclassified through profit or loss as part of the gain or loss on disposal.

Net investment in foreign operations
Net investment in foreign operations includes equity financing and long-term intercompany loans for which settlement is neither planned nor likely to occur in the foreseeable future. Exchange rate differences arising from the translation of the net investment in foreign operations, and of related hedges, are taken to the currency translation reserve in other comprehensive income.

Business combinations
Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in financing results.

Goodwill
The Group measures goodwill at the acquisition date as the sum of the fair value of the consideration transferred and the recognized amount of any non-controlling interests in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed. If the business is acquired in stages, the fair value of the existing equity interest in the acquiree is also included in the determination of goodwill. When the excess is negative, a bargain purchase is recognized immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Cost related to acquisitions, other than those associated with the cost of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable (like earn-out arrangements) is recognized at fair value at the acquisition date.

Non-controlling interests
Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized as a result of those transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.
Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Principles for the determination and presentation of results

Revenues
Revenues represent the revenues billed to third parties net of value-added tax and discounts. Shipping and handling fees billed to customers are included in revenues.

Revenues related to subscriptions are recognized over the period in which the items are dispatched and/or made available online, when the items involved are similar in value over time. Subscription income received or receivable in advance of the delivery of services or publications is included in deferred income.

License fees paid for the use of the Group's software products and/or services are recognized in accordance with the substance of the agreement. Normally this is on a straight-line basis. In case of a transfer of rights, which permits the licensee to exploit those rights freely and the Group as a licensor has no remaining obligations to perform subsequent to delivery, revenue is recognized at the time of the sale.

Related implementation fees are normally recognized as revenues by reference to the stage of completion of the implementation.

If the Group acts as an agent, whereby the Group sells goods or services on behalf of a principal, the Group recognizes as revenues the amount of the commission.

Goods
Revenue from the sale of goods is recognized upon shipment and transfer of the significant risks and rewards of ownership to the customer, provided that the ultimate collectability and final acceptance by the customer is reasonably assured. Revenue from the sale of goods is recognized net of estimated returns for which the Group has recognized a provision based on previous experience and other relevant factors.
If returns on a product category exceed a threshold it is assumed that the transfer of the ownership of the product has only occurred upon receipt of payment from the customer.

Services
Revenue from the sale of services is recognized on a straight-line basis over the specified period, unless there is evidence that some other method better represents the stage of completion of the service at the end of the reporting period.

Bundled products
In case a product consists of a combination of multiple good(s) and/or service(s) (bundled product) the entity will estimate the fair value of the individual contract obligations and recognize each obligation at the moment of delivery.

Cost of sales
Cost of sales comprises directly attributable costs of goods and services sold.

For digital products and services these costs include data maintenance, hosting, royalties, product support, personnel cost, subcontracted work, training, and other costs incurred to support and maintain the products, applications, and services.

For print products these costs comprise of cost for paper, printing and binding, royalties, personnel cost, subcontracted work, and other incurred costs.

General and administrative costs
General and administrative costs include costs that are neither directly attributable to cost of sales nor to sales costs (sales and marketing activities). This includes costs such as product development cost, information technology cost, general overhead, and amortization of publishing rights and impairments of goodwill and publishing rights.

Other operating income and expense
Other operating income and expense relate to items which are different in their nature or frequency from operating items. They include results on divestments (including direct attributable divestment costs), additions to provisions for restructuring of stranded costs following divestments, acquisitions costs, additions to acquisition integration provisions, and subsequent fair value changes on contingent considerations.

Financing results
Financing results comprise interest payable/receivable on loans and borrowings for the period, calculated using the effective interest rate method, interest receivable on funds invested, divestment results of equity-accounted investees, dividend income on available-for-sale investments, gain or loss on the sale of financial assets classified as available-for-sale, impairments of financial assets (other than receivables), financing income or costs resulting from defined benefit plans, foreign exchange gains and losses on financial assets and liabilities, and gains and losses on hedging instruments that are recognized in profit or loss.

Share-based payments
The Group's Long-Term Incentive Plan (LTIP) qualifies as an equity-settled share-based payments transaction. The fair value of shares awarded is recognized as an expense with a corresponding increase in equity. The fair value is measured at the grant date and spread over the period during which the employees become unconditionally entitled to the shares. The amount recognized as an expense is adjusted for the actual forfeitures due to participants' resignation before the vesting date.

Total Shareholder Return ('TSR') condition
The fair value of the shares based on the TSR performance condition, a market condition under IFRS 2, is measured using a Monte Carlo simulation model, taking into account the terms and conditions upon which the shares were awarded.

Earnings Per Share ('EPS') condition
The fair value of the shares based on the non-market performance EPS condition is equal to the opening share price of the Wolters Kluwer shares in the year at the grant date, adjusted by the present value of the future dividend payments during the three years' performance period.

The amount recognized as an expense in a year is adjusted to reflect the number of shares awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market conditions at the vesting date.

Operating segments
An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses. All operating segments are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Operating segments are reported in a manner consistent with the internal financial reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Board.

Segment results reported to the Executive Board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly of corporate assets and liabilities, corporate office expenses, and income tax assets and liabilities.

Operating segments that do not meet the quantitative thresholds and that have similar economic characteristics have been aggregated into a single reportable segment.

Principles underlying the statement of cash flows

Cash flows from operating activities

Cash flows from operating activities are calculated by the indirect method, by adjusting the consolidated profit for the year from continuing operations for items and expenses that are not cash flows and for autonomous movements in operating working capital (excluding impact from acquisitions and foreign currency differences). Cash payments to employees and suppliers are recognized as cash flow from operating activities. Cash flows from operating activities also include paid financing costs of operating activities, acquisition and divestment related costs, spending on restructuring provisions and income taxes paid on operating activities.

Cash flows from investing activities

Cash flows from investing activities are those arising from net capital expenditure, from the acquisition and sale of subsidiaries and business activities, net of tax. Net acquisition spending excludes acquisition related costs which are included in cash flows from operating activities. Cash and cash equivalents available at the time of acquisition or sale are deducted from the related payments or proceeds.

Net capital expenditure is the balance of purchases of property, plant, and equipment less book value of disposals and expenditure on other intangible assets less book value of disposals.

Dividends received relate to dividends received from equity-accounted investees and investments available-for-sale.

Cash receipts and payments from derivative financial instruments are classified in the same manner as the cash flows of the hedged items. The Group has primarily used derivatives for the purpose of hedging its net investments in the United States. As a result, cash receipts and payments from settlement from derivatives are classified under cash flows from investing activities.

Cash flows from financing activities

The cash flows from financing activities comprise the cash receipts and payments from issued and repurchased shares, dividends paid, and debt instruments. Cash flows from short-term financing are also included. Dividends paid relate to dividends paid to the owners of the Company and the non-controlling interests.

Bank overdrafts repayable on demand are included as cash and cash equivalents in the statement of cash flows to the extent that they form an integral part of the Group's cash management. However, in the statement of financial position, the bank overdrafts are presented separately as the offsetting criteria are not met.

Cash flows from discontinued operations

Cash flows from discontinued operations comprise the cash receipts and payments from discontinued operations.

Principles of valuation and presentation of assets and liabilities

Goodwill, acquired publishing rights, and other intangible assets

Goodwill

Goodwill recognized for acquisitions represents the consideration made by the Group in anticipation of the future economic benefits from assets that are not capable of being individually identified and separately recognized. This includes, amongst others, expected synergies, skilled workforce, new customers expected to be attracted who generate revenue streams in the future, revenues generated by future completely new versions of software, and the possibility to have an immediate significant presence in the markets through an existing customer base, that can be levered by the Group for other products and services.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is carried at cost less any accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill allocated to the entity that is sold.

Goodwill acquired in a business combination is not amortized. Instead, the goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Acquired publishing rights
Publishing rights acquired through business combinations consist of:
- Customer relationships: subscriber accounts, other customer relationships;
- Technology: databases, software, product technology;
- Trademarks and titles: trademarks, imprints, product titles, copyrights;
- Favorable purchase agreements; and
- Other: license agreements, non-compete covenants.

The fair value of the acquired publishing rights is computed at the time of the acquisition applying one of the following methods:
- Relief from royalty approach: this approach assumes that if the publishing right was not owned, it would be acquired through a royalty agreement. The value of actually owning the asset equals the benefits from not having to pay royalty fees;
- Multi-period excess earnings method: under this approach, cash flows associated with the specific publishing right are determined. Contributory charges of other assets that are being used to generate the cash flows are deducted from these cash flows. The net cash flows are discounted to arrive at the value of the asset; or
- Cost method: the cost method reflects the accumulated cost that would currently be required to replace the asset.

Publishing rights are stated at cost less accumulated amortization and any impairment losses and are amortized over their estimated useful economic life, applying the straight-line method. The useful life of the publishing rights is deemed finite, reflecting management's assessment of the life of the assets, usually supported by outside valuation experts, and taking into account the impact of technological change and changes in the marketplace. If, and to the extent that, publishing rights are considered to be impaired in value, this is immediately charged to profit or loss as impairment.

The estimated useful life for publishing rights is 5 to 20 years.

Other intangible assets
Other intangible assets mainly relate to purchased and self-constructed information systems and software that is valued at cost less accumulated amortization and any impairment losses. Capitalized software is amortized using the straight-line method over the economic life of the software. If, and to the extent that, the assets are considered to be impaired in value, this is immediately recognized in profit or loss as impairment.

An intangible asset arising from development or the development phase of an internal project is recognized if, and only if, the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale and it complies with the following other requirements: the intention to complete the development project; the ability to sell or use the product; demonstration of how the product will yield probable future economic benefits; the availability of adequate technical, financial, and other resources to complete the project; and the ability to reliably measure the expenditure attributable to the project.

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

The estimated useful life for other intangible assets is 3 to 10 years.

Impairment
The carrying amounts of the Group's non-current assets other than deferred tax assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated. Irrespective of whether there is any indication of impairment, the Group also: (1) tests goodwill and publishing rights acquired in a business combination for impairment annually; and (2) tests an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss immediately. The recoverable amount of an asset or cash-generating unit is the greater of its fair value less cost of disposal and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or Cash Generating Unit (CGU). For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the Group will estimate the recoverable amount of that asset.

Financial instruments

Financial instruments comprise:

- Non-derivative financial assets and liabilities: investments, other receivables, trade and other receivables, cash and cash equivalents, borrowings and bank overdrafts, other current liabilities (excluding derivative financial instruments), and long-term debt;
- Derivative financial assets and liabilities: (cross-currency) interest rate swaps and forward contracts.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability. The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expired.

Non-derivative financial assets and liabilities

The Group initially recognizes financial assets and liabilities on the date that they are originated. All other financial assets and liabilities are recognized initially on the trade date, which is the date that the Group becomes a party to the contractual provision of the instrument.

Non-derivative financial assets

a) Loans and receivables

Loans and receivables comprise trade and other receivables, and non-current other receivables, and are measured at amortized cost, less accumulated impairment.

The Group considers evidence of impairment of loans and receivables at both a specific and collective level. All individually significant receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested historical trends. An impairment loss in respect to a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. When an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

b) Available-for-sale financial assets

Available-for-sale financial assets comprise only non-current investments.

Available-for-sale financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, available-for-sale financial assets are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income and presented in fair value differences on available-for-sale financial assets. When an investment is derecognized, the gain or loss accumulated in other comprehensive income is reclassified to profit or loss. When the fair value of equity instruments cannot be reliably determined, the available-for-sale financial assets are valued at cost. Dividends and other gains related to available-for-sale investments are recognized as financing income in the statement of profit or loss.

At the end of each reporting period the Group determines whether there is any indication of impairment. Impairment losses on available-for-sale financial assets are recognized by reclassifying accumulated fair value changes in other comprehensive income to profit or loss. The amount reclassified is the difference between the acquisition cost and the current fair value, less any impairment loss previously recognized in profit or loss.

Non-derivative financial liabilities
Non-derivative financial liabilities comprise long-term debt (such as bond loans and other loans from credit institutions), trade and other payables, borrowings and bank overdrafts, and other current liabilities (excluding derivative financial instruments).

Non-derivative financial liabilities measured at amortized cost
The Group initially recognizes non-derivative financial liabilities at fair value less any direct attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost with any difference between cost and redemption value being recognized in profit or loss over the period of the borrowings, using the effective interest method.

Non-derivative financial liabilities designated at fair value through profit or loss
Non-derivative financial liabilities designated at fair value through profit or loss comprise contingent considerations and are measured at fair value. Changes therein are recognized in profit or loss.

Derivative financial instruments and hedging activities
The Group holds derivative financial instruments to hedge risk exposures.

Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and if so, the nature of the item being hedged. The Group designates certain derivatives as either: hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge); or hedges of a net investment in a foreign operation (net investment hedge).

The fair value of derivative financial instruments is classified as a non-current asset or long-term debt if the remaining maturity of the derivative financial instrument is more than 12 months and as a current asset or liability if the remaining maturity of the derivative financial instrument is less than 12 months after the end of the reporting period.

Cash flow hedge
The effective part of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in other comprehensive income and accumulated under the heading of effective portion of changes in fair value of cash flow hedges. The gain or loss relating to the ineffective part is recognized in profit or loss within financing income or costs. Amounts accumulated in other comprehensive income are reclassified to profit or loss in the same periods the hedged item affects the statement of profit or loss. The gain or loss relating to the effective part of derivative financial instruments is recognized in profit or loss within the line where the result from the hedged transaction is recognized.

When a hedging instrument matures or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income and is recognized when the hedged transaction is ultimately recognized in profit or loss. When a hedged transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is reclassified from other comprehensive income to profit or loss.

Net investment hedge
Fair value changes of derivative financial instruments that are used to hedge the net investment in foreign

operations, which are determined to be an effective hedge, are recognized directly in other comprehensive income in the translation reserve. The ineffective part is recognized in profit or loss within financing income or costs. Gains and losses accumulated in other comprehensive income are included in profit or loss when the foreign operation is disposed of. If a hedging relationship is terminated and the derivative financial instrument is not sold, future changes in its fair value are recognized in profit or loss.

Derivatives that do not qualify for hedge accounting
Certain derivatives do not qualify for hedge accounting. Changes in the fair value of any derivative financial instruments that do not qualify for hedge accounting are recognized in profit or loss within financing income or costs.

Deferred income
Deferred income represents the part of the amount invoiced to customers that has not yet met the criteria for revenue recognition and thus still has to be earned as revenues by means of the delivery of goods and services in the future. Deferred income is recognized at its nominal value.

Taxation
Income tax on the result for the year comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to business combinations and/or items directly recognized in equity or other comprehensive income.

Current tax is the expected tax payable or tax receivable on the taxable income for the year, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable or tax receivable in respect of previous years.

The Group recognizes deferred tax liabilities for all taxable temporary differences between the carrying amounts of assets or liabilities in the balance sheet for financial reporting purposes and their tax base for taxation purposes.
Deferred tax liabilities are not recognized for temporary differences arising on:
- the initial recognition of goodwill;
- investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- the initial recognition of an asset or liability in a transaction, which is not a business combination and that at the time of the transaction affects neither accounting profit nor taxable profit.

A deferred tax asset is recognized for deductible temporary differences and for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which these can be utilized. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period. The effect of changes in tax rates on the deferred taxation is recognized in profit or loss if, and to the extent that, this provision was originally formed as a charge to profit or loss.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Employee benefits
The Group has arranged pension schemes in various countries for most of its employees in accordance with the legal requirements, customs, and the local situation of the countries involved. These pension schemes are partly managed by the Group itself and partly entrusted to external entities, such as industry pension funds, company pension funds, and insurance companies. In addition, the Group also provides certain employees with other benefits upon retirement. These benefits include contributions towards medical health plans in the United States, where the employer refunds part of the insurance premium for retirees, or, in the case of uninsured schemes, bears the medical expenses while deducting the participants' contributions.

Defined contribution plans
Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in profit or loss in the period during which services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or reduction in future payment is available.

Defined benefit plans
The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount, and deducting the fair value of any plan assets. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contribution to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurements of the net defined benefit liability/asset, which comprise actuarial gains and losses, the return on plan assets (excluding interest), and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Group determines the net interest expense/(income) on the net defined benefit liability/asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability/asset, taking into account any changes in the net defined benefit liability/asset during the period resulting from contributions and benefit payments. Net interest expense and other expense, like fund administration costs, related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in the defined benefits that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs. A curtailment occurs when an entity significantly reduces the number of employees covered by a plan. A curtailment may arise from an isolated event, such as disposal or restructuring, discontinuance of an operation or termination, or suspension of a plan. Amendments to the terms of a defined benefit plan will be considered plan amendments and will be fully accounted for as past service costs.

Long-term service benefits
The Group's net obligation in respect of long-term service benefits, such as jubilee benefits, is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value, and the fair value of any related assets is deducted.

The discount rate is the yield rate at the end of the reporting period on high-quality corporate bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary.

The Group recognizes all re-measurement gains and losses arising from defined benefit plans immediately in the period in which they occur in other comprehensive income. All expenses related to defined benefit plans are presented in the statement of profit or loss.

Termination benefits
Termination benefits are recognized as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as result of an offer made to encourage voluntary redundancy.

Short-term benefits
Short-term employee benefits obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under the short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Provisions
A provision is recognized when: (1) the Group has a present legal or constructive obligation as a result of a past event; (2) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (3) the amount of the obligation can be reliably estimated.

Restructuring
The provision for restructuring relates to provisions for integration of activities, including acquisitions, and other substantial changes of the organizational structure and onerous contracts. A provision for restructuring is recognized only when the aforementioned general recognition criteria are met.

A constructive obligation to restructure arises only when the Group has a detailed formal plan for the restructuring and has raised a valid expectation to those affected that it will carry out restructuring by starting to implement that plan or announcing its main features to those affected by it.

Onerous contracts
A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected costs of terminating the contract and the expected net cost of continuing with the contract.

The short-term commitments relating to expected spending due within one year are presented under other current liabilities.

Shareholders' equity

Ordinary shares
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

Preference shares
Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary.

Repurchase and reissue of share capital (treasury shares)
When share capital recognized as equity is repurchased (treasury shares), the amount of the consideration paid, including directly attributable costs, is recognized as a change in equity.

Dividend
Dividends are recognized as a liability upon being declared.

Non-controlling interests
Non-controlling interests are the portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the Group. Losses applicable to the non-controlling interest in a subsidiary are allocated to the non-controlling interest even if this causes the non-controlling interest to have a debit balance.

Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit and loss attributable to ordinary shareholders of the Company, by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held ('treasury shares'). Diluted earnings per share is determined by adjusting the profit and loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares, for the effects of all dilutive potential ordinary shares which comprise LTIP-shares granted.

Note 3 – Accounting Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expense. Actual results may differ from those estimates, and may result in material adjustments within the next financial year(s).

Policies that are critical for the presentation of the financial position and financial performance of the Group and that require estimates and judgments are summarized in this note.

Revenue recognition
Revenue recognition requires estimates and judgments as far as it relates to estimating expected returns from customers and non-renewed orders. The Group recognizes a provision for these delivered goods or rendered services based on historical rates. If these rates exceed a certain threshold, revenue is recognized only upon receipt of the payment or the order. Revenue of a combination of goods and services is recognized based on estimates of the fair value of the individual components.

Employee benefits
Wolters Kluwer has material defined benefit pension plans in the Netherlands, U.S., and U.K., and material post-retirement medical plans in the U.S.

The net assets and liabilities of these plans are presented in the balance sheet of the Group. The costs related to these pension plans and post-retirement medical plans are included in profit or loss.

The assets and liabilities as well as the costs are based upon actuarial and economic assumptions. The main economic assumptions are:
– discount rate;
– indexation;
– inflation;
– average increase salaries; and
– medical trend rate.

For actuarial assumptions the Group uses generally accepted mortality rates (longevity risk). The withdrawal rates and retirement rates are based upon statistics provided by the relevant entities based on past experiences.

Capitalized software
Software development costs are capitalized if the Group can demonstrate the technical feasibility of completing the software project so that it will be available for use or sale and if it can demonstrate that the project complies with the following requirements: the intention to complete the development project; the ability to sell or use the end-product; demonstration of how the end-product will yield probable future economic benefits; the availability of adequate technical, financial and other resources to complete the project; and the ability to reliably measure the expenditure attributable to the project (timing of technological developments, technological obsolescence, and competitive pressures).

Capitalized software is amortized using the straight-line method over the economic life of the software, between 3 and 10 years. Capitalization of software is dependent on several assumptions as indicated above. While management has procedures in place to control the software development process, there is uncertainty with regard to the outcome of the development process.

Useful lives of assets
The useful life has to be determined for assets such as publishing rights, other intangible assets, and property, plant, and equipment. The useful lives are estimated based upon best practice within the Group and in line with common market practice. The Group reviews the useful lives of its assets annually.

Valuation and impairment testing intangibles
Upon acquisition, the values of intangible assets acquired are estimated, applying the methodologies as set out under the accounting policies. These calculations are usually performed by the management of the acquiring entity in close cooperation with an external consulting firm. These calculations require estimates like future cash flows, useful life, churn rate, and rate of return. The estimates are based upon best practice within the Group and the methodology applied is in line with normal market practice.

IAS 36 requires goodwill to be carried at cost with impairment reviews both annually and when there are indications that the carrying value of the goodwill may not be recoverable. The impairment reviews require estimates of a discount rate, future cash flows, and a perpetual growth rate. These estimates are made by management that manages the business with which the goodwill is associated. The future cash flows are based on Vision and Strategy Planning (VSP), prepared by management and approved by the Executive Board and cover a five years period.

The fair value of the assets, liabilities, and contingent liabilities of an acquired entity should be measured within 12 months from the acquisition date. For some acquisitions, provisional fair values have been included in the Statement of financial position and final valuation of the identifiable tangible assets is still pending, but will be completed within the 12 months' timeframe. Actual valuation of these assets, liabilities, and contingent liabilities may differ from the provisional valuation.

When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events (earn-out), the Group includes initial recognition at fair value of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably. The measurement will usually be based on estimates of future results of the business combination. Subsequent changes to the fair value are recognized in profit or loss.

Accounting for income taxes
Corporate taxation is calculated on the basis of income before taxation, taking into account the local tax rates and regulations. For each operating entity, the current income tax expense is calculated and differences between the accounting and tax base are determined,

resulting in deferred tax assets or liabilities. These calculations may deviate from the final tax assessments, which will be received in future periods.

A deferred tax asset is recognized for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. Management assesses the probability that taxable profit will be available against which the unused tax losses or unused tax credits can be utilized.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. The assessment relies on estimates and assumptions and may involve series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities. Such changes to tax liabilities will impact the income tax expenses in the statement of profit or loss in the period that such a determination is made.

Legal and judicial proceedings, claims
For legal and judicial proceedings and claims against the Company and its operating entities, a liability is accrued only if an adverse outcome is probable and the amount of the loss can be reasonably estimated. If one of these conditions is not met, the proceeding or claim is disclosed as contingent liability, if material. The actual outcome of a proceeding or claim may differ from the estimated liability, and consequently may affect the actual result. The prediction of the outcome and the assessment of a possible loss by management are based on management's judgments and estimates. Management usually consults lawyers and other specialists for support.

Note 4 – Benchmark Figures

Benchmark figures refer to figures adjusted for non-benchmark items and, where applicable, amortization and impairment of goodwill and publishing rights. Adjusted figures are non-IFRS compliant financial figures, but are internally regarded as key performance indicators to measure the underlying performance of the business from continuing operations. These figures are presented as additional information and do not replace the information in the statements of income and cash flows.

All figures are from continuing operations, unless stated otherwise.

Benchmark figures

	2014	2013	Change in actual currencies (%)	Change in constant currencies (%)
Revenues	3,660	3,565	3	3
Organic revenue growth (%)	2	1		
Adjusted operating profit	768	765	0	0
Adjusted operating profit margin (%)	21.0	21.5		
Adjusted net profit	470	467	1	3
Adjusted net financing costs	(113)	(117)	(3)	(18)
Adjusted free cash flow	516	503	3	1
Cash conversion ratio (%)	100	95		
Return on invested capital (ROIC) (%)	8.5	8.7		
Net debt *Note 26*	1,897	1,988	(5)	
Net-debt-to-EBITDA ratio	2.1	2.2		
Diluted adjusted EPS (€)	1.57	1.56	1	
Diluted adjusted EPS in constant currencies (€)	1.59	1.55		3
Diluted adjusted free cash flow per share (€)	1.72	1.68	2	1

Reconciliation between operating profit and adjusted operating profit

		2014	2013
Operating profit		569	619
Amortization of publishing rights	Note 13	192	185
Non-benchmark items in operating profit	Note 11	7	(39)
Adjusted operating profit		768	765

Reconciliation between total financing results and adjusted net financing costs

		2014	2013
Total financing results	Note 14	(56)	(128)
Non-benchmark items in total financing results	Note 14	(57)	11
Adjusted net financing costs		(113)	(117)

Return on invested capital (ROIC)

	2014	2013
Adjusted operating profit	768	765
Allocated tax	(212)	(211)
Net operating profit after allocated tax (NOPAT)	556	554
Average invested capital	6,525	6,394
ROIC (NOPAT/Average invested capital) (%)	8.5	8.7

Reconciliation between profit for the year and adjusted net profit

		2014	2013
Profit for the year from continuing operations attributable to the owners of the Company (A)		473	352
Amortization of publishing rights and impairments (adjusted for non-controlling interests)		191	183
Tax on amortization and impairments of publishing rights and goodwill (adjusted for non-controlling interests)		(67)	(62)
Tax benefit on previously divested assets	Note 15	(112)	-
Tax impact on consolidation of platform technology		40	-
Non-benchmark items, net of tax		(55)	(6)
Adjusted net profit (B)		470	467

Reconciliation between net cash from operating activities and adjusted free cash flow

		2014	2013
Net cash from operating activities		645	630
Capital expenditure		(148)	(148)
Acquisition related costs	Note 8	11	6
Paid divestment expenses		2	3
Dividends received	Note 19	2	2
Appropriation of Springboard provisions, net of tax		4	10
Adjusted free cash flow (C)		516	503

Per share information

(in €)		2014	2013
Total number of ordinary shares outstanding at December 31 (in millions of shares)	Note 30	295.1	295.3
Weighted average number of ordinary shares (D) (in millions of shares)	Note 6	295.9	295.7
Diluted weighted average number of ordinary shares (E) (in millions of shares)	Note 6	299.9	299.5
Adjusted EPS (B/D)		1.59	1.58
Diluted adjusted EPS (minimum of adjusted EPS and [B/E])		1.57	1.56
Diluted adjusted EPS in constant currencies		1.59	1.55
Basic EPS (A/D)		1.60	1.19
Diluted EPS (minimum of basic EPS and [A/E])		1.58	1.17
Adjusted free cash flow per share (C/D)		1.74	1.70
Diluted adjusted free cash flow per share (minimum of adjusted free cash flow per share and [C/E])		1.72	1.68

Summary of non-benchmark items

		2014	2013
Included in operating profit:			
Other operating income and (expense)	Note 11	(7)	39
Included in total financing results:			
Other finance income/(costs)	Note 14	57	(11)
Total non-benchmark items before tax		50	28
Tax benefit/(expense) on non-benchmark items		5	(22)
Non-benchmark items, net of tax		55	6

Benchmark tax rate

		2014	2013
Income tax expense	Note 15	38	137
Tax benefit on amortization of publishing rights and impairments		67	63
Tax benefit on previously divested assets	Note 15	112	-
Tax impact on consolidation of platform technology		(40)	-
Tax benefit/(expense) on non-benchmark items		5	(22)
Tax on adjusted profit (F)		182	178
Adjusted net profit (B)		470	467
Adjustment for non-controlling interests		2	2
Adjusted profit before tax (G)		654	647
Benchmark tax rate (F/G) (%)		27.6	27.6

Cash conversion ratio

		2014	2013
Adjusted operating profit (H)		768	765
Amortization and impairment of other intangible assets	Note 17	110	101
Depreciation of property, plant, and equipment	Note 18	30	31
Adjusted EBITDA		908	897
Autonomous movements in working capital		4	(22)
Capital expenditure		(148)	(148)
Adjusted operating cash flow (I)		764	727
Cash conversion ratio (I/H) (%)		100	95

Non-benchmark items in operating profit

Non-benchmark items relate to income/expenses arising from circumstances or transactions that, given their size or nature, are clearly distinct from the ordinary activities of the Group and are excluded from the benchmark figures.

Acquisition integration costs

Acquisition integration costs are those one-time non-recurring cost incurred by the Group to integrate activities acquired by business combination and have been included in other operating income and expense in the consolidated statement of profit or loss.

Acquisition related costs

Acquisition related costs are one-time non-recurring cost incurred by the Group resulting from acquisition activities. The acquisition related costs are directly attributable to acquisitions, such as legal fees, broker's cost, and audit fees, and have been included in other operating income and expense in the consolidated statement of profit or loss.

Divestment related results on operations

Divestment related results are event-driven gains and losses incurred by the Group from the sale of activities (subsidiaries and business operations). These results also include related divestment expenses and restructuring of stranded costs and have been included in other operating income and expense in the consolidated statement of profit or loss.

Fair value changes of contingent considerations

Results from changes in fair value of contingent considerations are not considered to be part of the ordinary activities of the Group and have been included

in other operating income and expense in the consolidated statement of profit or loss.

Other non-benchmark items
Non-benchmark items, which cannot be classified in the categories above, relate to income/expenses arising from circumstances or transactions that, given their size or nature, are clearly distinct from the ordinary activities of the Group and are excluded from the benchmark figures.

Non-benchmark items in financing results

Financing component employee benefits
Financing component employee benefits relates to net interest results on the net defined benefit liability/asset of the Group's defined benefit pension plans and other employee benefit plans.

Impairment of investments available-for-sale
Impairment loss on available-for-sale investments is based on fair value calculations.
An impairment loss is recognized when the change in fair value is considered to be significant and prolonged.

Book results and fair value changes on investments available-for-sale
Book results and fair value changes on available-for-sale investments are based on fair value calculations.

Divestments related results on equity-accounted investees
When equity accounting for equity-accounted investees ceases, the Group calculates the book gain or loss as the difference between the sum of the fair value of proceeds, the fair value of retained investment, and any amount reclassified from other comprehensive income less the carrying amount of the investment at the date on which significant influence or joint control is lost.

Revaluation gain or loss on equity-accounted investee following step acquisitions
This item includes revaluation gains or losses on previously held equity-accounted investees in a step acquisition. When an interest in an associate is increased to a controlling interest, the equity interest previously held which qualified as an associate is treated as if it was disposed of and reacquired at fair value on the acquisition date. Accordingly, it is re-measured to fair value at its acquisition date fair value, and any resulting gain or loss compared to its carrying amount is recognized in profit or loss.

Note 5 – Segment Reporting

Segment reporting by division	Legal & Regulatory		Tax & Accounting		Health		Financial & Compliance Services		Corporate		Total continuing operations	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Revenues third parties	1,497	1,447	946	965	816	775	401	378	-	-	3,660	3,565
Cost of sales	498	471	284	296	261	255	130	121	-	-	1,173	1,143
Gross profit	999	976	662	669	555	520	271	257	0	0	2,487	2,422
Sales costs	253	243	179	179	168	164	90	88	-	-	690	674
General and administrative costs	498	468	306	306	220	212	148	136	49	46	1,221	1,168
Total operating expenses	751	711	485	485	388	376	238	224	49	46	1,911	1,842
Other operating income and (expense)	(2)	46	2	(6)	(5)	(4)	0	(3)	(2)	6	(7)	39
Operating profit	246	311	179	178	162	140	33	30	(51)	(40)	569	619
Amortization of publishing rights and impairments	57	48	73	75	30	31	32	31	-	-	192	185
Non-benchmark items in operating profit	2	(46)	(2)	6	5	4	0	3	2	(6)	7	(39)
Adjusted operating profit	305	313	250	259	197	175	65	64	(49)	(46)	768	765
Depreciation and amortization of other intangible assets	53	48	42	41	36	33	9	9	0	0	140	131
Goodwill and publishing rights at December 31	1,509	1,239	1,415	1,294	1,205	1,091	595	569	-	-	4,724	4,193
Capital expenditure	54	48	38	49	49	44	7	7	0	0	148	148
Ultimo number of FTEs	7,527	7,263	5,688	5,842	2,807	2,779	2,415	2,339	112	106	18,549	18,329

Legal & Regulatory and Tax & Accounting include the net effect of the transfer of certain assets in Europe from Tax & Accounting to the Legal & Regulatory division in 2014.

The four global operating divisions are based on strategic customer segments: Legal & Regulatory, Tax & Accounting, Health, and Financial & Compliance Services. This segment information by division is based on the Group's management and internal reporting structure. The Executive Board reviews the financial performance of its segments and the allocation of resources based on revenues and adjusted operating profit. Internal deliveries between the divisions are conducted on an at arm's length basis with terms comparable to transactions with third parties. These revenues are limited and therefore not presented separately and have been eliminated. Costs and capital expenditure incurred on behalf of the segments by Global Shared Services/Global Platform Organization and associated FTEs are allocated. Third parties revenues reported to the Executive Board are measured in a manner consistent with that in the statement of profit or loss.

There are no major customers with a revenue stream that exceeds 10% or more of the Group's total revenues.

Non-current liabilities, including interest-bearing liabilities, are not considered to be segment liabilities but rather are primarily managed by the central treasury and tax function. Working capital is not managed at operating segment level but at country/regional level.

Geographical segments

The geographical information can be summarized as follows:

Geographical information

Revenues were generated in the following regions:	2014		2013	
		%		%
The Netherlands	154	4	167	5
Europe (excluding the Netherlands)	1,219	33	1,220	34
North America	1,999	55	1,924	54
Asia Pacific	222	6	207	6
Rest of the world	66	2	47	1
Total	3,660	100	3,565	100

Total non-current assets per region:	2014		2013	
		%		%
Europe	1,698	31	1,745	36
North America	3,569	66	2,964	61
Asia Pacific	84	2	74	1
Rest of the world	69	1	79	2
Total	5,420	100	4,862	100

Note 6 – Earnings per Share

Basic earnings per share

The calculation of basic earnings per share was based on the profit for the year of €473 million (2013: €345 million) attributable to the ordinary equity holders of the Company, and a weighted average number of ordinary shares outstanding of 295.9 million (2013: 295.7 million), calculated as follows:

Profit for the year attributable to the owners of the Company

	2014	2013
From continuing operations (A)	473	352
From discontinued operations (B)	-	(7)
Profit for the year attributable to the owners of the Company (C)	473	345

Weighted average number of ordinary shares

in millions of shares		2014	2013
Outstanding ordinary shares at January 1	*Note 30*	301.9	301.9
Effect of issued shares		-	-
Effect of repurchased shares		(6.0)	(6.2)
Weighted average number of ordinary shares (D) for the year		295.9	295.7
Basic EPS from continuing operations (€) (A/D)		1.60	1.19
Basic EPS from discontinued operations (€) (B/D)		-	(0.02)
Basic EPS (€) (C/D)		1.60	1.17

Diluted earnings per share

The calculation of diluted earnings per share was based on the profit for the year of €473 million (2013: €345 million) attributable to the ordinary equity holders of the Company, and a diluted weighted average number of ordinary shares outstanding of 299.9 million (2013: 299.5 million), after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

Diluted weighted average number of ordinary shares

in millions of shares	2014	2013
Weighted average number of ordinary shares (D)	295.9	295.7
Long-Term Incentive Plan	4.0	3.8
Diluted weighted average number of ordinary shares (E) for the year	299.9	299.5
Diluted EPS from continuing operations (€) (minimum of basic EPS and [A/E])	1.58	1.17
Diluted EPS from discontinued operations (€) (minimum of basic EPS and [B/E])	-	(0.02)
Diluted EPS (€) (minimum of basic EPS and [C/E])	1.58	1.15

Note 7 – Discontinued Operations

In 2013, Wolters Kluwer substantially completed the sale of its pharma business. As of 2011 this planned sale was presented as discontinued operations.

Profit/(loss) from discontinued operations in 2014 was nil (2013: loss of €7 million) and was fully attributable to the Owners of the Company.

Note 8 – Acquisitions and Divestments

In 2014, the following significant acquisitions were completed:

On January 3, 2014, Wolters Kluwer Financial & Compliance Services acquired 100% of the shares of Financial Tools, Inc., the provider of CASH Suite, an enterprise-wide financial analysis and credit risk management solution for U.S. commercial lenders. Financial Tools has approximately 30 employees.

On April 7, 2014, Wolters Kluwer Legal & Regulatory completed the acquisition of 62% of the shares of Third Coast Holdings, Inc. which it did not already own. Third Coast Holdings is the parent company of Datacert, one of the world's leading providers of enterprise legal management solutions, including legal billing and matter management solutions, serving corporate general counsel and law firms. Datacert serves more than 120 corporations in over 140 countries and has approximately 330 employees. The purchase price consideration for 100% of the shares was €230 million, of which €142 million was paid in cash for the part of the shares which Wolters Kluwer did not already own. The entity had annual revenues of €49 million in 2014.

On September 1, 2014, Wolters Kluwer Legal & Regulatory completed the acquisition of LexisNexis legal business in Poland and simultaneously the divestment of its Canadian legal publishing activities. The acquisition extends Wolters Kluwer's portfolio of high-quality digital information offerings for the Polish law firm, government, and corporate segments.

On September 16, 2014, Wolters Kluwer Tax & Accounting completed the acquisition of Dingxin Chuangzhi, a leading Chinese audit software provider for professional accounting firms, based in Beijing. The acquisition aligns with Wolters Kluwer's strategy to expand its leading, high growth position in tax and accounting software and broadens the existing Wolters Kluwer China tax and accounting product portfolio. Dingxin Chuangzhi has 50 employees and serves over 1,000 clients in the Greater China region.

Acquisition spending

Total acquisition spending in 2014 was €178 million (2013: €192 million) including deferred and contingent consideration payments of €18 million (2013: €2 million). Acquisition related costs amounted to €11 million in 2014 (2013: €6 million).

The goodwill recorded in connection with the 2014 acquisitions represents future economic benefits specific to Wolters Kluwer arising from assets that do not qualify for separate recognition as intangible assets. This includes, amongst others, expected synergies, skilled workforce, new customers expected to be attracted who generate revenue streams in the future, revenues generated by future completely new versions of software, and the possibility to have an immediate significant presence in the markets through an existing customer base, that can be levered by Wolters Kluwer for other products and services.

The goodwill recognized in 2014 included no goodwill that is deductible for income tax purposes (2013: €7 million).

The following tables provide information in aggregate for all business combinations in 2014.

Acquisitions

		Carrying amount	Fair value adjustments	2014 Recognized values	2013 Recognized values
Consideration payable in cash				178	202
Fair value of previously held equity-accounted investee	*Note 19*			88	3
Non-controlling interests				0	3
Deferred and contingent considerations:					
Non-current				3	15
Current				3	18
Total consideration				272	241
Intangible assets		0	220	220	169
Other non-current assets		3	-	3	2
Trade and other receivables		11	-	11	8
Other current assets		22	-	22	14
Deferred income		(24)	-	(24)	(9)
Other current liabilities		(11)	-	(11)	(8)
Deferred tax liability		0	(76)	(76)	(53)
Fair value of net identifiable assets and (liabilities)		1	144	145	123
Goodwill on acquisitions	*Note 17*			127	118
Cash effect of acquisitions:					
Consideration payable in cash				178	202
Cash acquired				(18)	(12)
Deferred and contingent considerations paid				18	2
Acquisition spending, net of cash acquired				178	192

Contribution of acquisitions

	Revenues	Adjusted operating profit	Profit for the year
Totals excluding the impact of 2014 acquisitions	3,606	753	473
Contribution of 2014 acquisitions	54	15	0
Totals for the year 2014	3,660	768	473
Pro-forma contribution of 2014 acquisitions for the period January 1, 2014, up to acquisition date	22	3	(2)
Pro-forma totals for the year 2014	3,682	771	471

The above (unaudited) pro-forma information does not purport to represent what the actual results would have been had the acquisitions actually been concluded on January 1, 2014, nor is the information necessarily indicative for future results of the acquired operations.

In determining the contributions by the acquisitions, management has assumed that the fair value adjustments that arose on the date of the acquisition would have been the same as if acquisition had occurred on January 1, 2014.

Contingent considerations
The acquisitions completed in 2014 resulted in a maximum undiscounted contingent consideration of €9 million. The fair values of the 2014 contingent considerations amount to €3 million at December 31, 2014.

Provisional fair value accounting
The fair value of the identifiable assets and liabilities of certain acquisitions could only be determined provisionally and will be subject to change based on the outcome of the purchase price allocation in 2015. The acquisition accounting will be revised if new information, obtained within one year from acquisition date about facts and circumstances that existed at the acquisition date, identifies adjustments to the above amounts, or for any additional provisions that existed at the acquisition date. Subsequent changes in purchase price accounting for 2013 acquisitions were not material. Reference is made to Note 17.

Divestments related results on operations, equity-accounted investees, and investments available-for-sale

		2014	2013
Divestments of operations:			
Consideration receivable in cash		11	59
Consideration receivable		11	59
Non-current assets		2	15
Current assets		0	2
Current liabilities		(3)	(11)
Provision for restructuring commitments		-	(2)
Deferred tax liability		-	(1)
Non-controlling interests		-	(1)
Net identifiable assets and (liabilities)		(1)	2
Reclassification of foreign exchange gain/(loss) on loss of control, recognized in other comprehensive income		-	1
Book profit/(loss) on divestments of operations		12	58
Divestment expenses		(2)	(3)
Curtailment gain on employee benefits		-	1
Restructuring of stranded costs following divestments		-	(9)
Divestment related results included in other operating income and (expense)	*Note 11*	10	47
Divestments of equity-accounted investees and investments available-for-sale:			
Consideration receivable in cash		-	35
Fair value of equity-accounted investee previously held		88	-
Carrying value of equity-accounted investee	*Note 19*	(12)	(23)
Carrying value of investment available-for-sale	*Note 20*	(14)	-
Divestment related results included in total financing results	*Note 14*	62	12
Cash effect of divestments			
Consideration receivable in cash		11	94
Received/(paid) corporate income tax	*Note 21*	18	(31)
Receipts from divestments, net of tax		29	63

In 2014, the Group gave up the 38% stake in Datacert, with a carrying value of €12 million, previously held as an equity-accounted investee, as part of the step acquisition into a 100% ownership. The fair value of this equity interest immediately before acquisition date was €88 million. The (non-cash) revaluation gain of €76 million on the 38% interest was triggered by the purchase of the remaining 62% in April, 2014, and is recognized in financing results.

On September 1, 2014, Wolters Kluwer Legal & Regulatory completed the divestment of its Canadian legal publishing activities. The Canadian legal assets sold include print and digital information products for law firms, corporate counsel, and human resources professionals.

The corporate income tax received in 2014 mainly relates to the reduction in tax payments related to previously divested assets.

In 2013, other operating income and expense included a total book gain of €47 million on the divestment of Best Case Solutions, next to a number of smaller disposals in the Netherlands and Denmark. A restructuring provision of €9 million related to committed programs to eliminate stranded costs associated with the divested business in the Netherlands was formed.

In addition, the 2013 financing result included a book gain on the sale of an equity-accounted investee, AccessData, in the Unites States.

Note 9 – Sales Costs

	2014	2013
Marketing and promotion costs	191	195
Sales related costs	410	386
Customer support costs	69	81
Changes in bad debt provisions	20	12
Total	690	674

Sales related costs relate to direct internal personnel expenses and direct external costs incurred for marketing and sales activities.

The sales costs increased mainly due to investments in personnel and marketing to support improving organic growth, acquisitions, and on increasing the strength of the sales force and developing sales channels.

The increase in changes in bad debt provisions mainly resulted from bankruptcies of certain wholesalers in Belgium and the Netherlands in 2014.

Note 10 – General and Administrative Costs

		2014	2013
Publishing and editorial costs		254	247
General and administrative operating expenses		775	736
Amortization of publishing rights	*Note 13*	192	185
Total		1,221	1,168

General and administrative costs were largely impacted by restructuring costs and investments in product development, and the net impact of acquisitions/divestments offset by cost containment programs in personnel and facilities.

Note 11 – Other Operating Income and (Expense)

		2014	2013
Divestment related results	Note 8	10	47
Additions to acquisition integration provisions	Note 29	(5)	(6)
Transactional tax on internal restructuring		(5)	-
Acquisition related costs	Note 8	(11)	(6)
Fair value changes contingent considerations	Note 27	4	4
Total other operating income and (expense)		(7)	39

Note 12 – Personnel Expenses

		2014	2013
Salaries and wages		1,205	1,166
Social security charges		162	158
Costs of defined contribution plans		46	46
Expenses related to defined benefit plans	Note 28	7	9
Equity-settled share-based payment transactions	Note 31	22	14
Total		1,442	1,393
Employees			
Headcount at December 31		19,266	19,054
In full-time equivalents at December 31		18,549	18,329
In full-time equivalents average per annum*		19,397	19,508

* Average full-time equivalents per annum include temporary help and contractors, whereas headcount and its full-time equivalent only relate to staff on the payroll of the Group.

Savings in salaries and wages from cost containment programs were offset by an increase in personnel expenses resulting from annual merit increases, severance payments, and the net impact of 2014 and 2013 acquisitions and divestments.

Note 13 – Amortization, Impairments, and Depreciation

		2014	2013
Amortization of publishing rights	Note 17	192	185
Amortization of other intangible assets	Note 17	110	100
Impairments of other intangible assets	Note 17	-	1
Depreciation of property, plant, and equipment	Note 18	30	31
Total		332	317

The amortization of publishing rights increased from 2013 to 2014 as result of the net impact of acquisitions/ divestments made in 2014, the full year-inclusion impact of the 2013 acquisitions, and the effect of intangibles being fully written-off in 2014 as they are at the end of the estimated useful life.

Note 14 – Financing Results

		2014	2013
Financing income			
Interest income on short-term bank deposits		2	3
Derivatives - foreign exchange contracts		0	0
Other financing income		2	7
Total financing income		4	10
Financing costs			
Interest expense:			
Bank borrowings and overdrafts		(1)	0
Bonds and private placements		(94)	(123)
Other financing expense		(4)	(6)
Net foreign exchange gains/(losses)		(12)	8
Derivatives - foreign exchange contracts		0	(1)
Amortization of debt instruments		(3)	(3)
Items in hedge relationships:			
Interest rate swaps		(3)	(2)
Foreign exchange gains/(losses) on loans subject to cash flow hedge		0	38
Net change in fair value of cash flow hedges reclassified from other comprehensive income		0	(38)
Ineffective portion of hedging		0	0
Total financing costs		(117)	(127)
Net financing results		(113)	(117)
Other finance income/(costs)			
Divestment related results on equity-accounted investees	*Note 8*	-	12
Revaluation gain on equity-accounted investee following step acquisition	*Note 8*	76	-
Result on divestment of investment available-for-sale	*Note 20*	(14)	-
Write-down of investment available-for-sale	*Note 20*	-	(18)
Financing component employee benefits	*Note 28*	(5)	(5)
Total other finance income/(costs)		57	(11)
Total financing results		(56)	(128)

Other financing income includes a settlement of €1 million from Lehman Brothers (2013: €5 million).

Net foreign exchange gains/(losses) include foreign exchange results on certain intercompany positions, which do not eliminate in consolidation.

Note 15 – Income Tax Expense

		2014	2013
Current tax expense		220	146
Adjustments previous years		(3)	(8)
Tax benefit on results of previously divested assets		(112)	-
Deferred tax expense:			
Changes in tax rates		(5)	-
Origination and reversal of temporary differences	*Note 21*	(61)	0
Benefit previously unrecognized tax losses		(1)	(1)
Taxation on income in statement of profit or loss	*Note 21*	38	137

	2014		2013	
	%		%	
Profit before tax		512		490
Normative income tax expense	37	192	33	159
Tax effect of:				
Intra-group financing activities	(9)	(46)	(9)	(42)
Tax benefit on results of previously divested assets	(22)	(112)	-	-
Tax exemptions on results on divestments of operations	(4)	(20)	2	9
Non-deductible costs and other items	5	24	2	11
Taxation on income in statement of profit or loss	7	38	28	137

The normative income tax expense has been computed as the weighted average rate of the jurisdictions where the Group operates.

The effective tax rate declined to 7.4% (2013: 28.0%) mainly as a result of the non-taxable revaluation gain of €76 million on the previously held 38% equity interest in Datacert, and the tax benefit of €112 million related to previously divested assets. The positive tax impact was partially offset by the taxable transfer of technology assets within the Group related to the consolidation of its platform technology. In 2013, there were tax charges on taxable capital gains, realized on the divestments of AccessData and Best Case Solutions in the United States.

For corporate income tax recognized directly in the statements of equity and other comprehensive income, reference is made to Note 21.

Note 16 – Non-Controlling Interests

The Group's shares in significant consolidated subsidiaries that were not fully owned at December 31 are:

Ownership in %	2014	2013
Akadémiai (Budapest, Hungary)	74	74
Wolters Kluwer Russia Publishing Holding bv (Amsterdam, Netherlands)	55	55
Access Matrix Technologies Private Ltd. (Bangalore, India)	60	60
Medicom (Chengdu, China)	55	55

Non-controlling interests

		2014	2013
Position at January 1		20	20
Acquisitions through business combinations	*Note 8*	-	3
Dividends paid		(2)	0
Share of profit in non-controlling interests, net of tax		1	1
Divestment	*Note 8*	-	(1)
Foreign exchange differences and other movements		(4)	(3)
Position at December 31		15	20

Non-controlling interests of consolidated participations in the profit for the year of the Group in 2014 totaled €1 million (2013: €1 million). Non-controlling interests in the equity of consolidated participations, totaling €15 million (2013: €20 million), are based on third-party shareholding in the underlying shareholders' equity of the subsidiaries.

Summary financial information based on 100% ownership

	2014	2013
Revenues	53	57
Adjusted operating profit	5	5
Net profit	1	2
Total assets	58	77
Total liabilities	29	35
Total equity	29	42
Total gross external debt	0	0
Total cash and cash equivalents	16	19

The Group's proportionate share of each line item in the financial statements of the non-controlling interests does not materially differ from the fully consolidated financial statements.

Note 17 – Goodwill and Intangible Assets

		Goodwill	Acquired publishing rights	Other intangible assets	2014	2013
Position at January 1						
Purchase value		3,079	2,420	950	6,449	6,403
Accumulated amortization and impairments		(29)	(1,277)	(551)	(1,857)	(1,752)
Book value at January 1		3,050	1,143	399	4,592	4,651
Movements						
Investments		-	-	126	126	128
Acquisitions through business combinations	*Note 8*	127	220	0	347	287
Divestments of operations	*Note 8*	(2)	-	-	(2)	(15)
Disposals of assets		-	-	(2)	(2)	0
Net expenditures		125	220	124	469	400
Amortization	*Note 13*	-	(192)	(110)	(302)	(285)
Impairments	*Note 13*	-	-	-	0	(1)
Reclassifications		(10)	-	-	(10)	(1)
Exchange differences and other movements		287	101	35	423	(172)
Total movements		402	129	49	580	(59)
Position at December 31						
Purchase value		3,481	2,801	1,109	7,391	6,449
Accumulated amortization and impairments		(29)	(1,529)	(661)	(2,219)	(1,857)
Book value at December 31		3,452	1,272	448	5,172	4,592

Publishing rights acquired through business combinations mainly consist of customer relationships (subscriber accounts), technology (databases, software, and product technology), trademarks, and titles.

Other intangible assets mainly relate to purchased and self-constructed information systems and software, of which €96 million (2013: €76 million) relates to product development.

The €10 million reclassification in 2014 relates to the release of a deferred tax liability following a legal restructuring of a 2013 acquisition. This resulted in tax deductibility of acquired intangibles. Prior year reclassifications include the additionally recognized publishing rights and related deferred tax liabilities from the final outcome of the purchase price allocation of 2012 acquisitions.

Impairment testing cash-generating units containing goodwill

Carrying amounts of goodwill and acquired publishing rights per global operating division	Goodwill	Acquired publishing rights	2014	2013
Legal & Regulatory	1,100	409	1,509	1,239
Tax & Accounting	1,080	335	1,415	1,294
Health	908	297	1,205	1,091
Financial & Compliance Services	364	231	595	569
Total	3,452	1,272	4,724	4,193

The Group reviews at the end of each reporting period whether there is an indication that any of the CGUs that contain goodwill and publishing rights may be impaired. Furthermore, the Group carries out an annual impairment test by comparing the carrying amount of the CGU to which the goodwill and publishing rights belong, net of related deferred taxes, to the recoverable amount of the CGU.

The recoverable amount is determined based on a calculation of its value-in-use. The value-in-use was determined by discounting the future cash flows to be generated from the continuing use of the CGUs. These valuations are based on not observable market data. The value-in-use calculations in 2014 were determined in a consistent manner with prior years. The cash flow projections are based on actual operating results and Vision and Strategy Planning (VSP), as approved by the Executive Board.

The annual impairment test carried out in 2014 showed that the recoverable amount for all groups of CGUs for goodwill impairment testing exceeded their carrying amounts.

Key assumptions

The period over which the Group estimates its cash flow projections is five years. After five years cash flow projections are extrapolated using an appropriate perpetual growth rate that is consistent with the long-term average market growth rate. The weighted long-term average growth rate is 1.9% (2013: 1.9%).

In addition the following key assumptions were used in the projections:

- Revenue growth: based on actual experience, an analysis of market growth and the expected development of market share; and
- Adjusted operating profit margin development: based on actual experience and management's long-term projections; adjusted operating profit is deemed to be the best approximation for estimating future cash flows.

The estimated pre-tax cash flows are discounted to their present value using a pre-tax weighted average cost of capital (WACC) between 9.0% and 11.8 % (2013: between 8.7% and 10.9%).

In determining the WACC the Group used a risk free-rate based on the long-term yield on Dutch government bonds with a maturity of 30 years, taking into account country risk premiums. Management considers a 'floor' for the risk free rate to be appropriate and included therefore a higher risk premium in the WACC calculation. In determining the WACC the Group used the following assumptions:

Assumptions WACC

	2014	2013
Risk free rate (in %)	2.3	2.7
Risk premium adjustment (in %)	1.0	1.0
Market risk premium (in %)	6.0	6.0
Tax rate (in %)	25.0	25.0
Re-levered beta	0.86	0.81

Sensitivity analysis

The impairment testing also includes an assessment if a reasonably possible change in a key assumption would cause the carrying amount to exceed the recoverable amount. The outcome was that there was no need for impairment. Management considers the CGUs L&R Europe South and L&R United Kingdom as close watch cash generating units.

Goodwill impairment sensitivity per CGU with significant goodwill allocated

		Allowed change (in basis points)			
	Applied revenue growth rate	Decline in growth	Increase in discount rate	Decrease in adjusted operating profit margin	Allocated goodwill at December 31, 2014
Legal & Regulatory North America	1.0%	>300	>300	>300	152
Legal & Regulatory Europe South	1.0%	5	5	5	236
Corporate Legal Services	2.0%	>300	>300	>300	543
Tax & Accounting Americas and Asia Pacific	1.9%	>300	>300	>300	661
Tax & Accounting Europe	1.6%	>300	>300	>300	419
Medical Research	2.0%	>300	>300	>300	295
Professional & Education	1.0%	>300	>300	>300	153
Clinical Solutions	2.0%	>300	>300	>300	460
Financial & Compliance Services	2.0%	>300	>300	>300	345
Other CGUs	1.0%				188
Total					3,452

Note 18 – Property, Plant, and Equipment

		Land and buildings	Other fixed assets	2014	2013
Position at January 1					
Purchase value		125	366	491	545
Accumulated depreciation		(60)	(307)	(367)	(407)
Book value at January 1		65	59	124	138
Movements					
Investments		1	25	26	21
Acquisitions through business combinations		-	3	3	2
Divestment of operations		-	0	0	0
Disposals of assets		-	(2)	(2)	(1)
Net expenditures		1	26	27	22
Depreciation	*Note 13*	(4)	(26)	(30)	(31)
Exchange differences and other movements		5	5	10	(5)
Total movements		2	5	7	(14)
Position at December 31					
Purchase value		136	410	546	491
Accumulated depreciation		(69)	(346)	(415)	(367)
Book value at December 31		67	64	131	124

Property, plant, and equipment, consisting of land and buildings, and other assets such as machinery and equipment, office equipment and vehicles, is valued at cost less accumulated depreciation and any impairment losses. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful life of each part of an item of property, plant, and equipment. Land is not depreciated.

The estimated useful life for buildings is 20 to 30 years, and for other assets 3 to 10 years.

Note 19 – Investments in Equity-accounted Investees

		2014	2013
Position at January 1		31	61
Divestments	Note 8	(12)	(23)
Dividends received		(2)	(2)
Share of profit in equity-accounted investees, net of tax		(1)	(1)
Change in control	Note 8	-	(3)
Foreign exchange differences and other movements		1	(1)
Position at December 31		17	31

In 2014, the Group gave up the 38% stake in Datacert, with a carrying value of €12 million, previously held as an equity-accounted investee, as part of the step acquisition into a 100% ownership. The fair value of this equity interest immediately before acquisition date was €88 million. The (non-cash) revaluation gain of €76 million on the 38% interest was triggered by the purchase of the remaining 62% in April, 2014, and is recognized in financing results.

In 2013, Wolters Kluwer completed the divestiture of its 25%-equity interest in AccessData. The book gain on this sale of €12 million was recognized in other finance income (Note 14).

Equity-accounted investees include one joint venture, Ipsoa Francis Lefebvre in Italy, with a carrying value of €2 million (2013: €2 million).

Summary financial information on equity-accounted investees (at 100%) and the Group's weighted proportionate share

	Total equity-accounted investees		Group's share	
	2014	2013	2014	2013
Total assets	41	62	14	22
Total liabilities	25	54	8	20
Total equity	16	8	6	2
Revenues	74	112	29	42
Net profit/(loss) for the year	(5)	2	(1)	(1)

Note 20 – Financial Assets

	2014	2013
Investments available-for-sale	3	16
Other receivables	12	11
Total	15	27

Investments available-for-sale mainly related to an equity interest in Symphony Health Solutions obtained as part of the completed sale of the pharma-related Healthcare Analytics business in May 2012, which was divested in 2014, resulting in a loss of €14 million reported under Other finance costs (Note 14). In 2013, this investment was written down by €18 million (Note 14).

Investments available-for-sale

		2014	2013
Position at January 1		16	36
Divestment	Note 8	(14)	-
Write-down through profit or loss	Note 14	-	(18)
Foreign exchange differences and other movements		1	(2)
Position at December 31		3	16

Note 21 – Tax Assets and Liabilities

Deferred tax assets and liabilities

	Assets	Liabilities	2014	2013
Intangible assets	81	(549)	(468)	(413)
Property, plant, and equipment	9	(29)	(20)	(28)
Employee benefits	70	(1)	69	48
Interest carry-forward	124	-	124	98
Tax value of loss carry-forwards recognized	48	-	48	48
Other items	98	(105)	(7)	14
Deferred tax assets/(liabilities)	430	(684)	(254)	(233)
Set off of tax	(345)	345	0	0
Net deferred tax assets/(liabilities)	85	(339)	(254)	(233)

The actual realization of the deferred tax assets depends on the generation of future taxable income during the periods in which the temporary differences become deductible. Based on projected future taxable income and available strategies, the Group considers the future realization of these deferred tax assets more likely than not.

Movement in temporary differences, 2014

	Balance at January 1	Acquisitions/disposals	Recognized in statement of profit or loss (Note 15)	Recognized in equity and other comprehensive income	Exchange rate differences and other movements	Balance at December 31
Intangible assets	(413)	(66)	55	-	(44)	(468)
Property, plant, and equipment	(28)	-	10	-	(2)	(20)
Employee benefits	48	-	(2)	18	5	69
Interest carry-forwards	98	-	16	-	10	124
Tax value of loss carry-forwards recognized	48	-	(5)	-	5	48
Other items	14	0	(13)	(8)	0	(7)
Total	(233)	(66)	61	10	(26)	(254)

Movement in temporary differences, 2013

	Balance at January 1	Acquisitions/disposals	Recognized in statement of profit or loss (Note 15)	Recognized in equity and other comprehensive income	Exchange rate differences and other movements	Balance at December 31
Intangible assets	(398)	(55)	22	-	18	(413)
Property, plant, and equipment	(36)	-	6	-	2	(28)
Employee benefits	72	-	(7)	(13)	(4)	48
Interest carry-forwards	132	-	(30)	-	(4)	98
Tax value of loss carry-forwards recognized	35	-	15	-	(2)	48
Other items	21	4	(6)	(3)	(2)	14
Total	(174)	(51)	0	(16)	8	(233)

The 2014 movement in deferred tax liabilities from acquisitions/disposals of €66 million (2013: €51 million) included €76 million with regard to acquisitions/disposals made in 2014 (2013: €52 million) and €(10) million (2013: €(1) million) relating to prior year acquisitions.

Movements in overall tax position

		2014	2013
Position at January 1			
Tax receivable		33	34
Tax payable		(38)	(32)
Deferred tax assets		88	78
Deferred tax liabilities		(321)	(252)
Overall tax position		(238)	(172)
Movements			
Total income tax expense	*Note 15*	(38)	(137)
Deferred tax on acquisitions/disposals		(66)	(51)
Deferred tax on items recognized immediately in equity		(6)	(3)
Deferred tax on items recognized immediately in other comprehensive income		16	(13)
Paid corporate income tax		116	99
Paid/(received) corporate income tax on results on divestments	*Note 8*	(18)	31
Foreign exchange differences and other movements		(22)	8
Total movements		(18)	(66)
Position at December 31			
Tax receivable		39	33
Tax payable		(41)	(38)
Deferred tax assets		85	88
Deferred tax liabilities		(339)	(321)
Overall tax position		(256)	(238)

Unrecognized tax losses

The Group has not recognized deferred tax assets that relate to unused tax losses amounting to €133 million (2013: €93 million), as it is not probable that future taxable profit will be available against which the Group can utilize the benefits. Of these unused tax losses 24% (2013: 38%) expires within the next 5 years, 13% (2013: 20%) expires after 5 years, and 63% (2013: 42%) carries forward indefinitely.

Deferred tax on items recognized immediately in other comprehensive income and equity

	2014			2013		
	Amount before tax	Tax	Amount net of tax	Amount before tax	Tax	Amount net of tax
Exchange differences on translation of foreign operations and net investment hedges	325	(2)	323	(147)	-	(147)
Gains/(losses) on cash flow hedges	(15)	-	(15)	21	-	21
Re-measurement gains/(losses) on defined benefit plans	(45)	18	(27)	32	(13)	19
Total tax in other comprehensive income	265	16	281	(94)	(13)	(107)
Share-based payments	22	(6)	16	14	(3)	11
Total tax in equity	22	(6)	16	14	(3)	11

Note 22 – Inventories

	2014	2013
Raw materials	2	2
Work in progress	46	35
Finished products and trade goods	72	67
Total	120	104

Inventories are valued at the lower of cost and net realizable value. The cost of inventories comprises all cost of purchase and other cost incurred in bringing the inventories to their present location and condition. Cost is determined using the first-in-first-out principle. Inventories also include internally developed commercial software products. The cost price of internally produced goods comprises the developing, manufacturing, and publishing costs. Trade goods purchased from third parties are valued at the purchase price.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to complete the sale.

At December 31, 2014, the provision for obsolescence deducted from the inventory carrying values amounted to €32 million (2013: €34 million). In 2014, an amount of €4 million was recognized as an expense for the change in the provision for obsolescence (2013: €7 million) and is presented as part of cost of sales in the statement of profit or loss.

Note 23 – Trade and Other Receivables

		2014	2013
Trade receivables		1,064	964
Prepayments		127	114
Derivative financial instruments	Note 26	-	1
Collateral	Note 27	20	-
Other receivables		42	31
Total		1,253	1,110

Trade receivables are shown net of impairment losses amounting to €71 million (2013: €65 million). The fair value of the receivables approximates the carrying amount. Impairment losses on trade receivables are presented as part of sales costs in the statement of profit or loss.

Note 24 – Cash and Cash Equivalents

Cash and cash equivalents		2014	2013
Deposits		204	462
Cash and bank balances		331	293
Total cash and cash equivalents in the Statement of Financial Position	Note 26	535	755
Less: Bank overdrafts used for cash management purposes	Note 26	122	112
Total cash and cash equivalents in the Statement of Cash Flows		413	643

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts are shown within Borrowings and bank overdrafts in Current liabilities. An amount of €16 million (2013: €19 million) relates to cash and cash equivalent balances of entities that the Group does not fully own (Note 16). All deposits are demand deposits that are readily convertible into cash. Bank balances include an amount of approximately €2 million (2013: €5 million) of restricted cash.

Note 25 – Other Current Liabilities

		2014	2013
Salaries, holiday allowances		170	152
Social security premiums and other taxation		50	53
Pension-related payables		11	8
Royalties payable		73	66
Derivative financial instruments	Note 26	2	0
Interest payable		61	88
Deferred and contingent acquisition payments	Note 26	21	18
Other liabilities and accruals		81	59
Total		469	444

Note 26 – Long-term Debt

Long-term debt

	Nominal value	Effective interest rate in %	Nominal interest rate in %	Repayment commit-ments 1-5 years	Repayment commit-ments >5 years	2014	2013
Bonds 2008-2018	€750	6.472	6.375	748	-	748	747
Bonds 2008-2028	€36	6.812	6.748	-	36	36	36
Bonds 2013-2023	€700	2.950	2.875	-	696	696	696
Bonds 2014-2024	€400	2.640	2.500	-	395	395	-
Private placement 2008-2038	¥20,000	3.330	3.330	-	137	137	137
Private placement 2010-2020	€250	4.425	4.200	-	247	247	247
Deferred and contingent acquisition payments				6	-	6	23
Other long-term loans				8	-	8	7
Total long-term loans				762	1,511	2,273	1,893
Derivative financial instruments				-	31	31	16
Total long-term debt				762	1,542	2,304	1,909

Net debt

		2014	2013
Total long-term debt		2,304	1,909
Borrowings and bank overdrafts			
Multi-currency roll-over credit facility		-	-
Other bilateral U.S. Dollar bank loans		-	-
Other short-term loans		3	5
Bank overdrafts	Note 24	122	112
Total borrowings and bank overdrafts		125	117
Short-term bonds		-	700
Deferred and contingent acquisition payments	Note 25	21	18
Derivative financial instruments	Note 25	2	0
Total short-term debt		148	835
Gross debt		2,452	2,744
Minus:			
Cash and cash equivalents	Note 24	(535)	(755)
Collateral		(20)	-
Derivative financial instruments:			
Current receivable	Note 23	-	(1)
Net debt		1,897	1,988

The nominal interest rates on the bonds are fixed until redemption. The interest rate on the multi-currency roll-over credit facility and other bilateral loans are variable.

Loan maturity

The following amounts of gross debt at December 31, 2014, are due within and after five years:

Gross debt

	2014
2016	14
2017	-
2018	748
2019	-
Due after 2019	1,542
Long-term debt	2,304
Short-term debt (2015)	148
Total	2,452

Bonds

Wolters Kluwer has senior bonds outstanding for an amount of €1,875 million as at December 31, 2014 (2013: €2,179 million).

On November 19, 2003, Wolters Kluwer issued a ten-year senior Eurobond with a nominal value of €700 million, which matured in January 2014. The coupon on the bonds was 5.125% with an issue price of 99.618 per cent.

On April 2, 2008, Wolters Kluwer issued a ten-year senior Eurobond of €750 million. The bonds have been priced at an issue price of 99.654 per cent and carry an annual coupon of 6.375%.

On August 28, 2008, Wolters Kluwer issued a twenty-year senior Eurobond of €36 million. The bonds have been priced at an issue price of 100 per cent and carry an annual coupon of 6.748%.

On March 21, 2013, Wolters Kluwer issued a ten-year senior Eurobond of €700 million. The bonds have been priced at an issue price of 99.709 per cent and carry an annual coupon of 2.875%.

On May 12, 2014, Wolters Kluwer issued a ten-year senior Eurobond of €400 million. The bonds have been priced at an issue price of 99.164 per cent and will carry an annual coupon of 2.500%.

Private placements

On February 26, 2008, Wolters Kluwer entered into four bilateral private loan agreements for a total amount of ¥20 billion (carrying value at December 31, 2014: €137 million; at December 31, 2013: €137 million) with a maturity of 30 years. The loans denominated in Japanese yen were swapped to euro. The value of the credit contingency adjusted collateral for this cross-currency interest rate swap is €20 million (2013: €0 million) at December 31, 2014.

On July 28, 2010, Wolters Kluwer entered into a bilateral private loan agreement of €250 million (carrying value at December 31, 2014: €247 million; at December 31, 2013: €247 million) with a maturity of 10 years. The receipt of the cash proceeds took place in December 2010. The private loan has been priced at an issue price of 98.567 per cent and carries an annual coupon of 4.200%.

Multi-currency roll-over credit facility

In July 2010, Wolters Kluwer signed a €600 million multi-currency roll-over credit facility with a five year maturity in 2015. The credit facility is for general corporate purposes. In July 2014, this facility was amended and extended with a five year maturity, ending in 2019, and includes 2 one-year extension options. At December 31, 2014, no amounts were drawn (at December 31, 2013: nil). The multi-currency roll-over facility is subject to customary conditions, including a financial credit covenant. The credit facility covenant is defined as that the consolidated net senior borrowings (excluding fully subordinated debt) to adjusted EBITDA shall not exceed 3.5. In 2014, the Group is comfortably within the thresholds stipulated in the financial covenants of the credit facility.

Other bilateral bank loans

In April 2014, Wolters Kluwer renewed for $100 million a bilateral bank loan (undrawn at December 31, 2014; December 31, 2013: undrawn) with a one year maturity.

There were no defaults or breaches on the loans and borrowings during 2014 and 2013

Note 27 – Financial Risk Management

Risk management framework
The Group's activities are exposed to a variety of financial risks including market, liquidity, and credit risk. Financial risk identification and management is carried out by the central treasury department (Corporate Treasury), whereby the treasury operations are conducted within a framework of policies and guidelines (Treasury Policy), which have been approved by the Executive Board/CFO and Audit Committee. The Treasury Policy may change on an annual basis in light of market circumstances and market volatility, and is based on a number of assumptions concerning future events, subject to uncertainties and risks that are outside the Group's control. A Treasury Committee, comprising the Vice President Group Accounting & Reporting, Controller Corporate Office, Senior Vice President Treasury & Risk, and representatives of the Corporate Treasury and Back-Office, meets quarterly to review treasury activities and compliance with the Treasury Policy and reports directly to the Executive Board/CFO and the Audit Committee. The Treasury Back-Office reports deviations directly to the CFO and the Senior Vice President Corporate Treasury & Risk.

The Internal Audit Department reviews the Corporate Treasury Department on financial risk management controls and procedures of Corporate Treasury, both according to a fixed schedule and on an ad-hoc basis. Furthermore, the external auditor performs quarterly interim procedures on the transactions and hedging compliance as part of the annual audit. Corporate Treasury reports on a quarterly basis to the Audit Committee about its hedging status.

The Group's funding activities are carried out by Corporate Treasury, using a mixture of long-term capital market instruments and committed credit facilities. A variety of instruments is used to ensure optimal financial flexibility and capital efficiency. The borrowings, together with cash generated from operations, are lent or contributed as equity to the operating companies. The Group targets a net-debt-to-EBITDA ratio of approximately 2.5; however, the Group could temporarily deviate from this relative indebtedness ratio. At December 31, 2014, the net-debt-to-EBITDA ratio improved to 2.1 (2013: 2.2), which is below Company's target.

All treasury activities - in particular the use of derivative financial instruments - are subject to the principle of risk minimization and are transacted by specialist treasury personnel. For this reason, financial transactions and risk positions are managed in a central treasury management and payment system. The Group does not purchase or hold derivative financial instruments for speculative purposes. The Group's risk profile is defined and reviewed regularly. Although the economic environment has become more challenging as a consequence of the turbulence on financial markets, the exposure to financial risks for the Company has not significantly changed, nor the approach to these risks.

Market risk
Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk
The Group has identified transaction and translation risks as the main currency risks. The transaction risk exposure within individual Wolters Kluwer entities is considered to be relatively immaterial. The prices that Wolters Kluwer charges its customers for products and services are mainly denominated in the customers' local currencies. Given the nature of the business, almost all related cost are also incurred in those local currencies. Derivative financial instruments to hedge transaction risks are therefore not frequently used.
Translation risk is the risk that exchange rate gains or losses arise from translating the statement of profit or loss, balance sheet, and statement of cash flows of foreign subsidiaries to the Group's presentation currency (the euro) for consolidation purposes.

It is the Group's practice that material currency translation exposures are partially hedged by Corporate Treasury. Currency exposures which impact the consolidated balance sheet and statement of profit or loss by 10% or more are considered material. The translation exposure on the statement of cash flows is (partly) mitigated by matching cash in- and outflows in the same currency. The Group's main translation risk is its exposure to the U.S. Dollar. The following table details the Group's sensitivity on the Group's financials to a 1% weakening of the U.S. Dollar against the euro.

Approximate impact of 1% decline of the U.S. Dollar against the euro

	2014	2013
Revenues	(21)	(20)
Adjusted operating profit	(6)	(6)
Operating profit	(5)	(5)
Adjusted net profit	(3)	(4)
Profit for the year	(5)	(3)
Shareholders' equity at December 31	(31)	(23)
Adjusted free cash flow	(4)	(4)

In order to hedge its net investment in the United States (defined as total investment in both equity and long-term receivables from the U.S. operations), the Group had U.S. Dollar forward contracts outstanding for a total notional amount of €206 million ($250 million) at December 31, 2014.

The Group had U.S. Dollar debt outstanding for a total notional amount of €217 million ($263 million) at December 31, 2014 (2013: €267 million or $368 million). The U.S. Dollar debt includes a notional amount of €206 million ($250 million) forward contracts which create a U.S. Dollar balance sheet cover with a future settlement date (negative carrying value of €2 million at December 31, 2014, see *Note 26*). The balance sheet cover is defined as the U.S. Dollar forward contracts and U.S. Dollar debt outstanding divided by the Group's net investment in U.S. Dollar. The U.S. Dollar balance sheet cover is 6% (2013: 10%).

A part of the net financing results was swapped into U.S. Dollar through the use of derivative financial instruments (2014: $95 million). Of the total net financing results in 2014, 63% (2013: 58%) was payable in U.S. Dollars and resulting currency results have been recognized in profit or loss. Based on the percentage of 63% for net financing results payable in U.S. Dollar, the following sensitivity analysis can be made. An instantaneous 1% decline of the U.S. Dollar against the euro from its exchange rate at December 31, 2014, with all other variables held constant, would result in a decrease of approximately €0.7 million of the net financing results (2013: approximately €0.7 million).

Currency risk

	2014	2013
U.S. Dollar balance sheet cover (%)	6%	10%
Percentage (%) of total net financing results payable in U.S. Dollar	63%	58%
Approximate impact on net financing results of a 1% decline of the U.S. Dollar against the euro (in millions)	0.7	0.7

Interest rate risk

The Group is exposed to interest rate risk, mainly with regard to the euro and the U.S. Dollar. The Group aims to mitigate the impact on its results and cash flow of interest rate movements, both by arranging fixed or variable rate funding and by possible use of derivative financial instruments. Currently the Group's interest rate position (excluding cash and cash equivalents) is fully fixed rather than floating; of the total interest portfolio (excluding cash and cash equivalents) approximately 0% per year-end 2014 (2013: 0%) was variable rate and 100% (2013: 100%) carried a fixed rate.

Assuming the same mix of variable and fixed interest rate instruments, an instantaneous increase of interest rates of 1% compared to the rates on December 31, 2014, with all other variables held constant, would result in an increase of approximately €0 million of the net financing results (2013: approximately €0 million).

Interest rate risk

	2014	2013
Percentage of fixed/variable interest rate in gross debt	100%/0%	100%/0%
Approximate impact on net financing results of a 1% instantaneous increase in interest rates	0	0

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to manage liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

The Group actively manages liquidity risk by maintaining sufficient cash and cash equivalents, and the availability to committed borrowing capacity. In order to reduce liquidity risk, the Group has established the following minimum requirements:

- Repayment of long-term debt should be spread evenly over time;
- Acquiring of funding to start at least one year in advance of all maturing debt or alternative committed funding should be in place; and
- Minimum headroom of €500 million (sum of unused committed credit facilities, cash and cash equivalent, and receivable derivative financial instruments, minus other short-term loans, deferred (short-term) acquisition payments, (current payable) derivative financial instruments, and bank overdrafts).

Per December 31, 2014, the Group has access to the unused part of the committed credit facilities of €682 million in total (2013: €673 million) and has cash and cash equivalents of €535 million, (receivable) derivative financial instruments of €0 million, minus other short-term loans, deferred (short-term) acquisition payments, bank overdrafts and (current payable) derivative financial instruments of in total €148 million. The headroom was €1,069 million at year-end 2014 (2013: €1,294 million). No property has been collateralized or in any other way secured under debt contracts.

Exposure to liquidity risk

The following are the remaining contractual cash flows of financial liabilities at the reporting date. The amounts for the non-derivative financial instruments are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

Contractual cash flows 2014

	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Bonds:						
Bonds 2008-2018	748	942	48	48	846	-
Bonds 2008-2028	36	69	2	2	7	58
Bonds 2013-2023	696	881	20	20	60	781
Bonds 2014-2024	395	500	10	10	30	450
Private Placements:						
Private placement 2008-2038	137	247	5	5	14	223
Private placement 2010-2020	247	315	11	11	32	261
Deferred and contingent acquisition payments	27	27	21	6	-	-
Other long-term loans	8	8	-	8	-	-
Borrowings and bank overdrafts	125	125	125	-	-	-
Trade and other payables	384	384	384			
Total	2,803	3,498	626	110	989	1,773
Derivative financial liabilities						
(Receipts)		(203)	(203)			
Payments		206	206			
Foreign exchange derivatives	2	3	3			
(Receipts)		(247)	(5)	(5)	(14)	(223)
Payments		306	8	8	23	267
Cross-currency interest rate swaps	31	59	3	3	9	44
Total	33	62	6	3	9	44

Contractual cash flows 2013

	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Bonds:						
Bonds 2003-2014	700	736	736	-	-	-
Bonds 2008-2018	747	989	48	48	893	-
Bonds 2008-2028	36	72	2	2	7	61
Bonds 2013-2023	696	901	20	20	60	801
Private Placements:						
Private placement 2008-2038	137	251	5	5	14	227
Private placement 2010-2020	247	324	11	11	32	270
Deferred and contingent acquisition payments	41	41	18	21	2	-
Other long-term loans	7	7	-	7	-	-
Borrowings and bank overdrafts	117	117	117	-	-	-
Trade and other payables	368	368	368	-	-	-
Total	3,096	3,806	1,325	114	1,008	1,359
Derivative financial liabilities						
(Receipts)		(255)	(255)	-	-	-
Payments		254	254	-	-	-
Foreign exchange derivatives	(1)	(1)	(1)	-	-	-
(Receipts)		(251)	(5)	(5)	(14)	(227)
Payments		313	8	8	23	274
Cross-currency interest rate swaps	16	62	3	3	9	47
Total	15	61	2	3	9	47

The net out- and inflows disclosed in the table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and net cash inflow and outflow amounts for derivatives that have simultaneous cash settlement.

Credit risk

Credit risk represents the loss that would be recognized if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities. The carrying amount of financial assets represents the maximum credit exposure and amounts to €1,676 million (2013: €1,778 million).

Financial instruments and excess cash at financial institutions

The Group is exposed to credit risks due to its use of derivatives and because of excess cash deposited at banks.
It is the Group's practice to conclude financial transactions under ISDA (International Swap Dealers Association) master agreements. Cash is invested and financial transactions are concluded only with financial institutions with strong credit ratings (at least a credit rating of A-/A3). Furthermore, credit limits per counterparty are in place and are monitored periodically. At December 31, 2014, there were no material credit risk concentrations outstanding while the average weighted credit rating of counterparties was A+ (2013: A+). The aim is to spread transactions among counterparties. No credit limits were exceeded during the reporting period and management does not expect any losses from non-performance by these counterparties on current outstanding contracts.

Trade receivables

The Group has a natural exposure to credit risk in its operational business. This exposure of the Group's operating companies to credit risk is inherently limited, as there is no customer who represents more than 1% of the Group's revenues and a substantial part of the transactions is prepaid by customers. The Group's operating companies actively monitor the solvency of their key accounts.
Trade receivables include an amount of €432 million (2013: €381 million) past due, but not impaired.
The aging analysis of trade receivables that are past due, but not impaired, is as follows:

Aging analysis of trade receivables

	2014	2013
Past due up to 30 days	185	163
Past due between 30 and 90 days	115	98
Past due over 90 days	132	120
Total past due, not impaired	432	381

The net charge of changes to bad debt provision in the statement of profit or loss is €20 million (2013: €12 million) (Note 9). Trade receivables that are neither past due nor impaired have sound credit worthiness.

Fair value of financial instruments
The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

Fair value of financial instruments

		2014				2013	
	Carrying value	Fair value	Level 1	Level 2	Level 3	Carrying value	Fair value
Non-derivative financial instruments							
Other receivables (non-current)*	12	12				11	11
Investments available-for-sale	3	3			3	16	16
Trade receivables*	1,064	1,064				964	964
Other receivables (current)*	42	42				31	31
Collateral*	20	20				-	-
Cash and cash equivalents*	535	535				755	755
Total non-derivative financial assets	1,676	1,676	-	-	3	1,777	1,777
Bonds 2003-2014 (in €)	-	-				700	697
Bonds 2008-2018 (in €)	748	891	891			747	891
Bonds 2008-2028 (in €)	36	56		56		36	48
Bonds 2013-2023 (in €)	696	795	795			696	693
Bonds 2014-2024 (in €)	395	441	441			-	-
Private placement 2008-2038 (in ¥)	137	168		168		137	125
Private placement 2010-2020 (in €)	247	295		295		247	275
Deferred and contingent acquisition payments	27	27			27	41	41
Other long-term loans*	8	8				7	7
Other short-term loans*	3	3				5	5
Bank overdrafts*	122	122				112	112
Trade and other payables*	384	384				368	368
Total non-derivative financial liabilities	2,803	3,190	2,127	519	27	3,096	3,262
Derivative financial instruments							
Non-current receivable	-	-				-	-
Current receivable	-	-				1	1
Non-current payable	(31)	(31)		(31)		(16)	(16)
Current payable	(2)	(2)		(2)		0	0
Total derivative financial instruments	(33)	(33)	-	(33)	-	(15)	(15)

* Fair value approximates the carrying amount

The fair value has been determined by the Group based on market data and appropriate valuation methods/quotes. Valuation methods include:

– Level 1: reference to quoted prices (unadjusted) in active markets for similar assets and liabilities;
– Level 2: inputs other than quoted prices that are observable for the asset or liability that may have a significant impact on the fair value, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
– Level 3: inputs for the asset or liability that are not based on observable market data. The valuation method can be based on discounted cash flow analysis, or other instruments that are substantially identical.

Compared to 2013 there have been no changes in the assessment of fair value hierarchy categorization regarding individual financial instruments.

The level 3 fair value movements in non-derivatives financial liabilities are as follows:

Fair value hierarchy level 3

		2014	2013
Balance at January 1		41	19
Arising from business combinations	*Note 8*	6	33
Fair value changes deferred and contingent acquisition payments	*Note 11*	(4)	(4)
Unwinding of discount		1	1
Settlements		(18)	(2)
Foreign exchange rate differences and other		1	(6)
Balance at December 31		27	41

Level 3 financial liabilities comprise deferred and contingent acquisition payments relating to numerous acquisitions. The Group has re-assessed the fair values of the various earn-out arrangements outstanding at year-end 2014 and recognized fair value changes in the statement of profit or loss for the amount of €4 million for acquisitions stemming from previous years (2013: €4 million).
The financial assets available-for-sale mainly related to the investment in Symphony Health Solutions which has been divested in 2014.

Deferred and contingent acquisition payments
The fair value of the deferred and contingent acquisition payment balance amounts to €27 million (2013: €41 million).
A summary of deferred and contingent considerations as at December 31, 2014, can be presented as follows:

Deferred and contingent acquisition payments

	Fair value December 31, 2014	Of which: short-term	Of which: long-term	Maximum exposure (undiscounted)	Fair value December 31, 2013
Total	27	21	6	61	41

The contingent considerations are based on a discounted cash flow model, which considers the present value of expected payments, using a risk-adjusted discount rate. The expected payment is determined by considering possible adjusted operating profit or revenue scenarios, the amount to be paid under each scenario, and the probability of each scenario. The estimated fair value could potentially increase (decrease) if annual growth rates and/or adjusted operating profit margins are higher (lower).

Hedge accounting

At year-end the outstanding derivative financial instruments qualify for hedge accounting under IFRS. To apply for hedge accounting requires the hedge to be highly effective. In 2014, the result recorded in profit or loss as a result of ineffectiveness of hedging is: cash flow hedge, €0 million (2013: €0 million) and net investment hedge, €0 million (2013: €0 million).

Sensitivity analysis

A sensitivity analysis on the derivative financial instruments portfolio yields the following results assuming an instantaneous 1% decline of the U.S. Dollar and Japanese yen against the euro from their levels at December 31, 2014, and an instantaneous 1% increase of the U.S. Dollar, Japanese Yen, and euro interest rates respectively.

Sensitivity

in millions of euros	Hedged risk	Amount	Type instrument	Exchange rate movement	Interest rate movement
Cash flow hedge	Changes in ¥ floating interest payments and ¥ exchange rates	¥20,000	Cross-currency interest rate swaps	(2)	3
Net investment hedge	Changes of the U.S. Dollar net investments due to fluctuations of U.S. Dollar exchange rates	$250	Forward contracts	2	0

For the effective part of the hedge, the sensitivity of the hedging instrument (derivative) is offset by the sensitivity of the hedged item (for instance, the net investment in a foreign operation). The hedge effectiveness is measured at the inception, reporting, and maturity dates of the hedged item by using the U.S. Dollar-offset method. The results of these effectiveness tests all satisfied the effectiveness criterion (between 80 and 125%) as defined in IAS 39.

Note 28 – Employee Benefits

Employee benefits

	2014	2013
Retirement and post-employment benefits plans	163	111
Other (post-) employment benefits obligations	13	15
Total	176	126

Provision for retirement and other post-employment plans
The provisions for retirement plans and other post-employment plans are defined benefit plans.

Retirement plans
The Group has its main defined benefit retirement plans in The Netherlands, United States (U.S.), United Kingdom (U.K.), Belgium, Canada, and Australia.
The largest plan is the Wolters Kluwer Nederland pension plan, with both defined benefit and defined contribution schemes. Other large defined benefit plans are in the U.S. and the U.K.

Other post-employment plans
Other post-employment plans consist of post-employment plans in the United States, Canada, and Italy. These other post-employment plans have no plan assets and are unfunded. The main plan is the post-employment medical plan in the U.S.

The defined benefit plans in the U.S., U.K., and The Netherlands are insured with company's self-administrated pension funds, which are separate legal entities with plan assets being held independently of the Group.

Characteristics of material plans

	Netherlands	United States	United Kingdom
Retirement plans			
Type of benefits	Pensions	Pensions	Pensions
Type of plan	Career average	Final salary	Final salary
Status of plan	Open	Frozen	Frozen
Status of plan funding	Funded	Funded	Funded
Other post-employment plans			
Type of benefits		Post- retirement medical plan	
Type of plan		Annual insurance premium coverage	
Status of plan		Open	
Status of plan funding		Unfunded	

A closed plan means that no new members can join the pension plans; however, current participants in the plan can still accrue for future service benefits. If a plan is frozen, the plan is closed to both new entrants and future service benefits accruals, so the plan will have a service cost of zero.

As at December 31, 2014, two retirement plans have a net asset status before asset ceiling (The Netherlands, and Australia) (December 31, 2013: The Netherlands, U.K., and Australia). The (un-)funded status of the defined benefit retirement plans in 2014 was mainly affected by significantly lower interest rates resulting in higher defined benefit obligations whilst the investment

portfolio increased significantly with actual returns over the year in line with market experience.

Funding requirements of the various plans are based on local legislation and separate actuarial valuations for which the assumptions differ from the assumptions used under IAS 19. The funding requirements are based on each pension fund's actuarial measurement framework set out in the funding policies of the individual plans.

In The Netherlands there is no funding requirement by the employer. In the United States there are minimum contribution requirements. If the U.S. pension plan would fall below key funding thresholds, the Group needs to improve the funding levels in order to avoid restrictions on the ability to pay some accelerated benefit forms, such as lump sums. The trustees of the U.K. plan are required to act in the best interest of the plan's participants. The Group and the trustees finalized the latest triennial valuation 2011 for funding purposes. In 2015, the U.K. funding will be reassessed based on a new triennial valuation.

Risk management of main plans in the Group
The retirement and other post-employment plans expose the Group to actuarial risks, such as longevity risks, interest rate risks, investments (market) risks, and currency risks.

The Group has restructured employee benefit plans in the past by moving existing and newly hired employees to defined contribution plans or by freezing the plans (either no future service benefit accruals and/or no new participants entering into the plan). These redesigns reduce or cancel future benefit accruals in the plans and consequently reduce the pace of liability growth.
The Group also reviews periodically its financing and investments policies (liability driven investments) and its liability management (lump sum offerings).

The various plans manage their balance sheet in order to meet their pension promise. By using asset liability management (ALM) studies major risk sources are identified and the impact of decisions assessed by quantifying the potential impact on elements like future pensions, contributions, and funded ratio. These ALM studies also determine risk and return measures that consider the interests of all stakeholders. The outcome of these studies results in a risk-return tradeoff, taking the duration of pension liabilities into account, which will be an integral part of the investment strategy.
The investment strategy covers the allocation of asset classes and hedging strategies, but also decisions on new and alternative asset classes, passive versus active investments, leverage, and the use of derivatives.

The Group funds the U.S. post-employment medical plan obligations on a pay-as-you-go basis and as result these plans do not have plan assets. If health care costs in the future increase more than anticipated, the actuarially determined liability and as a result the related other post-employment benefit plan expense could increase along with future cash outlays.

Actuarial assumptions for retirement and other post-employment plans
The following weighted average principal actuarial assumptions were used to determine the pension expense and post-employment plans' expense for the year under review and defined benefit obligations at the end of the reporting period.

Assumptions

in %	**2014**	**2013**
Retirement plans		
Discount rate to discount the net obligations/assets at year-end	2.4	3.7
Discount rate for pension expense	3.7	3.5
Expected rate of salary increase for pension expense	2.2	2.5
Other post-employment plans		
Discount rate used to discount the obligations at year-end	3.5	4.3
Discount rate for pension expense	4.3	3.4
Medical cost trend rate	3.0	3.0

The discount rate is determined using the Towers Watson Rate: Link methodology, which uses mid-price AA corporate bond data from Bloomberg with a minimum outstanding amount of € 500 million (less than 10 years to maturity) or € 50 million (10 or more years to maturity). Bonds are considered AA-graded if they receive an AA (or equivalent) rating from either or both of the two primary rating agencies in a given geography. Bonds with options are excluded, as are bonds whose yields are among the top and bottom 10% within each maturity group (outliers). The 30-year spot rate is assumed constant beyond 30 years.

The expected rate of salary increase is based on the average of the expected rate of salary increase for the non-closed pension plans.

Mortality assumptions for the most important plans are based on the following retirement mortality tables:

- The Netherlands: AG projection table 2014, including fund specific 2014 experience loading (2013: 2012-2062);
- U.S.: RP-2014 Mortality Table with MP 2014 projections, being the current standard mortality table (2013: PPA 2013 Treasury Table); and
- U.K.: SAPS S2 (Year of Birth) CMI 2013 projections with 1.5% long-term improvement rate (2013: SAPS S1 (Year of Birth) - CMI 2011 projections with 1.25% long-term improvement rate)

Assumptions regarding future mortality experience are set based on actuarial advice and best estimate mortality tables in the applicable countries.

The current life expectancy underlying the value of the defined benefit obligations as at December 31, 2014 are as follows:

Life expectancy

in years	**The Netherlands**	**United States**	**United Kingdom**
Life expectancy at age of 65 now - Male	21.3	21.6	22.7
Life expectancy at age of 65 now - Female	25.1	23.8	24.6
Life expectancy aged 65 in 20 years - Male	23.2	23.3	24.3
Life expectancy aged 65 in 20 years - Female	26.6	25.5	26.4

Given the nature of the defined benefit obligations in Belgium, Italy, and Australia, with no annuity payments paid from the plan, but instead lump sum benefit payments at retirement date, the impact of changing life expectancy after the retirement age on the plan liabilities is limited in these countries.

Plan liabilities and assets

		Defined benefit retirement plans		Post-employment plans	
		2014	2013	2014	2013
Plan liabilities					
Fair value at January 1		1,108	1,162	58	61
Employer service cost		6	7	2	2
Interest expense on the defined benefit obligations		40	39	3	2
Administration costs and taxes		2	1	-	-
Benefits paid by fund		(51)	(46)	(5)	(4)
Re-measurement (gains)/losses		247	(44)	16	(1)
Acquisition of new plans		-	-	-	0
Contributions by plan participants		3	3	-	-
Plan amendments and curtailments		(2)	(2)	-	-
Exchange rate differences		28	(12)	7	(2)
Fair value at December 31		1,381	1,108	81	58
Plan assets					
Fair value at January 1		1,115	1,123	0	0
Interest income on plan assets		41	38	-	-
Return on plan assets greater/(less) than discount rate		178	(8)	-	-
Benefits paid by fund		(51)	(46)	(5)	(4)
Contributions by the employer		13	16	5	4
Contributions by plan participants		3	3	-	-
Exchange rate differences		22	(11)	-	-
Fair value at December 31		1,321	1,115	0	0
Funded status					
Unfunded/(funded) status at December 31		60	(7)	81	58
Effect of asset ceiling (irrecoverable surplus)		22	60	-	-
Net liability at December 31		82	53	81	58
Pension expense					
Employer service cost		6	7	2	2
Past service costs curtailment		-	(2)	-	-
Past service costs plan amendments		(2)	0	0	-
Interest expense on defined benefit obligations and irrecoverable surplus		42	41	3	2
Interest (income) on plan assets		(41)	(38)	-	-
Administration costs and taxes		2	1	-	-
Total pension expense		7	9	5	4
Of which included in:					
Personnel expenses	*Note 12*	5	7	2	2
Divestment related results	*Note 8*	-	(1)	-	-
Other financing income/(costs)	*Note 14*	2	3	3	2

The Group's employer contributions to be paid to the defined benefit retirement plans in 2015 are estimated at €13 million (2014: actual employer contributions of €13 million).

The 2014 asset ceiling of €22 million (2013: €60 million) relates solely to the defined benefit retirement schemes in The Netherlands; in 2013 the surplus related to the scheme in The Netherlands and, to a lesser extent, the U.K. In these defined benefit retirement plans the over-funding of the defined benefit plans cannot likely be recovered, based on the current terms of the plans, through refunds or reductions in future contributions.

Re-measurements
The pre-tax cumulative amount of re-measurement gains/losses recognized in the statement of comprehensive income is as follows:

Re-measurements

	2014	**2013**
Position at January 1	(123)	(155)
Recognized in other comprehensive income	(45)	32
Cumulative amount at December 31	(168)	(123)

Re-measurement gains/(losses) for the year

	2014	2013
Re-measurement gains/(losses) due to experience on defined benefit obligations	11	6
Re-measurement gains/(losses) due to demographic assumptions in defined benefit obligations	(27)	5
Re-measurement gains/(losses) due to financial assumption changes in defined benefit obligations	(247)	34
Re-measurement gains/(losses) on defined benefit obligations	(263)	45
Return on plan asset greater/(less) than discount rate	178	(8)
Change in asset ceiling other than interest	40	(5)
Recognized in other comprehensive income	(45)	32

Experience adjustments are defined as adjustments resulting from changes like changes in plan populations, data corrections, and differences in cash flows.

Demographic assumptions changes relate to differences between the current and previous actuarial assumptions in mortality tables, rate of employee turnover, disability, and early retirement.

Financial assumptions changes relate to differences between the current and previous actuarial assumptions like changes in discount rate, indexation, and future salary and benefit levels.
The actual return on plan assets for the year ended December 31, 2014, amounted to a gain of €219 million (2013: gain of €30 million).

Sensitivity of actuarial assumptions
The sensitivity for a 1% change in the discount rate, a 0.5% change in inflation, and a 0.5% change in pension increase rate is as follows for the retirement plans:

Sensitivity retirement plans

in millions of euros	Gross service cost		Defined benefit obligations	
2014 Baseline		12		1,381
Change compared to baseline	*Decrease*	*Increase*	*Decrease*	*Increase*
Discount rate (change by 1%)	4	(3)	279	(213)
Inflation increase rate (change by 0.5%)	(1)	1	(48)	52
Pension increase rate (change by 0.5%)	(1)	1	(87)	100

Gross service cost represents the annual accrual of liability due to another year of service, excluding any interest or offsetting employee contributions, and therefore differ from the current service cost, included in the calculation of the pension expense.

Pension rate increase is only applicable for the plan in The Netherlands; the other retirement plans have no future pension increase rate entitlements and are not sensitive for mortality table changes as these plans foresee in lump sum entitlements. The Group's sensitivity for salary changes is limited as only the Dutch retirement plan is an open plan. The Dutch retirement plan is also sensitive for changes in the mortality tables. The retirement plans in U.S., U.K., and Canada are frozen.

The sensitivity for a 1% change in the discount rate is as follows for the other post-employment plans:

Sensitivity other post-employment plans

	Gross service cost	Defined benefit obligations
2014 Baseline	3	81
Change compared to baseline		
Discount rate (by -1%)	1	11
Discount rate (by +1%)	0	(9)

The actual medical cost trend rate in the United States exceeds the applied medical cost trend rate which is capped at 3% (2013: 3%) according to the plan rules.

Duration

The liability weighted duration for the defined benefit plan liabilities is as follows:

Estimated liability weighted duration (number of years) at December 31

	Duration 2014	Duration 2013
Retirement plans		
The Netherlands	18	16
United Kingdom	18	19
United States	14	13
Other post-employment plans		
United States	13	11

Due to the lower discount rates at December 31, 2014, the duration of the liabilities increased for the majority of the plans compared to 2013. Duration is an indicator of the plan liabilities sensitivity for changes in interest rates.

Investment mix
The actual proportion of plan assets held as equities and bonds as at December 31, in percentages is as follows:

Proportion of plan assets

in %	2014	2013
Equity	30	31
Bonds	60	61
Other	10	8
Total	100	100

Plan assets do not include any financial instruments issued by the Group; nor do they include any property or other assets used by the Group.

Note 29 – Provisions for Restructuring Commitments

	Restructuring	Acquisition integration	Springboard	2014	2013
Position at January 1	3	1	6	10	4
Add: short-term commitments	19	5	9	33	58
Total at January 1	22	6	15	43	62
Movements					
Additions for restructuring of stranded costs following divestments	-	-	-	0	9
Additions to acquisition integration *Note 11*	-	5	-	5	6
Additions for restructuring existing businesses	27	-	-	27	8
Additions for restructuring costs following discontinued operations	-	-	-	0	3
Total additions	27	5	0	32	26
Appropriation of provisions for restructuring	(30)	(6)	(7)	(43)	(33)
Disposal of discontinued operations	-	-	-	0	(10)
Divestments of operations	-	-	-	0	(2)
Exchange differences and other movements	1	0	0	1	0
Total movements	(2)	(1)	(7)	(10)	(19)
Total at December 31	20	5	8	33	43
Less: short-term commitments	(18)	(4)	(8)	(30)	(33)
Position at December 31	2	1	0	3	10

Additions of €27 million relate to the increase in restructuring announced early 2014, mainly in Tax & Accounting and Legal & Regulatory.

The majority of the provisions relates to severance programs, restructurings, and onerous contracts and will be settled within the next twelve months (€30 million). The remaining long-term part of the provisions (€3 million) is expected to be settled in 2016.

Acquisition integration

The acquisition integration provision relates to non-recurring expenses to be incurred for the integration of the acquired activities by business combinations and mainly consists of expected redundancy payments, IT migration costs, and onerous contracts.

Restructuring

The restructuring provision mainly relates to expected redundancy payments, and to a lesser extent, onerous contracts.

Springboard

The Springboard provision relates to the remaining commitments to be incurred to complete the final phase of the Springboard program and mainly consists of expected personnel-related restructuring payments, and onerous contracts. There were no restructuring costs related to Springboard since the completion of this program at the end of 2011.

Note 30 – Capital and Reserves

Share capital

The authorized capital amounts to €143.04 million, consisting of €71.52 million in ordinary shares (nominal value of €0.12 per ordinary share) and €71.52 million in preference shares. There are no preference shares issued. The issued share capital consists of ordinary shares. The number of issued ordinary shares was 301.9 million ordinary shares per December 31, 2014 (€36 million), unchanged compared to 2013.
The Company holds 6.8 million of shares in treasury at December 31, 2014 (2013: 6.6 million), which have not been cancelled.
At December 31, 2014, the net number of ordinary shares outstanding is 295.1 million (2013: 295.3 million).

Legal reserve participations

Legal reserve participations contain appropriations of profits of group companies, which are allocated to a legal reserve based on statutory and/or legal requirements. This reserve is not available for distribution.

Translation reserve

Translation reserve contains exchange rate differences arising from the translation of the net investment in foreign operations. When a foreign operation is sold, exchange differences that were recorded in equity prior to the sale are reclassified from equity to profit or loss as part of the gain or loss on divestment. This reserve is not available for distribution and, consequently, considered to be legal reserves.

Hedge reserve

Hedge reserve relates to the effective portion of the change in fair value of the hedging instrument used for cash flow hedging and net investment hedging purposes. This reserve is not available for distribution and, consequently, considered to be legal reserves.

Treasury shares

Treasury shares are recorded at cost, representing the market price on the acquisition date. This reserve is not available for distribution. Treasury shares are deducted from Retained earnings.
The Company has announced that it will offset the dilution of its performance share issuance annually via share repurchases.
In 2014, the Company executed a share buy-back program of €25 million (2013: €20 million). The Company repurchased 1.2 million (2013: 1.2 million) of ordinary shares under this program at an average stock price of €21.18 (2013: €16.32). In 2014, the Company used 1.1 million shares of treasury shares for the vesting of the 2011-13 LTIP plan.

The 2013 comparatives in the statement of cash flows show a cash outflow of €27 million. This cash outflow relates to the 2013 share buy-back program of €20 million, dividend withholding the tax of €4 million, and a €3 million settlement related to the 2012 share buy-back program.

Dividends

Pursuant to Article 29 of the Articles of Association, and with the approval of the Supervisory Board, a proposal will be submitted to the Annual General Meeting of Shareholders to make a distribution of €0.71 per share in cash on May 13, 2015 (cash dividend over financial year 2013: €0.70 per share).

The Company has a progressive dividend policy under which the Company expects to increase the dividend per share each year.

Free distributable reserves
The share premium reserve, the retained earnings, and undistributed profit for the year are available for dividend distribution.

Number of shares
For a reconciliation of average number of shares and earnings per share, see *Note 6*.

Number of shares

in thousands	Number of ordinary shares		Number of treasury shares		Total number of ordinary shares outstanding	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
At January 1	301,897	301,897	(6,643)	(6,559)	295,254	295,338
Repurchased shares	-	-	(1,181)	(1,226)	(1,181)	(1,226)
Long-Term Incentive Plan	-	-	1,063	1,142	1,063	1,142
At December 31	301,897	301,897	(6,761)	(6,643)	295,136	295,254

Option preference shares
The Company has granted an option to purchase preference shares to the Wolters Kluwer Preference Shares Foundation (Stichting Preferente Aandelen Wolters Kluwer). The dividend on these shares would equal a normal market rate of return, based on a weighted average of interest rate applied by the European Central Bank. Therefore, the fair value of the option is deemed to be zero.

Shareholder's equity movement schedule
For the equity movement schedule reference is made to *Note 40* in the Company Financial Statements.

Note 31 – Share-based Payments

Long-Term Incentive Plan
Executive Board members and senior executives are awarded shares under the equity-settled Long-Term Incentive Plan (LTIP). In 2011, an additional performance condition based on Diluted Earnings per Share (EPS) at constant currencies for the LTIP awards was made to the Executive Board, in addition to the existing performance condition based on the Total Shareholder Return (TSR). This change only related to the conditional LTIP awards granted to the Executive Board made in 2011 and future years.

Starting the LTIP grant 2011-13 to the Executive Board, the LTIP awards depend partially on the TSR performance (50% of the value of the conditionally awarded rights on shares) and partially on the EPS performance (50% of the value of the conditionally awarded rights on shares).

As of 2012, the LTIP awards for senior executives also depend partially on the TSR performance (50% of the conditionally awarded rights on shares) and partially on the EPS performance (50% of the conditionally awarded rights on shares). The TSR based LTIP 2012-14 awards for Senior Executives are based on the same pay-out schedules as the Executive Board.
The performance period of the LTIP is three years at the beginning of which a base number of shares (norm pay-out) are conditionally awarded to each beneficiary.

In 2014, €22 million has been recognized within personnel expenses in profit or loss (2013: €14 million) related to the total cost of the LTIP grants 2012-14, 2013-15, and 2014-16 (Note 12). The costs related to the share-based payments increased by €8 million compared to prior year mainly due to a pay-out of 150% for the EPS based LTIP grant 2012-2014.

Conditional awarded TSR based LTIP-shares
For the conditional TSR awards that were awarded up to and including 2014 (including LTIP 2011-13, 2012-14, 2013-15, and 2014-16) the pay-out of shares after three years fully depends on the Group's TSR relative to a pre-defined group of 15 peer companies. Vesting of these conditional grants is subject to the non-market condition that the participant stays with the Group until the plan's maturity. The expense of the TSR based LTIP is recognized ratably in profit or loss over the performance period.

Actual awards at the end of the performance period will range anywhere from 0% to 150% of the norm pay-out. There will be no pay-out for the Executive Board and senior executives if Wolters Kluwer ends below the eighth position in the TSR ranking, 150% for first or second position, 125% for third or fourth position, 100% for fifth or sixth position, and 75% pay-out for seventh or eighth position.

LTIP 2014-16 and 2013-15 Executive Board and Senior Executives

	LTIP 2014-16	LTIP 2013-15
TSR shares – key assumptions		
Fair value of TSR-shares at grant date	13.50	9.81
Share price at grant date	20.75	15.48
Expected volatility	21%	22%
Expected life	3 years	3 years
Annual dividend increase	1.4%	1.4%
Risk free interest rate (yield on Dutch 3-year government bonds)	0.60%	0.13%

Conditional awarded EPS based LTIP-shares
The amount recognized as an expense in a year is adjusted to reflect the number of shares awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market conditions at the vesting date.
For the EPS related shares, there will be no pay-out if the performance over three years is less than 50% of the target. In case of overachievement of the target, the Executive Board members and senior executives can earn up to a maximum of 150% of the conditionally awarded shares. See for more details → *Remuneration Report*.
The fair value of each LTIP 2014-16 EPS performance share granted to the Executive Board and senior executives is estimated at €18.64 (LTIP 2013-15 EPS based performance share: €13.38).

LTIP 2011-13
The LTIP 2011-13 vested on December 31, 2013. On Total Shareholder Return (TSR) Wolters Kluwer ranked eight relative to its peer group of 15 companies, resulting in a pay-out of 75% of the conditional base number of shares awarded to the Executive Board and in a pay-out of 100% of the conditional base number of shares awarded to senior executives. The EPS LTIP 2011-2013 grant ended at a 150% pay-out to the Executive Board.

A total number of 1,062,797 shares were released on February 20, 2014, at a volume weighted average price of the shares of Wolters Kluwer nv of €20.01.

LTIP 2011-13

Number of shares	Outstanding at January 1, 2013	Forfeitures	Deduction on conditional number of TSR shares (25%)	Increase on conditional number of EPS shares (50%)	Pay-out/ Vested shares December 31, 2013	Cash value equivalent of vested shares in thousands of euros
Executive Board	235,205	-	(30,687)	51,729	256,247	5,127
Senior Executives	974,927	(168,377)	-	-	806,550	16,139
Total	1,210,132	(168,377)	(30,687)	51,729	1,062,797	21,266

LTIP 2012-14

The LTIP 2012-14 vested on December 31, 2014. On Total Shareholder Return (TSR) Wolters Kluwer ranked sixth relative to its peer group of 15 companies, resulting in a pay-out of 100% of the conditional base number of shares awarded to the Executive Board and senior executives. The EPS-condition based shares resulted in a pay-out of 150%. The shares will be released on February 19, 2015.

The volume weighted average price for the shares released will be based on the average exchange prices traded at the Euronext Amsterdam nv on February 19, 2015, the first day following the Company's publication of its annual results.

The number of shares outstanding, corrected for the expected performance of the respective grants, is as follows:

LTIP 2012-14

Number of shares	Total	EPS-condition	TSR-condition
Total grant	1,729,795	836,343	893,452
Forfeited in previous years	(365,006)	(171,211)	(193,795)
Shares outstanding at January 1, 2014	1,364,789	665,132	699,657
Forfeited during year	(91,500)	(45,750)	(45,750)
Effect of 150% vesting based on EPS ranking	309,694	309,694	-
Vested at December 31, 2014	1,582,983	929,076	653,907

LTIP 2013-15

Base numbers of shares at 100% pay-out	Total	EPS-condition	TSR-condition
Conditionally awarded grant 2013	1,659,206	802,691	856,515
Forfeited in previous years	(59,958)	(29,979)	(29,979)
Shares outstanding at January 1, 2014	1,599,248	772,712	826,536
Forfeited in 2014	(108,450)	(54,225)	(54,225)
Outstanding at December 31, 2014	1,490,798	718,487	772,311

LTIP 2014-16

Base numbers of shares at 100% pay-out	Total	EPS-condition	TSR-condition
Conditionally awarded grant 2014	1,218,821	589,070	629,751
Forfeited in 2014	(55,796)	(27,898)	(27,898)
Outstanding at December 31, 2014	1,163,025	561,172	601,853

Overall overview of outstanding performance shares:

LTIP 2014-16 and 2013-15

Base numbers of shares at 100% pay-out	**LTIP 2014-16**	**LTIP 2013-15**	**Total**
Conditionally awarded grant 2013		1,659,206	1,659,206
Forfeited in previous years		(59,958)	(59,958)
Shares outstanding at January 1, 2014		1,599,248	1,599,248
Conditionally awarded grant 2014	1,218,821	-	1,218,821
Forfeited in 2014	(55,796)	(108,450)	(164,246)
Outstanding at December 31, 2014	1,163,025	1,490,798	2,653,823

Fair value summary of conditionally awarded shares per LTIP-grant

The fair value of each conditionally awarded share under the running LTIP grants, as determined by an outside consulting firm, for the Executive Board and senior executives of the Group is summarized as follows:

Fair value of conditionally awarded shares under each LTIP-grant

	Executive Board		**Senior Executives**	
	Fair value (€)	Vesting (in %)	Fair value (€)	Vesting (in %)
EPS-condition				
LTIP 2014-16	18.64		18.64	
LTIP 2013-15	13.38		13.38	
LTIP 2012-14	11.31	150	11.31	150
LTIP 2011-13	14.38	150	-	-
TSR-condition				
LTIP 2014-16	13.50		13.50	
LTIP 2013-15	9.81		9.81	
LTIP 2012-14	8.92	100	8.92	100
LTIP 2011-13	12.12	75	14.67	100

The fair value of a conditionally awarded share under the LTIP 2014-16 increased compared to previous year, mainly as a result of the higher share price of Wolters Kluwer at January 1, 2014, compared to January 1, 2013.

Note 32 – Related Party Transactions

The Company has a related party relationship with its subsidiaries (Wolters Kluwer nv has filed a list of the subsidiaries at the Trade Register in The Hague), equity-accounted investees, joint venture, the pension funds, and members of the Supervisory Board and the Executive Board. Related party transactions are conducted on an at arm's length basis with terms comparable to transactions with third parties. For transactions with key management reference is made to Note 34 Remuneration of the Executive Board and Supervisory Board.

Related party transactions

The Group has one joint venture in Italy accounted for under the net equity method in the consolidated financial statements of the Group. The revenues of this joint venture on a 100% basis amount to €12 million (2013: €12 million).

Joint venture transactions

	2014	2013
Sales of goods and services bought from joint venture	9	9
Services provided to joint venture	(3)	(3)
Net amounts payable at December 31	2	3

The Group has no significant transactions or outstanding balances with its equity-accounted investees other than its equity-interest holdings.

Note 33 – Commitments and Contingent Liabilities

Leases

The Group leases a number of offices under operating leases. The leases typically run for a period of 3-10 years, with an option to renew the lease. Lease payments are increased to reflect market rentals. None of the leases include contingent rentals.

At December 31, 2014, annual commitments under rental and operational lease agreements amounted to €58 million (2013: €58 million). The average term of these commitments is approximately 4.4 years (2013: 3.4 years).
Non-cancelable operating lease rentals are payable as follows:

Non-cancelable operating lease rentals

	2014	2013
Less than one year	18	16
Between one and five years	58	46
More than five years	5	6

Some of the leased property is sublet by the Group. Sublease payments of €3 million (2013: €3 million) are expected to be received during the following financial year. The Group has recognized a provision of €1 million related to these subleases (2013: €1 million).
The Group has immaterial outstanding finance lease arrangements at December 31, 2014 and 2013.

Guarantees

At December 31, 2014, the Group has outstanding guarantees regarding royalty payments to societies during the coming years of €4 million (2013: €5 million).
The Group has issued formal guarantees for bank credit facilities for a total amount of €173 million (2013: €153 million) on behalf of a number of its foreign subsidiaries. At December 31, 2014, €9 million of these credit facilities had been utilized (2013: €5 million).
At December 31, 2014, other bank guarantees had been issued at the request of the Company or its subsidiaries for a total amount of €13 million (2013: €9 million). These guarantees mainly relate to rent for real estate.
In addition, parental performance guarantees to third parties have been issued for €12 million (2013: €11 million).
The Company has issued a guarantee on behalf of one of its foreign subsidiaries for an amount of €10 million (2013: €9 million).

Legal and judicial proceedings, claims

The Group is involved in legal and judicial proceedings and claims in the ordinary course of business. Liabilities and contingencies in connection with these matters are periodically assessed based upon the latest information available, usually with the assistance of lawyers and other specialists.
A liability is accrued only if an adverse outcome is probable and the amount of the loss can be reasonably estimated. If one of these conditions is not met, the proceeding or claim is disclosed as contingent liability, if material. The actual outcome of a proceeding or claim may differ from the estimated liability, and consequently may affect the financial performance and position of the Group.

Note 34 – Remuneration of the Executive Board and Supervisory Board

For details on the Group's remuneration policy, see → Remuneration Report.

Remuneration costs under IFRS, on accrual and cost basis
The table below provides the accounting costs of the total compensation of the Executive Board recognized in the statement of profit or loss.

Remuneration costs for the Executive Board

in thousands of euros	Salary	STIP	Defined contribution pension plan	Social security	Other Benefits	Share-based payments (LTIP)[2]	Tax gross-up	2014	2013
N. McKinstry, Chairman[1,3]	912	892	599	19	357	4,300	1,102	8,181	6,031
K.B. Entricken[4]	482	505	13	21	284	775	38	2,118	1,624
B.J.L.M. Beerkens[5]	-	-	-	-	-	-	-	-	(13)
J.J. Lynch, Jr.[6]	-	-	-	-	-	-	(2)	(2)	(105)
Total	1,394	1,397	612	40	641	5,075	1,138	10,297	7,537

[1] In 2014, Ms. McKinstry's salary is $1,256,650 (€1,101,461). Ms. McKinstry elected to defer 20% to pension ($251,330, equivalent to €189,255). The 2014 STIP bonus is calculated on a U.S. Dollar denominated equivalent of total salary as: $1,256,650 x 134,67% ($1,692,330; equivalent to €1,274,345). Ms. McKinstry elected to defer 30% (equivalent €382,304) of the STIP bonus and 30% of the pay-out of the vested LTIP shares under grant 2012-2014 to pension in 2015.

[2] LTIP share-based payments are based on IFRS accounting policies and therefore do not reflect the actual pay-out or value of performance shares released upon vesting. The LTIP-EPS based grant 2012-14 costs are based on a performance of 150%; the LTIP TSR grant 2012-2014 is based on a performance of 100%.

[3] The 2014 tax gross-up increased compared to 2013 due to the ending of the 30%-wage tax ruling for Ms. McKinstry as of July 1, 2013, and the higher value of the vested LTIP 2011-2013 grant resulting in higher tax equalization costs. In addition, 2013 comparatives included a receivable for tax equalization refunds from prior years.

[4] Mr. Entricken's 2013 comparative compensation represents the remuneration costs incurred since his appointment as of May 1, 2013, except for the share-based payments costs which reflected also the costs incurred for shares held prior to Mr. Entricken's appointment as member of the Executive Board.

[5] The 2013 remuneration of Mr. Beerkens represents the remuneration until the date of resignation, April 30, 2013.

[6] The 2013 and 2014 remuneration of Mr. Lynch, Jr. represents settlements of prior year's tax equalization returns incurred after his resignation date.

Allocation of cash value[1] of vested LTIP grant 2011-2013 in 2014

in thousands of euros	Paid out in 2014		
	Cash value	Cash value deferred into pension scheme (30%)	Total cash value
N. McKinstry, Chairman	3,463	1,484	4,947
K.B. Entricken	180	-	180
Total	3,643	1,484	5,127

[1] Calculated as the number of shares vested multiplied by the volume weighted average share price on February 20, 2014.

In 2013, the total pay-out for the vested LTIP shares under grant 2010-12 for Mrs. N. McKinstry was €2,915,600, of which 30% (€874,680) was deferred to pension.

Dutch crisis tax

The crises tax levy due for the Executive Board was nil in 2014 (2013: €1.0 million).

In 2013, the Company recognized the final Dutch government mandated crisis tax levy of 16% on the 2013 Dutch fiscal wage tax base. The 2013 crisis tax levy was due in 2014, and is calculated over the 2013 fiscal tax base for individual taxable incomes over €150,000. The Dutch crisis tax levy is not considered to be a remuneration element for the Executive Board.

LTIP 2011-13 vesting and pay-out

The LTIP 2011-13 vested on December 31, 2013. On Total Shareholder Return (TSR) Wolters Kluwer ranked eight relative to its peer group of 15 companies, resulting in a pay-out of 75% of the conditional base number of shares awarded to the Executive Board members.
The EPS LTIP 2011-2013 grant ended at a 150% pay-out to the Executive Board.
The volume weighted average price of the shares of Wolters Kluwer nv was €20.01 on February 20, 2014.

LTIP 2011-13

Number of shares	Outstanding at January 1, 2013	Deduction on conditional number of TSR-shares (25%)	Increase on conditional number of EPS-shares (50%)	Pay-out/ vested shares December 31, 2013	Cash value equivalent of vested shares in thousands of euros
N. McKinstry, Chairman	226,205	(30,687)	51,729	247,247	4,947
K.B. Entricken[1]	9,000	-	-	9,000	180
Total	235,205	(30,687)	51,729	256,247	5,127

[1] Mr. Entricken held LTIP-awards before he joined as a Member of the Executive Board in May 2013. These TSR LTIP-awards were granted under the Senior Management Scheme, resulting in a different pay-out of 100%.

Long-Term Incentive Plan Executive Board Members

LTIP 2012-14

The LTIP 2012-14 vested on December 31, 2014.
On Total Shareholder Return (TSR) Wolters Kluwer ranked sixth relative to its peer group of 15 companies, resulting in a pay-out of 100% of the conditional base number of shares awarded to the Executive Board members.
The EPS LTIP 2012-14 grant ended at 150% of target.

LTIP 2012-14

Number of shares	Outstanding at January 1, 2014	Deduction on conditional number of TSR-shares	Increase on conditional number of EPS-shares (50%)	Pay-out/ Vested shares December 31, 2014
N. McKinstry, Chairman	292,242	-	64,429	356,671
K.B. Entricken[1]	11,000	-	2,750	13,750
Total	303,242	0	67,179	370,421

[1] Mr. Entricken held LTIP-awards before he joined as a Member of the Executive Board in May 2013.

Vesting LTIP 2012-14 shares will be released on February 19, 2015. The volume weighted average price for the shares released will be based on the average exchange prices traded at the Euronext Amsterdam nv on February 19, 2015, the first day following the Company's publication of its annual results.

LTIP 2014-16 and LTIP 2013-15
The Executive Board members have been conditionally awarded the following conditional number of shares based on a 100% pay-out, subject to the conditions of the LTIP for 2014-16 and 2013-15, as described in → *Remuneration Report*.

LTIP 2014-16 and 2013-15

	Conditionally awarded TSR based shares	Conditionally awarded EPS based shares	Conditionally awarded TSR based shares	Conditionally awarded EPS based shares	Total conditionally awarded shares
Base numbers of shares at 100% pay-out	LTIP 2014-16	LTIP 2014-16	LTIP 2013-15	LTIP 2013-15	December 31, 2014
N. McKinstry, Chairman	116,262	84,202	158,345	116,096	474,905
K.B. Entricken	31,264	22,643	43,383	31,807	129,097
Total	147,526	106,845	201,728	147,903	604,002

Mr. Beerkens resigned as Member of the Executive Board in May 2013. As a result, all the conditionally awarded shares under the LTIP 2011-13 and LTIP 2012-14 grants to Mr. Beerkens forfeited in 2013. There were no shares awarded to Mr. Beerkens under the LTIP 2013-2015 grants.

Fair value of conditionally awarded shares under each LTIP-grant
The fair value of each conditionally awarded share under the running LTIP grants to the Executive Board members, as determined by an outside consulting firm, was as follows:

Fair value of conditionally awarded shares under each LTIP-grant and actual vesting percentages

	Fair value (€) of awarded TSR-shares	Vesting (in %)	Fair value (€) of awarded EPS-shares	Vesting (in %)
LTIP 2014-16	13.50	-	18.64	-
LTIP 2013-15	9.81	-	13.38	-
LTIP 2012-14	8.92	100	11.31	150
LTIP 2011-13	12.12	75	14.38	150
LTIP 2010-12	11.08	75		

The plans have a performance period of three years.

Shares Owned by Executive Board Members

At December 31, 2014, the Executive Board jointly held 137,436 shares (2013: 123,350 shares), of which 123,350 shares (2013: 123,350 shares) were held by Ms. McKinstry and 14,086 shares (2013: nil shares) by Mr. Entricken.

Remuneration of Supervisory Board members

in thousands of euros	Member of Selection and Remuneration Committee	Member of Audit Committee	Remuneration 2014	Remuneration 2013
P.N. Wakkie, Chairman[1]	•		67	66
L.P. Forman, Deputy Chairman	•	•	72	69
A. Baan[2]	•	•	-	25
B.F.J. Angelici		•	59	59
B.M. Dalibard	•		60	56
D.R. Hooft Graafland		•	59	59
S.B. James[3]	•		19	57
R. Qureshi[3]			52	-
Total			388	391

[1,2] Per April 2013, Mr. Wakkie took over the duties of Chairman of Mr. Baan, who passed away in 2013.

[3] Ms. Qureshi was appointed as a Member of the Supervisory Board at the Annual Shareholders Meeting in April, 2014. Ms. Qureshi is the successor of Mr. James. After expiry of his second term he was not available for reappointment.

Shares Owned by Supervisory Board Members

The Supervisory Board members do not own shares in Wolters Kluwer.

Note 35 – Events after Balance Sheet Date

On January 9, 2015, Wolters Kluwer Tax & Accounting closed an agreement to acquire SBS Software GmbH, a leading German provider of accounting and payroll solutions. Based in Bretten, Germany, with a 40-year history, SBS Software has approximately 100 employees and serves over 6,000 customers.

On February 18, 2015, management announced it is conducting a review of strategic alternatives for its business unit Transportation Services, including divestment.

Company Financial Statements

Statement of Profit or Loss of Wolters Kluwer nv

in millions of euros		2014	2013
Results from subsidiaries, net of tax	*Note 37*	490	377
Other income, net of tax		(17)	(32)
Profit for the year		473	345

Statement of Financial Position of Wolters Kluwer nv

in millions of euros and before appropriation of results, at December 31			2014		2013
Non-current assets					
Intangible assets		-		2	
Financial assets	*Note 37*	4,923		4,153	
Total non-current assets			4,923		4,155
Working capital					
Accounts receivable	*Note 38*	762		595	
Cash and cash equivalents		212		470	
Total current assets		974		1,065	
Short-term bonds	*Note 26*	-		700	
Current liabilities	*Note 39*	1,423		982	
Total current liabilities		1,423		1,682	
Working capital			(449)		(617)
Capital employed			4,474		3,538

Statement of Financial Position of Wolters Kluwer nv (continued)

in millions of euros and before appropriation of results, at December 31			**2014**		**2013**
Non-current liabilities					
Long-term debt:					
Bonds	*Note 26*	1,875		1,479	
Private placements	*Note 26*	384		384	
Derivative financial instruments	*Note 26*	31		16	
Total long-term debt			2,290		1,879
Long-term debt to subsidiaries			63		63
Deferred tax liabilities			15		32
Employee benefits			0		0
Total non-current liabilities			2,368		1,974
Issued share capital		36		36	
Share premium reserve		87		87	
Legal reserves		(7)		(318)	
Other reserves		1,517		1,414	
Profit for the year		473		345	
Shareholders' equity	*Note 40*		2,106		1,564
Total financing			4,474		3,538

Notes to the Company Financial Statements

Note 36 – Significant Accounting Policies

As provided in section 402 of the Netherlands Civil Code, Book 2, the statement of profit or loss of Wolters Kluwer nv includes only the after-tax results of subsidiaries and other income after tax, as Wolters Kluwer nv's figures are included in the consolidated financial statements. Unless otherwise indicated, the numbers in these financial statements are in millions of euros.

Accounting policies

The financial statements of Wolters Kluwer nv are prepared in accordance with the Netherlands Civil Code, Book 2, Title 9, with the application of the regulations of section 362.8 allowing the use of the same accounting policies as applied for the consolidated financial statements. These accounting policies are described in the Notes to the Consolidated Financial Statements. Subsidiaries are valued using the equity method, applying the IFRS accounting policies endorsed by the European Union.

Any related party transactions between subsidiaries, associates, investments, and with members of the Supervisory Board and the Executive Board and the (ultimate) parent company Wolters Kluwer nv are conducted on an at arm's length basis with terms comparable to transactions with third parties.

For the following disclosures reference is made to the notes to the consolidated financial statements:

- Long-term debt (Note 26);
- Capital and reserves (Note 30);
- Share-based payments (Note 31);
- Salaries and wages, social security charges and pension expenses (Note 12);
- Number of employees (Note 12);
- Loans, advances and guarantees to Executive Board, Supervisory Board and key employees (Note 32);
- Related party transactions (Note 32); and
- Remuneration of the Executive Board and Supervisory Board (Note 34).

Note 37 – Financial Assets

Financial assets

	2014	2013
Equity value of subsidiaries	2,964	1,982
Long-term receivables from subsidiaries	1,959	2,171
Derivative financial instruments	-	-
Total	4,923	4,153

The movement of the equity value of the subsidiaries is as follows:

Equity value of subsidiaries

	2014	2013
Position at January 1	1,982	1,740
Results from subsidiaries, net of tax	490	377
Net capital payments	225	-
Dividend payments	(30)	(7)
Re-measurement gains/(losses) on defined benefit plans, net of tax	(28)	18
Foreign exchange differences	325	(146)
Position at December 31	2,964	1,982

The movement of the long-term receivables from subsidiaries is as follows:

Long-term receivables from subsidiaries

	2014	2013
Position at January 1	2,171	2,304
New receivables	9	-
Redemptions	(225)	(132)
Foreign exchange differences	4	(1)
Position at December 31	1,959	2,171

Note 38 – Accounts Receivable

Accounts receivable

	2014	2013
Receivables from subsidiaries	732	581
Derivative financial instruments	-	1
Current tax receivable	8	10
Collateral	20	-
Other receivables	2	3
Total	762	595

Note 39 – Current Liabilities

Current liabilities

	2014	2013
Debts to subsidiaries	1,229	768
Multi-currency roll-over credit facility	-	-
Other bilateral U.S. Dollar bank loans	-	-
Bank overdrafts	110	102
Derivative financial instruments	2	0
Interest payable	61	88
Other liabilities	21	24
Total	1,423	982

Note 40 – Shareholders' Equity

			Legal reserves			Other reserves			
	Issued share capital	Share premium reserve	Legal reserve participations	Hedge reserve	Translation reserve	Treasury shares	Retained earnings	Undistributed profit	Shareholders' equity
Balance at January 1, 2014	36	87	74	(69)	(323)	(88)	1,502	345	1,564
Items that are or may be reclassified to the statement of profit or loss									
Exchange differences on translation foreign operations				(2)	361				359
Exchange differences on translation of equity-accounted investees					1				1
Net gains/(losses) on hedges of net investments in foreign operations				(31)					(31)
Effective portion of changes in fair value of cash flow hedges				(15)					(15)
Net change in fair value of cash flow hedges reclassified to the statement of profit or loss				0					0
Items that will not be reclassified to the statement of profit or loss									
Re-measurements on defined benefit plans							(45)		(45)
Income tax on other comprehensive income					(2)		18		16
Other comprehensive income/(loss) for the year, net of tax	0	0	0	(48)	360	0	(27)	0	285
Profit for the year								473	473
Total comprehensive income/(loss) for the year	0	0	0	(48)	360	0	(27)	473	758
Appropriation of profit previous year							345	(345)	0
Transactions with owners of the Company, recognized directly in equity:									
Share-based payments							22		22
Tax on share-based payments							(6)		(6)
Release LTIP shares						17	(17)		0
Cash dividend 2013							(207)		(207)
Repurchased shares						(25)			(25)
Other movements			(1)				1		0
Balance at December 31, 2014	36	87	73	(117)	37	(96)	1,613	473	2,106

			Legal reserves			Other reserves			
	Issued share capital	Share premium reserve	Legal reserve participations	Hedge reserve	Translation reserve	Treasury shares	Retained earnings	Undistributed profit	Shareholders' equity
Balance at January 1, 2013	36	87	44	(98)	(171)	(85)	1,413	312	1,538
Items that are or may be reclassified to the statement of profit or loss									
Exchange differences on translation foreign operations					(153)				(153)
Reclassification of foreign exchange differences on loss of control					1				1
Net gains/(losses) on hedges of net investments in foreign operations				8					8
Effective portion of changes in fair value of cash flow hedges				(17)					(17)
Net change in fair value of cash flow hedges reclassified to the statement of profit or loss				38					38
Items that will not be reclassified to the statement of profit or loss									
Re-measurements on defined benefit plans							32		32
Income tax on other comprehensive income					0		(13)		(13)
Other comprehensive income/(loss) for the year, net of tax	0	0	0	29	(152)	0	19	0	(104)
Profit for the year								345	345
Total comprehensive income/(loss) for the year	0	0	0	29	(152)	0	19	345	241
Appropriation of profit previous year							312	(312)	0
Transactions with owners of the Company, recognized directly in equity:									
Share-based payments							14		14
Tax on share-based payments							(3)		(3)
Release LTIP shares						17	(17)		0
Cash dividend 2012							(204)		(204)
Repurchased shares						(20)	(4)		(24)
Other movements			30				(28)		2
Balance at December 31, 2013	36	87	74	(69)	(323)	(88)	1,502	345	1,564

The legal reserves and treasury shares reserve are not available for dividend distribution to the owners of the Company.

Note 41 – Audit Fees

With reference to Section 2:382a(1) and (2) of the Netherlands Civil Code, the following fees for the financial year have been charged by KPMG Accountants N.V. to the Company, its subsidiaries and other consolidated entities:

Audit fees 2014

in millions of euros	KPMG Accountants N.V.	Other KPMG member firms and affiliates	Total KPMG
Statutory audit of annual accounts	2.4	0.9	3.3
Other assurance services	0.3	0.3	0.6
Tax advisory services	-	0.8	0.8
Other non-audit services	-	0.1	0.1
Total	2.7	2.1	4.8

Audit fees 2013

in millions of euros	KPMG Accountants N.V.	Other KPMG member firms and affiliates	Total KPMG
Statutory audit of annual accounts	2.6	0.9	3.5
Other assurance services	0.1	0.1	0.2
Tax advisory services	-	1.2	1.2
Other non-audit services	-	0.2	0.2
Total	2.7	2.4	5.1

Note 42 – Commitments and Contingent Liabilities

Guarantees

Pursuant to section 403 of the Netherlands Civil Code, Book 2, the Company has assumed joint and several liabilities for the debts arising out of the legal acts of a number of subsidiaries in The Netherlands. The relevant declarations have been filed with and are open for inspection at the Trade Register for the district in which the legal entity respective to the liability has its registered office.

The Company has issued formal guarantees for bank credit facilities for a total amount of €173 million (2013: €153 million) on behalf of a number of its foreign subsidiaries. At December 31, 2014, €9 million of these credit facilities had been utilized (2013: €5 million). In addition, parental performance guarantees to third parties have been issued for €12 million (2013: €11 million).

The Company has issued a guarantee on behalf of one of its foreign subsidiaries for an amount of €10 million (2013: €9 million).

Other

The Company forms part of a Dutch fiscal entity and pursuant to standard conditions has assumed joint and several liabilities for the tax liabilities of the fiscal entity.

Note 43 – Details of Participating Interests

A list of subsidiaries and affiliated companies, prepared in accordance with the relevant legal requirements (Netherlands Civil Code, Book 2, Part 9, Sections 379 and 414) is filed at the offices of Chamber of Commerce of The Hague, The Netherlands.

Authorization for Issuance

Alphen aan den Rijn, February 17, 2015

Executive Board
N. McKinstry, CEO and Chairman of the Executive Board
K.B. Entricken, CFO and Member of the Executive Board

Supervisory Board
P.N. Wakkie, Chairman
B.F.J. Angelici
B.M. Dalibard
L.P. Forman
D.R. Hooft Graafland
R. Qureshi

Other Information on the Financial Statements

Independent Auditor's Report

To: Annual General Meeting of Wolters Kluwer nv
Report on the audit of the Financial statements 2014

Our opinion

We have audited the accompanying Financial statements 2014 of Wolters Kluwer nv (the Company), based in Alphen aan den Rijn. The Financial statements include the Consolidated and Company financial statements.

In our opinion:

– the Consolidated financial statements as set out on pages 44 - 119 give a true and fair view of the financial position of Wolters Kluwer nv as at December 31, 2014, its result and its cash flows for 2014 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Netherlands Civil Code; and
– the Company financial statements as set out on pages 120 - 128 give a true and fair view of the financial position of Wolters Kluwer nv as at December 31, 2014, and of its result for 2014 in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

The Consolidated financial statements comprise:

– the Consolidated statements for 2014: the statement of profit or loss, the statements of comprehensive income, changes in total equity and cash flows;
– the Consolidated statement of financial position as at December 31, 2014; and
– notes, comprising a summary of the significant accounting policies and other explanatory information.

The Company financial statements comprise:

– the Company statement of profit or loss for 2014;
– the Company Statement of financial position as at December 31, 2014; and
– notes, comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the section "*Our responsibilities for the audit of the Financial statements*" of this report.

We are independent of Wolters Kluwer nv in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

Misstatements can arise from fraud or error and will be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Based on our professional judgment the materiality for the Consolidated financial statements as a whole set at €35 million. The materiality is determined with reference to a benchmark of consolidated profit before taxation (7%) and consolidated revenue (1%). We consider these benchmarks to be the most relevant benchmarks given the nature and business of the Company. We have also taken into account misstatements and/or possible misstatements, if any, that in our opinion are material for qualitative reasons for the users of the financial statements.

Audits of group entities (components) were performed using materiality levels determined by the judgment of the group audit team, having regard to the materiality of the Consolidated financial statements as a whole and the reporting structure within the group. Component materiality did not exceed €20 million and is typically based on (lower) local statutory materiality levels.

We agreed with the Supervisory Board that misstatements in excess of €1 million, which are identified during the audit, would be reported to them, as well as misstatements below this threshold that in our view must be reported on qualitative grounds.

Scope of the group audit

Wolters Kluwer nv is head of a group of entities. The financial information of this group is included in the Financial statements of Wolters Kluwer nv.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for components. Decisive were the size and/or risk profile of the components or operations. On this basis, we selected components for which an audit had to be carried out on the complete set of financial statements or specific items.

Based on these scoping criteria we selected 16 components covering the following countries: the U.S.A. (9), the Netherlands (2), Germany (2), Italy, Belgium, and the United Kingdom. Furthermore, we performed additional procedures at group level on significant areas such as income tax position, intangible assets, the Dutch pension plan, and acquisitions/divestments. This resulted in a coverage of 72% of total revenue and 90% of total assets. The remaining 28% of total revenue and 10% of total assets results from a number of reporting components, none of which individually represented more than 3% of total revenue or total assets. For these remaining components, where considered necessary, we performed, amongst others, analytical procedures to corroborate our assessment that there are no significant risks of material misstatement.

The group audit team sent detailed instructions to all component auditors, that covered significant areas including the relevant risks of material misstatement, and set out the information required to be reported back to the group audit team. The group audit team visited all nine U.S.A. component locations. For all components in scope – physically visited or not – telephone meetings were held with local management and the auditors of these components. At these visits and meetings, the planning, risk assessment, procedures performed, findings and observations reported to the group audit team were, where considered necessary, reviewed and discussed in more detail. Any further work deemed necessary by the group audit team was then performed.

By performing the (scoping) procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the consolidated financial information to provide an opinion about the Financial statements.

Our key audit matters

Key audit matters are matters that, in our professional judgment, were of most significance in our audit of the Financial statements. We have discussed the key audit matters with the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the Financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition
New and evolving business models and a wide variety of customer contracts may require judgment in revenue recognition. There is a risk that revenue could be misstated due to the judgmental character of revenue recognition for these contracts with customers, amongst others multi-element arrangements. As a response to this inherent risk, we, amongst others, tested the key internal controls on the timing of revenue recognition. We performed audit procedures on various types of contracts to identify the specific elements within the contract and to assess whether revenue and deferred income was recognized in the correct year and the correct manner.

Valuation of goodwill and publishing rights
Goodwill and publishing rights represents 64% of the balance sheet total and exceeds total equity. Procedures over management's annual impairment test were significant to our audit because the assessment

process is complex and judgmental. Wolters Kluwer's goodwill is allocated to Cash Generating Units (CGUs) and groups of CGUs mainly in the U.S.A. and Europe. As a result, the Company uses assumptions in respect of future market and economic conditions such as the economic growth in the U.S.A. and the limited economic growth in Europe (which mainly impacts the Legal and Regulatory division). For our audit, we assessed the assumptions, the Weighted Average Cost of Capital, methodologies and data used by the Company, for example by comparing them to external data such as expected inflation rates and by analysing sensitivities in the Company's valuation model.

We included in our team a valuation specialist to assist us in these audit activities. We specifically focused on the CGUs L&R Europe South and L&R UK, as the cash generating units with the lowest available headroom and where a reasonably possible change in assumptions could cause the carrying amount to exceed its recoverable amount. We also assessed the historical accuracy of management's estimates. We assessed the adequacy of the Company's disclosure Note 17 in the Financial statements about those assumptions to which the outcome of the impairment test is most sensitive.

Accounting for income tax positions
Income tax was significant to our audit because the assessment process is complex and judgmental and the amounts involved are material to the Financial statements as a whole. Wolters Kluwer's operations are subject to income taxes in various jurisdictions. We have tested the completeness and accuracy of the amounts recognised as current and deferred tax, including the assessment of uncertain tax positions. In this area our audit procedures included, among others, assessment of correspondence with the relevant tax authorities. In addition, in respect of deferred tax assets we assessed management's assumptions to determine the probability that deferred tax assets recognised in the statement of financial position will be recovered through taxable income in future years and available tax planning strategies. We included in our team local and international tax and valuation specialists to analyse and challenge the assumptions used to determine tax positions and we corroborated the assumptions with supporting evidence. During our procedures, we used, amongst others, management's budgets, forecasts and tax laws. In addition, we assessed the historical accuracy of management's assumptions.

We performed specific procedures on the tax impact of intragroup transactions, previously divested assets, and the Datacert acquisition. The Company prepared the tax impact of the intragroup transactions and the previously divested assets assisted by an external tax and valuation expert. We have assessed the competence and relevant experience of the expert engaged by the Company and used our own tax and valuation experts to confirm the reasonableness of management's valuation methodologies and assumptions, using source and market data. We also assessed the adequacy of the Company's disclosure Notes 15 and 21 in the Financial statements.

Accounting for the step-up acquisition of Datacert
The Company is on a regular basis changing its business portfolio by acquiring and divesting entities which can be significant for the financial statements and require a high degree of judgment. We performed specific procedures on the acquisition of the full ownership of and the related gain on Wolters Kluwer's existing interest in Datacert. The Company prepared the provisional purchase price allocation assisted by an external valuation expert. We have assessed the competence and relevant experience of the expert engaged by the Company and used our own valuation experts to confirm the reasonableness of management's valuation methodologies and assumptions, using source and market data. We also assessed the adequacy of the Company's disclosure Note 8 in the Financial statements in respect of acquisitions.

Responsibilities of the Executive Board and the Supervisory Board for the Financial statements

The Executive Board is responsible for the preparation and fair presentation of the Financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Netherlands Civil Code and for the preparation of the Report of the Executive Board in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, the Executive Board is responsible for such internal control as the Executive Board determines is necessary to enable the preparation of the Financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the Financial statements, the Executive Board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Executive Board should prepare the Financial statements using the going concern basis of accounting

unless the Executive Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Executive Board should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the Financial statements.
The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the Financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may have not detected all errors and fraud.

We have exercised professional judgment and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the Financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Board;
- Concluding on the appropriateness of the Executive Board's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company ceasing to continue as a going concern;
- Evaluating the overall presentation, structure and content of the Financial statements, including the disclosures; and
- Evaluating whether the Financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the Financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not mentioning it is in the public interest.

Report on other legal and regulatory requirements

Report on the Report of the Executive Board and the other information

Pursuant to legal requirements of Part 9 of Book 2 of the Netherlands Civil Code (concerning our obligation to report about the Report of the Executive Board and other information):

- we have no deficiencies to report as a result of our examination whether the Report of the Executive Board, the Corporate Governance and Risk Management paragraphs and the statements of the Executive Board, to the extent we can assess,

has been prepared in accordance with Part 9 of Book 2 of the Netherlands Civil Code, and whether the information as required by Part 9 of Book 2 of the Netherlands Civil Code has been annexed;
- we report that the Report of the Executive Board, the Corporate Governance and Risk Management paragraphs and the statements of the Executive Board, to the extent we can assess, is consistent with the Financial statements.

Engagement
We were appointed before 2008 for the first time as auditor of Wolters Kluwer nv and have operated as auditor since then. We were re-appointed by the Annual General Meeting on April 24, 2014, as auditor of Wolters Kluwer nv for the year 2014.

Amstelveen, February 17, 2015

KPMG Accountants N.V.
T. van der Heijden RA

Appropriation of Profit for the Year

Article 29 of the Articles of Association

Paragraph 1

From the profit as it appears from the annual accounts adopted by the General Meeting a dividend shall be distributed on the preference shares, whose percentage – calculated on the paid up part of the nominal amount – is equal to that of the average of the interest rate on Basis Refinancing Transactions (Refi interest of the European Central Bank) – weighted according to the number of days over which this rate of interest applies during the financial year over which the dividend was paid, increased by a debit interest rate to be determined by the large Dutch banks and also increased by a margin determined by the Executive Board and approved by the Supervisory Board of one percentage point (1%) minimum and four percentage points (4%) maximum. The dividend on the last-mentioned preference shares shall be calculated on an annual basis on the paid-up part of the nominal amount. If in any financial year the distribution referred to in the first full sentence cannot be made or can only be made in part because the profits are not sufficient, the deficiency shall be distributed from the distributable part of the Company's equity. No further dividend shall be distributed on the preference shares.

Paragraph 2

Subsequently such allocations to reserves shall be made as the Executive Board shall determine, subject to the approval of the Supervisory Board.

Paragraph 3

Any balance remaining after that shall be distributed at the disposal of the General Meeting of Shareholders.

Paragraph 5

Distribution of profit shall be made after adoption of the annual accounts showing that it is permitted.

Paragraph 7

If a loss is suffered for any year that loss shall be transferred to a new account for set-off against future profits and for that year no dividend shall be distributed. On the proposal of the Executive Board that has been approved by the Supervisory Board, the General Meeting of Shareholders may resolve, however, to wipe off such a loss by writing it off on a reserve that need not be maintained according to the law.

Article 30 of the Articles of Association

Paragraph 1

On the proposal of the Executive Board that has been approved by the Supervisory Board, the General Meeting of Shareholders may resolve that a distribution of dividend on ordinary shares shall be made entirely or partially not in money but in ordinary shares in the capital of the Company.

Paragraph 2

On the proposal of the Executive Board that has been approved by the Supervisory Board, the General Meeting of Shareholders may resolve on distributions in money or in the manner as referred to in Paragraph 1 to holders of ordinary shares against one or more reserves that need not be maintained under the law.

Proposed cash distribution

in millions of euros	**2014**	**2013**
Proposed cash distribution	210	207

Pursuant to Article 30 of the Articles of Association, and with the approval of the Supervisory Board, a proposal will be submitted to the Annual General Meeting of Shareholders to make a distribution of €0.71 per share in cash on May 13, 2015.

Events after Balance Sheet Date

On January 9, 2015, Wolters Kluwer Tax & Accounting closed an agreement to acquire SBS Software GmbH, a leading German provider of accounting and payroll solutions. Based in Bretten, Germany, with a 40-year history, SBS Software has approximately 100 employees and serves over 6,000 customers.

On February 18, 2015, management announced it is conducting a review of strategic alternatives for its business unit Transportation Services, including divestment.

Other Information

Corporate Governance

General

The Executive Board and the Supervisory Board are responsible for the corporate governance structure of the company. An outline of the broad corporate governance structure will be provided in this chapter. Wolters Kluwer complies with all Principles and Best Practice Provisions of the Dutch Corporate Governance Code (the Code), unless stipulated otherwise in this chapter. Potential future material corporate developments might justify deviances from the Code at the moment of occurrence. The Code is available on www.commissiecorporategovernance.nl.

Executive Board

The Executive Board is responsible for achieving the company's aims, the strategy and associated risk profile, the development of results, and corporate social responsibility/sustainability issues that are relevant to the company. The members of the Executive Board are appointed by the General Meeting of Shareholders. The full procedure of appointment and dismissal of members of the Executive Board is explained in article 15 of the company's Articles of Association. The Executive Board currently consists of Ms. N. McKinstry (CEO and Chairman of the Executive Board) and Mr. K.B. Entricken (CFO and Member of the Executive Board). The remuneration of the members of the Executive Board is determined by the Supervisory Board, based on the advice of the Selection and Remuneration Committee. In line with the Code, the remuneration policy and the Long-Term Incentive Plan (LTIP) for the Executive Board were adopted and approved by the Annual General Meeting of Shareholders in 2004. In connection with a number of changes to the remuneration policy and to the LTIP, these subjects were submitted to the Annual General Meeting of Shareholders again in 2007. The Annual General Meeting of Shareholders adopted and approved the amendments. The Annual General Meeting of Shareholders held on April 27, 2011, approved the proposal to change the LTIP of the Executive Board. As a result hereof, Diluted Earnings per Share has been added as a second performance measure to the Executive Board LTIP 2011-13 and future plans, in addition to Relative Total Shareholder Return. In line with Dutch legislation, the execution of the remuneration policy will be put on the agenda for discussion as separate agenda item at the Annual General Meeting of Shareholders of April 22, 2015.

Long-Term Incentive Plan
Under the LTIP, Executive Board members can earn ordinary shares after a period of three years from the date of the conditional award of shares. Earning of the ordinary shares is subject to clear and objective three-year performance criteria established in advance. After earning ordinary shares, the Executive Board members are not required to retain them for a period of five years or until the end of their employment, as recommended in Best Practice Provision II.2.5 of the Code. Wolters Kluwer sees no reason to require the Executive Board members to hold their ordinary shares for five years, because under the LTIP, conditional awards by the Supervisory Board recur on an annual basis and, as such, the Executive Board members will always have a strong incentive to pursue the long-term interests of the company.

Term of appointment
In line with Best Practice Provision II.1.1 of the Code, as a policy, future appointments of Executive Board members will take place for a period of four years. Mr. Entricken has therefore been appointed for an initial period of four years during the Annual General Meeting of Shareholders on April 24, 2013. The existing contract with Ms. McKinstry, who was appointed before the introduction of the first Dutch Corporate Governance Code and has an employment contract for an indefinite period of time, will be honored.

Severance arrangements
With respect to future Executive Board appointments, the company will, as a policy, comply with Best Practice Provision II.2.8 of the Code regarding the maximum severance remuneration in the event of dismissal. In line with this Best Practice Provision, the contract with Mr. K.B. Entricken contains a severance payment of one year's salary. However, the company will honor the

existing contract with Ms. McKinstry who was appointed before the introduction of the first Dutch Corporate Governance Code.

Code of Conduct on Insider Trading

Wolters Kluwer has a strict Code of Conduct on Insider Trading. The Executive Board members are only allowed to trade in Wolters Kluwer securities during open periods of a maximum of four weeks after publication of the full-year results and the half-year results respectively, and of a maximum of two weeks after publication of the trading updates of the first and the third quarter. There are also restrictions on trading in securities of peer group companies.

Risk management

Wolters Kluwer has implemented internal risk management and control systems which are embedded in the operations of the businesses to identify significant risks to which the company is exposed and enable the effective management of those risks. Our internal risk management and control systems are in line with the Dutch Corporate Governance Code and the COSO (Committee of Sponsoring Organizations of the Treadway Commission) framework. The aim of the systems is to provide a reasonable level of assurance on the reliability of financial reporting. These systems can never provide absolute assurance regarding the achievement of the company's objectives or the reliability of the financial reporting, or entirely prevent material errors, losses, fraud, and violation of applicable laws and/or regulations.

For a detailed description of the risks and the internal risk management and control systems, reference is made to *Risk Management*.

Sustainability

The Executive Board is committed to Wolters Kluwer's sustainability strategy. Under sponsorship of Nancy McKinstry, CEO and Chairman of the Executive Board, Maarten Thompson, Senior Vice President, General Counsel and Company Secretary, is responsible for the sustainability policy and our Corporate Sustainability team. For several years, 5% of the Short-Term Incentive Plan (STIP) has been based on revenues from electronic products as a percentage of total revenues. This measure is in line with our strategy towards a digital solutions and services portfolio, which improves the performance of our customers and reduces the ecological footprint. To communicate the goals and progress achieved, a sustainability report is published annually. On the company's website a dedicated section shows the on-going sustainability activities. We continue to invest in sustainable innovations with the use of our four major building blocks:

- Customers & Solutions: We offer high-quality information solutions that meet our customers' need for efficiency and societal demand.
- Resource Management: Wolters Kluwer is a global company with offices, suppliers and customers all over the world. We aim to reduce our environmental impact on all parts of the supply chain. This fits our transition towards an electronic services company that strives for data center efficiency.
- Community Involvement: Our employees and innovative solutions improve the communities in which we engage with many charitable actions and community investment activities.
- Employee Engagement: Our focus on diversity and talent development continues to spark innovation through an enabling and inspiring working environment.

As part of our commitment towards a sustainable business Wolters Kluwer has developed several policies and principles. These policies cover a wide range of topics to ensure the continuous compliance to high business standards. Over the last years we introduced our Standards of Engagement for suppliers and we published our Tax Principles. As a leader in Tax & Accounting products we take our responsibility and want to be a good corporate citizen.

To be able to further develop our sustainability strategy and focus our policies, we have decided to conduct a materiality analysis. This analysis uncovers how sustainability topics relevant to the business success of Wolters Kluwer are linked to the interests of our stakeholders. We developed the list of topics in 2013 and it is revised each year to assess its relevance. The results are portrayed in the Sustainability Report. It shows the importance of the sustainability topics to both Wolters Kluwer and its stakeholders.

Over the past few years, investors are becoming more aware of responsible investment strategies and are increasingly enthused about the opportunities they offer. They look for sustainable companies to invest in and judge these by their environmental, social and governance (ESG) policies. We see it as a confirmation of our path that we are repeatedly recognized by influential ESG analysts:

- In 2014, we have been included in the Dow Jones Sustainability Index for the eighth year in a row and improved our ranking from the 94th to the 96th percentile;
- We have been awarded the Bronze Class Sustainability Award 2014 as well as 2015 from RobecoSAM, as a part of The Sustainability Yearbook;
- We have been recognized in 2014 and 2015 as one of the Global 100 Most Sustainable Corporations in the World;
- We achieved 3 new inclusions in ESG indices this year: FTSE4Good, STOXX and Vigeo.

More information can be found in our Sustainability Report.

Supervisory Board

Wolters Kluwer has a two-tier board structure. The Executive Board members are responsible for the day-to-day operations of the company. The role of the Supervisory Board is to supervise the policies of the Executive Board and the general affairs of the company and its enterprise, taking into account the relevant interests of the company's stakeholders, and to advise the Executive Board. The Supervisory Board also has due regard for corporate social responsibility/ sustainability issues which may be relevant to Wolters Kluwer. The By-Laws of the Supervisory Board include a list of Executive Board resolutions that have to be approved by the Supervisory Board. These resolutions include the operational and financial aims of the company, the strategy designed to achieve those aims, resolutions in which there are conflicts of interest with Executive Board members that are of significant interest for the company or the Executive Board member, acquisitions or divestments of which the value is at least equal to one percent of the consolidated revenues of the company, the issuance of new shares or granting of rights to subscribe for shares, the issue of bonds or other external financing of which the value exceeds 2.5% of annual consolidated revenues, and a proposal to amend the Articles of Association. The By-Laws of the Supervisory Board can be found on the company website www.wolterskluwer.com.

Appointment and composition

The General Meeting of Shareholders appoints the members of the Supervisory Board. The full procedure of appointment and dismissal of members of the Supervisory Board is explained in article 21 of the company's Articles of Association. The Supervisory Board currently consists of Mr. P.N. Wakkie (Chairman), Mr. L.P. Forman (Deputy Chairman), Mr. B.F.J. Angelici, Ms. B.M. Dalibard, Mr. D.R. Hooft Graafland, and Ms. R. Qureshi, who was appointed at the General Meeting of Shareholders on April 23, 2014. Mr. S.B. James resigned in 2014. At present, all Supervisory Board members are independent from the company. Due to additional responsibilities at SNCF Voyageurs, Ms. Dalibard no longer has sufficient time to combine her position at that company with the Supervisory Board membership at Wolters Kluwer. She has therefore decided to resign from the Supervisory Board after the Annual General Meeting of Shareholders in 2015. Mr. Ben Noteboom will be nominated for appointment as member of the Supervisory Board at the 2015 Annual General Meeting of Shareholders.

The number of supervisory board memberships of all Supervisory Board members is limited to such extent that the proper performance of their duties is assured. None of the Supervisory Board members is a member of more than five supervisory boards of Dutch listed companies, with any chairmanships counting as two memberships. The Supervisory Board recognizes the importance of diversity. Elements of diversity include nationality, gender, age, and expertise. In its current composition, the Supervisory Board to a large extent reflects these various elements. More specifically, the current composition of the Supervisory Board comprises expertise within the broad information industry as well as specific market segments in which the company operates, such as healthcare, and reflects the international nature of the company. Until the General Meeting of Shareholders of April 22, 2015, the composition of the Supervisory Board is in line with the profile as it relates to expertise, nationality, and age. According to the Dutch law that became effective as of January 1, 2013, a proper composition of the Supervisory Board means that at least 30% of the members should be female. Due to the fact that Ms. Dalibard will resign in 2015, and assuming that Mr. Noteboom will be appointed, this percentage will no longer be achieved after the upcoming Annual General Meeting of Shareholders. The Supervisory Board will have due regard for diversity with respect to future appointments.

Provision of information

Wolters Kluwer considers it important that the Supervisory Board members are well-informed about the business and operations of the company. The Chairman of the Supervisory Board, the CEO, and the Company Secretary monitor, on an ongoing basis, that

the Supervisory Board receives adequate information. In addition, the CEO sends written updates to the Supervisory Board about important events. The Chairman of the Supervisory Board and the CEO have several meetings and calls per year outside of formal meetings, to discuss the course of events at the company. As part of the annual Supervisory Board evaluation, the Supervisory Board is always asked whether the process of information provision can be further improved. The Executive Board and Company Secretary follow up on suggestions coming out of these evaluations.

The Supervisory Board also has direct contact with layers of management below Executive Board level. Towards this end, operating managers, including divisional CEOs, hold presentations to the Supervisory Board with respect to their businesses on a regular basis. These presentations can relate to the operations in general and to business development. In addition, the company facilitates visits to business units and individual meetings with staff and line managers. Furthermore, various staff members attend the Audit Committee meetings.

Remuneration and Code of Conduct on Insider Trading

The Annual General Meeting of Shareholders shall determine the remuneration of the Supervisory Board members. The remuneration shall not depend on the results of the company. The Supervisory Board members do not receive shares or stock options by way of remuneration, nor shall they be granted loans. The members are bound by the same Code of Conduct on Insider Trading as the Executive Board members. At present, none of the Supervisory Board members own any securities in Wolters Kluwer.

Audit Committee

As part of its responsibilities, the Audit Committee focuses on the operation of internal risk management and control systems, and on the role and functioning of the internal audit department and external auditors. The Audit Committee consists of at least three people. Currently, the Audit Committee consists of Mr. L.P. Forman (Chairman), Mr. B.F.J. Angelici, and Mr. D.R. Hooft Graafland. In line with the Code, the Terms of Reference of the Audit Committee determine that at least one member of the Audit Committee shall be a financial expert. In the current composition, both Mr. Forman and Mr. Hooft Graafland are financial experts.

Selection and Remuneration Committee

The Supervisory Board has also installed a Selection and Remuneration Committee. Because appointments and remuneration are often closely related, the Supervisory Board sees no advantages in two separate committees. Installing two separate committees consisting of the same members would only increase the administrative burden. The Chairman of the Supervisory Board will not be the Chairman of the Selection and Remuneration Committee. The Selection and Remuneration Committee currently consists of Ms. Dalibard (Chairman), Mr. L.P. Forman, and Mr. P.N. Wakkie. Mr. S.B. James was member of the Committee until his resignation as Supervisory Board member on April 23, 2014.

The Selection and Remuneration Committee shall in any event be responsible for drafting policies associated with remuneration within the company and for a proposal to the Supervisory Board regarding the specific remuneration of individual Executive Board members. The Selection and Remuneration Committee is also responsible for drawing up selection criteria and appointment procedures for Supervisory Board members and Executive Board members. Furthermore, the Selection and Remuneration Committee monitors the succession planning at the company.

Shareholders and the General Meeting of Shareholders

At least once a year, a General Meeting of Shareholders will be held. The agenda of the Annual General Meeting of Shareholders shall in each case contain the report of the Executive Board, the execution of the remuneration policy, the adoption of the financial statements, the report of the Supervisory Board, and the proposal to distribute dividends or other distributions. Resolutions to release the members of the Executive Board and Supervisory Board from liability for their respective duties shall be voted on separately. Shareholders who alone or jointly represent at least half a percent (0.5%) of the issued capital of Wolters Kluwer shall have the right to request the Executive Board or Supervisory Board to put items on the agenda of the Annual General Meeting of Shareholders.

Voting at Shareholders Meeting

In 2014, Wolters Kluwer again took active steps to try to reach the highest possible percentage of shares present or represented at the Annual General Meeting of Shareholders. These steps included making standard

proxy forms and voting instruction forms available online, enabling shareholders to give voting instructions electronically prior to the meeting, and actively contacting larger shareholders with the question whether they intended to vote during the Annual General Meeting of Shareholders. As a result, approximately 71% of the issued capital of the company was present or represented at the Annual General Meeting of Shareholders in 2014.

Amendment Articles of Association

A resolution to amend the Articles of Association may only be passed at the proposal of the Executive Board subject to the approval of the Supervisory Board.

Issuance of shares

The Articles of Association of the company determine that shares shall be issued at the proposal of the Executive Board and by virtue of a resolution of the General Meeting of Shareholders, subject to designation of the Executive Board by the General Meeting of Shareholders. At the Annual General Meeting of Shareholders of April 23, 2014, the Executive Board has been granted the authority for a period of 18 months to issue new shares, with exclusion of pre-emptive rights, subject to approval of the Supervisory Board. The authorization is limited to a maximum of 10% of the issued capital on the date of the meeting, to be increased by a further 10% of the issued capital on that date in the case the issuance is effectuated in connection with, or on the occasion of, a merger or acquisition.

Acquisition of own shares

Acquisition of own shares may only be effected if the General Meeting of Shareholders has authorized the Executive Board for the purpose, and while respecting the restrictions imposed by the Articles of Associations of the company. At the Annual General Meeting of Shareholders of April 23, 2014, the authorization to acquire own shares has been granted to the Executive Board for a period of 18 months. The authorization is limited to a maximum of 10% of the issued capital on the date of the meeting.

Audit functions

The Executive Board is responsible for the quality and completeness of publicly disclosed financial reports. The Supervisory Board shall see to it that this responsibility is fulfilled.

External auditor

The Supervisory Board proposed to the Annual General Meeting of Shareholders of April 23, 2014, to appoint Deloitte Nederland B.V. as the new external auditor of the company, in relation to the audit of the financial reporting years 2015 up to and including 2018. This proposal was adopted. The proposal followed the new Dutch law according to which the company is required to rotate its external audit firm every eight years. Wolters Kluwer's current audit firm, KPMG Accountants nv, remained responsible for the audit of the financial reporting year 2014. The Executive Board and the Audit Committee shall report their dealings with the external auditor to the Supervisory Board on an annual basis. The external auditor may be questioned by the General Meeting of Shareholders in relation to his auditor's opinion on the financial statements. The external auditor shall attend and be entitled to address the General Meeting of Shareholders for this purpose. The company has a policy on auditor independence in place, which is available on the company's website www.wolterskluwer.com.

Internal auditor

The internal auditor operates under the responsibility of the Executive Board. The external auditor and the Audit Committee are involved in drawing up the work schedule of the internal auditor. The work schedule is based on an overall risk assessment within the company. The findings of the internal auditor and follow-up actions will be presented to the external auditor and the Audit Committee.

Preference shares

Wolters Kluwer nv and the Wolters Kluwer Preference Shares Foundation (the Foundation) have concluded an agreement based on which preference shares can be taken by the Foundation. This option on preference shares is at present a measure that could be considered as a potential protection at Wolters Kluwer against exercising influence by a third party on the policy of the company without the consent of the Executive Board and Supervisory Board, including events that could threaten the continuity, independence, identity, or coherence between the activities of the company. The Foundation is entitled to exercise the option on preference shares in such a way that the number of preference shares taken will be no more than 100% of the number of issued and outstanding ordinary shares at the time of exercise. Among others by the exercise of

the option on the preference shares by the Foundation, the Executive Board and the Supervisory Board will have the possibility to determine their position with respect to, for example, a party making a bid on the shares of Wolters Kluwer and its plans, or with respect to a third party that otherwise wishes to exercise decisive influence, and enables the Boards to examine and implement alternatives. All members of the Board of the Foundation are independent of the company.

Major shareholdings

According to the Dutch Act on financial supervision (Wet op het financieel toezicht), shareholders with an interest of 3% or more of the issued capital were required to notify their interest with the Authority Financial Markets (AFM). Until December 31, 2014, the following shareholders notified an interest/voting rights of 3% or more in the company: The Bank of New York Mellon Corporation had a 10.37% interest (disclosed on February 21, 2014); Bestinver Gestion SGIIC S.A. had a 4.00% interest (disclosed on October 8, 2014); Silchester International Investors LLP had a 9.97% interest (disclosed on December 16, 2014), of which 4.98% via its affiliate Silchester International Investors International Value Equity Trust (disclosed on November 21, 2013); Blackrock, Inc. had a 5.18% interest (disclosed on December 16, 2014); and Independent Franchise Partners LLP had a 3.03% interest (disclosed on November 14, 2014). After December 31, 2014, the following AFM notifications were made: Independent Franchise Partners LLP disclosed a reduced interest of 2.97% (on January 8, 2015), The Bank of New York Mellon disclosed an increased interest of 15% (on February 3, 2015) and State Street Corporation disclosed an interest of 3.04% (on February 13, 2015).

Change of control

The employment contracts of the Executive Board members and a small group of senior executives contain stipulations with respect to a change of control of the company. According to these stipulations, in case of a change of control, the relevant persons will receive 100% of the number of conditional rights on shares awarded to them with respect to pending Long-Term Incentive Plans of which the performance period has not yet been ended. In addition, they can receive cash compensation if their employment agreement would end following a change of control.

Information pursuant to Decree Clause 10 Take-over Directive

The information specified in both clause 10 of the Takeover Directive and the Decree, which came into force on December 31, 2006 (Decree Clause 10 Take-over Directive), can be found in this chapter and in *Wolters Kluwer Shares and Bonds*.

Information and statements pursuant to the Decree of December 23, 2004

This chapter also contains information and the statements pursuant to the Decree of December 23, 2004, to determine additional regulations regarding the content of the Annual Report, as amended most recently with effect as of January 1, 2010, including the relevant information from the Decree Clause 10 Take-over Directive.

Legal structure

The ultimate parent company of the Wolters Kluwer group is Wolters Kluwer nv. In 2002, Wolters Kluwer nv abolished the voluntary application of the structure regime (structuurregeling). As a consequence, the structure regime became applicable to Wolters Kluwer Holding Nederland bv, which is the parent company of the Dutch operating subsidiaries. Wolters Kluwer International Holding bv is the direct or indirect parent company of the operating subsidiaries outside of the Netherlands.

Risk Management

This section provides an overview of Wolters Kluwer's approach to risk management, the main risks facing our company, and the organization, processes and actions to assess and mitigate these risks.

Introduction

The Executive Board is responsible for risk management and internal controls within Wolters Kluwer. The company has implemented internal risk management and control systems, which are largely integrated in the operations of the businesses. The aim is to identify significant risks to which the company is exposed, enable the effective management of those risks and to provide a reasonable level of assurance on the reliability of financial reporting. Our internal risk management and control systems are based on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) framework. These systems can never provide absolute assurance regarding the achievement of the company's objectives or the reliability of the financial reporting, or entirely prevent material errors, losses, fraud, and violation of applicable laws and/or regulations.

Managing risks is integrated in the conduct of business of our divisions and operating entities, supported by several staff functions. The Executive Board is informed about risks as part of the routine planning and reporting cycles on divisional and operational entity levels, which includes annual Vision and Strategy Planning (VSP) plans (longer term strategic plans), annual budgets, and quarterly and monthly financial reports. During the Monthly Division Meetings, material risks at each of the divisions, including the Global Shared Services Organization, are part of the discussion between the Executive Board and Division Management. The Corporate Risk Committee, consisting of various specialized departments, meets periodically and monitors material risks and remediating actions. The Committee also follows up on mitigating certain risks that emerge and require a centralized approach. The Company Values and Business Principles stipulate the core values of our company, as well as group wide rules that each of our employees worldwide is expected to adhere to. In addition, several other corporate wide policies provide more detailed rules and guidelines for specific subjects. We have a group wide management certification process in place, which requires management of each of the divisions and operating entities, to sign a Letter of Representation every quarter. In these Letters of Representation, the executives confirm that they comply with all applicable policies, laws, and procedures. In addition, employees of defined grade levels have been trained and acknowledged compliance with the Company Values and Business Principles. We intend to extend the scope of this training during 2015.

The company has an Internal Control Framework for financial reporting (ICF), designed to provide reasonable assurance that the results of business are accurately reflected in its internal and external financial reporting. The ICF is deployed by internal control officers who are located in the main operating entities. An annual risk assessment program for financial and IT general control risks determines the scope and controls to be tested. As part of that scope, key controls are tested annually. The results of testing are reported to management, the Audit Committee, internal auditors, and external auditors on a quarterly basis. Where needed, remedial action plans are designed and implemented to address significant risks as derived from internal control testing, and internal and external audits.

The global Internal Audit Department works according to an audit plan which is approved by the Audit Committee. The audit plan is based on risk assessments and focuses on strategy execution, and operational and financial risks. The audits are aimed at ensuring compliance with policies and procedures, evaluating effectiveness of established processes and controls, and ensuring that existing controls provide adequate protection against actual risks.

The global Risk Management Department facilitates risk prevention, protection and response programs via procurement of insurance, claims and incident management, business continuity management, loss control programs, and initiatives to mitigate specific risks.

Internal Audit and Internal Controls report every quarter to the Audit Committee and the Executive Board.

Risk categories

Wolters Kluwer broadly classifies risks into the following categories: strategic and operational, legal and compliance, financial, and financial reporting. The following risk overview outlines the main risks the company has assessed up to the date of this Annual Report. It is not the intention to provide an exhaustive description of all possible risks. There may be risks that are not known yet or the company has not yet fully assessed. It is also possible that there may be existing risks that do not have a significant impact on the business but could in the future develop into a material exposure for the company and have a significant adverse impact on Wolters Kluwer's business. Wolters Kluwer's risk management and internal control systems have been designed to identify and respond to risks in a timely manner. However, full assurance cannot be achieved.

Strategic & Operational Risks
- Products, markets, and competition
- Mergers, acquisitions, and divestments
- Executions of IT projects and IT security
- People and organization
- Fraud attempts

Legal & Compliance Risks
- Compliance
- Intellectual property
- Third party claims
- Legislative developments

Financial Risks
- Treasury
- Post-employment benefits
- Tax

Financial Reporting Risks
- Misstatements, accounting estimates and judgments
- Reliability of systems

Risk description and impact

Strategic & Operational Risks

Risk Description and Impact	Mitigation
Economy and markets Global and regional economic conditions may have a negative effect on several products. Especially our more cyclical products may be sensitive to economic conditions. This includes training activities, advertising, books, and lending and corporate formation-related transactions. The non-recurring activities represent approximately 24% of the company's consolidated revenues. The impact of these conditions on the overall portfolio will depend on the severity of the economic slowdown, the countries affected, and potential government responses.	The company made further progress in shifting its portfolio towards digital and high-growth businesses. We have also increased the percentage of our recurring revenues (76%) to reduce exposure to the economic cycle. As we continue to invest to globalize the business, we have seen a significant shift in our revenues geographically and continue to pursue faster growing geographies. During the year, we continued to re-shape the business through strategic acquisitions and divestitures in each of our divisions.

Risk Description and Impact	Mitigation
Products The decline of revenues coming from our legacy print business, including books and print-based subscriptions, may further accelerate. Changes in underlying customer dynamics may affect our business, and could lead to price compression.	The company mitigates the decline of print related revenues through migration plans (moving customers from print to electronic products), customer retention management and upselling opportunities. The company has divested various print-based businesses and will continue assessing opportunities to optimize the portfolio. The company keeps investing in product development and expands its offerings in innovative electronic solutions and services to support growth.
Competition Wolters Kluwer faces competitive challenges from existing and new competitors, including free availability of some sources of information.	The company mitigates these risks through continuous monitoring, development of new innovative products and provision of state-of-the-art technological solutions to customers. In 2014, the company sustained investment in new and enhanced product development (8-10%). The company focuses the majority of its investments on high-growth segments with market leadership. We continue to add value to the information we make available via content enrichment. In addition, we explore new revenue models around open access and have search optimization programs to create revenues via public search engines.
Mergers and acquisitions Risks with respect to acquisitions primarily relate to the integration of the acquisitions, changing economic circumstances, competitive dynamics, retaining of key personnel, and the ability to realize expected synergies.	When acquiring new businesses, Wolters Kluwer carries out a comprehensive due diligence process using internal and external expertise. Besides indemnities and warranties, the company also assesses whether the risks can be mitigated through deal structures, such as earn-out agreements, to retain management and to assure alignment between the purchase price and the performance of the acquired company. The company has strict strategic and financial criteria for acquiring new businesses and is very selective in where and how to invest. Generally, acquisitions are expected to be accretive to ordinary earnings per share in year one and cover their weighted average cost of capital within three to five years. Wolters Kluwer has developed repeatable post-merger integration plans and an acquisition integration plan is agreed to by the Executive Board prior to completing an acquisition. Such plans are actively managed and monitored after completion.

Risk Description and Impact	Mitigation
Divestments Execution of the company's strategy is also supported by divestment of non-core activities. The ability to successfully divest operations can depend on economic and market circumstances, competitive dynamics, contractual obligations, retention of key personnel, the buyer's ability to realize synergies, and other factors.	To mitigate risks related to material divestments, the company usually carries out a vendor due diligence and engages external experts for due diligence and execution of the transaction.
Technological developments Implementing new technology-related initiatives for delivering Wolters Kluwer's products and services, as well as achieving cost efficiencies through technology/IT sourcing initiatives, is inherently complex and is subject to many execution risks during the development and implementation phases. Our businesses could also be adversely affected by our dependency on third parties for delivering outsourced and offshored data center services, software development, and maintenance activities, including back office transactions processing.	A roadmap for consolidation and simplification of IT infrastructure and for implementing more service capabilities to support customers in the cloud has already been set. This includes vendor rationalization, preferred financial and legal partnerships, and de-risking of the vendor portfolio. In addition, the company has refined the strategy for IT back office operations to ensure more effective management of all back office systems. The company strives to continuously improve and streamline its IT environment and infrastructure. To manage execution risks by third parties, risk transfer and performance management are governed by detailed operating and service agreements with outside providers. Additionally, oversight boards and program management teams monitor the progress and performance of vendors during the term of these agreements. The Corporate Quality Assurance team aims at improving the success of initiatives by providing assurance that key projects/programs can move to the next stage of development or implementation and by transferring lessons learned from one project/program to another.

Risk Description and Impact	Mitigation
Information security Like all companies, Wolters Kluwer is exposed to IT security/cyber threats which could compromise our system availability, data, and information. Wolters Kluwer is also faced by changing security demands from its customers as well as changing legislation that can apply or relate to the company, its customers, and employees.	The business units and Shared Services organization have identified critical applications and providers. Disruption of these applications or the services provided could have significant impact on business continuity. We have developed continuity plans, including IT disaster recovery plans, for the main operations to mitigate the impact of those risks. Potential scenarios and threats are considered when the business units review the appropriateness and adequacy of incident responses and continuity plans. IT General Controls (ITGCs) form an integral part of Wolters Kluwer's Internal Control Framework and are aligned with the Global IT Security Policy. Controls over data and security programs are tested regularly to ensure that personal data are protected and to ensure compliance with relevant legislation and regulatory requirements.
People and organization The company may not be able to attract and retain the appropriate level of talent.	The company ensures its ability to attract the appropriate level of talent through a combination of competitive rewards, including market-based remuneration, pay for performance with short-term and long-term incentives aligned with individual and company achievements, and benefits benchmarked against local markets. The company mitigates the loss of personnel through formal talent management programs that incorporate succession planning, company-sponsored learning programs, tuition refund at external universities, and consistently applied performance appraisal systems. Retention is also stimulated through offering opportunities for growth within the company through job posting programs and internal slating programs. HR executives also monitor employee turnover across different categories very closely, including performing structured exit interviews and identification of key drivers for leaving.
Fraud In the conduct of its business, the company may be exposed to internal or external fraudulent actions.	Measures to mitigate the risks related to fraud include the Internal Control Framework, strict policies on segregation of duties, risk based internal audits, training, and information sharing.

Legal & Compliance Risks

Risk Description and Impact	Mitigation
Compliance The company can be exposed to non-compliance with laws, regulations, licenses, or internal policies. Non-compliance could potentially lead to fines, restrictions to carry out certain activities, third party claims, and loss of reputation.	Compliance is part of the Wolters Kluwer Internal Control Framework, for example through quarterly Letters of Representation, annual internal control testing and internal audits. Furthermore, several training programs are currently in place to create awareness about these subjects among employees, which will be further extended.
Intellectual property Intellectual property rights could be challenged, limited, invalidated, circumvented, or infringed. Technological developments make it increasingly difficult to protect intellectual property rights. Changes in legislation could have an impact on the ability to protect intellectual property rights.	Wolters Kluwer actively protects its intellectual property rights, which is important to safeguard its portfolio of information, software, and services. The company relies on trademark, copyright, patent, and other intellectual property laws to establish and protect its proprietary rights to these products and services. We closely monitor legislative developments with respect to intellectual property rights.
Third party claims The company may be exposed to claims (including class actions or mass tort) by third parties relating to products, services (including software or SaaS offerings), or informational content provided or published by the company. Such claims may be based on legal theories such as alleged negligence, product liability, breach of contract, or infringement of third party intellectual property rights.	Wolters Kluwer manages and transfers these risks by striving to produce high quality products, services, and content, and by including customary and appropriate disclaimers and limitations of liability in its contracts. Further, the company expects its employees to strictly comply with intellectual property laws and regulations. The company's insurance program may cover certain types of claims exposures. The company manages a range of insurable risks by arranging for insurance coverage for first party and third party liability exposures. In addition to its global insurance program, the company also protects against more localized risks, such as automotive and workers compensation, by way of local insurance covers.

Risk Description and Impact	Mitigation
Property damage and business interruption The company could be exposed to damages to its facilities and IT systems, which could cause business interruption.	To mitigate specifically against property damage and business interruption risks, the company has implemented a centralized worldwide risk control and business continuity management program. Accompanied by insurers, company risk managers perform regular loss control visits at key operating company and supplier locations working with our operating companies to cost-effectively implement recommendations for continued improvement.
Legislative developments As a global information services provider, changes in legislation or (temporary) trade restrictions, could impact the company's business in certain jurisdictions. Certain countries could impose restrictions on ownership of publishing activities by foreign companies.	The company carefully monitors legislative developments. In emerging countries, the company often partners with local companies.

Financial Risks

Risk Description and Impact	Mitigation
Treasury risks Fluctuations in exchange and interest rates affect Wolters Kluwer's results.	It is the company's goal to mitigate the effects of currency and interest rate movements on net income, equity, and cash flow. Whenever possible, the company tries to do this by creating natural hedges, by matching the currency profile of income and expenses and of assets and liabilities. When natural hedges are not present, Wolters Kluwer strives to realize the same effect with the aid of derivative financial instruments. For this purpose, hedging ranges have been identified and policies and governance are in place, including authorization procedures and limits. The company only purchases or holds derivative financial instruments with the aim of mitigating risks. Most of these instruments qualify for hedge accounting as defined in IAS 39. The company does not purchase or hold derivative financial instruments for speculative purposes. In line with IFRS requirements, detailed information on financial risks and policies is provided in Note 27 of the Consolidated Financial Statements. Treasury policies on market (currency and interest), liquidity, and credit risk are reviewed by the Audit Committee, with quarterly reporting by the Treasury Committee to the Audit Committee on the status of these financial risks.

Risk Description and Impact	Mitigation
Post-employment benefits The company faces risks relating to additional funding required for its defined benefit plans, namely the pension and post-retirement medical plans in the United States and the pension plans in the Netherlands, the United Kingdom, Canada, Australia, and Belgium. These plans are affected by the annual developments on the international financial markets and may be further affected by future developments on these markets.	The company has mitigated these risks by closing some of the defined benefit plans to future accruals, such as the pension plans in the United States and the United Kingdom, or by changing the plan, such as moving to an average salary instead of final salary benefit, and limiting the yearly increase of pension entitlements in the Netherlands. To reduce the plan volatility of the U.S. pension plan, the company had already removed a number of participants from the U.S. plan through a lumpsum pension buy-out program. Furthermore, the company engages independent advisors to perform asset liability management studies regularly and advise on the investment strategies for the various pension funds. The accounting for post-employment benefit plans is based on annual actuarial calculations.
Taxes Changes in operational taxes and corporate income tax rates, laws and regulations could adversely affect the company's financial results, tax assets and liabilities.	Most taxes are transactional and employee-related and are levied from the legal entities in the relevant jurisdictions. Wolters Kluwer maintains a liability for certain contingencies in line with IFRS accounting standards. The adequacy of this liability is judged on a regular basis in consultation with external advisors. Reference is made to Note 21 of the Consolidated Financial Statements for additional information about corporate income tax and related risks.

Financial Reporting

Risk Description and Impact	Mitigation
Misstatements, accounting estimates and judgments, reliability of systems The processes and systems supporting the financial reporting may be susceptible to unintentional misstatements or manipulation. The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from those estimates.	The company mitigates these risks by maintaining an Internal Control Framework for financial reporting as described in the introduction. In addition, senior executives in the divisions and operating companies and senior corporate staff members provide signed Letters of Representation quarterly. Independent internal audits are also carried out to ensure compliance with policies and procedures and ensure that existing controls provide adequate protection against actual risks.

Sensitivity analysis

Fluctuations in exchange, discount, interest, and tax rates affect Wolters Kluwer's results.

The following information illustrates the sensitivity to a change in certain assumptions for Wolters Kluwer's Adjusted Operating Profit and Diluted Adjusted EPS:

Potential Impact	**Adjusted Operating Profit** *€ millions*	**Diluted Adjusted EPS** *€ cents*
1% decline of the U.S. dollar against the euro	(6)	(1)
1% decrease in discount rate in determining the gross service costs for the post-employment benefit plans	(5)	(1)
1% increase in interest rate assuming same mix of variable and fixed	n.a.	0
1% increase in the benchmark tax rate	n.a.	(2)

Statements by the Executive Board

The Executive Board is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code. The financial statements consist of the consolidated financial statements and the company's financial statements. The responsibility of the Executive Board includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The Executive Board is also responsible for the preparation of the Report of the Executive Board that is included in the 2014 Annual Report. The Annual Report is prepared in accordance with Part 9 of Book 2 of the Netherlands Civil Code. In the Annual Report, the Executive Board endeavors to present a fair review of the situation of the business at balance sheet date and of the state of affairs in the year under review. Such an overview contains a selection of some of the main developments in the financial year and can never be exhaustive.

The company has identified the main risks it faces, including financial reporting risks. These risks can be found in Risk Management. In line with the Dutch Corporate Governance Code and the Dutch Act on financial supervision (Wet op het financieel toezicht), the company has not provided an exhaustive list of all possible risks. Furthermore, developments that are currently unknown to the Executive Board or considered to be unlikely may change the future risk profile of the company.

As explained in Risk Management, the company must have internal risk management and control systems that are suitable for the company. The design of the company's internal risk management and control systems has been described in Risk Management. The objective of these systems is to manage, rather than eliminate, the risk of failure to achieve business objectives and the risk of material errors to the financial reporting. Accordingly, these systems can only provide reasonable, but not absolute, assurance against material losses or material errors.

As required by provision II.1.5 of the Dutch Corporate Governance Code and section 5:25c(2)(c) of the Dutch Act on financial supervision (Wet op het financieel toezicht) and on the basis of the foregoing and the explanations contained in Risk Management, the Executive Board confirms that to its knowledge:

- The company's internal risk management and control systems as regards financial reporting risks provide a reasonable assurance that the Grou 's financial reporting over 2014 does not contain any errors of material importance;
- The company's risk management and control systems as regards financial reporting risks worked properly in 2014;
- The 2014 financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- The 2014 Annual Report includes a fair review of the situation at the balance sheet date, the course of affairs during the financial year of the company, and undertakings included in the consolidation taken as a whole, together with a description of the principal risks that the company faces.

Alphen aan den Rijn, February 17, 2015

Executive Board

N. McKinstry, CEO and Chairman of the Executive Board
K.B. Entricken, CFO and Member of the Executive Board

Report of the Wolters Kluwer Preference Shares Foundation

Activities

The Board of the Wolters Kluwer Preference Shares Foundation met twice in 2014. The matters discussed included the full-year 2013 results of Wolters Kluwer, the half-year 2014 results, the execution of the strategy, the financing of the company, acquisitions and divestments, developments in the market, and the general course of events at Wolters Kluwer. A representative of the Executive Board of the company and corporate staff attended the meetings in order to give the Board of the Foundation information about the developments within Wolters Kluwer.

The Board of the Foundation also followed developments of the company outside of Board meetings, among others through receipt by the Board members of press releases. As a result, the Board of the Foundation has a good view on the course of events at Wolters Kluwer. The Board of the Foundation also closely monitored the developments with respect to corporate governance and relevant Dutch legislation, and discussed that topic during the meetings. Furthermore, the financing of the Foundation and the composition of the Board of the Foundation were discussed. All members of the Board of the Foundation are independent of the company. The Foundation acquired no preference shares during the year under review.

Exercise of the preference shares option

Wolters Kluwer nv and the Foundation have concluded an agreement based on which preference shares can be taken by the Foundation. This option on preference shares is at present a measure that could be considered as a potential protection at Wolters Kluwer against exercising influence by a third party on the policy of the company without the consent of the Executive Board and Supervisory Board, including events that could threaten the continuity, independence, identity, or coherence between the activities of the company. The Foundation is entitled to exercise the option on preference shares in such a way that the number of preference shares taken will be no more than 100% of the number of issued and outstanding ordinary shares at the time of exercise. Among others by the exercise of the option on the preference shares by the Foundation, the Executive Board and the Supervisory Board will have the possibility to determine their position with respect to, for example, a party making a bid on the shares of Wolters Kluwer and its plans, or with respect to a third party that otherwise wishes to exercise decisive influence, and enables the Boards to examine and implement alternatives.

Composition of the Board of the Wolters Kluwer Preference Shares Foundation

Mr. Lindenbergh's second term expired in 2014. He was reappointed. Mr. Bonnier resigned from the Board of the Foundation after his fourth term expired in 2014. Mr. J.S.T. Tiemstra was appointed as new member of the Board. The Foundation is a legal entity that is independent from the Company as stipulated in clause 5:71 (1) sub c of the Act on financial supervision (Wet op het financieel toezicht).

Alphen aan den Rijn, February 17, 2015

Board of Wolters Kluwer Preference Shares Foundation
R.P. Voogd, Chairman
P. Bouw
H.G. Bouwman
J.H.M. Lindenbergh
J.S.T. Tiemstra

Wolters Kluwer Shares and Bonds

Stock exchange listing
Wolters Kluwer ordinary shares are listed on Euronext Amsterdam under the symbol WKL.

Securities codes and ticker symbols

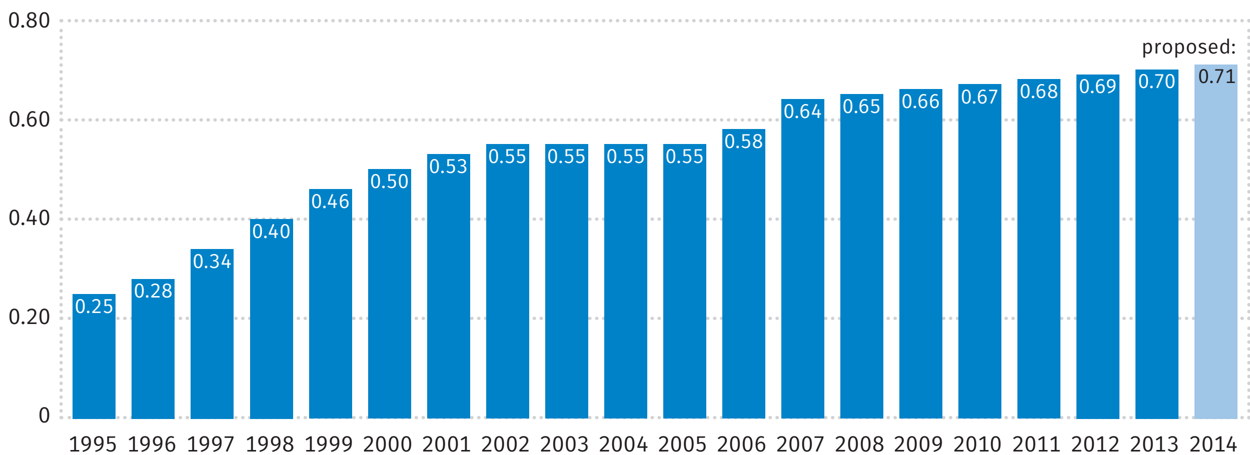
ISIN	NL0000395903
Security Code	39590
Sedol	5671519 NL
Bloomberg	WKL.NA
Thomson Reuters	WLSNc.AS
ADR Symbol	WTKWY
ADR CUSIP	977874 20 5
ADR ISIN	US9778742059

American Depository Receipts
The company has a sponsored level 1 over-the-counter American Depository Receipts (ADR) program. The ratio of ADRs to ordinary shares is 1:1. The ADRs are denominated in U.S. dollars and are traded on the U.S. over-the-counter (OTC) securities market. Wolters Kluwer ADRs receive the same dividends as the ordinary shares converted into U.S. dollars at the prevailing EUR/USD exchange rate. For more information, see www.wolterskluwer.com/Investors/Share-Information/Pages/ADRs

ADR Depositary Bank:
Deutsche Bank Trust Company Americas
c/o American Stock Transfer & Trust Company
Peck Slip Station, P.O. Box 2050
New York, NY 10272-2050, United States

Dividend policy
Wolters Kluwer has a progressive dividend policy under which the company aims to increase its dividend per share each year. For more than 25 years, the company has either increased or maintained its dividend per share. At the 2015 Annual General Meeting of Shareholders, Wolters Kluwer will propose a dividend distribution of €0.71 per share, an increase of 1.4% over the prior year, to be paid in cash on May 13, 2015.

Dividend per share
in euros



Note: The dividend is paid in May of the following year

Share price performance

During 2014, the Wolters Kluwer share price increased +22.2%, outperforming the AEX (+5.6%) and EURO STOXX Media (+7.4%) indices.

Share price performance 2014

Euros

Wolters Kluwer

EURO STOXX Media (rebased)

Source: Nasdaq Corporate Solutions, Thomson Reuters data

Share price performance 2010-2014

Euros

Wolters Kluwer

EURO STOXX Media (rebased)

Source: Nasdaq Corporate Solutions, Thomson Reuters data

Trading volume and venues

The Euronext Amsterdam exchange is the primary trading venue for the shares. The average daily trading volume in Wolters Kluwer shares on Euronext Amsterdam in 2014 was 780,836 shares (2013: 856,269) shares (source: Euronext). Alternative trading venues include Chi-X Europe, Turquoise, and several others.

Capital stock

The ordinary shares have a nominal value of €0.12. The number of ordinary shares outstanding on December 31, 2014, was 301.9 million (December 31, 2013: 301.9 million). The diluted weighted average number of ordinary shares used to compute the diluted per share figures was 299.9 million in 2014 (2013: 299.5 million).

Anti-dilution policy

Wolters Kluwer has an anti-dilution policy under which it intends each year to offset the dilution caused by performance share issuance by means of share repurchases. In 2014, a total of 1.2 million shares were bought for a consideration of approximately €25 million (2013: €20 million).

Market capitalization

On the basis of issued ordinary shares (excluding own shares held by the company), the market capitalization as of December 31, 2014, was €7.7 billion (December 31, 2013: €6.3 billion).

Key figures per share

in euro, unless otherwise indicated	**2014**	**2013**
Adjusted earnings per share, continuing operations	1.59	1.58
Diluted adjusted earnings per share, continuing operations	1.57	1.56
Diluted earnings per share, continuing operations	1.58	1.17
Diluted earnings per share from discontinued operations	-	(0.02)
Diluted earnings per share	1.58	1.15
Dividend per share (2014 proposed)	0.71	0.70
Weighted average number of shares issued (millions)	295.9	295.7
Diluted weighted average number of shares (millions)	299.9	299.5
Highest quotation	25.67	21.01
Lowest quotation	18.62	14.41
Quotation at December 31	25.35	20.75
Average daily volume on Euronext Amsterdam (thousands of shares)	781	856

Indices

Wolters Kluwer shares are included in several equity indices. Its weight in selected indices is shown below.

Wolters Kluwer weight in selected indices

Index	**Weight %**
AEX	2.11
Euronext 100	0.38
EURO STOXX	0.23
STOXX Europe 600	0.11
STOXX Europe 600 Media	3.94
EURO STOXX Select Dividend 30	3.08

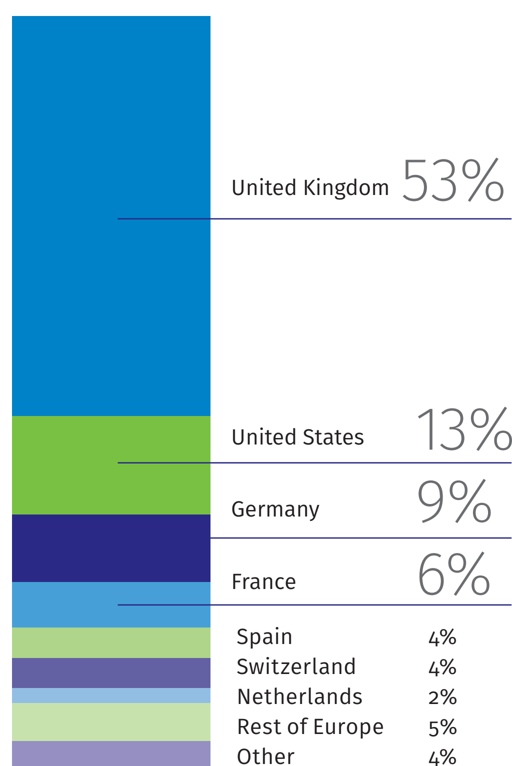
Source: Euronext, STOXX. As of December 31, 2014

Ownership information
Institutional investors hold estimated 91% of the issued shares in Wolters Kluwer, with the remaining 9% of shares held by retail investors, broker-dealers and others. Institutional ownership is spread across many countries, with approximately 53% of institutional ownership in the United Kingdom and 13% in the United States.

Major shareholders
According to the Dutch Act on the Disclosure of Major Holdings and Capital Interests, investors are required to notify the Netherlands Authority for the Financial Markets (AFM) if their shareholding or voting rights reach, exceed or fall below certain thresholds. Shareholders who have made such disclosures can be found on the AFM website (www.afm.nl). As of February 17, 2015, shareholders who have disclosed holdings exceeding the 5% threshold are as follows:

– The Bank of New York Mellon Corporation: 15.00% (disclosed on February 3, 2015);
– Silchester International Investors LLP: 9.97% (disclosed on December 16, 2014);
– BlackRock Inc.: 5.18% (disclosed on December 16, 2014).

Estimated institutional shareholders
by geography



Source: Nasdaq Corporate Solutions, as of December 31, 2014

Bonds

As of December 31, 2014, Wolters Kluwer has the following senior bonds outstanding:

Wolters Kluwer bonds outstanding

Type	Term	Amount	Listing	Code
6.375% senior bonds	2008/2018	€750 million	Luxembourg	ISIN XS0357251726
6.748% senior bonds	2008/2028	€36 million	Luxembourg	ISIN XS0384322656
4.200% senior bonds	2010/2020	€250 million	Frankfurt	ISIN XS0522820801
2.875% senior bonds	2013/2023	€700 million	Luxembourg	ISIN XS0907301260
2.500% senior bonds	2014/2024	€400 million	Luxembourg	ISIN XS1067329570

Credit ratings

Wolters Kluwer debt is rated by Standard & Poor's (S&P) and Moody's Investor Services (Moody's). On March 7, 2013, S&P affirmed its BBB+ long-term and A-2 short-term ratings, and upgraded its outlook to 'Stable'. On September 12, 2013, Moody's affirmed its Baa1 rating and revised its outlook to 'Stable'.

Credit ratings

Agency	Date	Long-term	Short-term	Outlook
Moody's	September 12, 2013	Baa1		Stable
Standard & Poor's	March 7, 2013	BBB+	A-2	Stable

Dialogue with capital markets

Wolters Kluwer is committed to a high degree of transparency in its financial reporting and strives to be open with its shareholders and the wider investment community. The company manages a comprehensive communications program for investors, including the Annual General Meeting of Shareholders in April and many other events throughout the year. In 2014, activities for shareholders and other investors included webcast presentations by management of half-year and full-year results; two investor seminars focused on, respectively, our Legal & Regulatory Solutions business and our Tax & Accounting division; participation in a number of broker conferences; and a regular schedule of roadshow meetings with investors in Europe and North America.

Further detailed information is provided on the Investors section of our website (www.wolterskluwer.com/investors). This includes financial reports, investor presentations, announcements, and a financial calendar. Presentations hosted by the company are webcast live on our website.

Investor relations policy

Wolters Kluwer is strict in its compliance with applicable rules and regulations on fair disclosure to shareholders. Presentations are posted on the company's website at the same time they are made available to analysts and investors. In adherence with fair disclosure rules, meetings and presentations do not take place during 'closed periods' before the publication of annual and quarterly financial information. The company does not assess, comment upon, or correct, other than factually, any analyst report or valuation prior to publication. The company is committed to helping investors and analysts become better acquainted with Wolters Kluwer and its management, as well as to maintaining a long-term relationship of trust with the investment community at large.

Financial calendar

April 22, 2015	Annual General Meeting of Shareholders
April 24, 2015	Ex-dividend date
April 27, 2015	Dividend record date
May 13, 2015	First-Quarter 2015 Trading Update
May 13, 2015	Dividend payment date
May 20, 2015	ADR dividend payment date
July 29, 2015	Half-Year 2015 Results
November 4, 2015	Third-Quarter 2015 Trading Update
February 24, 2016	Full-Year 2015 Results

5-Year Key Figures

See footnotes for additional explanation

	2014	2013	2012	2011	2010
Revenues	3,660	3,565	3,597	3,354	3,308
Operating profit	569	619	568	428	498
Profit for the year from continuing operations attributable to owners of the Company	473	352	334	244	297
Profit for the year, attributable to owners of the Company	473	345	312	120	288
Adjusted EBITDA	908	897	894	834	817
Adjusted operating profit	768	765	774	728	716
Adjusted net financing costs	(113)	(117)	(121)	(118)	(129)
Adjusted net profit	470	467	469	444	436
Adjusted free cash flow	516	503	507	443	446
(Proposed) Dividend/cash distribution	210	207	204	202	200
Acquisition spending	178	192	109	299	251
Capital expenditure	148	148	144	143	138
Amortization of other intangible assets and depreciation of property, plant, and equipment	140	132	120	106	101
Amortization of publishing rights and impairments	192	185	192	161	147
Shareholders' equity	2,106	1,564	1,538	1,540	1,612
Guarantee equity	2,121	1,584	1,783	1,786	1,856
Net debt	1,897	1,988	2,086	2,168	2,035
Capital employed	4,943	3,950	3,901	4,174	4,177
Total assets	7,367	6,864	6,556	6,691	6,557
Ratios					
As % of revenues:					
Operating profit	15.6	17.4	15.8	12.8	15.0
Profit for the year from continuing operations, attributable to owners of the Company	12.9	9.9	9.3	7.3	9.0
Adjusted EBITDA	24.8	25.2	24.8	24.9	24.7
Adjusted operating profit	21.0	21.5	21.5	21.7	21.6
Adjusted net profit	12.8	13.1	13.1	13.2	13.2
ROIC (%)	8.5	8.7	8.7	8.9	8.9
Dividend proposal in % of adjusted net profit	44.6	44.3	43.4	45.4	45.9
Pay-out in % of profit for the year, attributable to owners of the Company	44.3	59.9	65.3	167.5	69.5
Cash conversion ratio (%)	100	95	99	98	96
Net interest coverage	6.7	6.5	6.4	6.2	5.6
Net-debt-to-EBITDA	2.1	2.2	2.4	3.1	2.7
Net gearing	0.9	1.3	1.4	1.4	1.3
Shareholders' equity/capital employed	0.43	0.40	0.39	0.37	0.39
Guarantee equity to total assets	0.29	0.23	0.27	0.27	0.28

	2014	2013	2012	2011	2010
Information per share (€)					
On the basis of fully diluted:					
Diluted EPS from continuing operations	1.58	1.17	1.11	0.81	0.99
Diluted EPS from discontinued operations	-	(0.02)	(0.07)	(0.41)	(0.03)
Diluted earnings per share	1.58	1.15	1.04	0.40	0.96
Diluted adjusted EPS from continuing operations	1.57	1.56	1.56	1.47	1.45
Diluted adjusted EPS from discontinued operations	-	(0.01)	(0.02)	0.01	0.03
Diluted adjusted earnings per share for the Group	1.57	1.55	1.54	1.48	1.48
Diluted adjusted free cash flow per share	1.72	1.68	1.69	1.47	1.49
Weighted average number of shares, diluted (millions)	299.9	299.5	300.7	301.5	300.3
Adjusted EPS from continuing operations	1.59	1.58	1.58	1.49	1.47
Adjusted EPS from discontinued operations	-	(0.01)	(0.02)	0.01	0.03
Adjusted earnings per share for the Group	1.59	1.57	1.56	1.50	1.50
Basic EPS from continuing operations	1.60	1.19	1.13	0.82	1.00
Basic EPS from discontinued operations	-	(0.02)	(0.08)	(0.42)	(0.03)
Basic earnings per share	1.60	1.17	1.05	0.40	0.97
Adjusted free cash flow per share	1.74	1.70	1.71	1.48	1.51
(Proposed) Dividend/cash distribution per share	0.71	0.70	0.69	0.68	0.67
Weighted average number of shares issued (millions)	295.9	295.7	296.9	298.4	296.4
Stock exchange					
Highest quotation	25.67	21.01	15.76	17.93	16.80
Lowest quotation	18.62	14.41	11.39	11.49	14.42
Quotation at December 31	25.35	20.75	15.48	13.36	16.40
Average daily trading volume Wolters Kluwer on Euronext Amsterdam nv, number of shares (thousands of shares)	781	856	972	1,047	1,071
Employees					
Headcount at December 31	19,266	19,054	19,095	18,721	18,319
In full-time equivalents at December 31	18,549	18,329	18,396	17,979	17,363
In full-time equivalents average per annum	19,397	19,508	19,207	18,806	18,225

The years 2011 to 2014 are based on figures for continuing operations; 2010 figures are represented for discontinued operations.

The year 2012 has been represented for the early adoption of IFRS 11 ‘Joint arrangements’ and IAS 19 Revised ‘Employee Benefits’.

Glossary

Adjusted
'Adjusted' refers to figures from continuing operations, adjusted for non-benchmark items and, where applicable, amortization and impairment of goodwill and publishing rights. 'Adjusted' figures are non-IFRS compliant financial figures, but are internally regarded as key performance indicators to measure the underlying performance of the business.

Adjusted earnings per share
Adjusted net profit divided by the weighted average number of ordinary shares outstanding.

Adjusted EBITDA
EBITDA adjusted for non-benchmark items in operating profit.

Adjusted net financing results
Total financing results adjusted for non-benchmark items in total financing results.

Adjusted net profit
Profit for the period from continuing operations attributable to the owners of the Company, excluding the after-tax effect of non-benchmark items, amortization of publishing rights, and impairments of goodwill and publishing rights.

Adjusted operating profit
Operating profit before amortization and impairment of publishing rights and impairment of goodwill, and adjusted for non-benchmark items.

Adjusted operating profit margin
Adjusted operating profit as a percentage of revenues.

Adjusted profit before tax
Sum of adjusted operating profit, adjusted net financing costs, income from investments, and share of profit of equity-accounted investees (net of tax).

Allocated tax
Allocated tax is benchmark tax rate multiplied by adjusted operating profit.

Basic earnings per share
The profit or loss attributable to the ordinary shareholders of the Company, divided by the weighted average number of ordinary shares outstanding during the period.

Benchmark tax rate
Tax on adjusted profit, divided by adjusted profit before tax.

Capital expenditure (CAPEX)
Sum of capitalized expenditure on other intangible assets and property, plant, and equipment, less the carrying value of assets disposed of.

Cash flow: cash conversion ratio
Adjusted operating cash flow divided by adjusted operating profit.

Cash flow: adjusted free cash flow
Net cash from operating activities less capital expenditure, plus paid acquisition and divestment expenses, plus appropriation of Springboard provisions (net of tax), plus dividends received. Adjusted free cash flow is the cash flow available for payments of dividend to shareholders, acquisitions, repayments of debt, and repurchasing of shares.

Cash flow: adjusted operating cash flow
Adjusted EBITDA plus or minus autonomous movements in working capital, less capital expenditure.

Constant currencies
Income, expense, and cash flows in local currencies are recalculated to euro, using the average exchange rates of the previous calendar year.

Continuing operations
The results of the Group, excluding the results of those components that have been presented as discontinued operations.

Diluted adjusted earnings per share
Minimum of:
- Adjusted net profit divided by the weighted average number of ordinary shares outstanding (adjusted earnings per share); and

- Adjusted net profit, including a correction of interest (net of tax) to income of senior convertible bonds on assumed conversion, divided by the diluted weighted average number of ordinary shares outstanding.

Shares conditionally awarded under LTIP-plans are included in the calculation of the diluted weighted average number of ordinary shares outstanding if the vesting conditions are satisfied at balance sheet date.

Diluted earnings per share
Minimum of:
- Profit for the year attributable to the owners of the Company divided by the weighted average number of ordinary shares outstanding (basic earnings per share), and
- Profit for the year attributable to the owners of the Company, including a correction of interest (net of tax) to income of senior convertible bonds on assumed conversion, divided by the diluted weighted average number of ordinary shares outstanding.

Shares conditionally awarded under LTIP-plans are included in the calculation of the diluted weighted average number of ordinary shares outstanding if the vesting conditions are satisfied at balance sheet date.

EBITA
EBITA (earnings before interest, tax, and amortization) is calculated as operating profit plus amortization and impairment of publishing rights and impairment of goodwill.

EBITDA
Operating profit before amortization and impairment of publishing rights and impairment of goodwill, and before amortization of other intangible assets and depreciation on property, plant, and equipment.

Guarantee equity
Sum of total equity, subordinated (convertible) bonds and perpetual cumulative bonds.

Invested capital
Capital employed, excluding non-operating working capital and cash and cash equivalents, adjusted for accumulated amortization on publishing rights and goodwill amortized, and goodwill written off to equity (excluding publishing rights and goodwill impaired and/or fully amortized), less any related deferred tax liabilities.

Net debt
Sum of (long-term) loans, borrowings and bank overdrafts, and deferred and contingent acquisition payments minus cash and cash equivalents, (non-current) divestment receivables, collateral deposited, and the net fair value of derivative financial instruments.

Net-debt-to-EBITDA ratio
Net debt divided by EBITDA adjusted for divestment related results on operations.

Net gearing
Net debt divided by total equity.

Net interest coverage
Adjusted operating profit, divided by adjusted financing costs.

Non-benchmark items
Non-benchmark items relate to expenses arising from circumstances or transactions that, given their size or nature, are clearly distinct from the ordinary activities of the Group and are excluded from the benchmark figures.

Non-benchmark items in operating profit: results from divestments (including directly attributable divestment costs), additions to provisions for restructuring of stranded costs following divestments, acquisition related costs, additions to acquisition integration provisions, subsequent fair value changes on contingent considerations, and other.

Non-benchmark items in total financing results: financing component employee benefits, impairment of investments available-for-sale, and divestment related results on equity-accounted investees.

NOPAT
Net operating profit after allocated tax. Adjusted operating profit less allocated tax, based on the benchmark tax rate.

Operating accounts receivable
Operating accounts receivables consist of trade receivables, prepayments, and other receivables.

Operating current liabilities
Operating current liabilities consist of salaries and holiday allowances, social security premiums and other taxation, pension-related payables, royalties payable, and other liabilities and accruals.

Organic revenue growth
Calculated as revenue of the period divided by revenue of the period in the previous reporting period, excluding the impact of acquisitions and divestments of operations above a minimum threshold, all translated at constant currencies.

Tax on adjusted profit
Income tax expense adjusted for tax benefit on amortization of publishing rights and impairments, and tax on non-benchmark items.

Working capital
Current assets less current liabilities.

Working capital: non-operating working capital
Non-operating working capital is the total of receivables/payables of derivative financial instruments, collateral, the short-term part of the restructuring provision, deferred and contingent acquisition payables, interest receivable/payable, income tax receivable/payable, and borrowings and bank overdrafts.

Working capital: operating working capital
Operating working capital is working capital minus non-operating working capital minus cash and cash equivalents.

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Forward-looking statements

This report contains forward-looking statements. These statements may be identified by words such as 'expect', 'should', 'could', 'shall' and similar expressions. Wolters Kluwer cautions that such forward-looking statements are qualified by certain risks and uncertainties that could cause actual results and events to differ materially from what is contemplated by the forward-looking statements. Factors which could cause actual results to differ from these forward-looking statements may include, without limitation, general economic conditions; conditions in the markets in which Wolters Kluwer is engaged; behavior of customers, suppliers, and competitors; technological developments; the implementation and execution of new ICT systems or outsourcing; and legal, tax, and regulatory rules affecting Wolters Kluwer's businesses, as well as risks related to mergers, acquisitions, and divestments. In addition, financial risks such as currency movements, interest rate fluctuations, liquidity, and credit risks could influence future results. The foregoing list of factors should not be construed as exhaustive. Wolters Kluwer disclaims any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

About this report

The Annual Report is available as a PDF, on our website www.wolterskluwer.com and as a limited edition print version.

Wolters Kluwer also issued a 2014 Sustainability Report, available as a PDF on our website.

Wolters Kluwer
When you have to be right