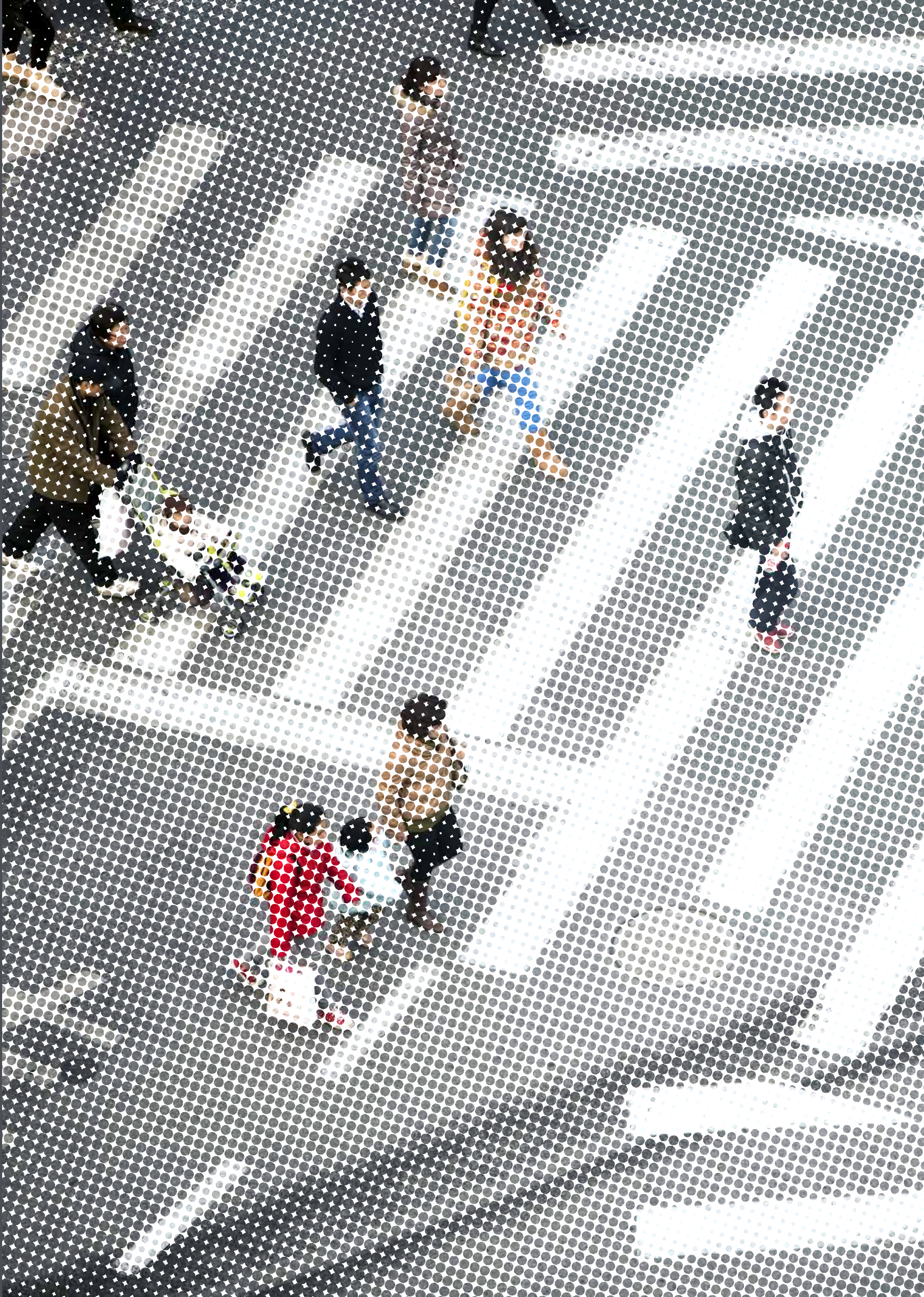
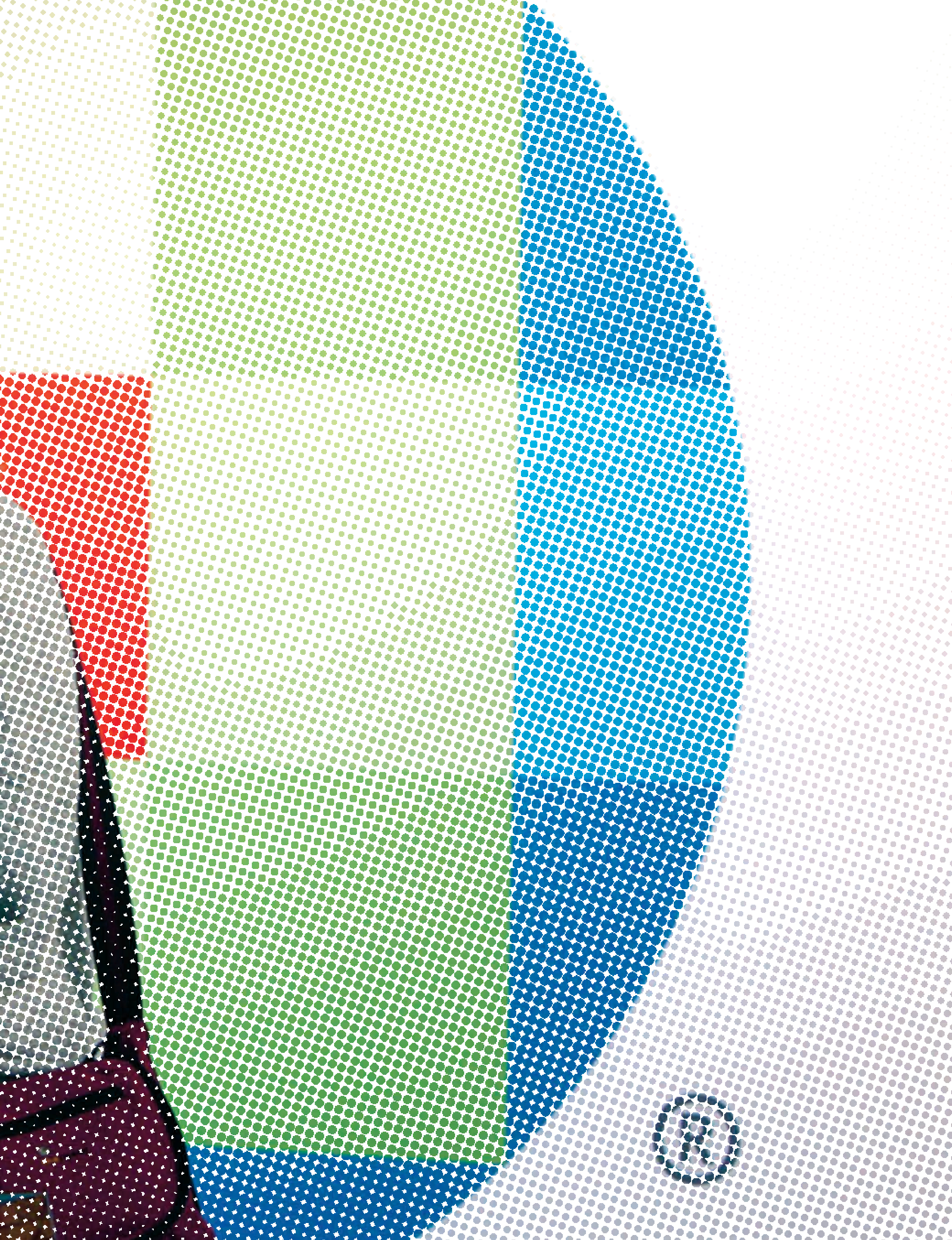
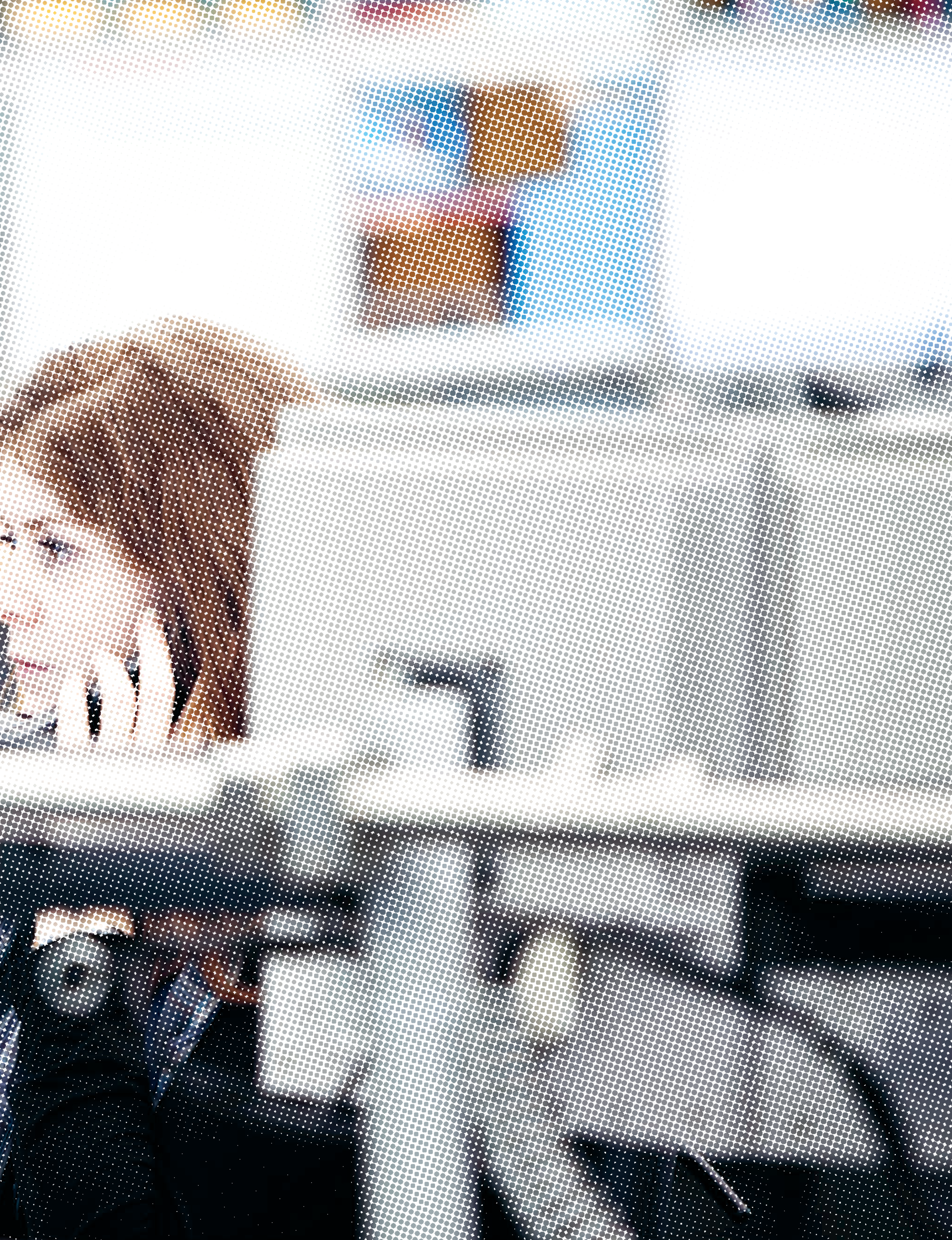
WOLTERS KLUWER 2013 ANNUAL REPORT








Wolters Kluwer

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Message from the CEO

Last year we continued to advance our long-term strategy while we also delivered short-term performance. We further shifted our portfolio towards digital and high-growth businesses – all in the service of helping our professional customers make critical decisions with confidence - and delivered on our financial guidance despite continued macroeconomic weakness in Europe.

Wolters Kluwer's revenues increased by 2% in constant currencies and by 1% organically in 2013. Ordinary earnings before interest, tax, and amortization (ordinary EBITA) rose 1% organically to €765 million, with our ordinary EBITA margin stable at 21.5%. Ordinary free cash flow was better than expected at €503 million, up 3% in constant currencies. Importantly, our digital and services subscription revenues rose 4% organically, while total recurring revenues, which account for 75% of the total, were up 2% organically. The U.S. and Asia Pacific drove our growth geographically, while the economic environment in Europe remained challenging.

Investing in leading, high-growth areas such as clinical solutions and tax and accounting software is core to our strategy. Each of our four divisions is investing to expand their market-leading positions in high-growth segments. In total, these leading, high-growth positions represent 44% of our total revenues and were up 7% organically.

This progress sets the stage for our work in 2014. Our 2014 goals are to further sharpen our focus on our leading, high-growth positions, deliver insights and solutions to our customers through product innovation, and drive efficiencies across the group to fund our growth initiatives.

Evolving strategy

As a company, we have fundamentally transformed over the past decade, from a mainly print publisher to an innovative provider of digital information solutions. As recently as eight years ago, 70% of our revenue came from print. Now, more than 77% comes from digital and services.

We have come a long way, but our work continues and our strategy evolves. Last year was the first year of our 2013-2015 strategic plan 'Realizing Our Growth Potential,' which builds on our past strategies. It has three main elements: expand our leading, high-growth positions; deliver solutions and insights; and drive efficiencies. We took action in each of those areas in 2013.

We continued to drive growth across our business divisions through active capital allocation. We targeted organic investment in market areas where we are strong and see potential for further growth, made strategic acquisitions such as Prosoft, a prominent Brazilian provider of tax and accounting software, and Health Language, a global

leader in healthcare terminology management, and divested non-core activities such as Best Case Solutions and several Legal & Regulatory publishing assets. These actions strengthened our portfolio and position Wolters Kluwer for accelerated growth.

The customers we serve are under greater pressure to work harder, faster, and more efficiently in the face of an ever-growing mountain of data. So we no longer deliver just information, we create sophisticated digital tools that help them navigate the complex layers of data and regulation that define modern business. This innovation has supported 5% organic growth in online and software solutions.

In parallel, we continued to take actions to drive efficiencies across the group. For example, we implemented cost reduction programs that helped support growth initiatives and offset wage inflation and restructuring costs. This focus on efficiency will continue in 2014 and beyond.

A milestone of 2013 was our launch of a new unified brand strategy worldwide. The single Wolters Kluwer brand is centered around our new tagline 'When you have to be right,' which illustrates our commitment to solving customers' challenges and enabling them to make critical decisions with confidence, every single day.

Cultivating innovation

Key to Wolters Kluwer's success is investment in developing innovative products and services to meet society's changing needs, even in challenging macroeconomic times like these. By serving our customers with innovations in important areas such as health, finance, risk, and compliance, we generate long-term value for society and for all our stakeholders.

We support innovation through the consistent investment of 8 to 10% of our revenues in generating new and enhanced products. We innovate both locally and globally and foster creativity among our employees through regional innovation tournaments and our annual Global Innovation Awards, which were held for the third time in 2013. And importantly, we continue to invest in technology tools to provide the right platforms for creating and delivering new solutions to our customers. Across the globe, we are also partnering with our customers to integrate their insights and feedback into our product development process to make sure we get it right.

Talent and dedication

Nothing could have been achieved last year without the dedication of our people. Their commitment and creative skills are indispensable for developing the high-quality products and services that we deliver to our customers. We strive to create a culture of high performance and accountability and an atmosphere where talent can develop and our employees' diversity is recognized and harnessed as the major strength it is. We are pleased with our strong talent pipeline, developing current employees while also bringing in fresh skills and expertise where needed.

Last year saw several leadership changes. Kevin Entricken was appointed Chief Financial Officer and member of the Executive Board, and Karen Abramson was promoted to become CEO of our Tax & Accounting division. Corinne Saunders joined Wolters Kluwer in a new role, CEO of Emerging & Developing Markets – emphasizing the importance of these dynamic countries to our strategy. After the sudden death of Adri Baan, which saddened us all, Peter Wakkie became Chairman of our Supervisory Board.

Looking back over the past 10 years that I've been CEO, I'm very pleased with the progress we have made to become a truly global, digitally-focused company. It has been an exciting journey and a great achievement for Wolters Kluwer.

I wish to thank all our employees for their unwavering commitment and efforts that supported our progress in 2013. I look forward to continuing our journey in 2014 and beyond.

Nancy McKinstry

Nancy McKinstry

CEO and Chairman of the Executive Board

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 the essential information, software, and services they need to make decisions with confidence.

We Support:

- Over 600,000 legal professionals worldwide
- Over 210,000 tax & accounting firms worldwide, that's over 40 million tax returns
- Healthcare professionals in 164 countries
- Over 90% of U.S. banks and the top 40 global banks

Our Strategy and Ambition

Expand our leading, high-growth positions:

- Focus majority of investment on high-growth segments with market leadership
- Drive growth in digital solutions and services

Deliver solutions and insights:

- Products and services that support customers to make critical decisions and increase productivity
- 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

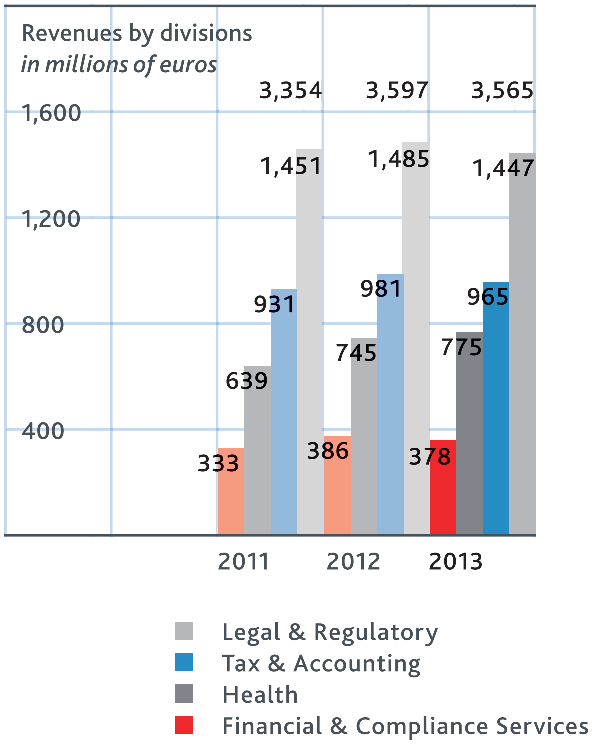
Key Figures and Structure 2013

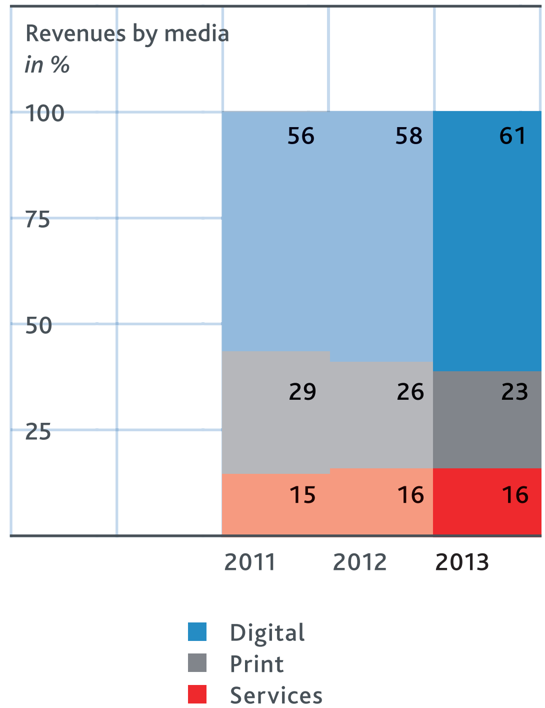
Total Annual Revenue 2013	€3,565 mln
Total Ordinary EBITA Margin	21.5 %
Total Employees	18,329 in FTE

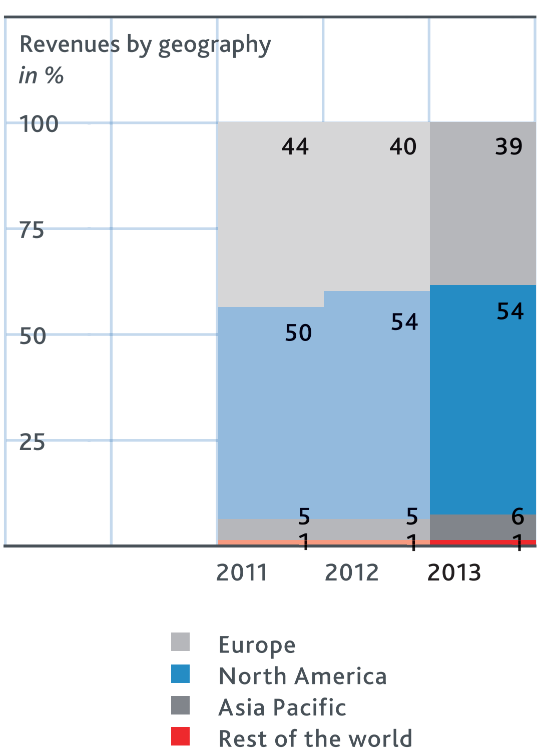
Legal & Regulatory	
Annual Revenue	€1,447 mln
Ordinary EBITA Margin	21.6 %
Employees	7,067 in FTE
Tax & Accounting	
Annual Revenue	€965 mln
Ordinary EBITA Margin	26.8 %
Employees	5,689 in FTE
Health	
Annual Revenue	€775 mln
Ordinary EBITA Margin	22.6 %
Employees	2,735 in FTE
Financial & Compliance Services	
Annual Revenue	€378 mln
Ordinary EBITA Margin	17.1 %
Employees	2,295 in FTE

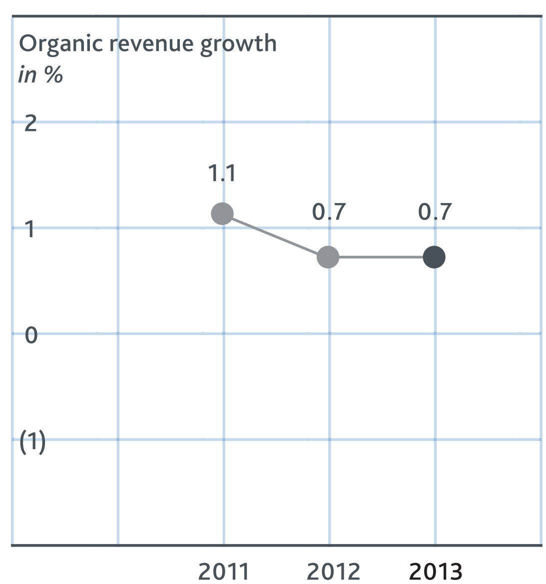
Global Shared Services	
Employees	318 in FTE
Global Platform Organization	
Employees	119 in FTE
Corporate Office	
Employees	106 in FTE

Revenues

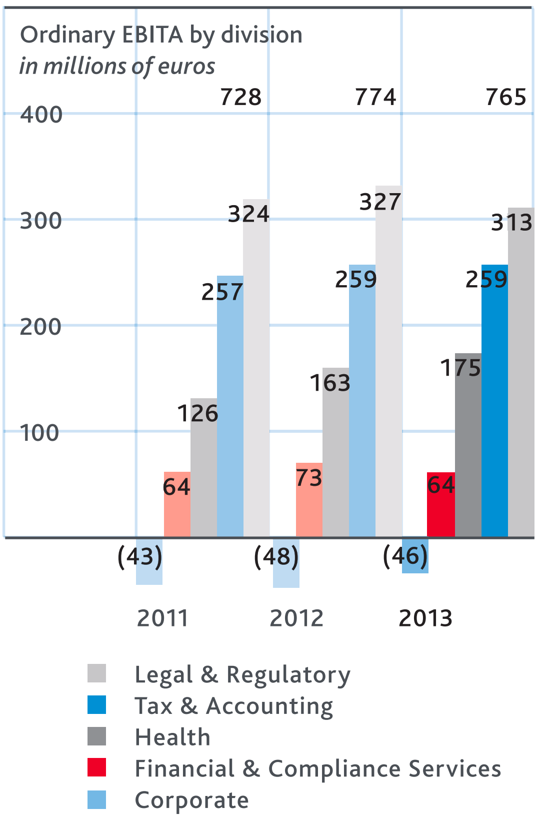

Revenues by divisions
in millions of euros
1,600
1,200
800
400
3,354
3,597
3,565
1,451
1,485
1,447
931
981
965
639
745
775
333
386
378
2011
2012
2013
Legal & Regulatory
Tax & Accounting
Health
Financial & Compliance Services

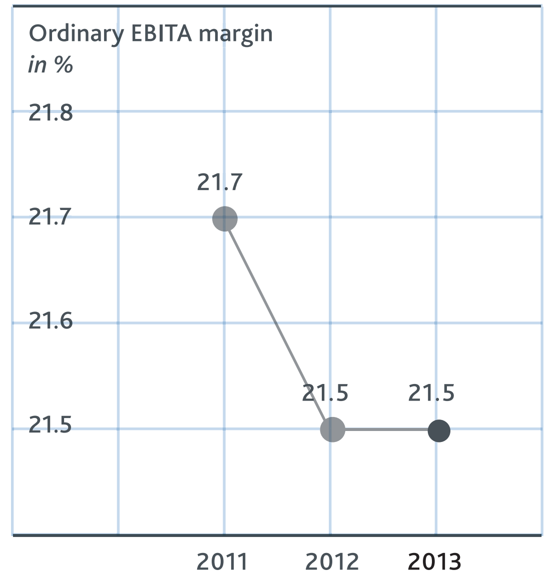

Revenues by media
in %
100
75
50
25
56
58
61
29
26
23
15
16
16
2011
2012
2013
Digital
Print
Services


Revenues by geography
in %
100
75
50
25
44
40
39
50
54
54
5
5
6
1
1
1
2011
2012
2013
Europe
North America
Asia Pacific
Rest of the world

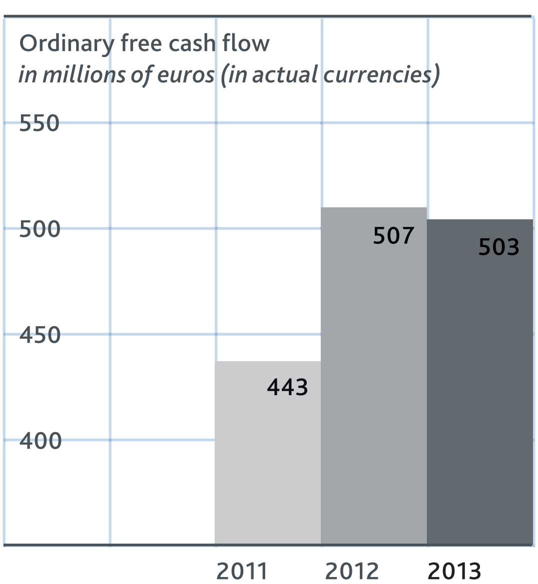

Organic revenue growth
in %
2
1
0
(1)
1.1
0.7
0.7
2011
2012
2013

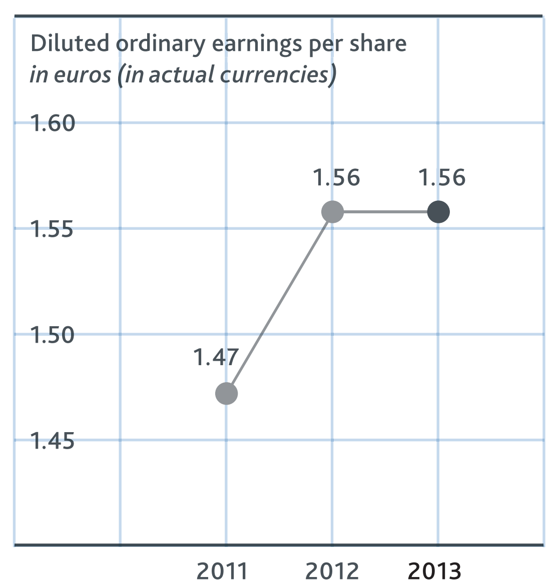
Ordinary EBITA





Other KPIs





Key Performance Indicators		2013	Target 2013	2012
Ordinary EBITA margin	in %	21.5	21.5 - 22.0	21.5
Ordinary free cash flow [1]	in € mln	525	≥ 475	509
Return on invested capital	in %	8.7	≥ 8	8.7
Diluted ordinary EPS [1]	in €	1.61	low single digit growth	1.57

[1] In constant currencies (€/$ = 1.29)

Sustainable Approach

Sustainability is at the core of our business, driving our innovation agenda and improving our customer satisfaction.

- Our products and services help our customers make critical decisions and add value to society
- Minimizing our environmental footprint is a key focus
- Our engagement with customers and stakeholders drives a positive impact on current and future generations

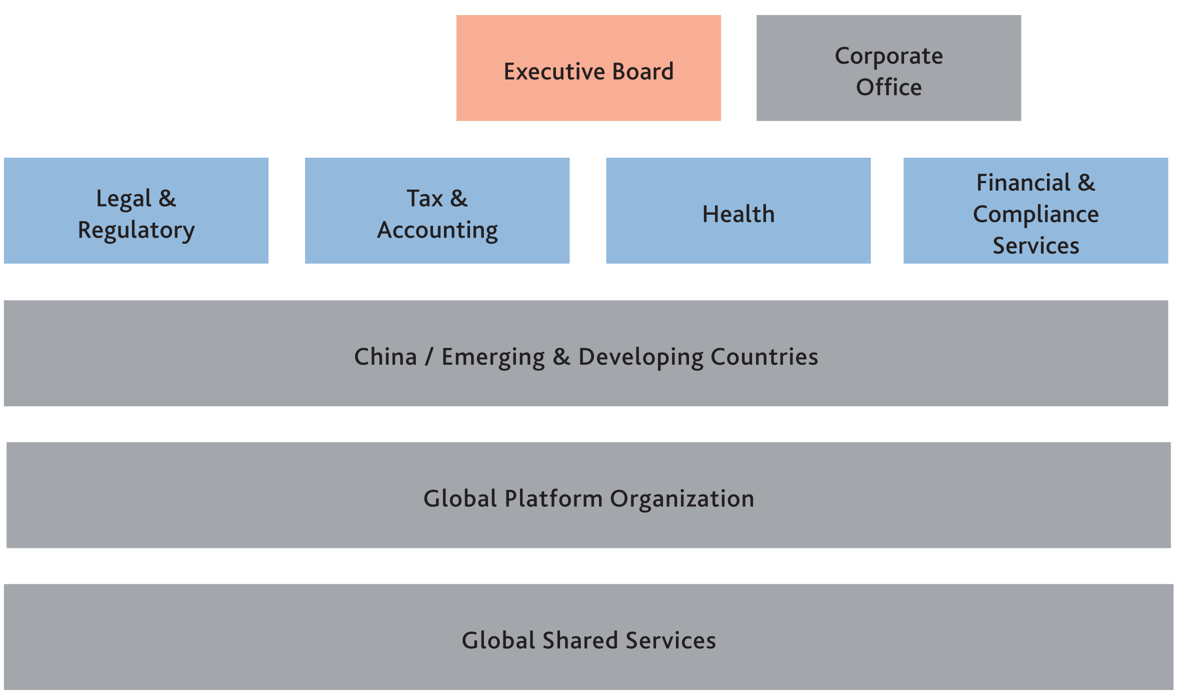
Global Team of Experts

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.

Headquarters

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.



Profile Management & Organization

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 is responsible for Corporate Strategy, Division Performance, Technology & Global Shared Services, Business Development, Legal Affairs, Communications, Human Resources, 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 is responsible 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

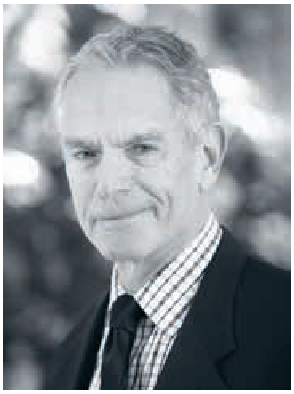
Supervisory Board

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 nv

Supervisory directorships and other positions:
- Member of the Supervisory Board of ABN AMRO Group nv
- Member of the Supervisory Board of BCD Holdings nv
- Member of the Supervisory Board of TomTom nv
- Member of the Dutch Monitoring Committee Corporate Governance (until October 2013)



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 (U.S.)

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

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 (Non-Executive director) of the Board of Vectura Group plc
- Member (Non-Executive director) of the Board of Smiths Group plc (U.K.)
- Member (Non-Executive director) of the Board 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.

Position:
- CEO of SNCF Voyages (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 (U.K.)

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 nv

Supervisory directorships and other positions:
- Chairman of the Supervisory Board of Royal Theatre Carré

Stuart James
Australian, 1948, member of the Selection and Remuneration Committee, appointed in 2006, current term until 2014.

Position:
- Former Group Managing Director and CEO of Mayne Group Ltd. (Australia)
- Former Managing Director of the Colonial State Bank (formerly State Bank of New South Wales) (Australia)

Supervisory directorships and other positions:
- Chairman (Non-Executive Director) of the Board of Prime Financial Group Ltd., Pulse Health Ltd. Greencross Ltd., and Affinity Education Group (Australia)

Senior Management, Corporate Office

- Kathy Baker, Senior Vice President, Human Resources;
- Sander van Dam, Senior Vice President, Accounting & Control;
- Andres Sadler, Senior Vice President, Corporate Strategy & Operational Excellence;
- Elizabeth Satin, Senior Vice President, Mergers & Acquisitions North America;
- Maarten Thompson, Senior Vice President, General Counsel & Company Secretary.

Legal & Regulatory

Legal and business professionals worldwide turn to Wolters Kluwer Legal & Regulatory to help them manage complex and fast-changing information, requirements, and processes to ensure compliance, while driving higher effectiveness and productivity. The division provides customers with expert information, workflow solutions, and services in the areas of law, business, and regulatory compliance.

Organization

Wolters Kluwer Legal & Regulatory is led by CEO Stacey Caywood.

Customers

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

Portfolio

Kleos, Iter, Navigator, IPSOA, Jurion, LA LEY, Lamy, RBsource, IntelliConnect, MediRegs, LEX, senTRAL, Leggi D'Italia, Jura.

Corporate Legal Services

Wolters Kluwer Corporate Legal Services (CLS), part of the Legal & Regulatory division, offers a distinctive, global portfolio of market-leading legal services. It is the go-to expert for corporations and law firms around the globe, pioneering an industry where legal compliance, business, and law intersect. CLS draws on its collective expertise, data, relationships, and scale to support customers in managing their corporate compliance, legal entities, lien portfolios, brands, and legal spend.

Organization

Corporate Legal Services is led by Group President and CEO Richard Flynn.

Customers

Legal professionals in law firms and corporate legal departments, Trademark and brand professionals, Lending professionals, Small business owners.

Portfolio

CT Corporation, CT Small Business, CT Lien Solutions, Corsearch, TyMetrix.

Tax & Accounting

Wolters Kluwer Tax & Accounting is the 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.

Organization

Wolters Kluwer Tax & Accounting is led by CEO Karen Abramson.

Customers

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

Portfolio

CCH, Addison, A3 Software, CorpSystem, ProSystem, Twinfield, Kluwer, Global Integrator, iFirm.

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 150 countries and territories worldwide, Wolters Kluwer Health's customers include professionals, institutions and students in medicine, nursing, allied health, and pharmacy.

Organization

Wolters Kluwer Health is led by CEO Bob Becker.

Customers

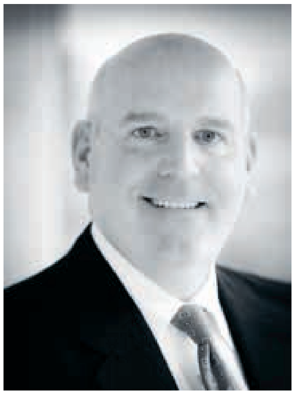
Professionals and students in medicine, nursing, allied health, Medical libraries, Hospitals.

Portfolio

Lippincott Williams & Wilkins, Ovid, ProVation Medical, UpToDate, Medi-Span, Facts & Comparisons, Lexicomp, Pharmacy OneSource, Medknow, Health Language, Medicom.

Financial & Compliance Services

Financial & Compliance Services empowers audit, compliance, finance, and risk management professionals to make intelligent and clear-sighted decisions in a rapidly changing, global environment by providing the solutions they need to manage risk and compliance across their business and improve performance and profitability.



Organization

Wolters Kluwer Financial & Compliance Services is led by CEO Brian Longe.

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, Summix, ComplianceOne, ARC Logics, GainsKeeper, Wiz, NILS, Teleroute.

China

Wolters Kluwer has been active in China for almost 30 years, with current presence in each of the key markets. Wolters Kluwer in China provides customers with high-quality information digitally, in a wide range of mobile and online formats, and workflow solutions in the areas of tax, accounting, law, business, finance, compliance, and health. We deliver expert insights, software, and services on a global scale with a strong local presence.

Organization

Wolters Kluwer in China is led by CEO Shasha Chang and has offices in Shanghai, Beijing, Chengdu, Guangzhou, and Hong Kong.

Customers

Professionals across all markets.

Portfolio

China Law & Reference, China Tax & Accounting Reference, China HR Reference, China Insurance Reference, China Banking Regulation and Compliance, PASS, MCDEX, CDD, China Pharmaceutical Reference.

Emerging & Developing Countries

Mid 2013, Wolters Kluwer appointed Corinne Saunders as CEO for Emerging & Developing Countries. This new role identifies the focus on establishing a long-term presence in key emerging markets, particularly in India, Latin America, Middle East, and Africa, supporting our strategy for increasing our presence in fast-growing geographies.

Global Shared Services

Global Shared Services provides services to the business units in the areas of technology, sourcing, procurement, legal, finance, and human resources. It supports the company's strategy by raising innovation and effectiveness, and achieving global scale.

Organization

Global Shared Services is led by CEO Tom Lesica and supports all our divisions.

Portfolio

Business application and infrastructure solutions, Business process outsourcing, Sourcing & off-shore strategies, HR operations & payroll, legal services, Supplier assurance, Financial operations.

Global Platform Organization

Wolters Kluwer's Global Platform Organization is at the core of co-creating customer-facing solutions with the right user experience. 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.

Organization

The Global Platform Organization is led by Dennis Cahill, Executive Vice President.

Portfolio

GPO assets are used worldwide in more than 20 business units and include mobile applications, widgets, research tools, and product platforms. GPO's research platform Global Atlas has more than 400,000 active users on products such as Intelliconnect and Kluwer Navigator.

Report of the Executive Board

Introduction

Last year saw us cement our position as a digitally-focused services provider, with each of our four divisions fulfilling our customers' requirements for time-critical answers, insights, and productivity tools.

It was an important year for Wolters Kluwer as we pursued our strategy for 'Realizing Our Growth Potential.' Focused on three main elements - actively expanding our leading, high-growth positions; delivering solutions and insights; and driving efficiencies - that provide a framework for Wolters Kluwer to become a more global, digital, and faster-growing company and, as a result, deliver a richer experience for our customers.

Our customer-focused growth ambition is reflected in the new brand strategy we rolled out in February 2013. With a single Wolters Kluwer brand for all our businesses and a new tagline, 'When you have to be right,' we make crystal clear our commitment to solving customers' challenges and enabling them to make critical decisions with confidence, every day.

We continued to re-shape the business through strategic acquisitions and divestments in each of our divisions, including in emerging markets such as China and Brazil. Such activity is focused on building a strong and diversified portfolio with high-growth potential. Our investment in leading-edge products, including capital expenditure, is expected to remain at approximately 8-10% of revenue in the coming years.

Operational Performance

Key Figures	2013	2012*	Change in actual currencies (%)	Change in constant currencies (%)
Business performance – benchmark figures				
Revenues	3,565	3,597	(1)	2
Organic revenue growth (%)	1	1		
Ordinary EBITA	765	774	(1)	2
Ordinary EBITA margin (%)	21.5	21.5		
Ordinary net income	467	469	(1)	2
Diluted ordinary EPS (€)	1.56	1.56	0	3
Ordinary free cash flow	503	507	(1)	3
Diluted ordinary free cash flow per share (€)	1.68	1.69	0	3
Net debt	1,988	2,086	(5)	
Cash conversion ratio (%)	95	99		
Return on invested capital (ROIC) (%)	8.7	8.7		
Ultimo number of FTEs	18,329	18,396		
IFRS figures				
Revenues	3,565	3,597	(1)	
Operating profit	619	568	9	
Profit for the year	353	333	6	
Profit for the year (including discontinued operations)	346	311	11	
Diluted EPS (€) (including discontinued operations)	1.15	1.04	11	
Net cash from operating activities	630	618	2	

*2012 restated for IAS 19R 'Employee benefits' and early adoption of IFRS 11 'Joint arrangements'

The operational performance from continuing operations in 2013 was characterized by the following:

- Revenues up 2% in constant currencies and up 1% organically.
  - ––> Leading, high-growth positions up 7% organically (44% of total revenues).
  - ––> Digital and services subscription revenues up 4% organically (55% of total).
  - ––> Growth in North America and Asia Pacific more than offset decline in Europe.
- Ordinary EBITA €765 million; Ordinary EBITA margin 21.5%, within guidance range.
- Ordinary diluted EPS €1.56, up 3% in constant currencies, in line with guidance.
- Ordinary free cash flow €503 million, up 3% in constant currencies, better than expected.
- Net-debt-to-EBITDA improved to 2.2 at year-end (2012: 2.4), better than target.

Revenues

Group revenues declined 1% to €3,565 million in 2013. Organic revenue growth was 1%, while the net acquisitions and disposals effect added 1% to revenues.

North American revenues (54% of total) grew 2% on an organic basis, slowing from 3% in 2012. Revenues from Europe (39%) declined 2% on an organic basis, improving from a 3% decline in 2012. Asia Pacific and Rest of World grew 5% on an organic basis (2012: 8%).

Revenue bridge		%
Revenues 2012*	3,597	
Organic change	26	1
Acquisitions	64	2
Divestments	(27)	(1)
Currency impact	(95)	(3)
Revenues 2013	3,565	(1)

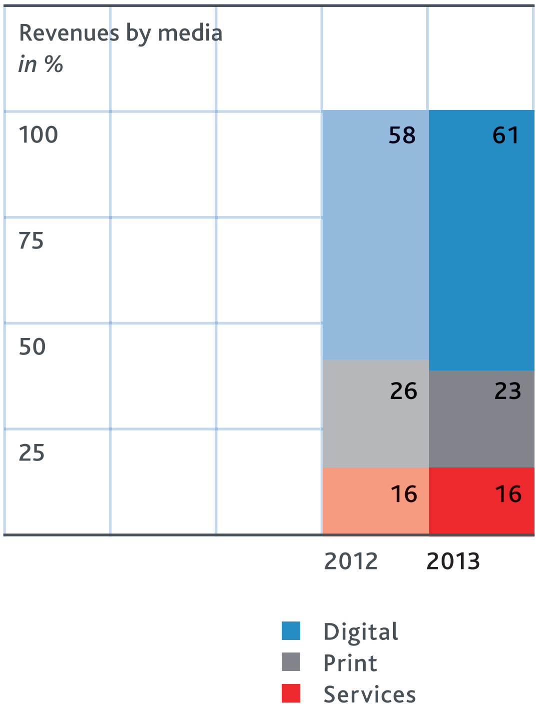
U.S. Dollar 2013: average €/$=1.33 versus 2012: €/$=1.29.
* 2012 restated for IAS 19R 'Employee benefits' and early adoption of IFRS 11 'Joint arrangements'

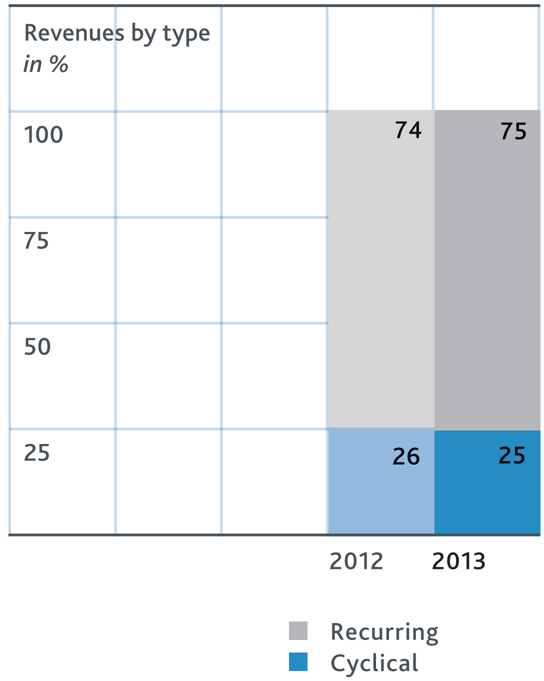
Across the group, organic growth in subscription and other recurring revenues (75% of total revenues) accelerated to 2% (2012: 1%). Of this, digital and services subscriptions grew 4% organically, more than compensating for the ongoing decline in print subscriptions. Books revenue (9% of total) declined, with legal books offsetting relatively better performance in health and tax books.

Corporate Legal Services (CLS) transactional revenues increased 8% organically, however Financial Services (FS) transactional revenues declined 7% organically (against a tough comparable of 19% organic growth in 2012) due to the downturn in the U.S. mortgage refinancing market.

Revenues by type	% of total	2013	2012*	Δ (%)	Δ CC (%)	Δ OG (%)
Digital & services subscription	55	1,951	1,885	4	6	4
Print subscription	11	399	443	(10)	(8)	(7)
Other non-cyclical	9	338	342	(1)	2	2
Total recurring revenues	75	2,688	2,670	1	3	2
Books	9	304	329	(8)	(5)	(5)
CLS transactional	5	187	180	4	9	8
FS transactional	2	67	72	(7)	(5)	(7)
Other cyclical	9	319	346	(8)	(8)	(7)
Total revenues	100	3,565	3,597	(1)	2	1

Δ - % Change; Δ CC - % Change constant currencies (€/$ 1.29); Δ OG – % Organic growth
* 2012 restated for IAS 19R 'Employee benefits' and early adoption of IFRS 11 'Joint arrangements'





Divisional Performance

Legal & Regulatory

Full year	2013	2012*	Δ (%)	Δ CC (%)	Δ OG (%)
Revenues					
Digital & service subscription	680	678	0	2	2
Print subscription	271	289	(6)	(4)	(6)
Other non-cyclical	49	51	(4)	(3)	0
Total recurring revenues	1,000	1,018	(2)	0	(1)
CLS transactional	187	180	4	9	8
Books	106	123	(14)	(13)	(12)
Other cyclical	154	164	(6)	(5)	(3)
Total revenues	1,447	1,485	(3)	(1)	(1)
Operating profit	311	262	19		
Ordinary EBITA	313	327	(4)	(1)	(2)
Ordinary EBITA margin	21.6%	22.0%			
Capital expenditure	48	43			
Ultimo FTEs	7,263	7,623			

Δ - % Change; Δ CC - % Change constant currencies (€/$ 1.29); Δ OG – % Organic growth
* 2012 restated for IAS 19R 'Employee benefits' and early adoption of IFRS 11 'Joint arrangements'

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. In 2013, our European operations managed well in a challenging economic environment while our North America operations delivered good growth.

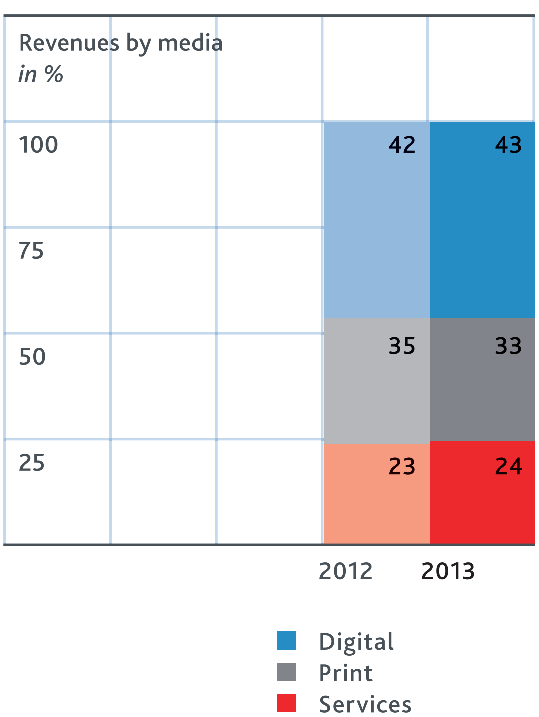
Divisional revenues declined 1% in constant currencies and 1% on an organic basis. The effect of several disposals on revenues was largely offset by the transfer of certain U.S. publishing assets from Tax & Accounting (revenues €15 million) and small acquisitions during the year. The ordinary EBITA margin contracted by 40 basis points as a result of the revenue decline, wage inflation, dilutive disposals, restructuring costs, investments in growth initiatives, and currency movements. Operating profit increased 19% to €311 million, benefitting from a €47 million net gain on disposals, principally relating to the disposal of Best Case Solutions in May 2013.

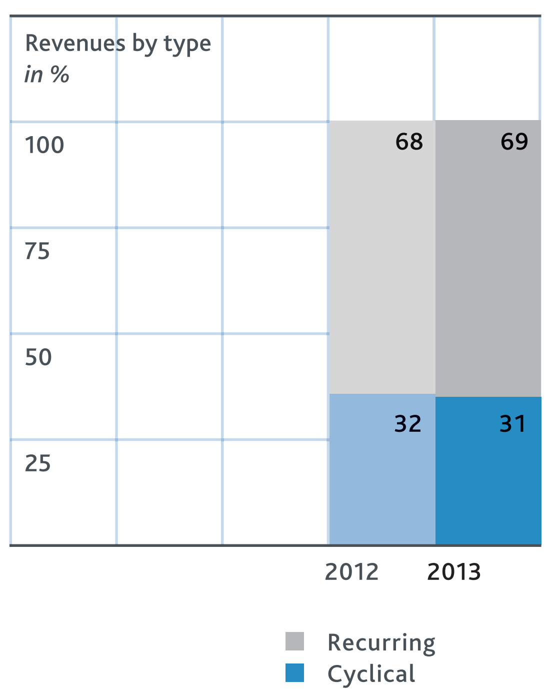
Corporate Legal Services, which represents 30% of divisional revenues, achieved 5% organic growth for the year, supported by subscription and transactional revenue growth. CT Corporation enjoyed strong renewals for its legal representation services. CT Lien Solutions UCC and Mortgage search and filing transactions saw further growth, albeit at a slowing pace as commercial lending growth rates declined. Corsearch, expanded its product offering into online brand protection and broadened its international reach with two acquisitions, CitizenHawk and Avantiq. TyMetrix, provider of enterprise legal management software, launched its new user interface. Underlying margin improvement was reinvested in new products and services, including Legal Analytics which provides insights derived from aggregated legal billing and performance data.

Our European Legal & Regulatory operations, which represent 56% of divisional revenues, experienced 3% organic revenue decline, with the rate of decline abating from 6% in 2012. Nearly all countries in the region are still facing revenue headwinds. Digital products held up well, but this was more than offset by structural decline in books and print subscriptions, and cyclical weakness in advertising and other services. Efforts to achieve cost efficiencies and process improvements continued. The unit further advanced its portfolio of digital and workflow solutions. Kleos, our legal practice management software available in eight European countries, launched a tablet version at year-end.

Law & Business, our North American legal information services and software unit, was affected by the significant decline in U.S. law school enrollments. The unit saw positive growth in legal online offerings, driven by solutions such as RBsource for securities lawyers.

Legal & Regulatory





Tax & Accounting

Full year	2013	2012*	Δ (%)	Δ CC (%)	Δ OG (%)
Revenues					
Digital & service subscription	658	640	3	6	4
Print subscription	60	76	(21)	(21)	(9)
Other non-cyclical	155	167	(7)	(4)	(3)
Total recurring revenues	873	883	(1)	2	1
Books	48	50	(4)	0	0
Other cyclical	44	48	(8)	(5)	(2)
Total revenues	965	981	(2)	1	1
Operating profit	178	181	(2)		
Ordinary EBITA	259	259	0	3	4
Ordinary EBITA margin	26.8%	26.4%			
Capital expenditure	49	53			
Ultimo FTEs	5,842	5,785			

Δ - % Change; Δ CC - % Change constant currencies (€/$ 1.29); Δ OG - % Organic growth
* 2012 restated for IAS 19R 'Employee benefits' and early adoption of IFRS 11 'Joint arrangements'

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. In 2013, we took several important strategic steps, increasing access to new markets and rolling out new cloud-based products.

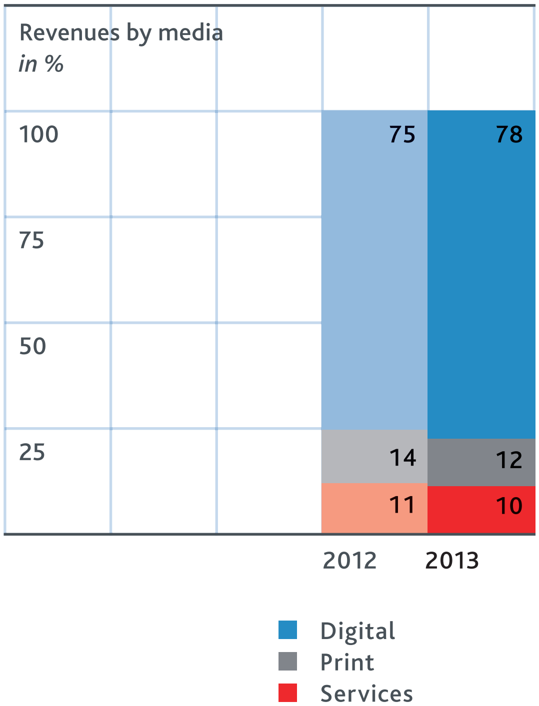
Wolters Kluwer Tax & Accounting revenues increased 1% in constant currencies and 1% on an organic basis. The effect of Prosoft and other acquisitions on revenues was largely offset by a number of small disposals and the transfer of U.S. publishing assets from Tax & Accounting (revenues €15 million) into our Legal & Regulatory division. The ordinary EBITA margin increased 40 basis points due to product mix and tight cost controls. Operating profit was broadly in line with the prior year.

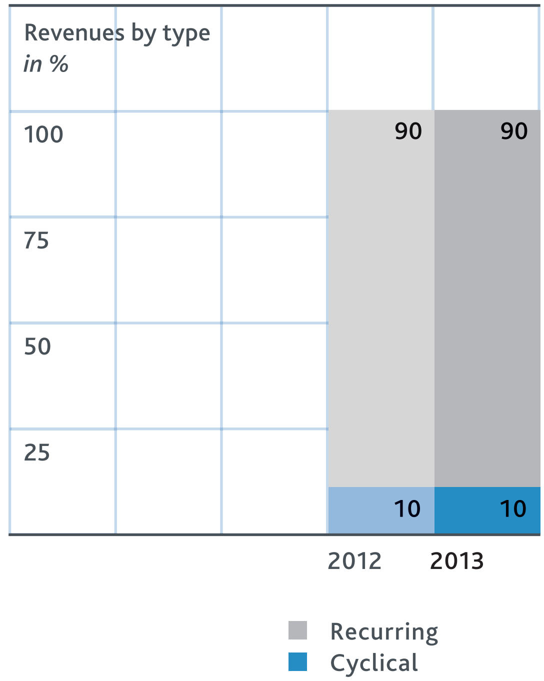
Tax & Accounting North America, which represents 54% of divisional revenues, achieved 6% organic growth in tax and accounting software subscriptions and transactions. This was partially offset by the expected decline in bank product fees and print subscriptions. Books were aided by a favorable publishing schedule. CCH Axcess, our new cloud-based software solution for CPA firms, has been well received and is helping to drive growth in software among tax preparers. Our online tax research product, CCH IntelliConnect, introduced enhanced functionality and mobile access, and was recently awarded the top rating by CPA Practice Advisor.

Tax & Accounting Europe, which represents 36% of divisional revenues, achieved modest but positive organic growth for the year, despite a still challenged economic environment in this region. Growth in tax and accounting software products in Europe offset on-going structural decline in books and print subscriptions as well as cyclical weakness in training and advertising. Twinfield, which develops cloud-based accounting solutions, achieved double-digit organic growth and is investing to expand geographically.

Tax & Accounting Asia Pacific & rest of world revenues, representing 10% of the divisional revenues, were broadly stable on an organic basis as strong growth in tax and accounting software in Asia Pacific was offset by declines in print formats and training seminars in the region. In the rest of world, Prosoft, the Brazilian tax software provider we acquired in May, is performing well in its first few months as part of the group, growing at a double-digit rate (pro forma).

Tax & Accounting





Health

Full year	2013	2012*	Δ (%)	Δ CC (%)	Δ OG (%)
Revenues					
Digital & service subscription	442	401	10	15	11
Print subscription	67	77	(13)	(9)	(9)
Other non-cyclical	54	50	8	11	12
Total recurring revenues	563	528	7	11	8
Books	150	156	(4)	0	0
Other cyclical	62	61	2	6	1
Total revenues	775	745	4	8	6
Operating profit	140	136	3		
Ordinary EBITA	175	163	7	11	7
Ordinary EBITA margin	22.6%	21.9%			
Capital expenditure	44	39			
Ultimo FTEs	2,779	2,528			

Δ - % Change; Δ CC - % Change constant currencies (€/$ 1.29); Δ OG - % Organic growth
* 2012 restated for IAS 19R 'Employee benefits' and early adoption of IFRS 11 'Joint arrangements'

Our Health division is among the world's largest providers of products that support clinicians from learning to practice, helping to improve the quality, acces, and overall cost of health care. In 2013, we saw further strong growth in Clinical Solutions, which has now become the largest part of the division, and we continued to invest to transform the traditional parts of the business.

Wolters Kluwer Health revenues increased 8% in constant currencies and 6% on an organic basis, following a stronger second half. The ordinary EBITA margin improved by 70 basis points, benefitting from the favorable mix shift towards Clinical Solutions and initiatives to drive operating efficiencies.

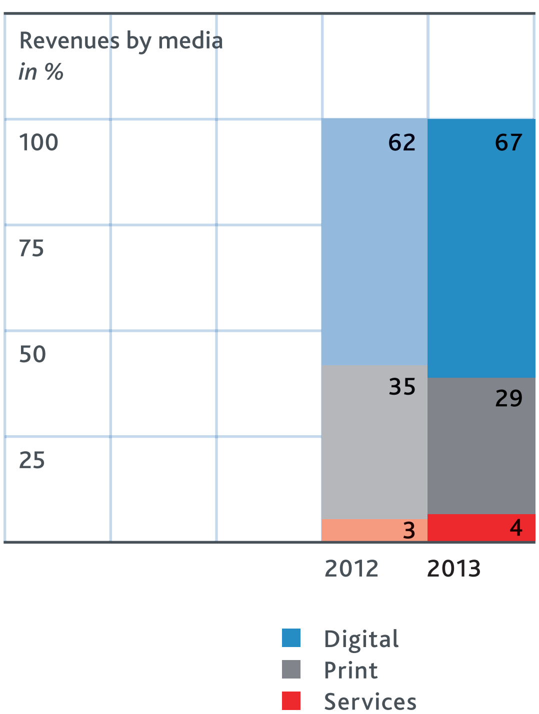
Operating profit increased 3% to €140 million, mainly due to mix shift and initiatives to drive efficiencies.

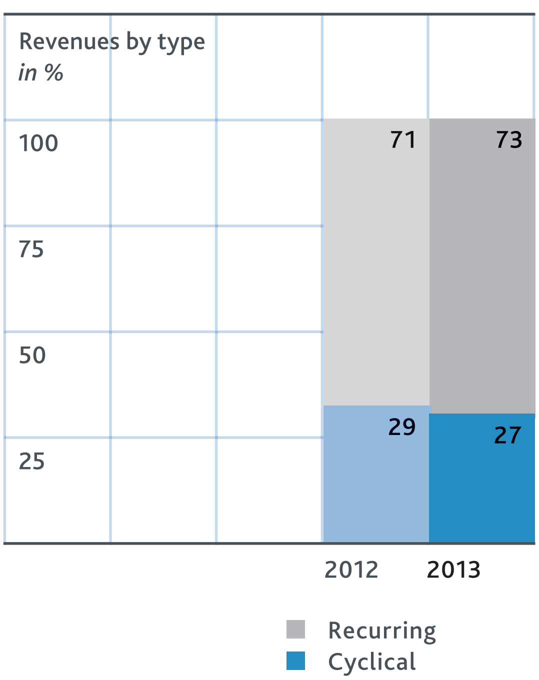
Clinical Solutions, which represents 42% of divisional revenues, achieved organic revenue growth of more than 10%, with strong performances across all businesses. UpToDate, our flagship clinical decision support tool, achieved sustained double-digit revenue growth driven by additional specialities, mobile applications, and global expansion. The clinical drug information unit saw good growth supported by Medi-Span and Lexicomp in North America and Medicom in China. ProVation order sets and documentation software achieved double-digit growth. Health Language, acquired in January 2013, grew revenues at a double-digit rate (pro forma), in line with expectations. Wolters Kluwer Health ranked 3rd overall in the 2013 Best in KLAS awards for all healthcare IT vendors.

Medical Research, which represents 39% of divisional revenues, saw modest organic growth, with positive trends for Ovid, our online medical research platform, and Lippincott Williams & Wilkins online journals partially offset by declines in print journal subscriptions. Ovid expanded its content offering during the year, including exclusive digital access to the New England Journal of Medicine in China. Our open access platform, MedKnow (India), now has over 300 open access journal titles.

Professional & Education, representing 19% of the divisional revenues, achieved slightly positive organic growth for the full year. Market trends for printed books remain weak, especially in allied health professions, but we gained share in the U.S. due to strong performance by our nursing education textbooks. Digital learning solutions, such as PrepU, DocuCare, and Lippincott Nursing Procedures, achieved over 40% revenue growth. Four Lippincott Williams & Wilkins book titles won first prizes at the annual British Medical Association medical book awards.

Health





Financial & Compliance Services

Full year	2013	2012*	Δ (%)	Δ CC (%)	Δ OG (%)
Revenues					
Digital & service subscription	171	166	3	6	3
Print subscription	1	1	0	19	19
Other non-cyclical	80	74	8	12	8
Total recurring revenues	252	241	5	8	5
FS transactional	67	72	(7)	(5)	(7)
Other cyclical	59	73	(19)	(16)	(28)
Total revenues	378	386	(2)	1	(4)
Operating profit	30	37	(18)		
Ordinary EBITA	64	73	(11)	(9)	(12)
Ordinary EBITA margin	17.1%	18.9%			
Capital expenditure	7	9			
Ultimo FTEs	2,339	2,358			

Δ - % Change; Δ CC - % Change constant currencies (€/$ 1.29); Δ OG - % Organic growth
* 2012 restated for IAS 19R 'Employee benefits' and early adoption of IFRS 11 'Joint arrangements'

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. In 2013, the division saw strong growth in its finance and audit businesses but faced a downturn in U.S. mortgage refinancing volumes.

Divisional revenues declined 4% organically, primarily as a result of a market-wide downturn in the U.S. mortgage refinancing market. The ordinary EBITA margin declined as a result of lower revenue, higher restructuring costs, and increased investment in platforms and global infrastructure. Operating profit declined 18%.

Our Finance, Risk & Compliance unit, which represents 43% of divisional revenues, achieved 3% organic growth for the full year.

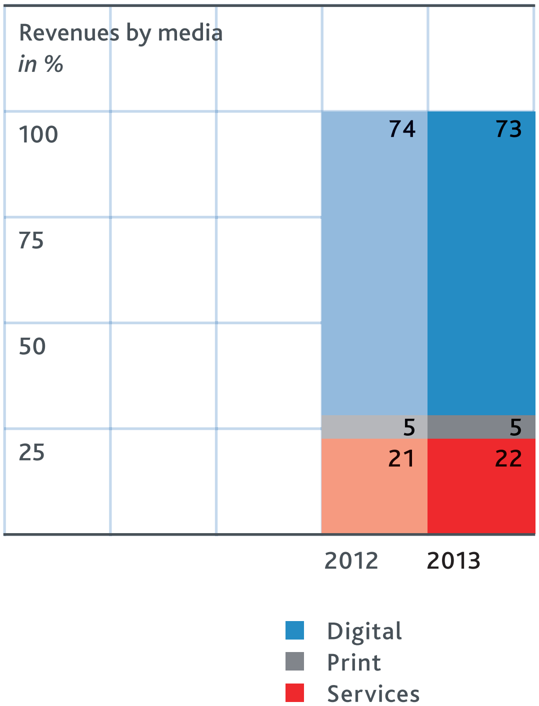
Delays in the implementation of key regional and global banking regulations slowed trends, although the month of December brought several important new contract wins. In December 2013, Wolters Kluwer Financial Services was ranked 4th in the Chartis Research RiskTech 100 list, scoring high on customer satisfaction.

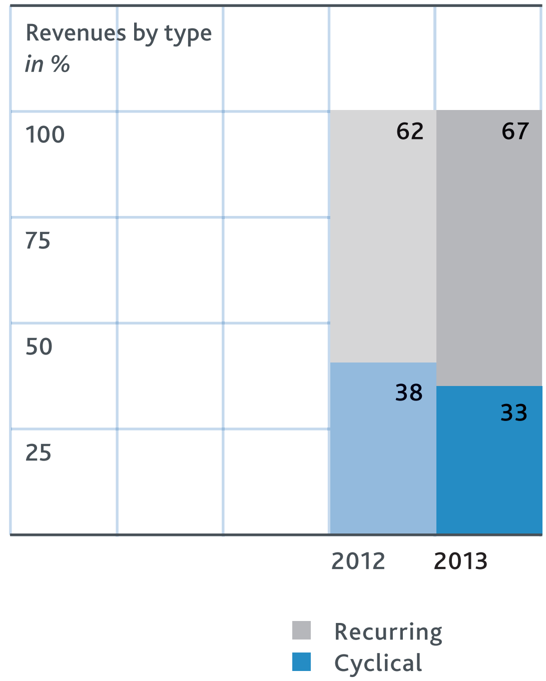
Our Audit business achieved 3% organic growth, more than absorbing the expected revenue attrition from the Axentis product rationalization announced at the start of the year. Excluding Axentis, the core Audit software product TeamMate achieved 9% organic revenue growth and increased investment in its next generation platform.

Originations & Compliance, which represents 34% of divisional revenues, was impacted by a market-wide downturn in the U.S. mortgage refinancing market which began in the second quarter. As a result, Financial Services (FS) transactional revenues declined 7% organically for the year against double digit growth in the comparable period (2012: +19%).

Conditions for our European Transport Services business, representing 12% of the divisional revenues, remain challenging and restructuring and strategic repositioning were undertaken during the year.

Financial & Compliance Services





Corporate

Full year	2013	2012*	Δ (%)	Δ CC (%)	Δ OG (%)
Operating profit	(40)	(48)	(17)		
Ordinary EBITA	(46)	(48)	(4)	(4)	(4)
Capital expenditure	0	0			
Ultimo FTEs	106	102			

Δ - % Change; Δ CC - % Change constant currencies (€/$ 1.29); Δ OG - % Organic growth
* 2012 restated for IAS 19R 'Employee benefits' and early adoption of IFRS 11 'Joint arrangements'

Corporate's operating profit improved by 17% due to lower personnel costs and advisory fees, and release of provisions.

Global Shared Services and Global Platform Organization

Our Global Shared Services (GSS) division focused on driving service expansion and efficiencies in areas such as technology, sourcing, legal services, and organizational processes. In 2013, GSS delivered savings from sourcing programs and successfully deployed major upgrades to Enterprise Resource Planning systems. GSS supports all Wolters Kluwer divisions in the acceleration of cloud and mobile solutions, introducing innovations and faster processes that make us leaner, more effective, and reduce costs. Wolters Kluwer has now virtualized the majority of the technology environments, moved several products to cloud based applications, and has adopted agile development processes to speed innovation.

Our excellence in innovation can be seen in the Global Platform Organization (GPO). This global technology unit is accelerating our ability to invest in the mobile applications, cloud-based services, and integrated solutions that our customers increasingly need to help them make critical decisions and increase their productivity. In 2013, the GPO successfully co-created and deployed a large number of mobile applications, widgets, research tools, new products, and major product upgrades, for example the WK eReader which is currently available in the U.S., Germany, Belgium, and Hungary for use on tablets as well as desktop devices.

Solid Financial Position

Balance sheet

Non-current assets, mainly consisting of goodwill and publishing rights, decreased to €4,862 million in 2013, mainly as a result of continued amortization, depreciation, and a weaker U.S. dollar, partly offset by acquisitions and capital expenditure. The group's financial investments declined from €110 million to €58 million as a result of €18 million write-down and selected divestments.

Shareholders' equity increased to €1,584 million as profit for the year was partly offset by a weaker U.S. dollar, dividend payments, the share buy-back, and the re-measurements on defined benefit plans. In 2013, the company executed a share buy-back program of €20 million. The company repurchased 1.2 million of ordinary shares under this program at an average stock price of €16.32. The total weighted average number of shares outstanding during 2013 was 295.7 million (2012: 296.9 million).

Net debt at December 31, 2013, was €1,988 million (2012: €2,086 million), a reduction of €98 million. The net-debt-to-EBITDA ratio was 2.2 at December 31, 2013, improving from 2.4 at year-end 2012, and better than our target of 2.5.

Balance sheet	2013	2012*	Variance
Non-current assets	4,862	4,977	(115)
Working capital	(912)	(1,076)	164
Total equity	1,584	1,558	26
Net debt	1,988	2,086	(98)
Net-debt-to-EBITDA ratio	2.2	2.4	(0.2)

* 2012 restated for IAS 19R 'Employee benefits' and early adoption of IFRS 11 'Joint arrangements'

Debt refinancing

In May 2013, Wolters Kluwer exercised the call option at 100% on its perpetual cumulative subordinated bonds (€225 million) and redeemed these bonds in full. 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 January 27, 2014, the company fully redeemed its ten-year senior Eurobond (2003-2014) with a nominal value of €700 million.

Working capital

Operating working capital amounted to €(707) million, compared to €(768) million in 2012, a decrease of €61 million. Non-operating working capital increased to €(960) million, mainly due to the inclusion of the senior bond (€700 million) under short-term liabilities.

Working capital	2013	2012*	Variance
Inventories	104	95	9
Operating accounts receivable	1,109	1,122	(13)
Deferred income	(1,214)	(1,233)	19
Trade and other payables	(368)	(383)	15
Operating current liabilities	(338)	(369)	31
Operating working capital	(707)	(768)	61
Cash and cash equivalents	755	328	427
Non-operating working capital	(960)	(636)	(324)
Total	(912)	(1,076)	164

* 2012 restated for IAS 19R 'Employee benefits' and early adoption of IFRS 11 'Joint arrangements'

Financing results

Financing results amounted to €128 million (2012: €126 million). Financing results included net financing costs of €117 million, the employee benefits financing component of €5 million (2012: €5 million), a €12 million gain on the sale of our minority stake in AccessData, and an €18 million write-down of an investment available-for-sale (Symphony Health Solutions).

Taxation

The effective tax charge on total income for 2013 is 3.3% higher compared to 2012 (24.7%) mainly because of the corporate income tax on the capital gains on divestments of Best Case Solutions and AccessData in the high tax jurisdiction of the U.S., whilst the write-down of the financial asset available–for-sale was non-tax deductible.

In 2013, the benchmark tax rate decreased 9 basis points to 27.6% (2012: 27.7%).

Earning-Per-Share

Total profit for the year increased 11% to €346 million (2012: €311 million). Diluted EPS increased 11% to €1.15 per share (2012: €1.04).

Ordinary net income decreased 1% overall and increased 2% in constant currencies. Diluted ordinary EPS was stable at 1.56% (2012: €1.56).

Return on invested capital (ROIC)

In 2013, the ROIC was 8.7% (2012: 8.7%).

Cash flow

Net cash from operating activities was €630 million, up 2%. As expected, the cash conversion ratio returned to a more normalized level of 95%, compared to the record level seen in 2012 (99%). This reflected a net working capital outflow related to the timing of payments and slightly higher capital expenditure of €148 million (4.2% of revenues) compared to €144 million in 2012 (4.0% of revenues).

Cash flow	2013	2012*	Δ (%)	Δ CC (%)
Net cash from operating activities	630	618	2	6
Capital expenditure	(148)	(144)	3	6
Ordinary free cash flow	503	507	(1)	3
Diluted ordinary free cash flow per share (€)	1.68	1.69	0	3
Cash conversion ratio (%)	95	99		

Δ - % Change; Δ CC - % Change constant currencies (€/$ 1.29)
* 2012 restated for IAS 19R 'Employee benefits' and early adoption of IFRS 11 'Joint arrangements'

Acquisitions

Total acquisition spending in 2013 was €192 million (2012: €109 million), including deferred and contingent consideration payments of €2 million (2012: €5 million). Acquisition related costs amounted to €6 million in 2013 (2012: €6 million).

Acquisitions completed in 2013 contributed €46 million in revenues and €14 million in ordinary EBITA to 2013 results and had annualized revenues of €65 million and ordinary EBITA of €20 million. The largest acquisitions in 2013 were: Health Language in the Health division and Prosoft in the Tax & Accounting division.

Divestments

In 2013 and 2012, there were a number of divestments to optimize the portfolio. The main 2013 disposals related to the sale of Best Case Solutions and the minority stake in AccessData in the United States, and a number of smaller disposals in the Netherlands and Denmark. The divestitures support the Group's strategy to focus on areas of more strategic interest. The net cash receipts for the 2013 divestments amounted to €63 million.

Discontinued operations

In 2011, Wolters Kluwer announced plans to divest its Pharma-related businesses and recorded these assets in discontinued operations. In September 2013, we completed the sale of certain Pharma-related publishing activities in France. Following this disposal, all assets that were recorded under discontinued operations have now been divested.

The following table summarizes the results from discontinued operations:

Discontinued operations	2013	2012
Revenues	20	70
Expenses	(25)	(82)
Operating profit	(5)	(12)
Income tax	2	5
Results from operating activities, net of tax	(3)	(7)
Impairment	-	(3)
Restructuring costs	(3)	(13)
Profit/(loss) on sale of discontinued operations	(4)	(1)
Income tax on loss on sale of discontinued operations	3	2
Result from discontinued operations	(7)	(22)

Dividend

Wolters Kluwer has a progressive dividend policy under which the company expects to increase the dividend per share each year. At the 2014 Annual General Meeting of Shareholders, the company will propose increasing the dividend to €0.70 per share (2012: €0.69), to be paid in cash on May 13, 2014 for ordinary shareholders or on May 20, 2014 for holders of American Depositary Receipts (ADRs). Shareholders can choose to reinvest their Wolters Kluwer 2013 dividends by purchasing further shares through the Dividend Reinvestment Plan (DRIP) to be provided by ABN AMRO Bank N.V.

Anti-Dilution policy

The company intends to offset the dilution caused by performance share issuance by repurchasing shares up to €25 million in 2014.

Sustainability

Sustainability is at the core of our business, driving our approach to innovation and influencing the solutions we seek for our customers.

It is a powerful driver for innovation and customer satisfaction. Acting sustainably also helps us mitigate long-term risks, and optimizes our efficient use of resources. It drives us to view profitable growth through the lens of social and environmental responsibility – increasing our contribution to society, our customers, and our employees.

In 2013 we have conducted an analysis of our sustainability topics, and their relevance for our stakeholders and the company. This materiality index is available in our 2013 Sustainability Report. Most important topics proved to be: Customer data protection, Access to information, Paper use, Energy and emissions operations, and Diversity and equal opportunities.

One of the most important ways Wolters Kluwer increases efficiency and effectiveness for its customers is by increasing the share of electronic solutions against paper solutions. At the same time it decreases the use of a major natural resource.

In the course of 2013 we further distributed Standards of Engagement for our suppliers. These require suppliers to sign and comply with the Standards of Engagement. The code includes general sustainability standards that Wolters Kluwer requires its suppliers to operate by. It is based on the articles of the United Nations Universal Declaration of Human Rights, the eight core labor standards of the International Labor Organization and United Nations Global Compact, a framework for businesses that aligns operations and strategies with universally accepted principles in the areas of human rights, labor, the environment, and anti-corruption.

We will continue investing in sustainability in 2014, focusing on our four major building blocks:

- Customers and solutions: We develop high-quality solutions for our customers that improve their quality of work as well as the quality and impact of their services in society.
- Resource management: Wolters Kluwer operates on a global scale and our products have a global impact. We aim to minimize the environmental impact of our operations, and those of our suppliers and customers. These efforts reflect our current transformation from a paper-based to an innovative digital products and electronic services company.
- Community involvement: Our businesses and employees promote initiatives that improve the quality of life in the communities we operate in.
- Employee engagement: We create an environment for employees that supports their creativity and ambitions, generating the development of innovative solutions that our business thrives on.

Global Talent Development & Acquisition

To meet and anticipate the needs of our customers in today's fast-paced, global business environment, Wolters Kluwer needs to offer exceptional expertise in the complex professional sectors we serve. This makes our people our greatest asset and developing our talent one of our most important strategic priorities. We empower each employee to make the right decisions to get the results we all want. We provide employees at all levels with a learning culture and meaningful opportunities to succeed and make a positive, lasting difference that drives our business forward.

Our successful leadership pipeline program has been expanded to include middle managers, helping to nurture our next generation of leaders. We continue to actively drive talent management efforts across the company. We also ensure that we draw on the full talents of a truly diverse workforce and build an inclusive culture in which everyone has a voice. A new performance management program is helping ensure our employees are stimulated and fully prepared, with close attention to their professional development and to continued innovation and success for Wolters Kluwer.

Full-Year 2014 Outlook

In 2014, Wolters Kluwer plans further action to sharpen our focus on our leading, high-growth positions, deliver product innovation, and drive efficiencies across the group. We plan to undertake additional restructuring to improve the cost base, particularly in Europe, while continuing to invest in our leading positions to support organic growth. These actions are expected to contribute to a reduction in group ordinary EBITA margin to within a range of 20.5% to 21.5% in 2014, including total restructuring costs of approximately €25-30 million.

We expect low single digit growth in diluted ordinary EPS in constant currencies. The table below provides our 2014 guidance in constant currencies.

Performance indicators	2014 Guidance
Ordinary EBITA margin	20.5%-21.5%
Ordinary free cash flow	≥ €475 million
Return on invested capital	≥ 8%
Diluted ordinary EPS	Low single-digit growth

Guidance for ordinary free cash flow, diluted ordinary EPS and additional items is in constant currencies (€/$ 1.33).

Our guidance is based on constant exchange rates. Wolters Kluwer generates more than half of its ordinary EBITA in North America. As a rule of thumb, based on our 2013 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 ordinary EPS. Our guidance assumes no significant change in the scope of operations. We may make further disposals in 2014 which could be dilutive to margins and earnings in the near term. Additional information on our guidance is provided below.

Additional information	
Ordinary net financing costs[1]	Approximately €100 million
Benchmark effective tax rate	27.5%-28.0%
Cash conversion ratio	Approximately 95%

[1] In constant currencies (€/$ 1.33).

Outlook by Division

Legal & Regulatory: we expect Corporate Legal Services to achieve another year of good organic growth, although momentum in CLS transactional revenues is expected to slow. In our Legal & Regulatory publishing operations, we anticipate organic revenue decline due to the continued economic uncertainty in large parts of Europe, weakness in print formats, and lower U.S. law school enrollments. Continued softness in revenue combined with additional restructuring costs and the effect of last year's dilutive disposals is expected to lead to a lower margin in 2014. As of 2014, certain European Tax & Accounting publishing activities have been transferred to our Legal & Regulatory publishing operations in order to drive further economies of scale.

Tax & Accounting: we expect our software businesses to achieve good organic growth, partly offset by trends in bank products, print publishing, and cyclical products such as training. We expect to see some margin contraction due to increased restructuring in 2014.

Health: we foresee another strong year for Clinical Solutions. Market conditions for print journals and books are expected to remain soft. The positive effect from the ongoing mix shift towards Clinical Solutions should benefit margins despite continued investment in new digital product development and global expansion.

Financial & Compliance Services: we anticipate positive organic growth in our Finance, Risk & Compliance, and Audit units, although inexact timing around the implementation of banking regulations and an ongoing product rationalisation are likely to result in a more back-end loaded year. This performance is likely to be partially offset near term by continued pressure on transactional revenues.

Report of the Supervisory Board

Introduction

We were deeply saddened by the unexpected passing away of Adri Baan in April 2013. Adri had been a member of the Supervisory Board since 2002 and was Chairman since 2006. He was very dedicated and made many contributions to the company. We miss him and remember him with great respect.

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.

Despite continuing challenging economic conditions, the company again achieved its financial goals in 2013. In addition, the company made a good start with the execution of the strategy that was announced in February 2013. The Supervisory Board greatly appreciates the efforts of the Executive Board and employees for achieving these results. We look forward to the further successful execution of the strategy, creating value for the shareholders, customers, and employees.

Throughout the year the Supervisory Board again met many managers and employees within the company worldwide. We feel it is important to stay in touch with the talent in the organization and strongly support the efforts around talent management. This is a key area of attention for the Supervisory Board.

Meetings

The Supervisory Board held seven meetings in 2013. 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, and Mr. Hooft Graafland) attended all meetings. Two members (Ms. Dalibard and Mr. James) attended six of these meetings. 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 2013 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 2013 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 23, 2014, see *Financial Statements*. The resolutions to release the members of the Executive Board and of the Supervisory Board from liability for their respective duties will be voted on separately at the Annual General Meeting of Shareholders. In line with the progressive dividend policy, it is proposed to distribute a cash dividend of €0.70 per share. Upon approval by the Annual General Meeting of Shareholders, the payments will be made as from May 13, 2014. In 2013 the company resolved to abolish the stock dividend option to end the resulting dilution in the most cost effective and tax efficient manner. The company maintains its progressive dividend policy.

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 questionnaires on the functioning of the Supervisory Board and its Committees 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 to even further improve the information flows and means to monitor the performance. The Supervisory Board also discussed how to optimize the process for selection of new Supervisory Board members. These recommendations were followed up in the course of 2013.

Strategy

The Supervisory Board extensively discussed and reviewed the strategy that was announced in February 2013. The strategy focuses on accelerating the company's organic revenue growth and improving returns through three priorities:

- Expand our leading, high-growth positions:
  - ———> Focus majority of investment on high-growth segments with market leadership
  - ———> Drive growth in digital solutions and services
- Deliver solutions and insights:
  - ———> Products and services that support customers to make critical decisions and increase productivity
  - ———> 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

During the year, the Executive Board kept the Supervisory Board closely informed about the execution of the strategy. This included a presentation on the operational excellence initiatives within the company that were taken in order to drive efficiencies.

The divisional CEOs were invited to present the strategy and Business Development Plans of their divisions to the Supervisory Board. 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 of the divisions.

During the working visit in Belgium, the Supervisory Board had the opportunity to learn in more detail about several of the businesses operating in Belgium by means of presentations that were given by the various management teams. This included the Legal & Regulatory Business, the Tax & Accounting business, the Finance, Risk and Compliance business, and the Transport Services business.

The Supervisory Board was also informed about the innovation activities within Wolters Kluwer. 2013 was the third year in which Wolters Kluwer rewarded promising new initiatives via the Innovation Awards. Furthermore, the Executive Vice President of Wolters Kluwer's Global Platform Organization gave a presentation on advanced technologies in which he also showed how the technology is being used for innovation within Wolters Kluwer. Innovation is an important element of the execution of the strategy. Customers benefit from high-quality products and services developed due to Wolters Kluwer's innovation activities. The Supervisory Board strongly supports these initiatives and will keep monitoring the developments.

The Supervisory Board was updated on the company's branding strategy. We are supportive of the actions that are taken to strengthen the Wolters Kluwer brand as well as the new tagline 'When you have to be right,' as it exemplifies the important role Wolters Kluwer's products and services play in the work life of its customers.

Mergers 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, including smaller acquisitions for which no formal Supervisory Board approval is required. 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 electronic products and to geographic expansion.

Early in 2013, the acquisition of Health Language, Inc. was completed. This acquisition had been approved by the Supervisory Board and signed in 2012. In 2013, the Supervisory Board approved the acquisition of Prosoft Tecnologia S.A., a leading provider of tax and accounting software based in Sao Paolo, Brazil. The acquisition aligns with Wolters Kluwer's strategy to expand its leading, high-growth positions, as global tax and accounting software is one of these areas. In line with standard practice at Wolters Kluwer, management of Wolters Kluwer's Tax & Accounting Division attended a Supervisory Board meeting to explain and discuss the acquisition. This enabled the Supervisory Board to thoroughly asses the acquisition of Prosoft and to directly question the managers of the responsible management team.

Divestments are an important part of the execution of the strategy, since they are a means to rebalance the company's portfolio and to free up capital to invest in high-growth segments of the business. In 2013, the Supervisory Board approved the divestment of Best Case Solutions (U.S.). In addition, the Supervisory Board was kept informed about the sale of the Pharma business in France and the non-core publishing assets in the Netherlands.

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*.

We were informed about sustainability and the main goals and achievements in 2013. Wolters Kluwer was once again included in the Dow Jones Sustainability Index, received a bronze class sustainability award by RobecoSAM early 2014, participated in the Carbon Disclosure Project, and was ranked 34 in the Corporate Knights Global 100 Index of most sustainable companies. We are supportive of the goals related to sustainability, including the efforts around reducing print and using responsible paper, and the efforts around supplier principles. For more information, see the 2013 *Sustainability Report*.

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 controls 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. 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

In accordance with the policy to offset dilution of the performance shares issuance via share repurchases, the company completed share repurchases of €20 million in the first half of 2013, which was approved by the Supervisory Board.

The Supervisory Board also approved the €700 million Eurobond with a maturity of ten years and a coupon rate of 2.875%, which was announced on March 14, 2013. The net proceeds of the issue of the bonds were used to redeem the € 225 million Perpetual Cumulative Subordinated Bonds, in addition to general corporate purposes including refinancing of existing debt. The Supervisory Board carefully monitors the financing of the company including the available headroom.

The Supervisory Board closely monitored the net-debt-to-EBITDA ratio, which improved from 2.4 per year-end 2012, to 2.2 per year-end 2013, again outperforming the target of 2.5.

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, analysts research, and the investor seminars from Corporate Legal Services and the Health 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 2013, during the preparation of the full-year and half-year results, and during the preparation of the interim trading updates after the first and third quarter. The Audit Committee currently consists of Mr. Forman (Chairman), Mr. Angelici, and Mr. Hooft Graafland. All current members of the Committee attended all of the meetings. 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, IFRSs, pensions, tax planning, impairment testing, the treasury policy, the financing of the company, hedging, the quarterly reports and full-year report of KPMG, the auditor independence policy, and internal risk management and control systems including IT systems. A status update on internal audit and internal controls is a standing item on the Audit Committee's agenda.

At the Annual General Meeting of Shareholders of April 24, 2013, KPMG was reappointed as auditor for a maximum period of three years, following a thorough assessment that took place at the end of 2012. 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 this three-year period. 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. Wolters Kluwer's current auditor, KPMG, has a policy of rotating its partners every seven years.

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 as of the audit over the financial reporting year 2015. The Audit Committee was closely involved in the process of selecting a new audit firm. The Audit Committee met with the potential new audit firms early 2014. Criteria that were taken into consideration as part of the selection process were the quality of the audit teams including their lead partners, international experience, presence in the main jurisdictions where Wolters Kluwer operates, industry experience, and fees. After thorough discussions, it was resolved to propose to the Annual General Meeting of Shareholders that will be held on April 23, 2014, to appoint Deloitte Nederland B.V. as new auditor.

Selection and Remuneration Committee

The Selection and Remuneration Committee met four times in 2013 and had one scheduled conference call. Due to the fact that Mr. Wakkie was appointed as Chairman of the Supervisory Board after the passing away of Mr. Baan, he stepped down as Chairman of the Committee. He was succeeded as Committee Chairman by Ms. Dalibard. Mr. Wakkie remained on the Selection and Remuneration Committee as a member. The Committee currently consists of Ms. Dalibard (Chairman), Mr. Forman, Mr. James, and Mr. Wakkie. Three of the members of the Committee attended all meetings and the scheduled conference call. Mr. James missed one meeting. After every meeting, the Chairman of the Committee reports back to the full Supervisory Board. The resolutions regarding appointments and remuneration were subsequently 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. The Committee engaged an outside compensation advisor to provide recommendations and information on market practices for compensation structure and levels. For 2013, the Supervisory Board resolved, based on a recommendation from the Selection and Remuneration Committee, to increase the base salary of the Executive Board members by 3%. For 2014 it was resolved to increase the base salary by 2.5%. For more information about the remuneration policy of the Executive Board, see *Remuneration Report* and *note 34 of the Consolidated Financial Statements*.

Executive Board composition

In May 2013, Mr. B.L.J.M. Beerkens resigned from the Executive Board to pursue career opportunities outside of Wolters Kluwer. He was succeeded as CFO by Mr. K.B. Entricken. Mr. Entricken was appointed as member of the Executive Board, based on a nomination from the Supervisory Board, at the Annual General Meeting of Shareholders of April 24, 2013.

The appointment and nomination of Mr. Entricken took place after a thorough selection process. Six out of the seven Supervisory Board members held interviews with Mr. Entricken. The Supervisory Board is pleased that the successor of Mr. Beerkens could be found within the company. This is a proof of the successful implementation of the talent management efforts within Wolters Kluwer. For more information about Mr. Entricken see *Profile Management & Organization*.

Supervisory Board composition

We were deeply saddened by the unexpected passing away of our Chairman Adri Baan in April 2013.

The Supervisory Board resolved to appoint Mr. Wakkie as new Chairman. Mr. Forman succeeded Mr. Wakkie as Vice-Chairman.

In 2013, the second term of Mr. Wakkie and Mr. Forman expired. The first term of Ms. Dalibard expired in 2013 as well. Mr. Wakkie, Mr. Forman, and Ms. Dalibard were all reappointed at the Annual General Meeting of Shareholders that was held on April 24, 2013.

In 2014, the second term of Mr. James will expire. Mr. James is not available for reappointment. The Supervisory Board wishes to express its great appreciation to Mr. James for his contribution to the company and the Supervisory Board over the last eight years.

The Supervisory Board has actively searched for a new member. We are very pleased that Ms. Rima Qureshi is prepared to accept a seat on the Supervisory Board. The Supervisory Board used an external Executive Search firm in order to be able to compare various candidates and select the best candidate. Ms. Qureshi had meetings with Mr. Wakkie, Mr. Forman, Ms. Dalibard, and Ms. McKinstry. Ms. Qureshi has broad international management experience including deep operating experience in transforming technology-based companies. At the Annual General Meeting of

Shareholders that will be held on April 23, 2014, we will propose to appoint Ms. Qureshi 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. Assuming that Ms. Qureshi will indeed be appointed at the Annual General Meeting of Shareholders on April 23, 2014, two out of the six Supervisory Board Members (33.3%) will be female, which is in line with the new Dutch law.

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 have sufficient time available for their Wolters Kluwer Supervisory Board membership. This follows from 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 *Profile Supervisory Board*. 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 18, 2014

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

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 Meeting of Shareholders of April 20, 2007. The Supervisory Board proposed to the Annual General Meeting of Shareholders that was held on April 27, 2011, to amend the Long-Term Incentive Plan, which proposal was accepted. In line with new 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 23, 2014.

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 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 *Risk Management*. 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.

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 proposed appointment of Mr. K.B. Entricken at the Annual General Meeting of Shareholders of April 24, 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. 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.

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 2013 and 2014

Fixed and variable compensation and other considerations for members of the Executive Board in 2013 are detailed in *note 34 of the Consolidated Financial Statements*.

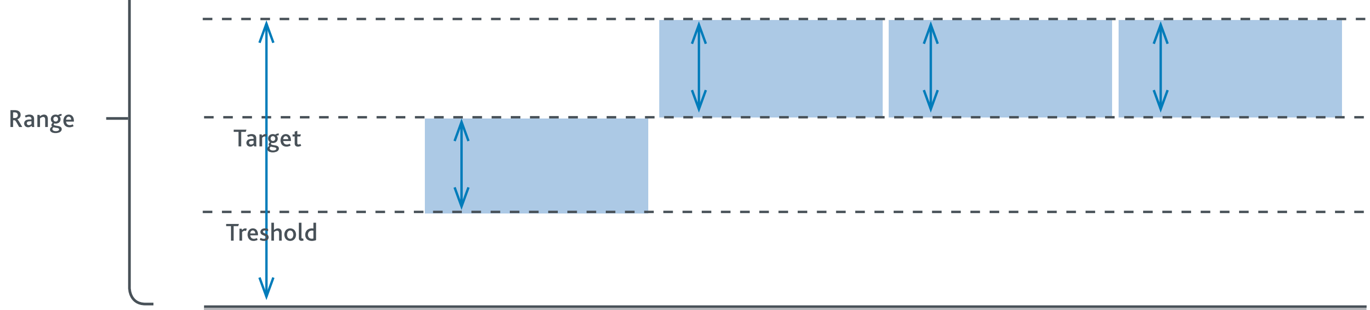
In 2013, the base salary of Ms. McKinstry increased by 3%. Mr. Entricken's salary increased by 30% as of May 1, 2013, due to his appointment as CFO and member of the Executive Board. For 2014, the Supervisory Board decided to increase the base salary of the members of the Executive Board with 2.5%.

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 2013 (pay-out in 2014) for the members of the Executive Board was based on the achievement of targets with respect to free cash flow (33.3%), ordinary net income (33.3%), revenue performance (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 2013 and payable in March 2014, will be 142.03% for Ms. McKinstry and 112.06% for Mr. Entricken (the absolute pay-out pro-rated as of his appointment as CFO and member of the Executive Board). The chart on the following page shows performance against target of each of the STIP measures in 2013.

2013 Short Term Incentive Target Performance



Measure	Revenues *in mln of euros*	Free cash flow *in mln of euro*	Ordinary net income *in mln of euro*	% Revenue from electronic products
Weighting	28.3%	33.3%	33.3%	5%

Since these bonuses are related to 2013 performance, the amounts are included in the total remuneration costs for 2013 as shown in *note 34 of the Consolidated Financial Statements*.

Mr. Beerkens, the former CFO, left Wolters Kluwer in May 2013. The Supervisory Board greatly appreciated his activities in 2013, including the fact that he stayed at Wolters Kluwer until the 2013 Annual General Meeting of Shareholders, which was longer than required according to his notice period, and the highly professional way in which he transitioned his responsibilities to Mr. Entricken. Mr. Beerkens was therefore awarded with a pro-rated bonus for his contributions in 2013, as also shown in *note 34 of the Consolidated Financial Statements*.

For 2014, the Supervisory Board has approved the same target pay-out percentages for Executive Board members as for 2013: 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 2014, the Supervisory Board has approved the same measures as for 2013, however with a different weighing: revenue performance (33.3%), ordinary net income (33.3%), free cash flow (28.3%), and revenues from electronic 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.

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. Adding EPS as performance measure for LTIP will lead 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 2013, the TSR peer group consisted of the following companies: Arnoldo Mondadori, Axel Springer, Daily Mail & General, Dun & Bradstreet, Grupo PRISA, John Wiley & Sons, Lagardère, McGraw-Hill, Pearson, Reed Elsevier, T&F Informa, Thomson Reuters, Trinity Mirror, United Business Media, and McClatchy. 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 de-list 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 2010-12 and 2011-13

For the three-year performance period 2010-12, Wolters Kluwer has reached the eighth position in the TSR Ranking. As a result, in February of 2013, Ms. McKinstry and Mr. Beerkens received 75% of the number of conditional rights on shares that were awarded to them in 2010.

For the three-year performance period 2011-13, Wolters Kluwer has reached the eighth position in the TSR Ranking. As a result, in 2014, Ms. McKinstry will receive 75% of the number of conditional rights on TSR Related 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 than 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, leads 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 will receive 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.

EPS Targets and pay-out schedules

With respect to the EPS Related Shares (2011-13, 2012-14, 2013-15, and future plans) 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 2011-2013

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, Ms. McKinstry will receive 150% of the number of conditional rights on EPS Related Shares that were awarded in 2011.

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 2012-14 and 2013-15 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 2014-16 performance period, these percentages are similar to the 2013-2015 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.

Alphen aan den Rijn, February 18, 2014

Selection and Remuneration Committee
B.M. Dalibard, Chairman
L.P. Forman
S.B. James
P.N. Wakkie

CASE STUDIES

Our tagline, 'When you have to be right,' expresses the value Wolters Kluwer brings to all its stakeholders. Wolters Kluwer employees live this value proposition every day.

When You Have to Be Right

In February 2014, hundreds of employees all over the world joined webinar sessions to explore the Wolters Kluwer brand values and how the brand manifests itself in local markets. In addition, a group of Wolters Kluwer leaders participated in a multi-day chat session to explore the brand values related to the business cases in this report, illustrating what Wolters Kluwer does.

TERESA MACKINTOSH
President & CEO, CCH Tax & Accounting U.S.

ANDREW LANG
EVP & Global CIO

CORINNE SAUNDERS
CEO Emerging & Developing Countries

JASON MARX
President & CEO, CCH Small Firm Services, Tax & Accounting U.S.

CHRISTIAN CELLA
Director, Business Development Brazil

CHRISTOPHE IDES
VP Business Analysis & Control

DANIEL LAZARUS
Analyst Corporate Strategy
joined Wolters Kluwer as part of the “Future Leaders Summer Internship Program”

KIM DAVIDSON
Digital Communications Manager
acted as the moderator of the online chat session that took place from February 10 to February 17, 2014

Expertise, Accrued Over Time

CHRISTOPHE IDES

Audit workflow tools used to be available for the BIG 4 players only, as they had the means to develop, maintain, and keep these software tools up to date to the latest legislation. Sole practitioners carried out their audits with 'pen and paper' (and a little Excel help as well).

Coming from a BIG 4 firm myself, I was very impressed with the CCH Audit Automation product, which took this Workflow Tool to a whole new level from what I was used to. The software captures the audit flow from 'client acceptance' to 'final sign off'; provides interlinking with other Wolters Kluwer products; is always adjusted to the latest legislation and is accessible by multiple auditors working on the same client at the same time.

Several of my former colleagues agreed with me that Audit Automation has leveled the field and took away the competitive advantage BIG 4 firms had in this area. Some of them even started their own firms and use Audit Automation daily.

JASON MARX

I hear stories almost every day where technology helps our tax professionals . . . from forms, to calcs, to workflow solutions. Tax compliance is complex, rapidly changing, and different in each jurisdiction. Our tax professionals rely on our compliance engines and software platforms to make sure they get forms and calculations right. In today's fast-paced and unforgiving tax environment they just could not do it profitably any other way.

ANDREW LANG

At the intersection of digitized content, sophisticated business rules, automated workflow, ubiquitous cloud access, and advanced mobility solutions, Wolters Kluwer can offer the opportunity for professionals to access a wealth of cumulative and always-current knowledge in an easy-to-use fashion.

CHRISTIAN CELLA

In Brazil, the State Tax Authority launched a new program SPED to digitalize all tax filings with thousands of fields to be checked before submission. We are the only player in the market having launched a set of products able to automatize all the calculations and we help our customers to provide the right files in a very complex environment.

TERESA MACKINTOSH

All of the professionals that we serve across our markets need to be right to serve their clients / patients, etc. It is expected and needed in our space. Professionals come to us because they know us to be thorough and accurate. As our world continues to become more complex, this value proposition to our customers is critical.

DANIEL LAZARUS

Fundamentally, the products and services we provide add value to our customers by simplifying their workflow and increasing their efficiency. Whether it is expert editorial content or cutting-edge software, we pride ourselves in providing solutions that tackle the pain points of our customers. Our high level of customer engagement together with our deep-seated curiosity constantly drives us to develop better products and services for the professionals we serve.

True Understanding

JASON MARX

One of the connections between technology and subject matter expertise is that the technology can serve as an enabler of that subject expertise in new ways. In many industries, including Tax, Legal, Healthcare, and Financial Services, technology is already in use to provide deeper access to research and expertise through search tools or Business Intelligence tools; perhaps more will occur through customer-centric portals and apps that provide more personalized engagement with the end customer. I suspect the ones that truly take hold will allow the professional in any of these industries to engage with their own customer in their own way.

CHRISTIAN CELLA

We have a unique positioning to help customers, selecting the right, relevant, and accurate content combining new technologies and our subject matter expertise. Today we can interact digitally with our customers to understand their needs and select the right piece of actionable information they look for.

ANDREW LANG

We are leveraging communication technologies such as social media platforms and moderated online customer focus group forums to help us in having interactive conversations with our customers. This use of technology can help build tighter connections with our customers, and enrich our product offerings. We make it a priority to anticipate what's next – what the next generation of solution needs will be so they're available when the need is present.

CHRISTOPHE IDES

Accessibility of our products will be the key. Customers want to be able to check their information at all times. As technology will change customers' demands towards better, faster, and easier devices, we will need to make sure our products are easily accessible on these new devices as well.

TERESA MACKINTOSH

I agree that in many ways accessibility is the key, and I think that goes far beyond platforms and devices. To me, those are relevant tools; accessibility really means access to the right answer no matter how the professional is trying to find it. So, when you are in a tax application and content is served up, or with our UpToDate application in health, these are all the epitome of "accessible."

DANIEL LAZARUS

In addition to accessibility, it is also important that we focus on making our products easy to use. Professionals want to quickly get the answers they require to improve their practice. Therefore, it's crucial that we provide our customers with the most intuitive solutions tailored to their needs.

CORINNE SAUNDERS

Because information everywhere continues to proliferate, customers need Wolters Kluwer to help them identify the most relevant information and package it in the right way that will improve their efficiency and productivity. Technology is the enabler and customers will expect to be able to use our products on the very latest devices, but they also rely on us to steer them to the right and most relevant content, and to help them keep being efficient.

Serious Commitment

TERESA MACKINTOSH

In many countries around the globe, a developed economy is still evolving – legal structure, revenue structure (tax), acceptable healthcare – Wolters Kluwer has the opportunity to expand upon our expertise from developed markets and be early entrants in some of these growth economies. It is a fascinating time to serve professionals.

JASON MARX

We are a global company that operates in an increasingly global and diverse society. The work we do to serve our customers is in many ways tied to the work they must do to manage these issues and comply with a myriad of regulations. I believe it was Michael Porter that said ‘when business focuses on solving a problem it makes a profit, which lets that solution grow.’

DANIEL LAZARUS

I agree. Wolters Kluwer is in an excellent position to leverage our existing best-in-class technologies to bring new products to professionals across the globe.

CORINNE SAUNDERS

We are a global company with global capabilities and we work hand-in-hand with local experts on the ground who understand exactly what our customers face wherever they are in the world. This gives us a great balance between developing global tools & solutions which have scale and reach – and using these to enable local access to the precisely-tailored information our customers need.

As developing nations all over the world continue to industrialize and digitalize, their growing middle classes are gaining increasing economic power and seeking access to better healthcare and education. Wolters Kluwer is perfectly positioned to support governments and institutions to capitalize on these trends by making it easier for professionals to learn and deliver services in a cost-effective and precise way.

CHRISTIAN CELLA

Tax regulations and controls will become more and more sophisticated and collaborations between companies and their advisors will be necessary to provide the right information to the tax authority while automating tasks and eliminating manual work.

Deep-Seated Curiosity

DANIEL LAZARUS

As a recent college graduate, I joined Wolters Kluwer because I was drawn by the opportunity to learn from a company with over 175 years of experience serving professionals, and I was looking to begin my career in an innovative environment. Working at Wolters Kluwer has been an excellent experience because the organization constantly challenges its employees to solve customers' problems in new and better ways. By constantly embracing technological innovation and developing best-in-class solutions, Wolters Kluwer will continue to attract smart thinkers for the future.

ANDREW LANG

I recently joined Wolters Kluwer (September 2013), and hence I have a number of colleagues from previous companies asking about life at Wolters Kluwer. One of the key messages I share is the collaborative, innovative, and empowered environment that I've experienced. Having spent my entire career as an IT professional and IT manager, one of the key motivators for IT professionals is the ability to feed their curiosity, to "ever learn" and solve challenges that are valued by customers. Having Deep-Seated Curiosity as one of the pillars for our company reflects the commitment to innovation that helps drive our success now and into the future.

JASON MARX

My experience may be a bit unique in that I was actually a former customer of Wolters Kluwer before joining the organization. I was what politely could be called a vocal customer, and was able to get to know the leadership team in the Financial & Compliance Services organization. Then, as now, the approach was one that sought to understand, to collaborate, and to minimize compliance and operational risk for the customer.

CORINNE SAUNDERS

If you really want to attract smart thinkers from outside we need to start involving more people from the outside – making them part of the innovation process, bringing in customers like Jason to collaborate with us and improve our solutions.

We need to find a balance between subject matter expertise and other types of talent – people who demonstrate customer-centricity, who have a solid business focus in sales or marketing for example. We need to find innovators from different backgrounds to expand our external thinking and bring to our attentions the future trends we should being preparing for.

CHRISTIAN CELLA

We have moved quickly from a traditional publishing house to a software company. This combination of strong expertise with innovation and technology should be leveraged and accelerated to attract new subject matter experts, technologically savvy to create the new product generation while innovating also in our go-to-market capabilities.

Absolute Accuracy

CHRISTIAN CELLA

Companies in Brazil are required to submit highly complex electronic files to the Tax Authority that generate a high risk of fines. We have developed two products (Auditor and Analisador) that make thousands of cross checks and allow the customers to detect all the mistakes in the tax returns before submission and deliver the right information to the state.

JASON MARX

Accuracy is critical in the solutions and products that we provide for our customers. There are significant business implications for our tax professionals if there are material errors in the tax forms or in the calculations used to support the small and medium-sized businesses (SMB). Our tax compliance engines provide the intelligence to deliver specific compliance forms and tax calculations based on the information provided by the tax professional, and some guide the professional through the process to make sure that they have asked all the right questions based on the SMB or tax payer's circumstances.

DANIEL LAZARUS

ProVation is another example of a product we offer that vastly improves documentation/ compliance workflows. ProVation minimizes the amount of time physicians spend on documentation and allows them to spend more time practicing medicine. "Immediately after a procedure is complete, ProVation MD will automatically generate billing codes, personalized letters for referring physicians, patient instructions, quality registry submissions, data reports, and more." (www.provationmedical.com/provation-md/) Intuitive solutions like ProVation and the other products mentioned above increase the efficiency of customers and enable them to become more successful professionals.

Engage the Customer

CORINNE SAUNDERS

It's crucial we keep listening to our customers and acting on their feedback, ensuring we have a robust closed loop process – regularly monitor feedback, conducting focus groups and regular customer satisfaction surveys that give us an enterprise-wide view (across all divisions and geographies). We need to understand what the brand means to them and how we can keep living up to that promise.

CHRISTIAN CELLA

Customers are a key part of our development cycle. Starting from mapping together their workflow to identify pain points and therefore product opportunities, we therefore need to include them closely in the development process to define product interface, usability, and functionalities before launching into the market.

DANIEL LAZARUS

Constant engagement with professionals in the markets we serve is a crucial component of our business success. It is therefore necessary that we understand the ins and outs of our customers' workflows so we can constantly deliver solutions that resolve their pain points and add value.

JASON MARX

Our best ideas come from deep engagement with our customers, understanding what they need to be successful with their own customers and in growing their own practice. In that sense, engagement may well become more personal at a customer level, with a focus on more personalized solutions and interactions and an understanding of their unique business challenges.

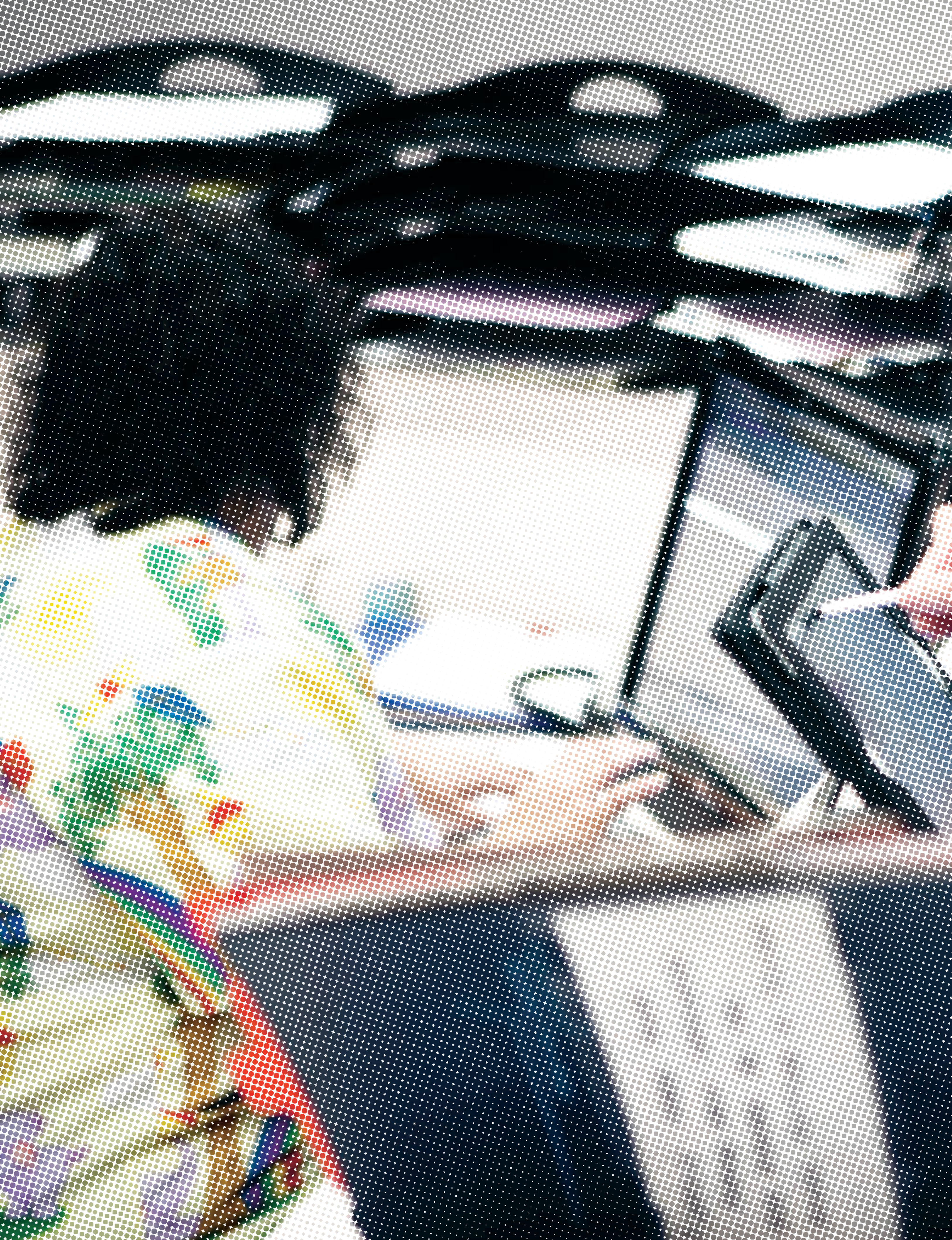
TERESA MACKINTOSH

I am honored in that I get to see and speak with our customers frequently. What becomes quickly apparent is that we are CRITICAL to their client deliverables. If something unfortunate happens and our cloud solutions have a service disruption, our customers literally can't work. The positive side comes as they come to us at the beginning stage of a transformation in their business. Our customers want our perspective on workflow best practices.

JASON MARX

Meeting with and speaking with customers is one of the best parts of what we do. Being relatively new to the tax & accounting industry, I remain fascinated by the workflow of our customer and how they run their business. That inquiry allows us to really understand their problems and provide solutions.

Our Small Professional team recently conducted several days of independently moderated focus group sessions which allowed us to monitor the conversation and really listen to customers' feedback, both good and bad.



CASE STUDY I

Improving healthcare by staying abreast of the changing needs and challenges of medical professionals, using technology and insight.

Expertise, Accrued Over Time

Dr. Diane Homan, Vice President of Clinical Innovation and Chief Medical Information Officer at Rush-Copley Medical Center: “I vividly remember the day in October 2009 when a man was admitted to my hospital with tuberculosis (TB). Our tests identified a very specific and rare form of the TB bacterium that we’d only seen once before in the county, two years earlier.”

That December, two more men with the same strain of TB were admitted to Rush-Copley, in the Illinois town of Aurora. Staff were puzzled, until they made a crucial discovery. “We have a transient community, with lots of people coming here from Mexico. So we always have a rate of TB, but with a common genotype. This type was uncommon,” says Dr. Homan. “Our manager of infection prevention looked at the information and said: ‘They’re all coming from one specific homeless shelter in Aurora.’”

It was the start of a life-saving fight, demanding human perseverance and an innovative use of technology, including Wolters Kluwer’s clinical knowledge systems.

You might well think that TB has been wiped out. Well, it has not. It is second only to HIV/AIDS as the greatest killer worldwide due to a single infectious agent. Over 95% of TB deaths occur in low and middle-income countries. That doesn’t mean it stays there: TB-infected migrants carry the disease with them. Once the disease had been detected in Aurora, it was vital to prevent it from spreading further. “We realized we needed to further screen the community. People could be exposed in other ways, like volunteering at a shelter or through contacts in the community where homeless people tend to congregate, like the local library or bars,” says Dr. Homan.

Massive Screening

Rush-Copley launched a massive screening program that initially evaluated more than 800 people. As a result, 312 latent cases and 45 active cases were identified and treatment administered.

With the aid of Wolters Kluwer’s ProVation Order Sets and UpToDate, Dr. Homan’s team devised a truly innovative solution. ProVation Order Sets delivers evidence-based treatment protocols integrated with UpToDate, a best-in-class, physician-authored clinical decision support resource.

“Homeless people may not have frequent check-ups, but they do show up in emergency departments. We embedded tuberculosis screening as a required element of screening in numerous order sets,” the doctor says. It was embedded into staff workflow so that even hyper-busy emergency room doctors and nurses couldn’t forget to check for TB when patients came in with a cough, fever, or night sweats.

“If you just rely on emergency room staff remembering to screen, it’s much more sporadic. You’re less likely to identify those with latent phase TB. More patients will evolve into the advanced active phase of the disease, which is more expensive to treat and increases the risk to the patient and the community," says Dr. Adam Lokeh, Vice President of Clinical Development & Informatics at Wolters Kluwer Health.

"The major problem was that patients with tuberculosis don't need to stay in the hospital – nor can they go back into the community. The Kane County Health Department wouldn't let us discharge the patients, because they had no known address to be discharged to. They were concerned about exposing others in our community," Dr. Homan says.

If we had all these patients in the hospital at the same time it would be a disaster. We worked with them to secure accommodation for this population of patients. It took months," she adds.

Such persistence ensured a 97.4% completion rate for the treatment of active tuberculosis, an abnormally high rate. Because of the side effects of the medication, many sufferers – especially transient, hard-to-track groups – don't complete their course of treatment.

PROVATION® ORDER SETS are evidence-based templates, co-developed with authors from UpToDate. Order sets are used by physicians to standardize and speed the ordering process for a common clinical scenario. They give guidelines for 75-80% of diseases and include more than 900 predefined templates for numerous medical specialties.

UPTODATE® is an evidence-based, physician-authored clinical decision support resource. It is relied upon by more than 700,000 clinicians in 158 countries and almost 90% of academic medical centers in the U.S. Over 30 research studies show widespread use of UpToDate is associated with improved patient care and hospital performance, including reduced length of stay, adverse complications, and mortality.

Process Improvements

"One of the reasons for the success of treating active phases was that we provided them with housing during this time, as well as observed medication administration on a daily basis, provided through nurses from Kane County Health Department," says Dr. Homan.

"We don't improve health in communities by what we do while they're in hospital. It's about what we do in the community," says Dr. Lokeh, who combines his role at Wolters Kluwer with part-time work in a children's hospital trauma department. This enables him to remain abreast of the changing needs and challenges of the medical professionals that Wolters Kluwer serves.

"We're not going to be able to completely rid the world of tuberculosis; we'll only be able to manage the outbreaks," he says. "Rush-Copley did that so successfully because they were able to use the technology they had, the information they had, and the cooperation of the community, to deal with this critical issue before it got much larger."

DIANE D. HOMAN, MD is Rush-Copley's Vice President of Clinical Innovation and Chief Medical Information Officer. Her overall responsibilities include professional management of clinical, administrative, and operational units including oversight of Quality, Medical Staff Office, and Care Management. She has been on the faculty of Rush University Medical Center since 1984 and practices Family Medicine.

The 550 physicians and 2,000 clinical and professional staff members at Rush-Copley Medical Center, Aurora, IL, are committed to providing advanced medicine and extraordinary care to the greater Fox Valley community. Rush-Copley is proud to be accredited by The Joint Commission, a U.S. national organization assisting healthcare organizations to continuously provide safe, high-quality care, treatment, and services.


Purell
NURSE
Rush-Copley

ADAM LOKEH, MD is Vice President of Clinical Development & Informatics, Clinical Solutions at Wolters Kluwer Health. He leads the design, development, engineering, and interoperability of multiple clinical decision support software products. Adam is a board-certified plastic surgeon, specialized in reconstructive, hand, microvascular, and aesthetic surgery at Twin Cities Plastic Surgery and at Children's Hospitals and Clinics of Minnesota.

CASE STUDY II

Technology fundamentally changed business models in the content industry. In this always-on world of content creation, what is the role of the 300-year-old concept of copyright, protecting IP, and trademarks?

True Under-standing

In December 2013, Wolters Kluwer partnered with Google and the John Adams Institute to explore the increasingly complex issue of ownership of intellectual property and copyright at an expert panel in Amsterdam. Global experts Paul Goldstein and James Boyle, together with Bernt Hugenholtz, took the stage to share and discuss their perspectives. Paul Goldstein is Professor of Law at Stanford Law School and a globally recognized expert on intellectual property law. James Boyle is Professor of Law and co-founder of the Center for the Study of the Public Domain at Duke Law School and columnist for the Financial Times. Bernt Hugenholtz is Professor of Intellectual Property Law and Director of the Institute for Information Law at the University of Amsterdam. Wolters Kluwer is a worldwide leading provider of insights into copyright regulations.

"Technology has revolutionized the music industry," says Shamal Ranasinghe. "First fans went from buying CDs to downloading and sharing MP3 files, mostly for free. Then Apple launched iTunes and a new digital music industry was born. Now, downloads are falling rapidly as streaming services like Spotify soar in popularity."

As founder of multi-million dollar business Topspin, a direct-to-fan marketing, management, and distribution platform that helps artists market music directly to their fans, Ranasinghe has seen one of the biggest sectors of digital content – music – fundamentally transformed by technology.

"The challenge for gatekeepers and artists is to keep up with the technology consumers are using. They need to adapt quickly – or risk losing market share," says Ranasinghe.

That's echoed by Professor Paul Goldstein, professor in copyright law at Stanford University. "When gramophone records appeared in the early 20th century, sheet music publishers sued – but soon realized their sales were going up. Similar protests met the arrival of radio, TV, video recorders, yet each time the pie that producers could share grew."

The internet has transformed the way we consume and share content, and given rise to so-called 'Generation C' – people who care deeply about creation, curation, connection, and community. Social interactions give Gen C its sense of self: constantly connected, they 'are' what they share, like, comment, or retweet.

Gen C Shares

Gen C doesn't feel the urge to own content – not even stuff they have created themselves. On the contrary, they actively want others to freely share and re-use their posts, films, photos, mash-ups, or memes. And they're just as interested in curating as creating.

Ranasinghe is one of them. He sleeps with his smartphone next to his bed. He uses Twitter or Facebook to share content he finds note-worthy, educational, inspiring, or amusing, and has his own blog for longer-form reflections on topics such as art or music. "I like to consume media, then share, endorse, and advocate things," he says.

He built Topspin into a business used by over 80,000 musicians, comedians, labels, managers, and film makers and is now working on his newest start-up, Fluence, an app connecting artists and other creators to influencers in their fields.

He sees a clear trend: "With new technologies, the typical cycle is denial – incumbents say the new technology will never work – and then acceptance. With Topspin, there was a lot of resistance to the notion of going directly to fans. But now it's become a standard. All the people who had issues with it are now adopting it widely."

Yet in a world where copying and communal creation are common currency, where does that leave copyright and protection of trademarks?

Future of Copyright

Many say copyright is in crisis. "The social legitimacy of the model is in peril. I'm worried that one day, copyright will just be voted out of parliament," Wolters Kluwer author Bernt Hugenholtz told the Amsterdam event.

Copyright's origins are generally traced to 1710, when Britain's Statute of Anne gave authors an exclusive right to control the reproduction and distribution of their books for a prescribed period of years. Fast-forward three centuries, and copyright law still does just that, but with some modifications. Now, for example, it includes the exclusive right to perform, display, or make adaptations of a work. But the basic right to stop other people using your content is unchanged.

Last year, Wolters Kluwer acquired CitizenHawk, a provider of online brand protection and global domain recovery solutions. As part of the Corporate Legal Services portfolio and marketed under the Corsearch brand, CitizenHawk's services include helping identify and recover cybersquatted domains, and countering threats such as typosquatting – a form of cybersquatting that relies on errors internet users make when inputting a website address into a browser.

The trend toward global brands and online commerce has created a need for both traditional trademark clearance and protection solutions and online brand protection as criminals and opportunists look to exploit these companies going abroad.

Recent research by Forrester, eMarketer, and Millward Brown:

- U.S. online retail sales market is expected to grow at 9% a year and global ecommerce reached $1 trillion in 2012.
- BrandZ™ Top 100 Most Valuable Global Brands 2013 rose 7% in brand value to $2.6 trillion; and the total brand value of the Top 100 Strong Brands Portfolio has improved 77% since 2006.
- Almost half of the brands in the BrandZ™ Top 100 ranking are based in North America. They account for two-thirds of the Top 100's $2.6 trillion in brand value. Brand value growth in North America was flat, however. This implies greater brand growth outside of North America.

So is that an outdated mechanism fit only for abolition? Not according to Goldstein.

"Copyright occupies a part of our lives as consumers in a more direct way than ever before," he states. Goldstein says we need copyright to battle the time squeeze we all feel these days. "The scarcest resource we have is time. No-one has time to sort through everything on the internet, to figure out what will be most attractive to us.
We rely on intermediaries such as publishers, movie producers, record labels, to screen, produce, and distribute products that will appeal to people. They won't do that without copyright."

The internet makes copyright more necessary than ever, Goldstein believes. "If information were truly free, people would be inundated with information overload, with chaos."

PAUL GOLDSTEIN is a Professor of Law at Stanford University and a globally recognized expert on intellectual property law. In addition to his academic work, Paul is frequently consulted by law firms and has worked on several ground-breaking copyright cases, including Universal v. Sony (the "Betamax" case) and West v. Mead Data Central (the "Star Pagination" case). He has a seventeen-year relationship with Wolters Kluwer Law & Business as the author of Goldstein on Copyright, a definitive source for courts and practitioners on fundamental issues of copyright law. He is one of the many industry-leading luminaries partnering with Wolters Kluwer's legal and regulatory experts to provide the insight needed to interpret and successfully navigate today's complex rules and regulations. Paul is also a published author of fiction and his novel, Havana Requiem, was awarded the Harper Lee Prize for Legal Fiction.

SHAMAL RANASINGHE, representing the perspective of Gen C, is a media entrepreneur with 18 years' experience helping creators connect with their existing fans and promote themselves to new fans. He recently founded the startup, Fluence: an app connecting artists and other creators to influencers in their fields. Fluence is a new attention marketplace where Influencers, Curators, and Experts can give the rest of the world a means to promote directly to them. Shamal is also co-founder of Topspin, a direct-to-fan marketing, management, and distribution platform. Find him on Twitter as @shamalman or on his blog madrespect.com.

CASE STUDY III

A drain on society or a vital stimulant for economic growth? Views on immigration are divided. Wolters Kluwer is promoting knowledge of local laws as a powerful force for successful social cohesion.

Serious Commit-ment

Immigration is a hot political and social issue across Europe, especially as the economic crisis in many countries puts pressure on jobs and public resources. Spain has suffered one of its sharpest downturns in decades. Although now showing tentative signs of recovery, unemployment remains at over 26%.

Given these economic woes, it is all the more impressive that Spain's rapid growth in immigration over the last decade hasn't been more socially divisive. In this time, the country's foreign-born population has increased dramatically, from less than 4% of the total population to almost 14%. And yet the country is recognized as having one of the best records in Europe for successfully integrating its immigrant communities.

How has this been done? A pioneering initiative by the Wolters Kluwer Foundation has played an important role. A program called 'Conoce tus leyes' (Know Your Law), started by Wolters Kluwer together with the Regional Government of Madrid recognized a fundamental factor that helps communities live and work together successfully: understanding the law.

Pablo Gómez-Tavira, General Director of Immigration for the Regional Government of Madrid says the city's immigrant population has risen faster than that of many other European cities over the last decade, making the smooth integration of different communities a particular challenge.

166 Different Nationalities

Encouraging a common understanding of the law can play a key role, he says, especially when dealing with citizens of 166 different nationalities. "Many people who move to Spain from abroad ignore Spanish culture, our customs, and legal system. With so many coming to Madrid in such a short time, we face a great number of people who need to know their legal rights and obligations. Wolters Kluwer has played an outstanding role in helping us achieve that."

The program is the first in Spain – and Europe – to help immigrant communities better understand the laws of their adopted country: teaching them the fundamentals of Spanish Law, their main rights and duties, and how they are regulated by the Spanish legal rules. It also helps them find work and settle into the community, teaching local social skills, tips for tackling job interviews, and some introductory language training.

Completing the program helps participants gain a certificate of settlement in Spain and, ultimately, the proof of social integration they need to be granted nationality. Not surprisingly, this makes it a hot ticket for thousands of immigrants every year, with participation accelerating sharply. Since it began in 2009, no fewer than 28,500 people have completed the course, with 13,000 in 2013 alone.

Partner in Social Responsibility

Rosalina Díaz Valcárel, president of the Wolters Kluwer Foundation, explains how it all started.

"When we began the project, a quarter of Madrid's four million population were immigrants. We thought their integration would be much easier if they had a better knowledge of their legal rights and obligations. We strongly believe that co-existence of different cultures is much easier when both immigrants and native communities are familiar with common legal rules. Spanish people are already very accepting of immigration, but most of all when they feel immigrants are 'playing by the same rules' as Spanish people."

The success of 'Know Your Law' has prompted the Regional Government of Madrid to share its experience with other municipalities. Pablo Gómez-Tavira has recommended it be adopted to ease immigrant integration elsewhere in Spain, and has even presented it in Brussels with a view to extending it to other European countries. "The contribution of Wolters Kluwer has been essential," he says. "It would have been impossible to carry out this program without them and we are extremely grateful for their support."

As Rosalina says, "Our stakeholders now see us differently – not only as a provider of legal solutions, but as a partner for actions related to corporate social responsibility."

Wolters Kluwer used its close relationships with law firms and the legal departments of big companies to set up this inclusive and inspiring program. Working with the Autonomous Community of Madrid and the Madrid Bar Association, Rosalina and her team asked the lawyers for their help in teaching classes to immigrants for free. The response has been remarkable, with lawyers from over 30 firms in Madrid willing to give up part of their free time to advise and share their knowledge.

Wolters Kluwer also used its network of expert authors to create a book for the course students, and teaching materials for the lawyers. The result has made a tangible difference to the community.

Eleanor's Story

One of the first students to complete the program, Philippines-born Eleanor Diana de León, has since become one of its most passionate supporters and a shining example of successful integration.

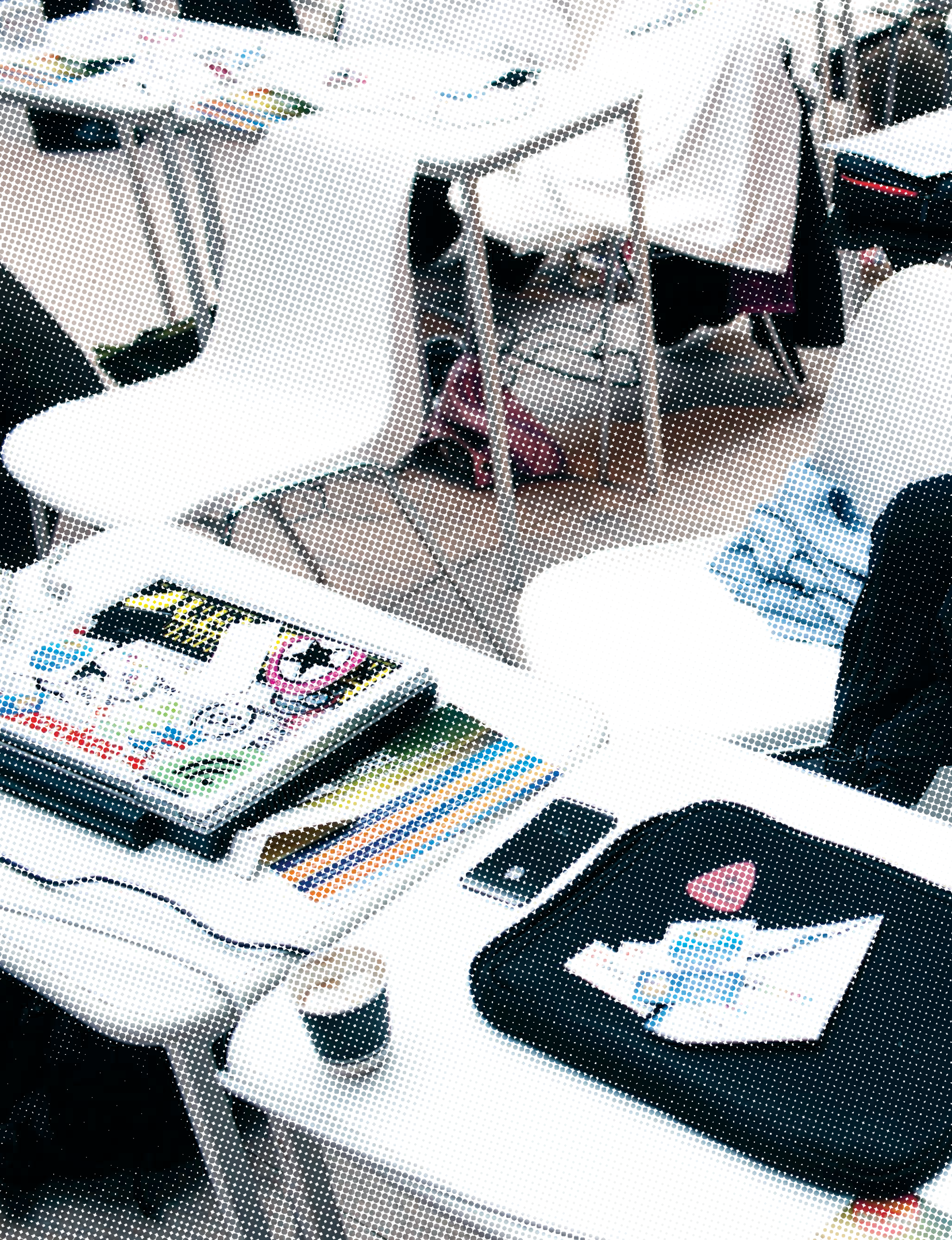
Eleanor emigrated from the Philippines to Spain with her husband 22 years ago, aiming to start a new life in Madrid. The couple initially planned to find domestic work together, but the reality of settling into the Spanish capital was harder than they expected. The couple could not find work together and struggled with the language.

"If you settle in a new country where you really want to build your home, it gives you a different perspective on life, including how you try to integrate into the culture you find yourself in," says Eleanor, recalling the early days of her struggle to settle into Madrid life.

"It was hard at first, particularly with the language, but now we plan to stay in Spain. We may go back to the Philippines when we retire, but that's still a long way off. This is now our home," says Eleanor, who works as a sales rep with a surgical stainless steel cookware company. Her husband has also settled well, working in the restaurant sector.

Many things have helped Eleanor build her new life – including the church, charities, and other members of the Philippine community – but the ‘Know Your Law’ course played a vital practical role that in many ways helped to change her life. The value of helping immigrants better understand their adopted country had a profound influence on Eleanor and ever since she has devoted time to helping other foreign-born people adapt to life in Spain.

After completing the course, Eleanor wanted to pass on her knowledge to friends and neighbors. Since then, she has taken responsibility for helping her community's integration even further, by becoming the local head of AFIMA, the association of Philippines immigrants in Madrid. "Once you know something, it's better to share," she says.



CASE STUDY IV

175-year old start-up Wolters Kluwer organizes multiple initiatives to stimulate the understanding of technology. A software company with a strong history of subject matter expertise attracts smart thinkers.

Deep-Seated Curiosity

ALI HASHEMI, an Artificial Intelligence expert, has worked with several Wolters Kluwer teams. In 2013, he was engaged in deploying cognitive computing for European Law. He shares his perspective on the cognitive computing revolution, and what will be next.

Ali Hashemi: "We're in the middle of a cognitive computing revolution. This is in contrast to what we had in the past decade: the digital revolution. And prior to that was the print revolution that took a few thousand years. We're increasingly going to see a lot of artificial intelligence technologies deployed across the whole spectrum of computing solutions.

Cognitive computing is a relatively new term. It's been popularized since IBM's Watson had success on Jeopardy! and it really captures the fact that computers can now do a lot of things that we thought were only in the purview of humans. Computers can now understand aspects and think, more importantly, in similar ways to humans. And so we can engage with computers on a cognitive level."

Wolters Kluwer is an attractive partner for companies and employer of choice for individuals that want to deploy the latest technologies. They are driven by curiosity on how to apply these new ways of thinking to the work of professionals.

Ali: "When we think of what professionals are doing, for example a lawyer or a doctor, this means that the cognitive computing and artificial intelligence technologies will allow us to address a lot of the problems that came about as a result of the digital revolution. One of the unseen consequences was that we have way more information than most people know what to do with. We have a deluge of information and what these technologies will allow us to do is to find that needle in the haystack. Find that relevant bit of information which helps you solve the problem at hand."

Cognitive Computing

According to Ali, we can look at the three different revolutions that have occurred in humans interacting with knowledge: print, digital, and cognitive computing from a concrete use case that a lawyer might deal with: copyright infringement.

If the lawyer has a client who is embroiled in some sort of lawsuit about copyright infringement, in the print revolution they would need to know what books contain material about this, they would find that book, open it, look inside the book, find the relevant sections, maybe manually copy out, write notes, highlight, photocopy, etcetera. Then they would build the requisite knowledge that helps them solve the problem.

"In the digital revolution, once you've made all these print materials digitized, the lawyers now work on a computer, and we had entered what I would call the 'dumb search era.' A lawyer would go in and type in 'infringement' into a computer, a dumb search takes the exact string, that exact word, and matches it into all the content it has at its disposal, and serves it up to the lawyer. The downside of this is that you could get a lot of irrelevant information, and this is what gives rise to that deluge, that giant haystack," sees Ali.

Artificial Intelligence

As an artificial intelligence expert, Ali is intrigued by the next steps in the evolution of the information and knowledge industries, "when we get to the cognitive computing revolution, the one that we're at the cusp of, a lot of the artificial intelligence technologies will allow us to actually engage with the lawyer at the cognitive level. That means that the computer will now know what the lawyer is thinking about."

"If we're talking about someone who is in the Netherlands and is being accused of copyright infringement in the U.S., it would know that there are treaties governing what goes on in that; it knows that the Netherlands is part of the European Union. It can draw on all of this knowledge to sort the content and provide answers that will allow the lawyer to do what they need to do."

One of the projects Ali has been working on in the past year with Wolters Kluwer's Vincent Henderson, based in France, and Christian

GLOBAL INNOVATION AWARD
Stimulating innovation and engaging all employees in innovation is an integral part of Wolters Kluwer's global strategy. On February 12, the 2014 Wolters Kluwer Global Innovation Awards were launched. The Awards program includes tournaments, giving all employees an opportunity to enter and vote for innovation proposals from around the world.

The winners in 2013 were selected from 700 submissions:

- Lippincott Laerdal Computer-Based Simulations
- Wolters Kluwer Ecosystem – Connecting What You Need to be Right
- Predictifi – Using Big Data for preventative patient care
- UptoDate Mobile Apps

The outcome of the 2014 Global Innovation Awards will be announced in July this year.

Dirschl, based in Germany, is the automatic update of legislation. This is one of the first steps towards the cognitive computing revolution. "What we're doing is taking what used to be a very manual process and automating a significant portion of that. We are not removing the human from the loop, but what we are doing is removing the mundane tasks that people had to do and allowing people to focus on more interesting problems."

ZETEO Swipe

An example of innovation and the hand-in-hand technology development of our global organization and the business units is Zeteo Swipe. Legal & Regulatory Sweden teamed up with the Global Platform Organization to deploy mobile access for their Zeteo product. Zeteo provides access to over 300 different legal publications available on Zeteo on-the-go, the Swedish online search platform. The e-book library contains 250 titles. Zeteo Swipe runs on the local Swedish publishing platform using the online service architecture and Global Platform Organization's mobile framework.

Wolters Kluwer organizes several technology and innovation events throughout the year such as its Annual Technology Conference that took place simultaneously in Minneapolis, U.S. and Amsterdam, the Netherlands, in July 2013. Over 300 people had the opportunity to learn and share ideas with their peers and other industry experts on the latest thinking in cloud computing, big data, mobility, and social media.

Our technology staff is also actively contributing to the annual user conferences around the globe, where our customers hear about our new product developments.

CASE STUDY V

Companies – especially financial institutions – need to provide increasing volumes of hard evidence to prove to regulators they're playing by the changing and ever-more complex rules.

Absolute Accuracy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"The Chinese market has undergone a major change over the past 20 years," says Wantao Yang, partner at Zhong Lun Law Firm, specialized in regulation for banking and financial services. "The financial system used to be based mainly on savings deposits and trading, so regulation and risk compliance was relatively simple. But now there's an abundance of products for investors to choose from: and that brings different risks in need of regulation."

So, as China prepares to step onto the world stage as one of the most strategically important financial players, its government is raising the bar on financial regulation – and fast. While it continues to open its doors to foreign investors, regulatory requirements for financial service firms doing business in the country are increasingly stringent.

"China had many more reporting requirements in the past, but they were less sophisticated," says Michael Thomas, Regional Director North Asia at Wolters Kluwer Financial Services. "This is starting to change now."

ZHONG LUN and CONFUCIUS
The name of the law firm, 中伦 (Zhong Lun), means "to keep in compliance with ethical principles." The term "中伦" first appeared in the Analects of Confucius. The founders of the firm chose "中伦" as the name, signifying their commitment to comply fully with the letter and spirit of the laws, rules, and ethical principles that govern the firm. Zhong Lun Law Firm is headquartered in Beijing and has offices in Shanghai, Shenzhen, Guangzhou, Wuhan, Chengdu, Hong Kong, Tokyo, London, and New York. The firm has now over 700 professionals, and is consistently chosen as legal service partner by clients who require comprehensive services in an increasingly complex legal environment across the vast geographic area of China.

MICHAEL THOMAS
Regional Director North Asia, Wolters Kluwer Financial Services

Super-Regulation

At present, it's a fragmented regulatory environment with an abundance of authorities. The main financial supervisors include the China Banking Regulatory Commission, China Securities Regulatory Commission, and China Insurance Regulatory Commission. All are designed to regulate different sub-sectors.

But as financial markets evolve and products become more complex, boundaries between the regulators are blurring. "This leads to overlapping regulations, or even conflicting standards, which leads to markets 'shopping around' regulators," says Yang.

Last October, the government announced the creation of an over-arching 'super-regulator,' led by the central bank, to coordinate financial supervision and bolster regulation in the financial sector. The super-regulator is expected to reduce these conflicts through better coordination.

One of the hottest issues is anti-money laundering (AML). Tackling fraud and corruption has been high on the agenda of China´s present leadership since it took office in 2012, and AML regulation is a key element of its policy.

A steady stream of AML regulations has been launched since 2007, when China became a member of the Financial Action Task Force, an international money laundering and terrorism financing watchdog. As soon as they were published, they became freely available to criminals and terrorists who were quick to find ways to bypass them, long before financial institutions were able to implement them.

In recent years, the pace of change around anti-money laundering and terrorist financing regulation has been faster than ever before. In 2012, the People's Bank of China, the central bank, issued new AML rules for financial institutions as part of its risk assessment for money

WANTAO YANG, partner at Zhong Lun Law Firm:
“Going through this process of building deep knowledge and understanding is key to enabling markets to work efficiently. It will eventually benefit the health of the entire financial system. It’s like playing a game of chess. When two players have dramatically different levels, the game will be challenging and frustrating for both. But when they play at a similar high level, they can make subtle moves, which will lead to a sophisticated and ultimately highly enjoyable game.”

'My word is my bond' used to be enough in the compliance world. Those days are over. That is difficult enough in the developed world. But in emerging countries like China, whose economies are growing strongly and financial markets are developing at breakneck speed, the challenges are breathtaking.

In October 2013, Wolters Kluwer launched its anti-money laundering solution for financial institutions operating in China. The system can help institutions detect and report suspicious activity in order to comply with guidelines administered by regulatory authorities governing China and the Asia Pacific region.

YONG ZHAO
Professional Services Manager, Wolters Kluwer Financial Services

KEVIN FANG
R&D Manager, Wolters Kluwer Financial Services

laundering and terrorist financing. The move followed watchdog groups' claims that trillions of dollars had been laundered over the past decade.

More legislation bringing more detailed compliance requirements is expected in 2014. The latest guidelines require financial institutions to conduct a thorough risk-weighting assessment of all their clients. Financial institutions must rate those risks based on their client's location and the nature of their businesses, including their levels of transparency. They must submit this data to the People's Bank of China by December 2015.

"That will be no mean feat," says Thomas. "These institutions possess some of the largest client bases in the world. The amount of data they have to manage is enormous. And the solutions currently being used in China are lagging international standards."

Knowledge Levels

As China's regulatory requirements tighten, it is facing a pressing problem: a lack of knowledge. "China is suffering from a brain drain," says Thomas. "The banking sector is overflowing with workers, but there's a severe shortage of international expertise and experienced staff."

With more and more complex products rapidly entering the Chinese market, finance professionals are struggling to keep pace with developments and regulations. Whereas developed markets have typically seen a gradual introduction over a long period of time, China's regulators, financial institutions, lawyers, and investors all need to understand the mechanisms quickly. But grasping these complex products and putting the right regulating regimes in place is a process – and processes take time.

Wolters Kluwer aims to help its customers in China increase their knowledge levels. "Those customers range from major global banks to foreign banks with small operations in the country," says Yong Zhao, Professional Services Manager at Wolters Kluwer Financial Services. "It's especially challenging for those smaller banks to understand all the requirements from regulators, as they often lack the resources or experience. We provide training, help them understand regulatory requirements, and offer solutions that address their needs," he explains.

"Our strength is that we are able to respond quickly to the changes in regulatory requirements," says Kevin Fang, R&D Manager at Wolters Kluwer Financial Services. "We also closely listen to our customers' needs, incorporating their feedback into our constantly evolving products."

CASE STUDY VI

New product features, process improvements, and ideas on trends in the industry – customers have an ongoing conversation with Wolters Kluwer employees.

Engage the Customer

Development Partners started in January 2012 as a small group of about 20 customers and has now grown to 90. They join Wolters Kluwer's CCH Canada for off-site meetings of one or two days, virtual meetings, and also take part in questionnaires. They work on specific exercises to help us develop product ideas that best meet their needs. The TaxprepConnect product has been developed based on the input from this large group of customers that are all part of Public Practice firms. Members are accountants from large nationals to small office professionals. These customers assisted us in developing the product idea, finessing it. They also endorsed us when we presented the idea to the Canadian Revenue Agency for approval. It is really quite exciting for a software developer to have such an excellent and strong customer group supporting them from idea creation to execution.

CCH was founded as Commerce Clearing House in 1913, the year the U.S. federal income tax was created. CCH became part of Wolters Kluwer in 1996. Wolters Kluwer prides itself on the strong history of CCH and customers benefit from the rich insights and expertise that the products and services bring today and in the future.

A survey among the Development Partners gives insight in what our customer engagements means for them.

LIST OF CUSTOMERS

1 JANET FOSTER
Partner, Collins Barrow, Carleton Place, Ontario

2 DEBRA DOWDELL
Director of Operations, Trowbridge Professional Corporation, Toronto, Ontario

3 MICHAEL MERPAW
Partner, Collins Barrow, Ottawa, Ontario

4 TODD TROWBRIDGE
Partner, Trowbridge Professional Corporation, Toronto, Ontario

5 RICHARD SCHAAK
Managing Partner, Collins Barrow, Sudbury, Ontario

6 DARREN J. BUMA
Partner, KWB, Edmonton, Alberta

7 DAN CHUN
President, Dan Chun Inc., Kelowna, British Columbia

8 JUSTIN VANDYK
Senior Accountant, BVVL Chartered Accountants, Lethbridge, Alberta

9 DINO MICACCHI
Partner, Micacchi Warnick & Company, Woodstock, Ontario

10 BRETT MARTIN
Associate/IT Manager, Collins Barrow, Red Deer, Alberta

11 RAY DESJARDINS
Proprietor, Desjardins & Company Chartered Accountants, St. Paul, Alberta

12 SHMULI WENGER
Director of IT, Collins Barrow, Montreal, Québec

13 OLIVIER BEAUREGARD
Fiscalist, Hardy Normand et associés, Anjou, Québec

14 CHARLES LANDREVILLE
CPA, Gatineau, Québec

15 ERIC BACHAND
Associé, fiscaliste, Lefaivre Labrèche Gagné, Saint-Constant, Québec

16 RICHARD TASCHEREAU
CPA, Propriétaire, Plessisville, Québec

17 FRANÇOIS GOSSELIN
Président, Gestion Franco Inc., Québec, Québec

EXAMPLES OF OTHER CUSTOMER ENGAGEMENT INITIATIVES IN 2013

Customers of Navigator reviewed product features early in the development stage, contributing with insights on the new version of the legal portal.

Key influencers from the U.S. legal community form the Insight Leadership Council to exchange expertise to better understand the needs, predict trends, and solve information and workflow problems for legal practitioners.

Customers and employees of Wolters Kluwer Law & Business joined forces at a panel to come up with market-leading ideas.

Wolters Kluwer's CCH User Conference brought together hundreds of customers to discuss new products and services and trends in the tax and accounting profession.

Accountants in the Netherlands gathered at the Twinfield User Conference, focused on the latest software developments.

At the Global Platform Organization User Conference, a customer-panel commented on the opportunities of technology innovation in products and services.

Wolters Kluwer Health's 200-strong Customer Advisory Board met in Chicago to share best practices and discuss the future of IT solutions in healthcare and how Wolters Kluwer can meet those needs.

Prosoft in Brazil, held 15 focus group meetings with customers over the past year.

Nearly 100 CT Corporation hCue users attended the annual 'Productivity Sessions' User Conference in Nashville in November.

What was your reason for joining Wolters Kluwer's CCH Development Partners Group?

1 JANET FOSTER
[Feb 14, 2014 11:11 PM]
To be involved in helping our main software provider create a product that helps our office be more efficient and effective.

2 DEBRA DOWDELL
[Feb 12, 2014 11:28 PM]
To be part of a dynamic group of accounting professionals and the CCH development team focused on bringing practical innovation to CCH products.

3 MICHAEL MERPAW
[Feb 12, 2014 5:05 PM]
To have a voice in new products developed for our profession as well as have insight into future software development for our industry.

4 TODD TROWBRIDGE
[Feb 12, 2014 4:33 PM]
We use CCH products almost exclusively and are therefore very interested in having input into future product development.

5 RICHARD SCHAAK
[Feb 12, 2014 4:02 PM]
I am a big believer that creative technology solutions can allow us to re-think how we do our work and in the process help to improve operational efficiencies. Being able to be a part of the development process is both exciting and productive.

6 DARREN J. BUMA
[Feb 12, 2014 3:53 PM]
Prior to being invited, I would try to submit a few items, sort of a 'wish list' after tax season. I found the development team would include most of these in the next version. This always impressed me. But probably the biggest attraction was the opportunity to participate in exciting new products and enhancements that make life easier for public accountants.

7 DAN CHUN
[Feb 11, 2014 8:16 PM]
My main reason for joining Wolters Kluwer's CCH Development Partners group was to have first-hand input in software development that directly affects our business. Far too often we receive surveys from software companies asking for our input and ratings on products – and we have no idea how this information is being used or if it is even being valued. As a member of this group I know that my comments/suggestions are being taken seriously by the management and executive team and that my input is valued as a member of this team.

8 JUSTIN VANDYK
[Feb 11, 2014 2:21 PM]
I have been associated with the Development team before this group was set up and met some of the people in Sherbrooke. I found them to be excited about their work and about helping people.

9 DINO MICACCHI
[Feb 10, 2014 1:08 PM]
CCH has always shown a strong commitment to listening to its customers and designing new applications based on our requirements. When Philippe asked if I would be interested in joining the group I felt it was a way for me to repay CCH for the top notch service they have provided our firm over the years.

10 BRETT MARTIN
[Feb 9, 2014 6:07 PM]
I have been a Taxprep user since the mid-eighties and I've always had a great working relationship with the Taxprep/CCH management team. Management and support have always responded quickly to any questions or suggestions with respect to Taxprep and related projects. I've beta tested many CCH products over the years and, when I was invited to join the Development Partners Group, it seemed to be a natural fit for me.

11 RAY DESJARDINS
[Feb 9, 2014 5:53 PM]
I felt it would be beneficial to both of us as a partnership. We can let you know first-hand of our issues and frustrations and at the same time be able to help you develop the programs and create new ones by testing for you on our files and giving feedback from our firm on a real world scenario. It was well worth it when I look back.

13 OLIVIER BEAUREGARD
[Feb 10, 2014 6:56 PM]
To help Wolters Kluwer provide us with products that meet out requirements.

14 CHARLES LANDREVILLE
[Feb 10, 2014 2:48 PM]
To be on the lookout for innovations and to influence Wolters Kluwer, so it addresses our needs.

15 ERIC BACHAND
[Feb 9, 2014 6:27 PM]
To contribute to the development of high performance products for which I have a lot of interest.

As a member of the group, what is the number one benefit to you as a member?

1 JANET FOSTER
Seeing our suggestions come to life was so exciting. CCH was able to put our ideas into a product and make them even better than we imagined.

2 DEBRA DOWDELL
Being able to review and contribute to the design improvement of new products.

3 MICHAEL MERPAW
Being able to obtain enhancements to existing products and development of new products that are practical and useful to our firm.

4 TODD TROWBRIDGE
Collaborating with likeminded firms and becoming a more integrated with our primary software partner.

5 RICHARD SCHAAK
Having prior knowledge of new software and understanding how the software could impact the firm.

6 DARREN J. BUMA
The primary benefit is to help direct the development efforts into areas that will produce technologies that truly solve problems that we live with day-to-day. As a customer, it's very exciting to know that someone is listening to our problems and wanting to help as opposed to the more traditional model of building something that they think we want.

7 DAN CHUN
It's tough to select one. It really helps to know that the iSolutions team has a great skill level and interest in improving life for tax practitioners. I really get the impression that CCH is always looking for improvement and really listening to their users. I pick up great ideas and hopefully contribute a couple, too.

8 JUSTIN VANDYK
My number one benefit to me as a member is having software being developed that can increase my profitability and efficiency in addition to being able to provide top notch services to my client base.

9 DINO MICACCHI
I get to work with people who care about what they do and help them create something that benefits others.

10 BRETT MARTIN
As a member of the Development Partners group, it gives me a chance to meet face to face with the leading thinkers in the Canadian accounting industry. I firmly believe that I get far more than I give as a member. After every meeting I come back to my office re-energized and with more new ideas about how to make our office more efficient and a better place to work.

11 RAY DESJARDINS
I feel this group allows me insight and input into the planning process at CCH and allows me to be on the leading edge of tax services I can offer to my clients. My membership gives me an opportunity to be a leader in my profession when it comes to taxation and office management practice.

12 SHMULI WENGER
I have the relationship with the product managers and developers to be able to communicate freely and tell them my thoughts.

13 OLIVIER BEAUREGARD
Provide input for the development of products that will be useful to us.

14 CHARLES LANDREVILLE
My reasons for becoming a member of the group have been fulfilled, but the no. 1 advantage is that I am among the firsts to experience my new Wolters Kluwer tools.

15 ERIC BACHAND
To be on the lookout for all of the new products and interact with people who are all there to try improve their performance and their way of doing things.

TaxprepConnect is a new CCH product developed through the Development Partners Group. What do you believe will be the advantages of deploying this product within your organization? How will it functionally change your practice?

2 DEBRA DOWDELL
We're excited to see the efficiencies that can be part of our processing with TaxprepConnect as part of our system.

3 MICHAEL MERPAW
The advantages of deploying this product will include a more efficient method of obtaining client specific information from the Canada Revenue Agency (CRA), having that information readily available in Taxprep for either comparing it to data already in existence or for adding missing data to Taxprep. It will change our practice in that our staff will now be able to make comparisons of tax slip data, carry forward data for all clients versus just those clients where we believe errors or omissions exist.

4 TODD TROWBRIDGE
Massive time savings are expected through the use of this product as it continues to develop and expand capabilities. This should allow us to eventually have an additional check on the tax returns we prepare as well as easily import information that the client may not have provided allowing us to increase the level of client service.

5 RICHARD SCHAAK
This software will save our clients from costly penalties and interest if they have forgotten or lost information needed to complete their tax returns.

6 DARREN J. BUMA
We were asking our staff to do all of this manually in the past. It was very time consuming and error prone. This will allow us to efficiently produce a better quality product for our customers and avoid errors that are costly to correct, and embarrassing in our client relationship.

7 DAN CHUN
I love this product. Capital gains history is one of the most confusing areas to create for new clients and this really simplifies the procedure. Historically we had all Notice of Assessments arrive at our office to be checked and forwarded to client. TaxprepConnect allows easy import and has freed up admin staff.

8 JUSTIN VANDYK
TaxprepConnect is a feature of Wolters Kluwer's Taxprep product. We have been involved with the testing and feedback from the very beginning. This product will be deployed, this tax season, across our entire organization and will ensure that our Taxprep file is accurate and up to date with very little input from staff. Even in limited testing we have found errors, both on the governments part and ours, and have been able to correct these errors with very little work. Clients may not see the benefit of this product first hand but I know they would be pleased to know that every year we confirm our numbers with the government with a push of a button!

9 DINO MICACCHI
I find that one of the gaps in most business is that of sharing knowledge and we are a knowledge-based industry. In order to capture the intellectual capital of our firm, there needs to be a source for someone to go to for information even if it's just the starting point. It can create a more collaborative environment when people feel, that what they do matters.

10 BRETT MARTIN
I believe that TaxprepConnect will allow us to prepare better tax returns for our clients as it will double-check our files to ensure that we are using the most up to date information available about our client's tax situation.

11 RAY DESJARDINS
TaxprepConnect allows me to be proactive as opposed to reactive in tax return preparation. We used to spend a great deal of time correcting inaccurate tax carry forward information – either our errors or CRA's errors. TaxprepConnect allows us to work with the most current up to date information automatically, without having to go seek it out in various places. Although Taxprep Connect was only available a few weeks last year, we still saw a significant reduction in the amount of assessment variances due to incorrect data input or carry-forward.

12 SHMULI WENGER
It will save us tremendous amount of time by being able to get the information without having to call or connect separately to the government web site.

13 OLIVIER BEAUREGARD
The advantages: Time saving, minimizes typing errors during data input and adjustment requests.

Using TaxprepConnect translates into better efficiency of our internal resources and greatly simplifies the preparation of our clients' personal tax returns.

14 CHARLES LANDREVILLE
TaxprepConnect is somewhat of an addition to CCH Scan. We have not used this product, because CCH Scan was providing us with enough self-confidence.

15 ERIC BACHAND
It allows us to quickly have reliable information.

16 RICHARD TASCHEREAU
This product allows us to work more rapidly by incorporating generally reliable and up to date information into the client's file. It prevents us from having to make long researches manually on government websites. In addition, the download of provincial slips allows us to reduce time spent on verifying files.

17 FRANÇOIS GOSSELIN
Gain in productivity and especially in accuracy with regards to data entry.
This product reduces the review time of many data items that are extracted directly, therefore a reduction in potential omissions.

Tell us about the networking and learning benefits derived from being a part of the Development Partners Group?

1 JANET FOSTER
The group is a diverse selection of our peers. It is an excellent opportunity to discuss best practices with a group that is willing and anxious to share.

2 DEBRA DOWDELL
It's a group of sharp, dedicated professionals who are part of the Group. Everyone contributes their time and experience to help create better products.

3 MICHAEL MERPAW
Being part of the Development Partners Group has allowed us to build close relationships with CCH Canada's senior people and given the size of our national cooperative we believe that our voice, our wishes are being heard and actioned by CCH senior management. It has also allowed us to network with other firms and share best practices.

4 TODD TROWBRIDGE
We regularly share ideas and thoughts with other members of the group and learn about the challenges that other firms face to know that we are not alone in our issues.

5 RICHARD SCHAAK
We get to see how other firms use software differently than we do. This gives us insight into possible process improvements.

6 DARREN J. BUMA
There is comfort in knowing that others are challenged with the same problems, and that someone is working on solutions. Additionally, there has been a great amount of technology and process best practices that are outside the realm of Wolters Kluwer that have also been shared among the client members of the group.

7 DAN CHUN
I learn something in every session and have had great feedback from other members of the group. My firm has made a few changes from experiences passed on by group members. Even some of the proposed projects have given us ideas that have improved my firm's processes.

8 JUSTIN VANDYK
Being a part of the Group has been a very rewarding experience. Not only with providing personal input but with the connections I have established. Being able to talk to other accountants across the country has been invaluable, and I'm sure all in the group would agree. We bounce best practices off each other, learn, and provide a network of professionals in which we can go to with troubles and difficulties encountered – being able to find a solution that will work as it is likely another member of the group has encountered similar difficulties.

9 DINO MICACCHI
I see people who care about what they do and that what they do matters.
I see people explore ideas and begin to create things. I see energy in the room every time we meet. It is a small group but these are the right people to have.

10 BRETT MARTIN
—> see my answer on page 106

11 RAY DESJARDINS
I go into the Development Partners Group meetings with my own priorities and opinions relating to developments I would like to see. Listening to the input of the other partners brings out so many ideas I had never thought of and helps me to re-arrange my own priorities.

12 SHMULI WENGER
The communication within the group is great. We are invited to participate in meetings and development projects. We also get to hear how the other development team members are using the software and their issues as well.

13 OLIVIER BEAUREGARD
No direct advantage except for knowing that the problems we encounter are the same elsewhere.

14 CHARLES LANDREVILLE
It allows us to know what our strength and weaknesses are as an office.

15 ERIC BACHAND
As a professional working alone, this group opens unknown horizons, therefore I acquire new knowledge.

How does the Development Partners Group influence your opinion of Wolters Kluwer?

1 JANET FOSTER
I feel like we now have an inside voice at CCH. I feel respected and appreciated by the CCH team. We have never had this opportunity with any other software provider so we are thrilled to be a part of the group.

2 DEBRA DOWDELL
Being part of the Development Partners Group definitely helps me have a deeper, higher regard for the work and organization of Wolters Kluwer. I have been so impressed by the professionalism of the internal team. They have such a dedication and commitment to high level quality products and to making sure the products are designed for the needs of their clients. It's been a pleasure to work with them.

3 MICHAEL MERPAW
The Development Partners Group has made a significant influence on my opinion of Wolters Kluwer as being a very responsive partner to our business, genuinely caring about us as clients; that you have our firm's best interest at heart in making us more efficient and innovative in how we deliver services to our clients.

4 TODD TROWBRIDGE
Greatly augments our very important partnership with CCH by giving us a much more open relationship and advance view of products soon to come as well as provide input on new concepts.

5 RICHARD SCHAAK
I think that the company is very innovative and this initiative has confirmed to us that CCH is the software of choice for accounting firms in Canada.

6 DARREN J. BUMA
It is clear to me that this is a customer focused company. Years ago I told our sales representative that I needed a solution partner, not a software company. Wolters Kluwer is clearly positioning itself as that solutions partner.

7 DAN CHUN
The Development Partners Group enhances my view of CCH's commitment to advancing tax research and preparation. While I always appreciated that someone seemed to be listening to past suggestions, I had no idea how proactive the iSolutions team was in searching out new solutions. This is a great way to gather input from users.

8 JUSTIN VANDYK
Being a Development Partners Group with Wolters Kluwer has greatly influenced my opinion of the company! All of it being positive! Knowing the executives and the product managers first hand and seeing the commitment to me through software and efficiencies has shown me that Wolters Kluwer genuinely cares about their customers and they will stop at nothing to provide me with the best software to help grow my business.

9 DINO MICACCHI
It shows that Wolters Kluwer cares enough to understand the needs of the people they work with. It is not a push down system, it is collaboration.

10 BRETT MARTIN
I have always believed that CCH is the industry leader in accounting software / systems. The Development Partners Group is proof of CCH's commitment to maintain this leadership.

11 RAY DESJARDINS
If anything, the group reinforces the already positive opinion I had of Wolters Kluwer. I've always considered Taxprep to be the most accurate, professional and efficient tax preparation product available. What is new, however, is that I'm starting to appreciate that CCH / Taxprep is about much more than tax preparation – it's about the entire planning, management and preparation process. Notwithstanding the branding around the name "Taxprep", this group has made me recognize that Wolters Kluwer's vision goes far beyond the "Prep" in Taxprep.

12 SHMULI WENGER
Definitely positive. The team from CCH is great from Doug, Philippe, Erik and the rest of the group.

13 OLIVIER BEAUREGARD
Positively. They respond to our needs.

14 CHARLES LANDREVILLE
I've developed a sense of belonging to Wolters Kluwer and I am proud to be a member of the Development Partners Group.

15 ERIC BACHAND
This confirms that Wolters Kluwer is a business that goes over and beyond mass market products to offer very specialized products that, in my opinion, do not exist anywhere else.

Consolidated Statement of Income

in millions of euros, unless otherwise stated

	2013	2012*
Continuing operations		
Revenues Note 5	3,565	3,597
Cost of sales	1,143	1,170
Gross Profit Note 5	2,422	2,427
Sales costs Note 9	674	680
General and administrative costs Note 10	1,168	1,165
Total operating expenses Note 5	1,842	1,845
Other operating income and (expense) Note 11	39	(14)
Operating profit Note 5	619	568
Financing results Note 14	(128)	(126)
Share of profit of equity-accounted investees, net of tax Note 19	(1)	0
Profit before tax	490	442
Income tax expense Note 15	(137)	(109)
Profit for the year from continuing operations	353	333
Discontinued operations		
Profit/(loss) from discontinued operations, net of tax Note 7	(7)	(22)
Profit for the year	346	311
Attributable to:		
– Owners of the Company	345	312
– Non-controlling interests Note 16	1	(1)
Profit for the year	346	311
Earnings per share (EPS) (€) Note 6		
Basic EPS from continuing operations	1.19	1.13
Basic EPS from discontinued operations	(0.02)	(0.08)
Basic EPS	1.17	1.05
Diluted EPS from continuing operations	1.17	1.11
Diluted EPS from discontinued operations	(0.02)	(0.07)
Diluted EPS	1.15	1.04

*2012 restated for IAS 19R ‘Employee benefits’ and early adoption of IFRS 11 ‘Joint arrangements’.

Consolidated Statement of Comprehensive Income
in millions of euros

	2013	2012*
Comprehensive income:		
Profit for the year	346	311
Other comprehensive income:		
Items that are or may be reclassified subsequently to the statement of income:		
Exchange differences on translation of foreign operations	(156)	(48)
Exchange differences on translation of equity-accounted investees	0	(1)
Reclassification of foreign exchange differences on loss of control Note 8	1	-
Net gains/(losses) on hedges of net investments in foreign operations	8	(6)
Effective portion of changes in fair value of cash flow hedges	(17)	(49)
Net change in fair value of cash flow hedges reclassified to statement of income Note 14	38	24
Items that will not be reclassified to the statement of income:		
Remeasurements on defined benefit plans Note 28	32	(29)
Income tax on other comprehensive income Note 21	(13)	9
Other comprehensive income/(loss) for the year, net of tax	(107)	(100)
Total comprehensive income for the year	239	211
Attributable to:		
– Owners of the Company	241	210
– Non-controlling interests	(2)	1
Total	239	211

*2012 restated for IAS 19R 'Employee benefits' and early adoption of IFRS 11 'Joint arrangements'.

Consolidated Statement of Cash Flows
in millions of euros

	2013		2012*	
Cash flows from operating activities				
Profit for the year from continuing operations	353		333	
Adjustments for:				
Financing results [Note 14]	128		126	
Share of profit of equity-accounted investees, net of tax [Note 19]	1		0	
Income tax expense [Note 15]	137		109	
Amortization, impairments, and depreciation [Note 13]	317		312	
Additions to provisions	23		22	
Share-based payments [Note 31]	14		15	
Book (profit)/loss on divestments of operations [Note 8]	(58)		(9)	
Fair value changes contingent considerations [Note 11]	(4)		-	
Autonomous movements in working capital	(22)		16	
Paid financing costs	(115)		(120)	
Paid corporate income tax [Note 21]	(99)		(110)	
Appropriation of provisions for restructuring [Note 29]	(33)		(55)	
Other	(12)		(21)	
Net cash from operating activities		630		618
Cash flows from investing activities				
Capital expenditure	(148)		(144)	
Disposal of discontinued operations, net of cash disposed of [Note 7]	(10)		6	
Acquisition spending, net of cash acquired [Note 8]	(192)		(109)	
Receipts from divestments, net of tax [Note 8]	63		6	
Dividends received [Note 19]	2		2	
Cash from settlement of derivatives	6		(18)	
Net cash used in investing activities		(279)		(257)
Cash flows from financing activities				
Repayment of loans	(378)		(176)	
Proceeds from new loans	708		0	
Repurchased shares [Note 30]	(27)		(133)	
Dividends paid	(204)		(92)	
Net cash from/(used) in financing activities		99		(401)
Net cash from/(used) in continuing operations		450		(40)
Net cash used in discontinued operations [Note 7]		(3)		(28)
Net cash flow from/(used) in continuing and discontinued operations		447		(68)
Cash and cash equivalents less bank overdrafts at January 1	215		282	
Exchange differences on cash and cash equivalents and bank overdrafts	(19)		1	
		196		283
Cash and cash equivalents less bank overdrafts at December 31 [Note 24]		643		215
Add: Bank overdrafts at December 31 [Note 26]		112		113
Cash and cash equivalents at December 31 [Note 24]		755		328

*2012 restated for IAS 19R 'Employee benefits' and early adoption of IFRS 11 'Joint arrangements'.

Consolidated Statement of Financial Position

in millions of euros, at December 31

	2013	2013	2012*	2012*
Non-current assets				
Goodwill and intangible assets Note 17	4,592		4,651	
Property, plant, and equipment Note 18	124		138	
Investments in equity-accounted investees Note 19	31		61	
Financial assets Note 20	27		49	
Deferred tax assets Note 21	88		78	
Total non-current assets		4,862		4,977
Current assets				
Inventories Note 22	104		95	
Trade and other receivables Note 23	1,110		1,122	
Income tax receivable Note 21	33		34	
Cash and cash equivalents Note 24	755		328	
Total current assets	2,002		1,579	
Current liabilities				
Deferred income	1,214		1,233	
Trade and other payables	368		383	
Income tax payable Note 21	38		32	
Short-term provisions Note 29	33		58	
Borrowings and bank overdrafts Note 26	117		267	
Short-term bonds Note 26	700		225	
Other current liabilities Note 25	444		457	
Total current liabilities	2,914		2,655	
Working capital		(912)		(1,076)
Capital employed		**3,950**		**3,901**
Non-current liabilities				
Long-term debt:				
Bonds	1,479		1,482	
Private placements	384		421	
Other long-term loans	46		15	
Total long-term debt Note 26		1,909		1,918
Deferred tax liabilities Note 21		321		252
Employee benefits Note 28		126		169
Provisions Note 29		10		4
Total non-current liabilities		2,366		2,343
Equity				
Issued share capital Note 30	36		36	
Share premium reserve	87		87	
Legal reserves	(318)		(225)	
Other reserves	1,759		1,640	
Equity attributable to the owners of the Company		1,564		1,538
Non-controlling interests Note 16		20		20
Total equity		1,584		1,558
Total financing		**3,950**		**3,901**

*2012 restated for IAS 19R 'Employee benefits' and early adoption of IFRS 11 'Joint arrangements'.

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, 2012, as previously reported	36	88	38	(67)	(120)	(65)	1,630	1,540	21	1,561
Impact of changes in accounting policies (IAS 19R and IFRS 11)							2	2		2
Restated balance at January 1, 2012	36	88	38	(67)	(120)	(65)	1,632	1,542	21	1,563
Total comprehensive income/(loss) for the year 2012, restated				(31)	(51)		292	210	1	211
Transactions with owners of the Company, recognized directly in equity:										
Share-based payments							15	15		15
Tax on share-based payments							(4)	(4)		(4)
Release LTIP shares						5	(5)	0		0
Cash dividend 2011							(90)	(90)	(2)	(92)
Stock dividend 2011	0	(1)				110	(109)	0		0
Repurchased shares						(135)		(135)		(135)
Other movements			6				(6)	0		0
Balance at December 31, 2012	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

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 market-leading global information services company. Professionals in the areas of legal, business, tax, accounting, finance, audit, risk, compliance, and healthcare rely on Wolters Kluwer's leading information 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 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, 2013, 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 18, 2014.

Consolidated financial statements

The consolidated financial statements of the Company at and for the year ended December 31, 2013, 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. 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 income 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 presentation changes

Acquisition integration costs (2012: €13 million), acquisition related costs (2012: €6 million), divestment related results (2012: €(4) million), and Springboard costs (2012: (€1) million), formerly presented as part of 'General and administrative costs' and 'Result on divestments of operations', have been grouped and reclassified to 'Other operating income and expense' in the consolidated statement of income. Prior year comparatives have been reclassified to reflect this presentation change.

Discontinued operations

IFRS 5 'Non-current assets held for sale and discontinued operations' defines a component of an entity as a part of the entity that comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity.

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, represents a separate major line of business, and is part of a single coordinated overall plan to dispose of a separate major line of business.

When an operation is classified as discontinued, the comparative statements of income and cash flows are re-presented as if the operation had been discontinued from the start of the comparative period.

Effect of new accounting standards

Except for the changes 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 following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of January 1, 2013.

IAS 1 – Presentation of financial statements (2011 amendment)

As a result of the amendments to IAS 1, the Group has modified the presentation of items of other comprehensive income in its consolidated statement of comprehensive income. Items that would be reclassified to the statement of income in the future are presented seperately from those that would not. Comparative information has been re-presented accordingly.

IAS 19 – Employee benefits (2011)

IAS 19 Revised ('IAS 19R') 'Employee benefits' (amended 2011) was adopted by the Group on January 1, 2013. The 2012 results were restated retrospectively. The main changes are:

- IAS 19R prohibits the deferred recognition of actuarial gains and losses on employee benefit plans (the so-called 'corridor method'). The removal of the 'corridor method' has no impact on the Group results as the Group already immediately recognized actuarial gains and losses in other comprehensive income since 2004.
- IAS 19R requires calculation of the net interest costs on the net defined benefit liability or asset using the discount rate measuring the defined benefit obligation. As a consequence, net interest income on plan assets is no longer based on the long-term rate of expected return, but based on corporate bond yields irrespective of actual composition of plan assets. This change results in a reduction of net profit if the discount rate applied to the defined benefit obligations is a lower rate than the expected return rate on plan assets.
- IAS 19R requires past service costs to be recognized in the statement of income in the period of a plan amendment. Under the former standard the portion of past service costs related to unvested benefits was deferred and amortized over the remaining average vesting period.
- The employee benefits financing component will be presented as part of financing results, rather than within operating profit as reported in previous years.
- IAS 19R no longer allows for accrual of future pension administration costs as part of the defined benefit obligations. These costs are expensed as incurred. Previously, the Company included for certain plans a surcharge for pension administration costs as part of the current service costs into the defined benefit obligations. With the adoption of IAS 19R this provision is eliminated resulting in a lower defined benefit obligation.

The Group's benchmark figures will exclude the net employee benefits financing component to better reflect the operating pension expenses related to the Group's pension and post-retirement plans.

The impact of the IAS 19R changes as described above results in an increase in the Group's equity by €2 million at January 1, 2012 (December 31, 2012: €1 million), and a decrease of the profit for the year by €10 million for 2012. The Company considers this impact not material for supplemental disclosure.

IFRS 7 – Offsetting Financial Assets and Financial Liabilities (amendment)

The amendment to IFRS 7 requires disclosing information about rights of offset and related arrangements for financial instruments under an enforceable master netting agreement or similar agreement. The adoption of the amendment to IFRS 7 did not have any impact on the consolidated financial statements.

The Group early adopted IFRS 10, 11, and 12 and the consequential amendments to IAS 27 and 28 to align with the effective date of January 1, 2013.

IFRS 10 – Consolidated Financial Statements

IFRS 10 introduces a new control model that focuses on whether the Group has power over an investee, exposure of rights to variable returns from its involvement with the investee, and ability to use its power to affect those returns.

In accordance with the transitional provisions of IFRS 10, the Group reassessed the control conclusion for its investees at January 1, 2013, and concluded that the change did not have any impact on the consolidated financial statements.

IFRS 11 – Joint Arrangements (2011)

Under IFRS 11, the Group's interests in joint ventures will be equity-accounted. Adoption of IFRS 11 resulted in a decrease of Group's revenues (€6 million) and operating profit (€2 million) for the full year 2012. There is no full year 2012 impact on equity and net profit. The Company considers this impact not material for supplemental disclosure.

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 12 contains disclosure requirements for interests in subsidiaries and equity-accounted investees. The adoption of this standard did not have any significant impact on the disclosures in the consolidated financial statements.

IFRS 13 – Fair Value Measurement

IFRS 13 established a single framework for measuring fair value and making disclosures about fair value measurements. In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurements guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no impact on the measurement of the Group's assets and liabilities.

Summary of impact of accounting and presentation changes

The following tables summarize the impact of the changes on the Consolidated statement of income, Consolidated statement of comprehensive income, Consolidated statement of cash flows, Consolidated statement of financial position, earnings per share, and benchmark numbers. The impact relates solely to IAS 19 Revised (amended 2011) and IFRS 11.

Presented below are the reconciliations for the 2012 results between the results published previously in the Annual Report 2012 and the restated amounts, in millions of euros unless otherwise stated.

Consolidated statement of income

	2012 Reported	IAS 19R Employee Benefits	IFRS 11 Joint Arrangements	Effect of presentation changes	2012 Restated
Restated full year-ended December 31, 2012					
Revenues	3,603	-	(6)	-	3,597
Cost of sales	1,171	-	(1)	-	1,170
Gross profit	2,432	0	(5)	-	2,427
Sales costs	682	-	(2)	-	680
General and administrative costs	1,175	9	(1)	(18)	1,165
Total operating expenses	1,857	9	(3)	(18)	1,845
Result on divestments of operations	(4)	-	-	4	0
Other operating income and (expense)	-	-	-	(14)	(14)
Operating profit	579	(9)	(2)	-	568
Financing results	(121)	(5)	-	-	(126)
Share of profit of equity-accounted investees, net of tax	(1)	-	1	-	0
Profit before tax	457	(14)	(1)	-	442
Income tax expense	(114)	4	1	-	(109)
Profit for the year from continuing operations	343	(10)	0	-	333
Profit for the year from discontinued operations, net of tax	(22)	-	-	-	(22)
Profit for the year	321	(10)	0	-	311

	2012 Reported	IAS 19R Employee Benefits	IFRS 11 Joint Arrangements	2012 Restated
Affected items in consolidated statement of comprehensive income				
Restated full-year ended December 31, 2012				
Profit for the year	321	(10)	0	311
Other comprehensive income:				
Actuarial gains/(losses) on defined benefit plans	(41)	12	-	(29)
Income tax on other comprehensive income	12	(3)	-	9
Attributable to:				
Owners of the Company	211	(1)	0	210

	2012 Reported	IAS 19R Employee Benefits	IFRS 11 Joint Arrangements	2012 Restated
Condensed consolidated statement of cash flows				
Restated full-year ended December 31, 2012				
Net cash from operating activities	619	0	(1)	618
Net cash used in investing activities	(258)	0	1	(257)
Net cash used in financing activities	(401)	-	-	(401)
Net cash used in discontinued operations	(28)	-	-	(28)
Net cash used in continuing and discontinued operations	**(68)**	**0**	**0**	**(68)**

	2012 Reported	IAS 19R Employee Benefits	IFRS 11 Joint Arrangements	2012 Restated
Affected items in consolidated statement of financial position				
Restated, at December 31, 2012				
Investments in equity-accounted investees	59	-	2	61
Trade and other receivables	1,124	-	(2)	1,122
Deferred tax liabilities	251	1	-	252
Employee benefits	171	(2)	-	169
Equity attributable to owners of the Company	1,537	1	0	1,538

	2012 Reported	IAS 19R Employee Benefits	IFRS 11 Joint Arrangements	2012 Restated
Earnings per share (in €)				
Restated full-year ended December 31, 2012				
Basic EPS from continuing operations	1.16	(0.03)	-	1.13
Basic EPS from discontinued operations	(0.08)	0	-	(0.08)
Basic EPS	**1.08**	**(0.03)**	**-**	**1.05**
Diluted EPS from continuing operations	1.14	(0.03)	-	1.11
Diluted EPS from discontinued operations	(0.07)	0	-	(0.07)
Diluted EPS	**1.07**	**(0.03)**	**-**	**1.04**

Benchmark numbers

Restated full-year ended December 31, 2012	2012 Reported	IAS 19R Employee Benefits	IFRS 11 Joint Arrangements	2012 Restated
Revenues	3,603	-	(6)	3,597
Ordinary EBITA	785	(9)	(2)	774
Ordinary EBITA margin (in %)	21.8	(0.2)	(0.1)	21.5
Ordinary net income	476	(7)	-	469
Diluted ordinary EPS (€)	1.58	(0.02)	-	1.56
Ordinary free cash flow	507	0	-	507
Benchmark tax rate (in %)	27.8			27.7
Net debt	2,086	-	-	2,086
Net-debt-to-EBITDA ratio	2.4	0	0	2.4
Return on invested capital (in %)	8.8	(0.1)	0.0	8.7

Effect of forthcoming accounting standards

A number of new standards and amendments are not yet effective for the year ended December 31, 2013, and have not been adopted earlier in preparing these consolidated financial statements. The new standards and amendments effective from January 1, 2014, are not expected to have a significant impact on statement of comprehensive income, statement of changes in total equity, statement of financial position, or disclosures.

Note 2
Significant Accounting Policies

Except for the 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 (including special purpose 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 remeasured 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 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.

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, except when deferred in equity as qualifying cash flow hedges to the extent that the hedge is effective, qualifying net investment hedges in foreign operations to the extent the hedge is effective, and available-for-sale equity investments (except for impairment), in which case foreign currency differences that have been recognized in other comprehensive income are reclassified to statement of income.

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 separate component of equity.

When a foreign Group company is disposed of, exchange differences that were recorded in equity 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 shareholders' equity.

Main currency exchange rates to the euro	2013	2012
U.S. Dollar (at December 31)	1.38	1.32
U.S. Dollar (average)	1.33	1.29

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.

Goodwill

The Group measures goodwill at the acquisition date as the fair value of the consideration transferred, plus the recognized amount of any non-controlling interests in the acquiree, plus, if the business is achieved in stages, the fair value of the existing equity interest in the acquiree, and less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed. 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 a Company's software product and/or service 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 Company as a licensor has no remaining obligations to perform subsequent to delivery, 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.

Combination of goods and services

Revenues of products that consist of a combination of goods and services are recognized based on the fair value and the recognition policy of the individual components.

Cost of sales

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

For digital products and services these costs comprise of (data-) maintenance, hosting, royalties, product support, personnel cost, subcontracted work, training, and other costs incurred to support and maintain digital based 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, ICT-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 its 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, subsequent fair value changes on contingent considerations, and other.

Financing results

Financing results comprise of interest payable/receivable on loans and borrowings for the period calculated using the effective interest rate method, interest receivable on funds invested, 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.

Discontinued operations

Any gain or loss from disposal of discontinued operations, together with the results of these operations until the date of disposal is reported separately as discontinued operations. The financial information of discontinued operations is excluded from the respective captions in the consolidated statements of income and cash flows and the related notes and is reported separately.

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 operating 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 consolidated working capital (excluding impact from acquisitions and foreign currency differences). Cash payments to employees and suppliers are all recognized as cash flow from operating activities. Cash flows from operating activities also include paid financing costs of operating activities, income taxes paid on all activities, acquisition and divestment related costs, and spending on restructuring provisions.

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 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 owners of 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, presented as operating activities, investing activities, and financing activities.

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 Wolters Kluwer 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 relating 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 usually 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, generally 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, other intangible 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 comply 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.

Property, plant, and equipment

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.

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 to sell 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 shall estimate the recoverable amount of that asset. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Financial instruments

Financial instruments comprise of:

- 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, and only 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.

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 of 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 the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss. When the fair value 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 income.

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

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 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).

Derivative financial instruments and hedging activities

The Group holds derivative financial instruments to hedge risk exposures. 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.

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: (1) hedges of the fair value of recognized assets or liabilities or firm commitments (fair value hedge); (2) hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge); or (3) 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 equity. The gain or loss relating to the ineffective part is recognized in profit or loss within financing income or costs. Amounts accumulated in equity are reclassified to profit or loss in the same periods the hedged item affects the statement of income. 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 equity at that time remains in equity 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 equity is reclassified from equity 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 shareholders' equity in the translation reserve. The ineffective part is recognized in profit or loss within financing income or costs. Gains and losses accumulated in equity are included in profit or loss when the foreign operation is disposed of.

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.

Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of the disposal group, are re-measured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then generally to the remaining assets and liabilities on a pro rata basis. Impairment losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss. Intangible assets and property, plant, and equipment once classified as held for sale are not amortized or depreciated.

Inventories

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 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts are shown within Borrowings and bank overdrafts in Current liabilities.

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.

As of January 1, 2010, tax losses from previous acquisitions and recognized subsequent to the implementation of IFRS 3 (Revised) 'Business Combinations' are recognized in profit or loss instead of as an adjustment to goodwill.

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.

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company 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 Company to change its judgment regarding the adequacy of existing tax liabilities. Such changes to tax liabilities will impact the tax expenses in the statement of income in the period that such a determination is made.

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.

Remeasurements 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 remeasurement 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 income.

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. 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 share options and 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 in 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 below.

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 ambition;
– 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, and only 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 the entity 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 Business Development Plans, prepared by management and approved by the Executive Board of the Group 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 balance sheet 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 might 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.

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 ordinary figures which means that figures are adjusted for non-benchmark items and, where applicable, amortization and impairment of goodwill and publishing rights. Ordinary 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.

Reconciliation of benchmark figures

The 2012 comparatives in the below mentioned reconciliations of benchmark numbers are restated for IAS 19R 'Employee benefits' and early adoption of IFRS 11 'Joint arrangements'.

Benchmark figures

	2013	2012	Change in actual currencies (%)	Change in constant currencies (%)
Revenues	3,565	3,597	(1)	2
Organic revenue growth (%)	1	1		
Ordinary EBITA	765	774	(1)	2
Ordinary EBITA margin (%)	21.5	21.5		
Ordinary net income	467	469	(1)	2
Ordinary net financing costs	(117)	(121)	(4)	3
Ordinary free cash flow	503	507	(1)	3
Cash conversion ratio (%)	95	99		
Return on invested capital (ROIC) (%)	8.7	8.7		
Net debt	1,988	2,086	(5)	
Net-debt-to-EBITDA ratio	2.2	2.4		
Diluted ordinary EPS (€)	1.56	1.56	0	
Diluted ordinary EPS in constant currencies (€)	1.61	1.57		3
Diluted ordinary free cash flow per share (€)	1.68	1.69	0	3

	2013	2012
Reconciliation between operating profit, EBITA, and ordinary EBITA		
Operating profit	619	568
Amortization of publishing rights and impairments Note 13	185	192
EBITA	804	760
Exclude non-benchmark costs in operating profit:		
Divestment related results Note 8	(47)	(4)
Additions to acquisition integration provisions Note 29	6	12
Acquisition related costs Note 8	6	6
Fair value changes contingent considerations Note 27	(4)	-
Ordinary EBITA	765	774

	2013	2012
Reconciliation between total financing results and ordinary net financing costs		
Total financing results Note 14	(128)	(126)
Exclude non-benchmark costs in total financing results:		
Divestment related results on equity-accounted investees Note 8	(12)	-
Write-down of investments available-for-sale Note 20	18	-
Financing component employee benefits Note 28	5	5
Ordinary net financing costs	(117)	(121)

	2013	2012
Return on invested capital (ROIC)		
Ordinary EBITA	765	774
Allocated tax	(211)	(214)
Net operating profit after allocated tax (NOPAT)	554	560
Average invested capital	6,394	6,403
ROIC (NOPAT/Average invested capital) (%)	8.7	8.7

	2013	2012
Reconciliation between profit for the year and ordinary net income		
Profit for the year from continuing operations attributable to the owners of the Company (A)	352	334
Amortization of publishing rights and impairments (adjusted for non-controlling interests)	183	188
Tax on amortization and impairments of publishing rights and goodwill (adjusted for non-controlling interests)	(62)	(65)
Non-benchmark costs, net of tax	(6)	12
Ordinary net income (B)	467	469

	2013	2012
Reconciliation between net cash from operating activities and ordinary free cash flow		
Net cash from operating activities	630	618
Capital expenditure	(148)	(144)
Acquisition related costs Note 8	6	6
Paid divestment expenses	3	1
Dividends received Note 19	2	2
Appropriation of Springboard provisions, net of tax	10	24
Ordinary free cash flow (C)	503	507

	2013	2012
Per share information (in €)		
Total number of shares outstanding at December 31 (in millions of shares)	295.3	295.3
Weighted average number of shares (D) (in millions of shares) Note 6	295.7	296.9
Diluted weighted average number of shares (E) (in millions of shares) Note 6	299.5	300.7
Ordinary EPS (B/D)	1.58	1.58
Diluted ordinary EPS (minimum of ordinary EPS and [B/E])	1.56	1.56
Diluted ordinary EPS in constant currencies	1.61	1.57
Basic EPS (A/D)	1.19	1.13
Diluted EPS (minimum of basic EPS and [A/E])	1.17	1.11
Ordinary free cash flow per share (C/D)	1.70	1.71
Diluted ordinary free cash flow per share (minimum of ordinary free cash flow per share and [C/E])	1.68	1.69

	2013	2012
Summary of non-benchmark costs		
Included in operating profit:		
Other operating income and (expense) Note 11	39	(14)
Included in total financing results:		
Other financing income/(costs) Note 14	(11)	(5)
Total non-benchmark costs	28	(19)

	2013	2012
Benchmark tax rate		
Income tax expense Note 15	137	109
Tax benefit on amortization of publishing rights and impairments	63	66
Tax benefit on non-benchmark costs	(22)	7
Tax on ordinary income (F)	178	182
Ordinary net income (B)	467	469
Adjustment for non-controlling interests	2	2
Ordinary income before tax (G)	647	653
Benchmark tax rate (F/G) (%)	27.6	27.7

	2013	2012
Calculation of cash conversion ratio		
Ordinary EBITA (H)	765	774
Amortization and impairment of other intangible assets Note 17	101	87
Depreciation of property, plant, and equipment Note 18	31	33
Ordinary EBITDA	897	894
Autonomous movements in working capital	(22)	16
Capital expenditure	(148)	(144)
Ordinary cash flow from operations (I)	727	766
Cash conversion ratio (I/H) (%)	95	99

Non-benchmark costs in operating profit

Non-benchmark costs 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.

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 income.

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 income.

Springboard costs

The Springboard restructuring provided the next wave of operational excellence at Wolters Kluwer by simplifying and standardizing the core systems and processes used to develop, sell, and support products and services globally and has been successfully completed in 2011.

All Springboard program initiatives were initiated before the end of 2011. After 2011, no costs have been incurred under this program.

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 income.

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 income.

Non-benchmark costs 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 calculated based on fair value calculations. An impairment loss is recognized when the change in fair value is considered to be significant and prolonged.

Divestments related results on equity-accounted investees

When equity accounting for equity-accounted investees ceases, the Group calculates the 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.

Note 5 Segment Reporting

Segment reporting by division

	Legal & Regulatory		Tax & Accounting	
	2013	2012*	2013	2012*
Revenues third parties	1,447	1,485	965	981
Cost of sales	471	473	296	311
Gross profit	976	1,012	669	670
Sales costs	243	249	179	190
General and administrative costs	468	491	306	298
Total operating expenses	711	740	485	488
Other operating income and (expense)	46	(10)	(6)	(1)
Operating profit	311	262	178	181
Amortization of publishing rights and impairments	48	55	75	77
Non-benchmark costs in operating profit	(46)	10	6	1
Ordinary EBITA	313	327	259	259
Depreciation and amortization of other intangible assets	48	46	41	35
Goodwill and publishing rights at December 31	1,239	1,290	1,294	1,330
Capital expenditure	48	43	49	53
Ultimo number of FTEs	7,263	7,623	5,842	5,785

* 2012 restated for IAS 19R ‘Employee benefits’ and early adoption of IFRS 11 ‘Joint arrangements’. 2013 includes the effect of the internal transfer of certain publishing assets in the U.S. from Tax & Accounting to Legal & Regulatory.

Health		Financial & Compliance Services		Corporate		Total continuing operations	
2013	2012*	2013	2012*	2013	2012*	2013	2012*
775	745	378	386	-	-	3,565	3,597
255	260	121	126	-	-	1,143	1,170
520	485	257	260	0	0	2,422	2,427
164	149	88	92	-	-	674	680
212	199	136	129	46	48	1,168	1,165
376	348	224	221	46	48	1,842	1,845
(4)	(1)	(3)	(2)	6	-	39	(14)
140	136	30	37	(40)	(48)	619	568
31	26	31	34	-	-	185	192
4	1	3	2	(6)	-	(39)	14
175	163	64	73	(46)	(48)	765	774
33	30	9	9	0	0	131	120
1,091	1,061	569	583	-	-	4,193	4,264
44	39	7	9	0	0	148	144
2,779	2,528	2,339	2,358	106	102	18,329	18,396

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 ordinary EBITA. 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 income.

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:

	2013	%	2012*	%
Revenues were generated in the following regions:				
The Netherlands	167	5	186	5
Europe (excluding the Netherlands)	1,220	34	1,251	35
North America	1,924	54	1,932	54
Asia Pacific	207	6	195	5
Rest of the world	47	1	33	1
Total	3,565	100	3,597	100
Total non-current assets per region:				
Europe	1,745	36	1,790	36
North America	2,964	61	3,101	62
Asia Pacific	74	1	86	2
Rest of the world	79	2	0	0
Total	4,862	100	4,977	100

* 2012 restated for IAS 19R 'Employee benefits' and early adoption of IFRS 11 'Joint arrangements'.

Note 6 Earnings per Share

Basic earnings per share

The calculation of basic earnings per share at December 31, 2013, was based on the profit for the year of €345 million (2012: €312 million) attributable to the ordinary equity holders of the Company, and a weighted average number of ordinary shares outstanding of 295.7 million (2012: 296.9 million), calculated as follows:

Profit for the year attributable to the owners of the Company	2013	2012*
From continuing operations (A)	352	334
From discontinued operations (B)	(7)	(22)
Profit for the year attributable to the owners of the Company (C)	345	312

* 2012 restated for IAS 19R 'Employee benefits' and early adoption of IFRS 11 'Joint arrangements'.

Weighted average number of shares in millions of shares	2013	2012*
Outstanding ordinary shares at January 1 Note 30	301.9	301.7
Effect of stock dividend	-	0.2
Effect of issued shares	-	-
Effect of repurchased shares	(6.2)	(5.0)
Weighted average number of shares (D)	295.7	296.9
Basic EPS from continuing operations (€) (A/D)	1.19	1.13
Basic EPS from discontinued operations (€) (B/D)	(0.02)	(0.08)
Basic EPS (€) (C/D)	1.17	1.05

* 2012 restated for IAS 19R 'Employee benefits' and early adoption of IFRS 11 'Joint arrangements'.

Diluted earnings per share

The calculation of diluted earnings per share at December 31, 2013, was based on the profit for the year of €345 million (2012: €312 million) attributable to the ordinary equity holders of the Company, and a diluted weighted average number of ordinary shares outstanding of 299.5 million (2012: 300.7 million), after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

Diluted weighted average number of shares (E) in millions of shares	2013	2012*
Weighted average number of shares (D)	295.7	296.9
Long-Term Incentive Plan	3.8	3.8
Diluted weighted average number of shares (E)	299.5	300.7
Diluted EPS from continuing operations (€) (minimum of basic EPS and [A/E])	1.17	1.11
Diluted EPS from discontinued operations (€) (minimum of basic EPS and [B/E])	(0.02)	(0.07)
Diluted EPS (€) (minimum of basic EPS and [C/E])	1.15	1.04

* 2012 restated for IAS 19R 'Employee benefits' and early adoption of IFRS 11 'Joint arrangements'.

Note 7 Discontinued Operations and Assets Held for Sale

Discontinued operations

In September 2013, Wolters Kluwer completed the sale of its French pharma-related publishing activities (Santé). The divestment of Santé was part of the broader Pharma divestment program originally announced in July 2011. Since that time, the pharma-related assets, including these activities sold, had been treated as assets held for sale and had been included in discontinued operations. The French assets were part of the Legal & Regulatory portfolio and encompassed healthcare magazines and journals for pharmacists, veterinarians, dentists, nurses and physicians, as well as related trade show and training activities. Following this disposal, all assets that were recorded under discontinued operations have now been divested.

The following table summarizes the results of the Pharma business included in the consolidated statement of income as discontinued operations for 2013 and 2012.

Results from discontinued operations	2013	2012
Revenues	20	70
Expenses	(25)	(82)
Operating profit	(5)	(12)
Income tax	2	5
Results from operating activities, net of tax	(3)	(7)
Impairment	-	(3)
Restructuring costs	(3)	(13)
Profit/(loss) on sale of discontinued operations, net of tax	(1)	1
Profit/(loss) from discontinued operations	(7)	(22)

The loss for the year from discontinued operations is fully attributable to the owners of the Company.

Assets/liabilities held for sale related to discontinued operations	2013	2012
Assets held for sale	-	0
Liabilities held for sale	-	0

Cash flows from discontinued operations	2013	2012
Net cash used in operating activities	(3)	(28)
Net cash used in discontinued operations	**(3)**	**(28)**

Effect of disposal of discontinued operations on the financial position of the Group

The following table summarizes the consideration received, the result from the sale of discontinued operations, and the cash proceeds on the sale of Santé in 2013 and Healthcare Analytics in 2012.

Discontinued operations disposed of during the year	2013	2012
Consideration receivable in cash	-	-
Investments available-for-sale	-	33
Working capital to be settled	-	3
Total consideration receivable	**0**	**36**
Non-current assets	0	34
Current assets	5	45
Current liabilities	(5)	(41)
Deferred tax liabilities	0	(9)
Net identifiable assets and liabilities	**0**	**29**
Costs incurred	(4)	(8)
Profit/(loss) on sale of discontinued operations, before tax	(4)	(1)
Income tax discontinued operations	3	2
Profit/(loss) on sale of discontinued operations, net of tax	**(1)**	**1**
Cash effect of disposal:		
Consideration received in cash	0	0
Cash and cash equivalents disposed of	(10)	(4)
Settlement of non-current divestment receivable	-	8
Working capital settlement	-	2
Net cash flow from disposal of discontinued operations	**(10)**	**6**

Note 8 Acquisitions and Divestments

In 2013, the following significant acquisitions were completed:

On January 4, 2013, Wolters Kluwer acquired 100% of the shares of Health Language, Inc., a leader in medical terminology management. The acquisition is part of Wolters Kluwer Health's strategy to enhance its leadership position in the rapidly growing point-of-care market. Health Language provides customers with access to a comprehensive set of evidence-based disease and drug information knowledge platforms and software solutions; its products and services are highly complementary to those of Wolters Kluwer Clinical Solutions. Health Language is headquartered in Denver, Colorado, U.S.A., and has approximately 85 employees. The purchase price consideration, net of cash acquired, was €84 million. The entity has annualized revenues of approximately €23 million.

On May 20, 2013, Wolters Kluwer acquired 100% of the shares of Prosoft Tecnologia S.A., a leading provider of tax and accounting software based in Sao Paolo, Brazil. The acquisition aligns with Wolters Kluwer's strategy to expand its leading, high growth positions. Prosoft is one of the largest tax and accounting software solutions providers in Brazil, with 250 employees, and serving all 27 states. The purchase price consideration was €85 million. The entity has annualized revenues of approximately €28 million.

Next to the two above acquisitions, the Company closed other acquisition transactions, which include:

On April 2, 2013, Wolters Kluwer acquired certain assets of iSentry, a U.K.-based provider of secure electronic data storage, delivery and e-signature solutions. iSentry is part of the Financial & Compliance Services division. The purchase price consideration was €15 million.

On June 5, 2013, Corporate Legal Services (CLS) acquired 100% of the shares of Avantiq, a provider of multi-national trademark research services. This acquisition bolsters CLS's global portfolio of trademark and brand clearance and protection solutions under the Corsearch brand and also extends its European expertise and presence. The purchase price consideration was €9 million.

On September 9, 2013, CLS also acquired CitizenHawk, Inc., a premier provider of SaaS solutions and services specializing in online brand protection and global domain recovery. This acquisition allows Corsearch to offer its customers a greater range of online brand protection services under the Corsearch brand. CitizenHawk, based in Aliso Viejo, California, serves more than 250 blue-chip brands. The purchase price consideration was €13 million.

Acquisition spending

Total acquisition spending in 2013 was €192 million (2012: €109 million) including deferred and contingent consideration payments of €2 million (2012: €5 million). Acquisition related costs (Note 11) amounted to €6 million in 2013 (2012: €6 million).

The goodwill recorded in connection with the 2013 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 WK for other products and services.

The goodwill recognized in 2013 included an amount of €7 million (2012: nil) that is deductible for income tax purposes.

The following tables provide information in aggregate for all business combinations in 2013.

Acquisitions	2013			2012
	Carrying amount	Fair value adjustments	Recognized values	Recognized values
Consideration payable in cash			202	115
Fair value of previously held equity-accounted investee Note 19			3	-
Non-controlling interests			3	-
Deferred and contingent considerations:				
Non-current			15	11
Current			18	3
Total consideration			**241**	**129**
Intangible assets	2	167	169	99
Other non-current assets	2		2	3
Trade and other receivables	8		8	12
Other current assets	14		14	12
Deferred income	(9)		(9)	(4)
Other current liabilities	(8)		(8)	(10)
Deferred tax liability	4	(57)	(53)	(18)
Fair value of net identifiable assets and liabilities	**13**	**110**	**123**	**94**
Goodwill on acquisitions Note 17			**118**	**35**
Cash effect of acquisitions:				
Consideration payable in cash			202	115
Cash acquired			(12)	(11)
Deferred and contingent considerations paid			2	5
Acquisition spending, net of cash acquired			**192**	**109**

Contribution of acquisitions

	Revenues	Ordinary EBITA	Profit for the year
Totals excluding the impact of 2013 acquisitions	3,519	751	344
Contribution of 2013 acquisitions	46	14	2
Totals for the year 2013	3,565	765	346
Pro-forma contribution of 2013 acquisitions for the period January 1, 2013, up to acquisition date	19	6	(1)
Pro-forma totals for the year 2013	3,584	771	345

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, 2013, 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, 2013.

Contingent considerations

The acquisitions completed in 2013 resulted in a maximum undiscounted contingent consideration of €30 million, which mainly relates to Prosoft (€25 million). The fair value of the Prosoft contingent consideration at December 31, 2013, amounts to €23 million (of which €12 million is classified as short-term).

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 2014. 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 2012 acquisitions were not material.

Divestments related results on operations and equity-accounted investees

In 2013 and 2012, there were a number of divestments of operations to optimize the portfolio. In 2013, the other operating income and expense included a total book gain of €47 million (2012: €4 million) on divestment related results. The main 2013 disposals related to the sale of Best Case Solutions and the minority stake in AccessData in the United States, and 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.

The divestments support the Group's strategy to focus on areas of more strategic interest. The 2012 comparatives included the sale of certain activities in the Netherlands with an associated restructuring provision of €5 million for its stranded costs.

Divestment related results on operations and equity-accounted investees	2013	2012
Divestments of operations:		
Consideration receivable in cash	59	6
Consideration receivable in assets	-	2
Consideration receivable	59	8
Non-current assets	15	3
Current assets	2	3
Current liabilities	(11)	(5)
Provision for restructuring commitments	(2)	-
Deferred tax liability	(1)	(2)
Non-controlling interests	(1)	-
Net identifiable assets and liabilities	2	(1)
Reclassification of foreign exchange gain/(loss) on loss of control, recognized in other comprehensive income	1	-
Book profit/(loss) on divestments of operations	58	9
Divestment expenses	(3)	(1)
Curtailment gain on employee benefits	1	1
Restructuring of stranded costs following divestments	(9)	(5)
Divestment related results included in other operating income and (expense) Note 11	47	4
Divestments of equity-accounted investees:		
Consideration receivable in cash	35	-
Carrying value of equity-accounted investees	(23)	-
Divestment related results included in total financing results Note 14	12	-
Cash effect of divestments:		
Consideration receivable in cash	94	6
Paid corporate income tax Note 21	(31)	-
Receipts from divestments, net of tax	63	6

Note 9 Sales Costs

Sales costs	2013	2012
Marketing and promotion costs	195	195
Sales costs	386	394
Customer support costs	81	78
Changes in bad debt provisions	12	13
Total	674	680

Sales costs relate to direct internal personnel expenses and direct external costs incurred for marketing and sales activities. The sales costs decreased mainly due to favorable effects of currency partly offset by higher costs as result of acquisitions and continuing focus on increasing the strength of the sales force.

Note 10 General and Administrative Costs

General and administrative costs	2013	2012*
Publishing and editorial costs	247	229
General and administrative operating expenses	736	744
Amortization of publishing rights and impairments [Note 13]	185	192
Total	1,168	1,165

* 2012 restated for presentation change of certain cost items from General and Administrative costs to Other operating income and expense (Note 1).

General and administrative costs were impacted by investments in product development, and the net impact of acquisitions/divestments offset by the favorable effects of foreign currency exchange, lower amortization of intangible assets, and cost containment programs.

Note 11 Other operating income and (expense)

Other operating income and (expense)	2013	2012
Divestment related results Note 8	47	4
Additions to acquisition integration provisions Note 29	(6)	(13)
Acquisition related costs Note 8	(6)	(6)
Release Springboard provisions	-	1
Fair value changes contingent considerations Note 27	4	-
Total other operating income and (expense)	39	(14)

Note 12 Personnel Expenses

Personnel expenses	2013	2012
Salaries and wages	1,166	1,149
Social security charges	158	151
Costs of defined contribution plans	46	51
Expenses related to defined benefit plans Note 28	9	5
Equity-settled share-based payment transactions Note 31	14	15
Total	1,393	1,371
Employees		
Headcount at December 31	19,054	19,095
In full-time equivalents at December 31	18,329	18,396
In full-time equivalents average per annum*	19,508	19,207

* 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.

Favorable effects of foreign currency exchange and savings in personnel expenses from cost containment programs were offset by an increase in personnel expenses resulting from annual merit increases, and the net impact of 2013 and 2012 acquisitions and divestments.

Note 13 Amortization, Impairments, and Depreciation

Amortization, impairments, and depreciation	2013	2012
Amortization of publishing rights Note 17	185	192
Impairments of goodwill and publishing rights Note 17	-	-
Total amortization of publishing rights and impairments	185	192
Amortization of other intangible assets Note 17	100	87
Impairments of other intangible assets Note 17	1	0
Depreciation of property, plant, and equipment Note 18	31	33
Total	317	312

The amortization of publishing rights decreased from 2012 to 2013 as result of favorable foreign exchange, the net impact of acquisitions/divestments made in 2013, the full-year inclusion impact of the 2012 acquisitions, and the effect of intangibles being fully written-off in 2013 as they are at the end of the estimated useful life.

Note 14 Financing Results

Financing results	2013	2012
Financing income		
Interest income on short-term bank deposits	3	4
Derivatives - foreign exchange contracts	0	2
Other financing income*	7	3
Total financing income	10	9
Financing cost		
Interest expense:		
Bank borrowings and overdrafts	0	(3)
Bonds and private placements	(123)	(119)
Other financing expense	(6)	(3)
Net foreign exchange gains/(losses)	8	(2)
Derivatives - foreign exchange contracts	(1)	0
Amortization of debt instruments	(3)	(2)
Items in hedge relationships:		
Interest rate swaps	(2)	(1)
Foreign exchange gains/(losses) on loans subject to cash flow hedge	38	24
Net change in fair value of cash flow hedges reclassified from other comprehensive income	(38)	(24)
Ineffective portion of hedging	0	0
Total financing costs	(127)	(130)
Net financing results	(117)	(121)
Other financing income/(costs):		
Divestment related results on equity-accounted investees Note 8	12	-
Write-down of investments available-for-sale Note 20	(18)	-
Financing component employee benefits Note 28	(5)	(5)
Total financing results	(128)	(126)

*Other financing income includes a settlement of €5 million from Lehman Brothers (2012: €2 million).

Note 15 Income Tax Expense

Recognized in statement of income	2013	2012
Current tax expense	146	126
Adjustments previous years	(8)	(8)
Benefit previously unrecognized tax losses	(1)	(1)
Deferred tax expense:		
Origination and reversal of temporary differences [Note 21]	0	(8)
Taxation on income in statement of income [Note 21]	137	109

Reconciliation of the effective tax rate	2013	2013	2012	2012
	%		%	
Profit before tax		490		442
Normative income tax expense	33	159	33	145
Tax effect of:				
Intra-group financing activities	(9)	(42)	(9)	(39)
Tax exemption on results on divestments of operations	2	9	0	(1)
Non-deductible costs and other items	2	11	1	4
Taxation on income in statement of income	28	137	25	109

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

The effective tax percentage increased in 2013 compared to 2012 mainly due to tax charges on capital gains on divestments of AccessData and Best Case Solutions in the United States.

Note 16 Non-Controlling Interests

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

Ownership in %	2013	2012
Akadémiai (Budapest, Hungary)	74	74
Wolters Kluwer Russia Publishing Holding bv (Amsterdam, Netherlands)	55	55
CCH Prosystems India Private Limited, (Bangalore, India)	-	60
Access Matrix Technologies Private Ltd. (Bangalore, India)	60	30
Medicom (Chengdu, China)	55	55

Access Matrix Technologies was accounted for as an equity-accounted investee. In April 2013, the equity-interest was increased to 60%, and consequently since the date control has been acquired, consolidated for 100%, with a simultaneous recognition of 40% non-controlling interests.

Non-controlling interests	2013	2012
Position at January 1	20	21
Acquisitions through business combinations Note 8	3	-
Dividends received	0	(2)
Share of profit in non-controlling interests, net of tax	1	(1)
Divestment Note 8	(1)	-
Foreign exchange differences and other movements	(3)	2
Position at December 31	20	20

Non-controlling interests of consolidated participations in the profit for the year of the Group in 2013 totaled €1 million (2012: €(1) million). Non-controlling interests in the equity of consolidated participations, totaling €20 million (2012: €20 million), are based on third-party shareholding in the underlying shareholders' equity of the subsidiaries. In September 2013, the Company sold its 60% equity-interest in CCH Prosystems India Private Limited resulting in a book loss of €4 million.

Summary financial information based on 100% ownership	2013	2012
Revenues	57	50
Ordinary EBITA	5	7
Net profit	2	(2)
Total assets	77	74
Total liabilities	35	25
Total equity	42	49
Total gross external debt	0	-
Total cash and cash equivalents	19	18

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

Note 17 Goodwill and Intangible Assets

Intangible assets

	Goodwill	Acquired publishing rights	Other intangible assets	2013	2012
Position at January 1					
Purchase value	3,088	2,440	875	6,403	6,308
Accumulated amortization and impairments	(29)	(1,235)	(488)	(1,752)	(1,579)
Book value at January 1	3,059	1,205	387	4,651	4,729
Movements					
Investments	-	-	128	128	117
Acquisitions through business combinations Note 8	118	167	2	287	134
Divestments of operations Note 8	(8)	(5)	(2)	(15)	(1)
Disposals of assets			0	0	(1)
Net expenditures	110	162	128	400	249
Amortization Note 13	-	(185)	(100)	(285)	(279)
Impairments Note 13	-	-	(1)	(1)	0
Reclassifications	(5)	4	-	(1)	3
Exchange differences and other movements	(114)	(43)	(15)	(172)	(51)
Total movements	**(9)**	**(62)**	**12**	**(59)**	**(78)**
Position at December 31					
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 December 31	**3,050**	**1,143**	**399**	**4,592**	**4,651**

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 €76 million (2012: €72 million) relates to product development.

Reclassifications include the additionally recognized publishing rights and related deferred tax liabilities from the final outcome of the purchase price allocation of prior year acquisitions.

Impairment testing cash-generating units containing goodwill

Carrying amounts of goodwill and acquired publishing rights per global operating division

	Goodwill	Acquired publishing rights	2013	2012
Legal & Regulatory	983	256	1,239	1,290
Tax & Accounting	939	355	1,294	1,330
Health	800	291	1,091	1,061
Financial & Compliance Services	328	241	569	583
Total	3,050	1,143	4,193	4,264

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.

In 2013, the Company combined three of its CGUs for annual goodwill impairment testing into one CGU, due to far-reaching integration activities, which will result in completely merged entities. 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 2013 were determined in a manner consistent with 2012. The cash flow projections are based on actual operating results and Business Development Plans, as approved by the Executive Board.

The annual impairment test carried out in 2013 showed that the recoverable amount for all groups of CGUs for goodwill impairment testing exceeded the carrying amounts.

Goodwill: impairment sensitivity per major CGU

	Applied revenue growth rate	Allowed change in base points: Decline in growth	Increase in discount rate	Decrease in ordinary EBITA margin	Allocated goodwill at December 31, 2013
Legal & Regulatory North America	1.0%	>300	>300	>300	135
Legal & Regulatory Europe South	2.1%	210	175	230	232
Corporate Legal Services	2.0%	>300	>300	>300	362
Tax & Accounting Americas and Asia Pacific	2.0%	>300	>300	>300	595
Tax & Accounting Europe	1.8%	>300	>300	>300	344
Medical Research	2.0%	>300	>300	>300	260
Professional & Education	2.0%	>300	>300	>300	135
Clinical Solutions	2.0%	>300	>300	>300	405
Financial & Compliance Services	2.0%	>300	>300	>300	310
Other CGUs	1.9%				272
Total	1.9%				3,050

Key assumptions used in discounting cash flows

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 average growth rate is 1.9% (2012: 2.0%).

The estimated pre-tax cash flows are discounted to their present value using a pre-tax weighted average cost of capital (WACC) between 8.7% and 10.9% (2012: between 8.7% and 10.9%).

In determining the WACC the Group used the following assumptions:

Assumptions WACC	2013	2012
Risk free rate (in %)	3.7	3.9
Market risk premium (in %)	6.0	5.0
Tax rate (in %)	25.0	25.0
Re-levered beta	0.81	0.81

The risk free-rate is based on the long-term yield on Dutch government bonds with a maturity of 30 years. Management is of the opinion that the yield on Dutch government bonds with 30-years maturity is a better approximation of the risk free rate in 2013 and 2012. The risk free rate on Dutch government bonds is currently low. Management therefore considers a 'floor' for the risk free rate to be appropriate and included therefore a higher debt premium, by including a mark-up of 1.0% resulting in a 3.7% (2012: 3.9%) risk free rate, and a higher market risk premium of 6% (2012: 5%).

In addition to the WACC and the perpetual growth rate 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
- Ordinary EBITA-margin development: based on actual experience and management's long-term projections; ordinary EBITA is deemed to be the best approximation for estimating future cash flows.

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.

Contrary to last year, there were no CGUs at risk.

Note 18 Property, Plant, and Equipment

Property, plant, and equipment

	Land and buildings	Other fixed assets	2013	2012
Position at January 1				
Purchase value	131	414	545	532
Accumulated depreciation	(61)	(346)	(407)	(390)
Book value at January 1	70	68	138	142
Movements				
Investments	1	20	21	28
Acquisitions through business combinations	-	2	2	1
Divestment of operations	-	0	0	2
Disposals of assets	0	(1)	(1)	0
Net expenditures	1	21	22	31
Depreciation Note 13	(4)	(27)	(31)	(33)
Exchange differences and other movements	(2)	(3)	(5)	(2)
Total movements	**(5)**	**(9)**	**(14)**	**(4)**
Position at December 31				
Purchase value	125	366	491	545
Accumulated depreciation	(60)	(307)	(367)	(407)
Book value at December 31	**65**	**59**	**124**	**138**

Note 19 Investments in Equity-accounted Investees

Investments in equity-accounted investees	2013	2012
Position at January 1, as previously reported	59	65
Impact of changes in accounting policies (IFRS 11)	2	2
Restated position at January 1	**61**	**67**
Acquisitions through business combinations	-	2
Divestments	(23)	(2)
Dividends received	(2)	(2)
Share of profit in equity-accounted investees, net of tax	(1)	0
Change in control Note 8	(3)	(2)
Foreign exchange differences and other movements	(1)	(2)
Position at December 31	**31**	**61**

In March 2013, Wolters Kluwer completed the divestiture of its 25%-equity interest in AccessData. This sale sharpened CLS' focus on its core business. The book gain on this sale of €12 million is recognized in other financing income/costs (Note 8 and Note 14).

Equity-accounted investees includes one joint venture, Ipsoa-Francis Lefebvre in Italy, with a carrying value of €2 million (2012: €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	
	2013	2012	2013	2012
Total assets	62	96	22	30
Total liabilities	54	74	20	22
Total equity	8	22	2	8
Revenues	112	167	42	56
Net profit/(loss) for the year	2	(3)	(1)	0

Note 20 Financial Assets

Financial assets	2013	2012
Investments available-for-sale	16	36
Other receivables	11	11
Derivative financial instruments Note 26	-	2
Total	**27**	**49**

Investments available-for-sale mainly relate to a 7.7% (2012: 19.44%) equity interest obtained as part of the completed sale of the pharma-related Healthcare Analytics business in May 2012. This investment has been written-down by €18 million in 2013 (Note 27).

Investments available-for-sale	2013	2012
Position at January 1	36	1
Change in control	-	2
Write-down through profit or loss Note 14	(18)	-
Acquisitions	-	33
Foreign exchange differences and other movements	(2)	0
Position at December 31	**16**	**36**

Note 21 Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities

	Assets	Liabilities	2013	2012
Intangible assets	36	(449)	(413)	(398)
Property, plant, and equipment	4	(32)	(28)	(36)
Employee benefits	49	(1)	48	72
Interest carry-forward	98	-	98	132
Tax value of loss carry-forwards recognized	48	-	48	35
Other items	101	(87)	14	21
Deferred tax assets/(liabilities)	336	(569)	(233)	(174)
Set off of tax	(248)	248	0	0
Net deferred tax assets/(liabilities)	88	(321)	(233)	(174)

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, 2013

	Balance at January 1	Acquisitions/disposals	Recognized in statement of income (Note 15)	Discontinued operations	Recognized in equity	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	0	(16)	8	(233)

Movement in temporary differences, 2012

	Balance at January 1, restated	Acquisitions/disposals	Recognized in statement of income (Note 15)	Discontinued operations	Recognized in equity	Exchange rate differences and other movements	Balance at December 31
Intangible assets	(390)	(31)	17	3	-	3	(398)
Property, plant, and equipment	(51)	-	15	-	-	0	(36)
Employee benefits	62	-	1	-	9	0	72
Interest carry-forwards	146	-	(14)	-	-	0	132
Tax value of loss carry-forwards recognized	30	-	5	-	-	0	35
Other items	30	12	(16)	-	(4)	(1)	21
Total	(173)	(19)	8	3	5	2	(174)

The 2013 movement in deferred tax liabilities from acquisitions/disposals of €51 million (2012: €19 million) included €52 million with regard to acquisitions/disposals made in 2013 (2012: €16 million) and €(1) million (2012: €3 million) that related to the final outcome of the purchase price allocation of prior year acquisitions.

Movements in overall tax position	2013	2012
Position at January 1		
Tax receivable	34	29
Tax payable	(32)	(26)
Deferred tax assets	78	80
Deferred tax liabilities	(252)	(253)
Overall tax position	(172)	(170)
Movements		
Total income tax expense Note 15	(137)	(109)
Deferred tax on acquisitions/disposals	(51)	(19)
Deferred tax on items recognized immediately in equity	(3)	(4)
Deferred tax on items recognized immediately in other comprehensive income	(13)	9
Paid corporate income tax	99	110
Paid corporate income tax on results on divestments Note 8	31	0
Transfer to assets held for sale/liabilities to held for sale	-	9
Exchange differences and other movements	8	2
Total movements	**(66)**	**(2)**
Position at December 31		
Tax receivable	33	34
Tax payable	(38)	(32)
Deferred tax assets	88	78
Deferred tax liabilities	(321)	(252)
Overall tax position	**(238)**	**(172)**

Unrecognized tax losses

The Group has not recognized deferred tax assets that relate to unused tax losses amounting to €93 million (2012: €77 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 38% (2012: 42%) expires within the next 5 years, 20% (2012: 17%) expires after 5 years, and 42% (2012: 41%) carries forward indefinitely.

As part of the divestment of pharma-related business the Group is investigating certain tax strategies. Given the uncertainties around these strategies any potential tax impact has not yet been recognized.

Deferred tax on items recognized immediately in other comprehensive income and immediately in equity	2013			2012		
	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	(146)	-	(146)	(55)	0	(55)
Gains/(losses) on cash flow hedges	21	-	21	(25)	0	(25)
Remeasurement gains/(losses) on defined benefit plans	32	(13)	19	(29)	9	(20)
Total tax in other comprehensive income	**(93)**	**(13)**	**(106)**	**(109)**	**9**	**(100)**
Share-based payments	14	(3)	11	15	(4)	11
Total tax in equity	**14**	**(3)**	**11**	**15**	**(4)**	**11**

Note 22 Inventories

Inventories	2013	2012
Raw materials	2	3
Work in progress	35	30
Finished products and trade goods	67	62
Total	**104**	**95**

At December 31, 2013, the provision for obsolescence deducted from the inventory carrying values amounted to €34 million (2012: €35 million). In 2013, an amount of €7 million was recognized as an expense for the change in the provision for obsolescence (2012: €7 million) and is presented as part of cost of sales in the statement of income.

Note 23 Trade and Other Receivables

Trade and other receivables	2013	2012
Trade receivables	964	989
Prepayments	114	110
Derivative financial instruments Note 26	1	-
Other receivables	31	23
Total	1,110	1,122

Trade receivables are shown net of impairment losses amounting to €65 million (2012: €73 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 income.

Note 24 Cash and Cash Equivalents

Cash and cash equivalents	2013	2012
Deposits	462	82
Cash and bank balances	293	246
Total in the statement of financial position Note 26	755	328
Less: Bank overdraft used for cash management purposes Note 26	112	113
Total in the statement of cash flows	643	215

All deposits are demand deposits that are readily convertible into cash. Bank balances include an amount of approximately €5 million (2012: €2 million) of restricted cash.

An amount of €19 million (2012: €18 million) relates to cash and cash equivalent balances of entities that the Group does not fully own (Note 16).

Note 25 Other Current Liabilities

Other current liabilities	2013	2012
Salaries, holiday allowances	152	163
Social security premiums and other taxation	53	58
Pension-related payables	8	9
Royalties payable	66	71
Derivative financial instruments Note 26	0	1
Interest payable	88	82
Deferred and contingent acquisition payments Note 26	18	5
Other liabilities and accruals	59	68
Total	**444**	**457**

Note 26 Long-term debt

Long-term debt	Nominal value	Effective interest rate (in %)	Nominal interest rate (in %)	Repayment commitments 1-5 years	Repayment commitments >5 years	2013	2012
Bonds 2003-2014	€700	5.240	5.125	-	-	-	699
Bonds 2008-2018	€750	6.472	6.375	747	-	747	747
Bonds 2008-2028	€36	6.812	6.748	-	36	36	36
Bonds 2013-2023	€700	2.950	2.875	-	696	696	-
Private placement 2008-2038	¥20,000	3.330	3.330	-	137	137	175
Private placement 2010-2020	€250	4.425	4.200	-	247	247	246
Deferred and contingent acquisition payments				23	-	23	14
Other long-term loans				7	-	7	1
Total long-term loans				**777**	**1,116**	**1,893**	**1,918**
Derivative financial instruments				-	16	16	0
Total long-term debt				**777**	**1,132**	**1,909**	**1,918**

Net debt	2013	2012
Total long-term debt	1,909	1,918
Borrowings and bank overdrafts		
Multi-currency roll-over credit facility	-	38
Other bilateral U.S. Dollar bank loans	-	114
Other short-term loans	5	2
Bank overdrafts Note 24	112	113
Total borrowings and bank overdrafts	117	267
Short-term bonds	700	225
Deferred and contingent acquisition payments Note 25	18	5
Derivative financial instruments Note 25	0	1
Total short-term debt	835	498
Gross debt	2,744	2,416
Minus:		
Cash and cash equivalents Note 24	(755)	(328)
Derivative financial instruments:		
Non-current receivable Note 20	-	(2)
Current receivable Note 23	(1)	-
Net debt	1,988	2,086

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 bank loans is variable.

Loan maturity

The following amounts of gross debt at December 31, 2013, are due within and after five years:

Gross debt	2013
2015	28
2016	2
2017	0
2018	747
Due after 2018	1,132
Long-term debt	1,909
Short-term debt (2014)*	835
Total	2,744

* 2014 includes the senior Eurobond with a nominal value of €700 million, maturing in January 2014.

Bonds

Wolters Kluwer has senior bonds outstanding for an amount of €2,179 million as at December 31, 2013 (2012: €1,482 million).

On November 19, 2003, Wolters Kluwer issued a ten-year senior Eurobond with a nominal value of €700 million, maturing in January 2014. The coupon on the bonds is 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%.

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, 2013: €137 million; at December 31, 2012: €175 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 €0 million (2012: €0 million) at December 31, 2013. In January 2014, a collateral amount of €1 million was deposited.

On July 28, 2010, Wolters Kluwer entered into a bilateral private loan agreement of €250 million (carrying value at December 31, 2013: €247 million; at December 31, 2012: €246 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 4.20%.

Perpetual cumulative subordinated bonds

In May 2013, Wolters Kluwer exercised the call option at 100% on its perpetual cumulative subordinated bonds €225 million and redeemed these bonds in full.

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. At December 31, 2013, no amounts were drawn (at December 31, 2012: €38 million or $50 million). 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 ordinary EBITDA shall not exceed 3.5. In 2013, the Group is comfortably within the thresholds stipulated in the financial covenants of the credit facility.

Other bilateral bank loans

In 2013, Wolters Kluwer renewed for $100 million a bilateral bank loan (undrawn at December 31, 2013; December 31, 2012: €114 million) with a one year maturity. This loan is used for general corporate purposes.

There were no defaults or breaches on the loans and borrowings during 2013 and 2012.

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, comprised of the Vice President Corporate Accounting, Controller Corporate Office, Vice President Corporate Treasurer, 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 Vice President Corporate Treasurer.

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, 2013, the net-debt-to-EBITDA ratio improved to 2.2 (2012: 2.4) below our Company 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 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 income, 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 income 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	2013	2012
Revenues	(20)	(19)
Ordinary EBITA	(6)	(5)
Operating profit	(5)	(4)
Ordinary net income	(4)	(4)
Profit for the year	(3)	(3)
Shareholders' equity at December 31	(23)	(21)
Ordinary 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 €254 million ($350 million) at December 31, 2013.

The Group had U.S. Dollar debt outstanding for a total notional amount of €267 million ($368 million) at December 31, 2013 (2012: €308 million or $406 million). The U.S. Dollar debt includes a notional amount of €254 million ($350 million) forward contracts which create a U.S. Dollar balance sheet cover with a future settlement date (positive carrying value of €1 million at December 31, 2013, see Note 26). The balance sheet cover is defined as the U.S. Dollar forward contracts and U.S. Dollar debt outstanding divided by its net investment in U.S. Dollar. The U.S. Dollar balance sheet cover is 10% (2012: 12%).

A part of the net financing results was swapped into U.S. Dollar through the use of derivative financial instruments (2013: $90 million).

Of the total net financing results in 2013, 58% (2012: 50%) was payable in U.S. Dollars and resulting currency results have been recognized in profit or loss. Based on the percentage of 58% 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, 2013, with all other variables held constant, would result in a decrease of approximately €0.7 million of the net financing results (2012: approximately €0.6 million).

Currency risk	2013	2012
U.S. Dollar balance sheet cover (%)	10%	12%
Percentage (%) of total net financing results payable in U.S. Dollar	58%	50%
Approximate impact on net financing results of a 1% decline of the U.S Dollar against the euro (in millions)	0.7	0.6

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 2013 (2012: 6%) was variable rate and 100% (2012: 94%) 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, 2013, with all other variables held constant, would result in an increase of approximately €0 million of the net financing results (2012: approximately €1 million).

Interest rate risk	2013	2012
Percentage of fixed/variable interest rate in gross debt	100% / 0%	94% / 6%
Approximate impact on net financing results of a 1% instantaneous increase in interest rates	0	(1)

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, 2013, the Group has access to the unused part of the committed credit facilities of €673 million in total (2012: €562 million) and has cash and cash equivalents of €755 million, (receivable) derivative financial instruments of €1 million, minus other short-term loans, deferred (short-term) acquisition payments, bank overdrafts and (current payable) derivative financial instruments of in total €135 million. The headroom was €1,294 million at year-end 2013 (2012: €771 million). No property has been collateralized or in any other way secured under debt contracts.

In early 2014, the Company will redeem the €700 million bond which effectively will reduce the headroom by the same amount.

Exposure to liquidity risk

The following are the remaining contractual maturities 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 maturities 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

Contractual maturities 2012	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	699	772	36	736	-	-
Bonds 2008-2018	747	1,037	48	48	143	798
Bonds 2008-2028	36	75	2	2	7	64
Perpetual cumulative subordinated bonds	225	240	240	-	-	-
Private Placements						
Private placement 2008-2038	175	326	6	6	18	296
Private placement 2010-2020	246	334	11	11	32	280
Deferred and contingent acquisition payments	19	19	5	2	12	-
Other long-term loans	1	1	-	1	-	-
Borrowings and bank overdrafts	267	269	269	-	-	-
Trade and other payables	383	383	383	-	-	-
Total	**2,798**	**3,456**	**1,000**	**806**	**212**	**1,438**
Derivative financial liabilities						
(Receipts)		(151)	(151)	-	-	-
Payments		152	152	-	-	-
Foreign exchange derivatives	1	1	1	-	-	-
(Receipts)		(326)	(6)	(6)	(18)	(296)
Payments		321	8	8	23	282
Cross-currency interest rate swaps	(2)	(5)	2	2	5	(14)
Total	(1)	(4)	3	2	5	(14)

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 €1,769 million (2012: €1,389 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, 2013, there were no material credit risk concentrations outstanding while the average weighted credit rating of counterparties was A+ (2012: 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 €381 million (2012: €348 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	2013	2012
Past due up to 30 days	163	141
Past due between 30 and 90 days	98	93
Past due over 90 days	120	114
Total past due, not impaired	381	348

The net charge of changes to bad debt provision in the statement of income is €12 million (2012: €13 million) (Note 9).

The financial assets 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	2013					2012	
	Carrying value	Fair value	Level 1	Level 2	Level 3	Carrying value	Fair value
Non-derivative financial instruments:							
Other receivables (non-current)*	11	11				11	11
Investments available-for-sale	16	16			16	36	36
Trade receivables*	957	957				989	989
Other receivables (current)*	29	29				23	23
Cash and cash equivalents*	755	755				328	328
Total non-derivative financial assets	1,768	1,768			16	1,387	1,387
Bonds 2003-2014 (in €)	700	697	697			699	730
Bonds 2008-2018 (in €)	747	891	891			747	925
Bonds 2008-2028 (in €)	36	48		48		36	50
Bonds 2013-2023 (in €)	696	693	693			-	-
Private placement 2008-2038 (in ¥)	137	125		125		175	152
Private placement 2010-2020 (in €)	247	275		275		246	283
Perpetual cumulative subordinated bonds (in €)	-	-				225	232
Deferred and contingent acquisition payments	41	41			41	19	19
Other long-term loans*	7	7				1	1
Borrowings and bank overdrafts*	117	117				267	267
Trade and other payables*	368	368				383	383
Total non-derivative financial liabilities	3,096	3,262	2,281	448	41	2,798	3,042
Derivative financial instruments:							
Non-current receivable	-	-				2	2
Current receivable	1	1		1		-	-
Non-current payable	(16)	(16)		(16)		-	-
Current payable	0	0		0		(1)	(1)
Total derivative financial instruments	(15)	(15)		(15)		1	1

* 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, 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 2012 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	2013	2012
Balance at January 1	19	12
Arising from business combinations Note 8	33	14
Fair value changes deferred and contingent acquisition payments Note 11	(4)	-
Unwinding of discount	1	-
Settlements	(2)	(5)
Exchange rate differences and other	(6)	(2)
Balance at December 31	41	19

Level 3 financial liabilities comprise of 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 2013 and recognized fair value changes in the statement of income for the amount of €4 million for acquisitions stemming from previous years (2012: nil).

The financial asset available-for-sale has been measured against fair value. The Company used predominantly the discounted cash flow analysis method resulting in a range of enterprise values. In addition, the Company considered recent capital transactions. The Company applied long-term growth rates of 2% and 3% which considers expectations of long-term inflation and the position of the company. The WACC used in the analysis was 15%, with 15% weighting on debt financing and 85% on equity financing.
The valuation of Symphony Health Solutions as at December 31, 2013, after the write-down of €18 million in 2013, falls within the range of valuation outcomes.

Deferred and contingent acquisition payments

The fair value of the deferred and contingent acquisition payment balance amounts to €41 million (2012: €19 million).

A summary of deferred and contingent considerations as at December 31, 2013 can be presented as follows:

Deferred and contingent acquisition payments	December 31, 2013
Fair value	
Short-term	18
Long-term	23
Total	**41**
Maximum undiscounted exposure	64

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 EBITA 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 EBITA 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 2013, the result recorded in profit or loss as a result of ineffectiveness of hedging is: cash flow hedge, €0 million (2012: €0 million) and net investment hedge, €0 million (2012: €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, 2013, 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
Fair value hedge	Fair value fluctuations due to movements in the applicable market benchmark interest rates	-	Interest rate swaps	-	-
Cash flow hedge	Changes in ¥ floating interest payments and ¥ exchange rates	¥20,000	Cross-currency interest rate swaps	(1)	0
Net investment hedge	Changes of the U.S. Dollar net investments due to fluctuations of U.S. Dollar exchange rates	$350	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	2013	2012*
Pensions and post-employment plans	111	155
Other (post-) employment obligations	15	14
Total	126	169

* 2012 restated for IAS 19R ‘Employee benefits’

Provision for pensions and post-employment plans

The provisions for pensions and post-employment plans relate to defined benefit plans.

Pension plans

The Group has its main defined benefit plans in The Netherlands, United States, United Kingdom, Belgium, Canada, and Australia.

The largest plan is the Wolters Kluwer Nederland pension plan, with both defined benefit and defined contribution schemes. Other major defined benefit plans are based in the United States and the U.K.

Post-employment plans

Post-employment plans consist of the post-retirement (medical) benefits plan in the United States, Canada, and in Italy. These post-employment plans have no plan assets and are un-funded. The main post-employment plan is the post-retirement plan in the U.S.

Characteristics of main plans	Netherlands	United States	United Kingdom
Pension 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
Post-employment plans:			
Type of benefits	-	Post- retirement medical plan	-
Type of plan	-	Annual premium	-
Status of plan	-	Open	-
Status of plan funding	-	Unfunded	-

The defined benefit plans in the U.S., U.K, and the Netherlands are self-administered plans with plan assets being held independently of the Group.

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.

Actuarial assumptions for pensions and post-employment plans

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

Assumptions in %	2013	2012
Pension plans		
Discount rate to discount the net obligations/assets at year-end	3.7	3.5
Discount rate for net periodic pension expense	3.5	5.1
Expected rate of salary increase for net periodic pension expense	2.5	3.2
Post-employment plans		
Discount rate used to discount the obligations at year-end	4.3	3.4
Discount rate for net periodic pension expense	3.4	4.4
Medical cost trend rate	3.0	3.0

The discount rate is determined using the ‘Rate:Link’ method, which is based on a selection on the entire corporate bond universe, according to Bloomberg. Those selected bonds are high-quality corporate bonds, with at least ratings ‘AA’ or higher. Minima are also applied to the total amount outstanding per bond. The corporate bonds selected in this manner form the universe upon which the yield curve determining the discount rate is based. The bonds are divided into nine different ‘baskets’. A weighted average maturity and yield are determined for each of the baskets, yielding nine points of data that are used as the basis for the curve.

The average increase in salaries is based on the non-closed pension plans. Assumptions regarding future mortality experience are set based on actuarial advice and mortality tables generally accepted in the applicable countries.

Mortality assumptions for the most important countries are based on the following post-retirement mortality tables:

- The Netherlands: AG projection table 2012-2062 (2012: 2012-2062);
- U.S.: 2013 Pension Protection Act (‘PPA’) Treasury Table, being the current standard mortality table (2012: PPA 2012); and
- U.K.: SAPS (year of Birth) CMI 2011 projections with a 1.25% long-term improvement rate (2012: SAPS (year of Birth) - CMI projections with a 1.25% long-term improvement rate).

The current longevities underlying the value of the defined benefit obligations at the reporting date were as follows:

Longevity in years (2013)	The Netherlands	United States	United Kingdom
Longevity at age of 65 for current participants aged 45 now			
Male	23.8	20.6	24.2
Female	25.2	21.9	26.9
Longevity at age 65 for current pensioners			
Male	22.1	19.1	22.5
Female	24.3	21.0	24.9

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 longevity after the retirement age on the plan liabilities is expected to be limited in these countries.

Plan liabilities and assets	2013	2012*	2013	2012*
	Defined benefit pension plans		Post-employment plans	
Plan liabilities				
Fair value at January 1	1,162	948	61	67
Employer service cost	7	5	2	2
Interest expense on the defined benefit obligations	39	46	2	3
Administration costs and taxes	1	1	-	-
Benefits paid by fund	(46)	(59)	(4)	(4)
Remeasurement (gains)/losses	(44)	223	(1)	(5)
Acquisition of new plans	-	-	0	-
Contributions by plan participants	3	4	-	-
Plan amendments and curtailments	(2)	(4)	-	-
Exchange rate differences	(12)	(2)	(2)	(2)
Fair value at December 31	**1,108**	**1,162**	**58**	**61**
Plan assets				
Fair value at January 1	1,123	1,022	0	0
Interest income on plan assets	38	52	-	-
Return on plan assets greater/(less) than discount rate	(8)	83	-	-
Benefits paid by fund	(46)	(59)	(4)	(4)
Contributions by the employer	16	21	4	4
Contributions by plan participants	3	4	-	-
Exchange rate differences	(11)	0	0	0
Fair value at December 31	**1,115**	**1,123**	**0**	**0**
Funded status				
Unfunded/(funded) status at December 31	(7)	39	58	61
Effect of asset ceiling (irrecoverable surplus)	60	55	-	-
Net liability at December 31	**53**	**94**	**58**	**61**
Pension cost				
Employer service cost	7	5	2	2
Past service costs curtailment	(2)	(1)	-	-
Past service costs plan amendments	0	(3)	-	-
Interest expense on defined benefit obligations and irrecoverable surplus	41	54	2	3
Interest (income) on plan assets	(38)	(52)	-	-
Administration costs and taxes	1	1	-	-
Total pension costs	**9**	**4**	**4**	**5**
of which included in:				
Personnel expenses Note 12	7	3	2	2
Divestment related results Note 8	(1)	(1)	-	-
Other financing income/(costs) Note 14	3	2	2	3

* 2012 restated for IAS 19R 'Employee benefits'

The Group's employer contributions to be paid to the defined benefit pension plans in 2014 are estimated at €17 million (2013: €16 million).

Benefits paid by the fund decreased from 2012 to 2013 mainly due to a 2012 lump sum distribution with a total value of about €9 million offered to deferred vested participants in the U.S. pension plan.

The 2013 asset ceiling of €60 million (2012: €55 million) relates mainly to the defined benefit pension schemes in the Netherlands and, to a lesser extent, in the U.K. In these defined benefit 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.

Remeasurements

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

Remeasurements	2013	2012*
Position at January 1	(155)	(126)
Recognized in other comprehensive income	32	(29)
Cumulative amount at December 31	**(123)**	**(155)**

Remeasurement gains/(losses) for the year		
Remeasurement gains/(losses) due to experience on defined benefit obligations	6	18
Remeasurement gains/(losses) due to demographic assumptions in defined benefit obligations	5	(2)
Remeasurement gains/(losses) due to financial assumption changes in defined benefit obligations	34	(234)
Remeasurement gains/(losses) on defined benefit obligations	**45**	**(218)**
Return on plan asset greater/(less) than discount rate	(8)	83
Change in asset ceiling other than interest	(5)	106
Recognized in other comprehensive income	**32**	**(29)**

* 2012 restated for IAS 19R 'Employee benefits'

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, 2013, amounted to a gain of €30 million (2012: gain of €135 million).

Funded status

The funded status of the defined benefit pension plans for the years 2013-2012 and the related experience gains and losses over the years is as follows:

Funded status	2013	2012*
Present value of defined benefit pension obligations	(1,108)	(1,162)
Fair value of plan assets	1,115	1,123
Funded/(unfunded) status	7	(39)

* 2012 restated for IAS 19R 'Employee benefits'

As at December 31, 2013, three plans have a net asset status before asset ceiling (the Netherlands, U.K., and Australia), except for the defined benefit plans in the U.S., Belgium, and Canada. The plans in the Netherlands and the U.K. have an asset ceiling (December 31, 2012: the Netherlands and U.K.).

The (un-)funded status of the defined benefit pension plans in 2013 was mainly affected by higher interest rates resulting in lower defined benefit obligations whilst the investment portfolio remained relatively stable.

Funding of the various plans is based on local legislation and separate actuarial valuations for which the assumptions differ from the assumptions used under IAS 19R. 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 formal 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. As part of the pharma-business sale in the U.K., a part of the sales proceeds were reapportioned under law to the U.K. pension fund resulting in an additional 2012 funding of €5 million recognized as part of net cash used in operating activities from discontinued operations. In 2014, the U.K. funding will be reassessed based on new triennial valuation.

Risk management of main plans in the Group

The pension and 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 Group funds the U.S. post-retirement Medicare 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-retirement benefit plan expense could increase along with future cash outlays.

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 defined benefit pension plans:

Sensitivity pension plans

	Gross service cost	Defined benefit obligations
2013 Baseline	9	1,108
Change compared to baseline:		
Discount rate (by -1%)	3	198
Discount rate (by +1%)	(2)	(155)
Inflation increase rate (by -0.5%)	(1)	(37)
Inflation increase rate (by +0.5%)	1	40
Pension increase rate (by -0.5%)	0	(31)
Pension increase rate (by +0.5%)	0	33

Pension rate increase is only applicable for the plan in the Netherlands; the other plans have no future pension increase rate entitlements and are not sensitive for mortality table changes as these plans are lump sum entitlements.

The Group's sensitivity for salary changes is limited as only the Dutch pension plan is an open plan. The Dutch pension plan is also sensitive for changes in the mortality tables. The plans in U.S., U.K., and Canada are frozen.

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 cost.

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

Sensitivity post-retirement plans

	Gross service cost	Defined benefit obligations
2013 Baseline	2	58
Change compared to baseline:		
Discount rate (by -1%)	0	7
Discount rate (by +1%)	0	(6)

The actual medical cost trend rate in the United States exceeds the applied medical cost trend rate which is capped at 3% (2012: 3%) according to the plan rules.

Duration

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

Estimated liability weighted duration (number of years) at December 31	Duration 2013	Duration 2012
Pension plans:		
The Netherlands	16	18
U.K.	19	19
U.S.	13	15
Post-employment plans:		
U.S.	11	12

Due to the higher discount rates at December 31, 2013, the duration of the liabilities decreased for the majority of the plans compared to 2012. Duration is an indicator of the pension 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 %	2013	2012
Equity	31	29
Bonds	61	64
Other	8	7
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

Provision for restructuring commitments

	Restructuring	Acquisition integration	Springboard	2013	2012
Position at January 1	0	1	3	4	22
Add: short-term commitments	26	6	26	58	60
Total at January 1	26	7	29	62	82
Movements					
Additions for restructuring of stranded costs following divestments	9	-	-	9	5
Additions to acquisition integration[Note 11]	-	6	-	6	13
Release Springboard provisions	-	-	-	0	(1)
Additions for restructuring existing businesses	8	-	-	8	5
Additions for restructuring costs following discontinued operations	3	-	-	3	13
Total additions	20	6	0	26	35
Appropriation of provisions for restructuring	(12)	(7)	(14)	(33)	(55)
Disposal of discontinued operations	(10)	-	-	(10)	-
Divestments of operations	(2)	-	-	(2)	0
Exchange differences and other movements	0	0	0	0	0
Total movements	(4)	(1)	(14)	(19)	(20)
Total at December 31	22	6	15	43	62
Less: short-term commitments	(19)	(5)	(9)	(33)	(58)
Position at December 31	3	1	6	10	4

The majority of the provisions relates to severance programs, restructurings, and onerous contracts and will be settled within the next twelve months (€33 million). The remaining long-term part of the provisions (€10 million) is expected to be settled in 2015.

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. The 2013 additions mainly related to the divestments of the Pharma-business in France, and the divestment in the Netherlands.

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 operational excellence 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, 2013, unchanged compared to 2012. The Company holds 6.6 million of shares in treasury at December 31, 2013 (2012: 6.6 million), which have not been cancelled; the movements in treasury shares are due to the €20 million share buy-back program in 2013 (1.2 million shares), which was offset by the use of treasury shares for the vesting of the 2010-12 LTIP plan (1.1 million shares). At December 31, 2013, the net number of ordinary shares outstanding is 295.3 million (2012: 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 2013, the Company executed a share buy-back program of €20 million (2012: €135 million). The Company repurchased 1.2 million (2012: 10.1 million) of ordinary shares under this program at an average stock price of €16.32 (2012: €13.45). The Company paid a dividend withholding tax of €4 million in 2013. Furthermore, in 2013, the Company paid €3 million related to the settlement of the share buy-back program of 2012.

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 €0.70 per share in cash on May 13, 2014 (cash dividend over financial year 2012: €0.69 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	2013	2012	2013	2012	2013	2012
	Number of ordinary shares		Number of treasury shares		Total number of ordinary shares outstanding	
At January 1	301,897	301,661	(6,559)	(5,102)	295,338	296,559
Stock dividend	-	236	-	8,210	-	8,446
Repurchased shares	-	-	(1,226)	(10,070)	(1,226)	(10,070)
Long-Term Incentive Plan	-	-	1,142	403	1,142	403
At December 31	301,897	301,897	(6,643)	(6,559)	295,254	295,338

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 rates 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 separate financial statements of the Company.

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 payout 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 2013, €14 million has been recognized within personnel expenses in profit or loss (2012: €15 million) related to the total cost of the LTIP grants 2011-13, 2012-14, and 2013-15 (Note 12).

Conditional awarded TSR based LTIP-shares

For the conditional TSR awards that were awarded up to and including 2013 (including LTIP 2010-12, 2011-13, 2012-14, and 2013-15) the payout 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 2013-15 and 2012-14
TSR shares – key assumptions

	Executive Board and Senior Executives LTIP 2013-15	LTIP 2012-14
Fair value at grant date	9.81	8.92
Share price at grant date	15.48	13.36
Expected volatility	22%	25%
Expected life	3 years	3 years
Expected dividends	1.4%	1.5%
Risk free interest rate	0.13%	0.79%

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 2013-15 EPS performance share granted to the Executive Board and senior executives is estimated at €13.38 (LTIP 2012-14 EPS performance share: €11.31).

LTIP 2010-12

The LTIP 2010-12 vested on December 31, 2012. 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 shares were released on February 21, 2013. The volume weighted average price of the shares of Wolters Kluwer nv was €15.23 on February 23, 2013.

LTIP 2010-12 number of shares	Outstanding at January 1, 2012	Forfeitures	Deduction on conditional number of shares (25%)	Pay-out/ vested shares December 31, 2012	Euro value equivalent of vested shares *in thousands of euros*
Executive Board	422,204	(71,542)	(87,665)	262,997	4,006
Senior Executives	930,584	(51,833)	-	878,751	13,383
Total	1,352,788	(123,375)	(87,665)	1,141,748	17,389

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 shares will be released on February 20, 2014.

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 20, 2014, 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 2011-13
number of shares

	Total	EPS-condition	TSR-condition
Total grant	1,430,187	171,163	1,259,024
Forfeited in previous years	(220,055)	(29,845)	(190,210)
Shares outstanding at January 1, 2013	1,210,132	141,318	1,068,814
Forfeited during year	(167,377)	(37,861)	(129,516)
Effect of 150% vesting based on EPS ranking Executive Board	51,729	51,729	-
Effect of 25% non-vesting based on TSR ranking Executive Board	(30,687)	-	(30,687)
Vested at December 31, 2013	**1,063,797**	**155,186**	**908,611**

LTIP 2012-14

LTIP 2012-14
Base numbers of shares at 100% pay-out

	Total	EPS-condition	TSR-condition
Conditionally awarded grant 2012	1,729,795	836,343	893,452
Forfeited in previous years	(147,629)	(45,832)	(101,797)
Shares outstanding at January 1, 2013	1,582,166	790,511	791,655
Forfeited in 2013	(217,377)	(48,138)	(169,239)
Outstanding at December 31, 2013	**1,364,789**	**742,373**	**622,416**

LTIP 2013-15

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 2013	(59,958)	(29,979)	(29,979)
Outstanding at December 31, 2013	**1,599,248**	**772,712**	**826,536**

Overall overview of outstanding performance shares: LTIP 2013-15 and LTIP 2012-14

LTIP 2013-15 and 2012-14
Base numbers of shares at 100% pay-out

	LTIP 2013-15	LTIP 2012-14	Total
Conditionally awarded grant 2012		1,729,795	1,729,795
Forfeited in previous years		(147,629)	(147,629)
Shares outstanding at January 1, 2013		1,582,166	1,582,166
Conditionally awarded grant 2013	1,659,206	-	1,659,206
Forfeited in 2013	(59,958)	(217,377)	(277,335)
Outstanding at December 31, 2013	**1,599,248**	**1,364,789**	**2,964,037**

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 for the senior executives of the Group is summarized as follows:

Fair value of conditionally awarded shares under each LTIP-grant based on TSR and EPS vesting conditions	Executive Board		Senior Executives	
	Fair value (€)	Vesting (in %)	Fair value (€)	Vesting (in %)
EPS-condition:				
LTIP 2013-15	13.38		13.38	-
LTIP 2012-14	11.31		11.31	-
LTIP 2011-13	14.38	150	-	-
TSR-condition:				
LTIP 2013-15	9.81		9.81	
LTIP 2012-14	8.92		8.92	
LTIP 2011-13	12.12	75	14.67	100
LTIP 2010-12	11.08	75	13.46	100
LTIP 2009-11	9.13	0	11.27	50

The fair value of a conditionally awarded share under the LTIP 2013-15 increased compared to previous year, mainly as a result of the higher share price of Wolters Kluwer at January 1, 2013, compared to January 1, 2012.

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.

The Group has one joint venture accounted for under the equity method in the consolidated financial statements of the Group. The revenues of this joint venture on a 100% basis amount to €12 million (2012: €13 million).

Joint venture transactions	2013	2012
Sales of goods and services bought from joint venture	9	8
Services provided to joint venture	(3)	(3)
Net amounts payable at December 31	3	2

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, 2013, annual commitments under rental and operational lease agreements amounted to €58 million (2012: €61 million). The average term of these commitments is approximately 3.4 years (2012: 4.0 years).

Non-cancelable operating lease rentals are payable as follows:

Non-cancelable operating lease rentals	2013	2012
Less than one year	12	19
Between one and five years	38	40
More than five years	17	29

Some of the leased property is sublet by the Group. Sublease payments of €3 million (2012: €5 million) are expected to be received during the following financial year. The Group has recognized a provision of €1 million related to these subleases (2012: €2 million).

The Group has immaterial outstanding finance lease arrangements at December 31, 2013 and 2012.

Guarantees

At December 31, 2013, the Group has outstanding guarantees regarding royalty payments to societies during the coming years of €5 million (2012: €5 million).

The Group has issued formal guarantees for bank credit facilities for a total amount of €153 million (2012: €127 million) on behalf of a number of its foreign subsidiaries. At December 31, 2013, €5 million of these credit facilities had been utilized (2012: €42 million). At December 31, 2013, other bank guarantees had been issued at the request of the Company or its subsidiaries for a total amount of €9 million (2012: €8 million). These guarantees mainly relate to rent for real estate. In addition, parental performance guarantees to third parties have been issued for €11 million (2012: €11 million).

The Company has issued a guarantee on behalf of one of its foreign subsidiaries for an amount of €9 million (2012: €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 profit or loss:

In thousands of euros	Salary	STIP	Defined contribution pension plan	Social security	Other benefits	Share-based payments (LTIP)[2]	Tax gross-up	2013	2012
N. McKinstry, Chairman[1, 3]	860	918	605	17	243	3,509	(121)	6,031	6,278
K.B. Entricken[4]	310	352	-	13	384	453	112	1,624	-
B.J.L.M. Beerkens[5]	224	250	58	3	15	(1,089)	526	(13)	2,570
J.J. Lynch, Jr.[6]	-	-	-	-	11	-	(116)	(105)	(1,069)
Total	1,394	1,520	663	33	653	2,873	401	7,537	7,779

[1] In 2013, Ms. McKinstry's salary is $1,226,040 (€1,074,597), of which 20% has been deferred to pension ($245,208, equivalent to €184,630). The 2013 bonus is calculated on a U.S. Dollar denominated equivalent of total salary as: $1,226,040 x 142.03% (equivalent to €1,311,108) of which 30% (€393,333; 2012: 30%, equivalent to €394,685) has been deferred to pension. In addition, 30% of the pay-out of the vested LTIP shares under grant 2011-2013 will be deferred to pension in 2014.

[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 2011-13 costs are based on a performance of 150%.

[3] The 2013 tax gross-up decreased compared to 2012 due to U.S. tax authority's assessment of tax equalization returns for prior years which will result in refunds for the Company in 2014. The decrease in tax gross-up is partly offset by the ending of the 30%-wage tax ruling for Ms. McKinstry as of July 1, 2013.

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

[5] The remuneration of Mr.Beerkens represents the remuneration until the date of resignation, April 30, 2013. In addition, Mr. Beerkens received a pro-rated bonus of €250,000 over 2013 in 2013.The conditionally awarded shares to Mr. Beerkens under the LTIP grant 2012-14 forfeited, resulting in a reversal of running LTIP costs recognized over the past years till the moment of resignation in the statement of income. The Company paid an additional wage tax of €511,000 in 2013, based on a preliminary tax assessment for excessive payments, which the Company is disputing; this one-time charge is included under the tax gross-up caption.

[6] The remuneration of Mr. Lynch, Jr. represents the remuneration until the date of resignation in 2012 and the settlement of prior year's tax equalization returns after his resignation date. As Mr. Lynch terminated his contract before year-end, there was no bonus pay-out in 2012. In addition, all conditionally awarded shares to Mr. Lynch forfeited, resulting in a reversal of running LTIP costs recognized over the past years till the moment of resignation in the statement of income.

Social security costs paid by the Company in a year related to social security costs due on shares that were released under LTIP and are included in the remuneration. The tax gross-up relates to tax expense that was paid by the Company in 2013 relating to tax equalization for salary and other benefits per the contracts.

The bonuses as presented above are short-term bonuses and relate to the performance year 2012, which are paid out in 2013.

Remuneration pay-out non-IFRS, on a cash basis

The table below provides the 2013 remuneration of the members of the Executive Board that has actually been paid in 2013:

In thousands of euros	Salary	STIP	Defined contribution pension plan	Social security	Other benefits	Share-based payments (LTIP)	Tax gross-up	2013	2012
N. McKinstry, Chairman[1, 5]	860	921	1,481	17	243	2,041	473	6,036	3,172
K.B. Entricken[2]	310	-	-	13	384	-	112	819	-
B.J.L.M. Beerkens[3]	224	947	58	3	15	1,090	526	2,863	1,420
J.J. Lynch, Jr.[4]	-	-	-	-	11	-	(116)	(105)	955
Total	1,394	1,868	1,539	33	653	3,131	995	9,613	5,547

[1] In 2013, Ms. McKinstry's salary is $1,226,040 (€1,074,597), of which 20% has been deferred to pension ($245,208, equivalent to €184,630). The 2012 bonus, paid out in 2013, is calculated on a U.S. Dollar denominated equivalent of total salary as: $1,190,330 x 142.03% (equivalent to €1,315,616) of which 30% (€394,685) had been deferred to pension. In addition, 30% (€874,680) of the total value of the vested LTIP shares under grant 2010-12 (€2,915,600) was deferred to pension in 2013.

[2] Mr. Entricken's remuneration represents the remuneration costs incurred since his appointment as of May 1, 2013.

[3] The remuneration of Mr. Beerkens represents the remuneration until the date of resignation, April 30, 2013. Furthermore, the Company paid an additional wage tax of €511,000 in 2013, based on a preliminary tax assessment for excessive payments, which the Company is disputing; this one-time charge is included under the tax gross-up caption. In addition to the 2012 STIP bonus paid out in 2013, Mr. Beerkens received a pro-rated bonus of €250,000 over 2013 in 2013.

[4] The remuneration of Mr. Lynch, Jr. represents the remuneration until the date of resignation in 2012 and the settlement of prior year's tax equalizations returns after his resignation date.

[5] The 2013 tax gross-up decreased compared to 2012 due to finalization of tax equalization returns for prior years which resulted in refunds for the company in 2013. The decrease in tax gross-up is partly offset by the ending of the 30%-wage tax ruling for Ms. McKinstry as of July 1, 2013, resulting in higher tax equalization costs for the Company.

Dutch crisis tax

In 2013 and 2012, the Company recognized a crisis tax levy of 16% on the 2013 respectively 2012 Dutch fiscal wage tax base. The 2013 and 2012 crisis tax is government mandated. The 2013 crisis tax levy is due in 2014, and will be 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.

The crises tax levy due for the Executive Board totals €1.0 million (2012: €0.4 million) and can be specified as follows:

in thousands of euros	2013	2012
N. McKinstry, Chairman	585	283
K.B. Entricken	40	-
Former Executive Board Member:		
B.J.L.M. Beerkens	336	159
Total	961	442

LTIP 2010-12 vesting and pay-out

The LTIP 2010-12 vested on December 31, 2012. 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 volume weighted average price of the shares of Wolters Kluwer nv was €15.23 on February 23, 2013 (2012: €14.03).

LTIP 2010-12 number of shares	Outstanding at January 1, 2012	Forfeitures	Deduction on conditional number of shares (25%)	Pay-out/vested shares December 31, 2012	Cash value equivalent of vested shares *in thousands of euros*
N. McKinstry, Chairman	255,250	-	(63,812)	191,438	2,916
B.L.J.M. Beerkens	95,412	-	(23,853)	71,559	1,090
J.J. Lynch, Jr.[1]	71,542	(71,542)	-	0	0
Total	422,204	(71,542)	(87,665)	262,997	4,006

[1] Mr. J.J. Lynch, Jr. resigned as member of the Executive Board in 2012. As a result, the conditionally awarded shares to Mr. Lynch forfeited, resulting in a reversal of running LTIP costs recognized over the past years till the moment of resignation in the statement of income.

Mr. Entricken's award under LTIP 2010-12 was under the Senior Management pay-out schedule conditions and amounted to 10,000 shares. These shares vested at 100% with a cash value equivalent amounting to €152,235 at the release date, February 23, 2013.

Long-Term Incentive Plan (LTIP) for Executive Board Members

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 members. The EPS LTIP 2011-13 grant ended at 150% of target.

LTIP 2011-13 number of shares	Outstanding at January 1, 2013	Forfeitures	Deduction on conditional number of TSR-shares	Additional conditional number of EPS-shares (50%)	Pay-out/vested December 31, 2013
N. McKinstry, Chairman	226,205	-	(30,687)	51,729	247,247
B.L.J.M. Beerkens[1]	82,782	(82,782)	-	-	-
Subtotal	308,987	(82,782)	(30,687)	51,729	247,247
K.B. Entricken[2]	9,000	-	-	-	9,000
Total	**317,987**	**(82,782)**	**(30,687)**	**51,729**	**256,247**

[1] Mr. Beerkens resigned as member of the Executive Board in May 2013. As a result, the conditionally awarded shares to Mr. Beerkens forfeited, resulting in a reversal of running LTIP costs recognized over the past years till the moment of resignation in the statement of income.
[2] Mr. Entricken held LTIP-awards before he joined as a member of the Executive Board in May 2013. These awards were granted under the Senior Management Scheme, with a different pay-out schedule.

Vesting LTIP 2011-13 shares will be released on February 20, 2014.
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 20, 2014, the first day following the Company's publication of its annual results.

LTIP 2013-15 and LTIP 2012-14

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 2013-15 and 2012-14, as described in *Remuneration Report*.

LTIP 2013-15 and 2012-14

base numbers of shares at 100% pay-out	Conditionally awarded TSR based shares LTIP 2013-15	Conditionally awarded EPS based shares LTIP 2013-15	Conditionally awarded TSR based shares LTIP 2012-14	Conditionally awarded EPS based shares LTIP 2012-14	Total conditionally awarded shares December 31, 2013
N. McKinstry, Chairman	158,345	116,096	163,384	128,858	566,683
K.B. Entricken	43,383	31,807	5,500	5,500	86,190
Total	**201,728**	**147,903**	**168,884**	**134,358**	**652,873**

There were no shares awarded to Mr. Beerkens under the LTIP 2013-2015 grants.

All outstanding conditionally awarded shares to Mr. Beerkens forfeited as result of his resignation in May, 2013.

LTIP 2012-14

number of shares	Outstanding at January 1, 2013	Forfeitures	Outstanding at December 31, 2013
B.L.J.M. Beerkens:			
TRS shares	61,036	(61,036)	-
EPS shares	48,138	(48,138)	-
Total	109,174	(109,174)	-

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	Fair value (€) of awarded TSR shares	Vesting (in %)	Fair value (€) of awarded EPS shares	Vesting (in %)
LTIP 2013-15	9.81	-	13.38	-
LTIP 2012-14	8.92	-	11.31	-
LTIP 2011-13	12.12	75	14.38	150
LTIP 2010-12	11.08	75		
LTIP 2009-11	9.13	0		

The plans have a performance period of three years.

Shares Owned by Executive Board Members

At December 31, 2013, the Executive Board jointly held 123,350 shares (2012: 183,100 shares), of which 123,350 shares (2012: 123,350 shares) were held by Ms. McKinstry. In 2012, a number of 59,750 shares were held by Mr. Beerkens, who left the Company on May 1, 2013.

Mr. Beerkens owned perpetual bonds issued by the Company for a nominal value of €158,000 at the end of 2012. These perpetual bonds were fully redeemed by Wolters Kluwer in 2013 (Note 26).

Mr. Entricken has no shares in the Company at December 31, 2013.

Remuneration of Supervisory Board members

Remuneration of Supervisory Board members in thousands of euros	Member of Selection and Remuneration Committee	Member of Audit Committee	Remuneration 2013	Remuneration 2012
A. Baan, Chairman[1]	•	•	25	74
P.N. Wakkie, Deputy Chairman[2]	•		66	64
B.F.J. Angelici		•	59	59
B.M. Dalibard	•		56	52
L.P. Forman	•	•	69	67
D.R. Hooft Graafland[3]		•	59	39
S.B. James	•		57	57
H. Scheffers[4]		•	-	21
Total			391	433

[1, 2] Per April 2013, Mr. Wakkie, Deputy Chairman, took over the duties of Mr. Baan who passed away in 2013. The Supervisory Board appointed Mr. Wakkie as new Chairman and Mr. Forman as new Deputy Chairman.
[3] Mr. Hooft Graafland became a member of the Supervisory Board and Audit Committee as per April 2012.
[4] Mr. Scheffers resigned as per April 2012 as a member of the Audit Committee and the Supervisory Board. Mr. Forman succeeded him as of that date as Chairman of the Audit Committee.

Shares Owned by Supervisory Board Members

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

Note 35 Events after Balance Sheet Date

In January 2014, Wolters Kluwer signed a €200 million revolving credit facility maturing in June 2014. The short-term credit facility is subject to customary conditions. In addition, the Company fully redeemed its ten-year senior Eurobond (2003–2014) with a nominal value of €700 million on January 27, 2014.

Financial Statements of Wolters Kluwer nv

Statement of Income of Wolters Kluwer nv

in millions of euros

	2013	2012*
Results from subsidiaries, net of tax [Note 37]	377	345
Other income, net of tax	(32)	(33)
Profit for the year	345	312

Balance Sheet of Wolters Kluwer nv

in millions of euros and before appropriation of results, at December 31

	2013	2013	2012*	2012*
Non-current assets				
Intangible assets	2		2	
Financial assets [Note 37]	4,153		4,046	
Total non-current assets		4,155		4,048
Accounts receivable [Note 38]	595		637	
Cash and cash equivalents	470		86	
Total current assets	1,065		723	
Short-term bonds [Note 26]	700		225	
Current liabilities [Note 39]	982		1,018	
Total current liabilities	1,682		1,243	
Working capital		(617)		(520)
Capital employed		3,538		3,528
Non-current liabilities				
Long-term debt:				
Bonds [Note 26]	1,479		1,482	
Private placements [Note 26]	384		421	
Derivative financial instruments [Note 26]	16		0	
Total long-term debt		1,879		1,903
Long-term debt to subsidiaries		63		67
Deferred tax liabilities		32		19
Employee benefits		0		1
Total non-current liabilities		1,974		1,990
Issued share capital	36		36	
Share premium reserve	87		87	
Legal reserves	(318)		(225)	
Other reserves	1,414		1,328	
Profit for the year	345		312	
Shareholders' equity [Note 40]		1,564		1,538
Total financing		3,538		3,528

* 2012 restated for IAS 19R 'Employee benefits'.

Notes to the Financial Statements of Wolters Kluwer nv

Note 36 Significant Accounting Policies

As provided in section 402 of the Netherlands Civil Code, Book 2, the statement of income 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	2013	2012
Equity value of subsidiaries	1,982	1,740
Long-term receivables from subsidiaries	2,171	2,304
Derivative financial instruments	-	2
Total	4,153	4,046

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

Equity value of subsidiaries	2013	2012
Position at January 1, as previously reported		1,474
Impact of changes in accounting policies (IAS 19R)		2
Restated at January 1	1,740	1,476
Results from subsidiaries, net of tax	377	345
Exchange differences	(146)	(57)
Dividend payments	(7)	-
Remeasurement gains/(losses) on defined benefit plans, net of tax	18	(24)
Position at December 31	1,982	1,740

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

Long-term receivables from subsidiaries	2013	2012
Position at January 1	2,304	2,461
New receivables	-	-
Redemptions	(132)	(155)
Foreign exchange differences	(1)	(2)
Position at December 31	2,171	2,304

Note 38 Accounts Receivable

Accounts receivable	2013	2012
Receivables from subsidiaries	581	621
Derivative financial instruments	1	-
Current tax receivable	10	16
Other receivables	3	0
Total	595	637

Note 39 Current Liabilities

Current liabilities	2013	2012
Debts to subsidiaries	768	684
Multi-currency roll-over credit facility	-	38
Other bilateral U.S. Dollar bank loans	-	76
Bank overdrafts	102	105
Derivative financial instruments	0	1
Interest payable	88	82
Other liabilities	24	32
Total	982	1,018

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, 2013	36	87	44	(98)	(171)	(85)	1,413	312	1,538
Items that are or may be reclassified to the statement of income:									
Exchange differences on translation foreign operations					(153)				(153)
Exchange differences on translation of equity-accounted investees									0
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 statement of income				38					38
Items that will not be reclassified to the statement of income:									
Remeasurements on defined benefit plans							32		32
Income tax on other comprehensive income							(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
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

			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, 2012, as previously reported	36	88	38	(67)	(120)	(65)	1,510	120	1,540
Impact of changes in accounting policies (IAS 19R)							2		2
Restated balance at January 1, 2012	36	88	38	(67)	(120)	(65)	1,512	120	1,542
Items that are or may be reclassified to the statement of income:									
Exchange differences on translation foreign operations					(50)				(50)
Exchange differences on translation of equity-accounted investees					(1)				(1)
Reclassification of foreign exchange differences on loss of control					-				0
Net gains/(losses) on hedges of net investments in foreign operations				(6)					(6)
Effective portion of changes in fair value of cash flow hedges				(49)					(49)
Net change in fair value of cash flow hedges reclassified to statement of income				24					24
Items that will not be reclassified to the statement of income:									
Remeasurements on defined benefit plans							(29)		(29)
Income tax on other comprehensive income					0		9		9
Other comprehensive income/(loss) for the year, net of tax, restated	0	0	0	(31)	(51)	0	(20)	0	(102)
Profit for the year								312	312
Total comprehensive income/(loss) for the year	0	0	0	(31)	(51)	0	(20)	312	210
Appropriation of profit previous year							120	(120)	0
Share-based payments							15		15
Tax on share-based payments							(4)		(4)
Release LTIP shares						5	(5)		0
Cash dividend 2011							(90)		(90)
Stock dividend 2011	0	(1)				110	(109)		0
Repurchased shares						(135)			(135)
Other movements			6				(6)		0
Balance at December 31, 2012	36	87	44	(98)	(171)	(85)	1,413	312	1,538

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 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

Audit fees 2012 in millions of euros	KPMG Accountants N.V.	Other KPMG member firms and affiliates	Total KPMG
Statutory audit of annual accounts	2.5	0.9	3.4
Other assurance services	0.2	0.1	0.3
Tax advisory services	-	1.1	1.1
Other non-audit services	-	0.2	0.2
Total	2.7	2.3	5.0

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 €153 million (2012: €127 million) on behalf of a number of its foreign subsidiaries. At December 31, 2013, €5 million of these credit facilities had been utilized (2012: €42 million). In addition, parental performance guarantees to third parties have been issued for €11 million (2012: €11 million).

The Company has issued a guarantee on behalf of one of its foreign subsidiaries for an amount of €9 million (2012: €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.

Alphen aan den Rijn, February 18, 2014

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
S.B. James

Other Information on the Financial Statements

Independent auditor's report

To: the Annual General Meeting of Shareholders of Wolters Kluwer nv

Report on the financial statements

We have audited the accompanying financial statements 2013 of Wolters Kluwer nv, Alphen aan den Rijn. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at December 31, 2013, the consolidated statements of income, comprehensive income, changes in total equity and cash flows for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at December 31, 2013, the company statement of income for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the Report of the Executive Board, the Corporate Governance and Risk Management paragraphs and the statements of the Executive Board in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Wolters Kluwer nv as at December 31, 2013, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Wolters Kluwer nv as at December 31, 2013, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, 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 this Code, and whether the information as required under Section 2:392 sub 1 at b - h has been annexed. Further, 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 as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Amstelveen, February 18, 2014

KPMG Accountants N.V.
T. van der Heijden

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	2013	2012
Proposed cash distribution	207	204

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 €0.70 per share in cash on May 13, 2014.

Events after the end of the reporting period

In January 2014, Wolters Kluwer signed a €200 million revolving credit facility maturing in June 2014. The short-term credit facility is subject to customary conditions. In addition, the Company fully redeemed its ten-year senior Eurobond (2003–2014) with a nominal value of €700 million on January 27, 2014.

5-Year Key Figures

See footnotes for additional explanation	2013*	2012*	2011*	2010*	2009
Revenues	3,565	3,597	3,354	3,308	3,425
Operating profit	619	568	428	498	234
Profit for the year from continuing operations, attributable to owners of the Company	352	334	244	297	
Profit for the year, attributable to owners of the Company	345	312	120	288	118
Ordinary EBITDA	897	894	834	817	783
Ordinary EBITA	765	774	728	716	682
Ordinary net financing costs	(117)	(121)	(118)	(129)	(119)
Ordinary net income	467	469	444	436	427
Ordinary free cash flow	503	507	443	446	424
(Proposed) Dividend/cash distribution	207	204	202	200	193
Acquisition spending	192	109	299	251	54
Capital expenditure	148	144	143	138	123
Amortization of other intangible assets and depreciation property, plant, and equipment	132	120	106	101	101
Amortization of publishing rights and impairments	185	192	161	147	368
Shareholders' equity	1,564	1,538	1,540	1,612	1,334
Guarantee equity	1,584	1,783	1,786	1,856	1,580
Net debt	1,988	2,086	2,168	2,035	2,007
Capital employed	3,950	3,901	4,174	4,177	3,655
Total assets	6,864	6,556	6,691	6,557	6,053
Ratios					
As % of revenues:					
Operating profit	17.4	15.8	12.8	15.0	6.8
Profit for the year from continuing operations, attributable to owners of the Company	9.9	9.3	7.3	9.0	3.4
Ordinary EBITDA	25.2	24.8	24.9	24.7	22.9
Ordinary EBITA	21.5	21.5	21.7	21.6	19.9
Ordinary net income	13.1	13.1	13.2	13.2	12.5
ROIC (%)	8.7	8.7	8.9	8.9	8.5
Dividend proposal in % of ordinary net income	44.3	43.4	45.4	45.9	45.1
Pay-out in % of profit for the year, attributable to owners of the Company	59.9	65.3	167.5	69.5	163.4
Cash conversion ratio (%)	95	99	98	96	96
Net interest coverage	6.5	6.4	6.2	5.6	5.7
Net debt to EBITDA	2.2	2.4	3.1	2.7	2.9
Net gearing	1.3	1.4	1.4	1.3	1.5
Shareholders' equity/capital employed	0.40	0.39	0.37	0.39	0.36
Guarantee equity to total assets	0.23	0.27	0.27	0.28	0.26

	2013*	2012*	2011*	2010*	2009
Information per share (€)					
On the basis of fully diluted:					
Diluted EPS from continuing operations	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	1.15	1.04	0.40	0.96	0.40
Diluted ordinary EPS from continuing operations	1.56	1.56	1.47	1.45	1.45
Diluted ordinary EPS from discontinued operations	(0.01)	(0.02)	0.01	0.03	
Diluted ordinary earnings per share for the Group	1.55	1.54	1.48	1.48	1.45
Diluted ordinary free cash flow per share	1.68	1.69	1.47	1.49	1.44
Weighted average number of shares, diluted (millions)	299.5	300.7	301.5	300.3	293.8
Ordinary EPS from continuing operations	1.58	1.58	1.49	1.47	
Ordinary EPS from discontinued operations	(0.01)	(0.02)	0.01	0.03	
Ordinary earnings per share for the Group	1.57	1.56	1.50	1.50	1.47
Basic EPS from continuing operations	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	1.17	1.05	0.40	0.97	0.41
Ordinary free cash flow per share	1.70	1.71	1.48	1.51	1.46
(Proposed) Dividend/cash distribution per share	0.70	0.69	0.68	0.67	0.66
Weighted average number of shares issued (millions)	295.7	296.9	298.4	296.4	290.1
Stock exchange					
Highest quotation	21.01	15.76	17.93	16.80	16.26
Lowest quotation	14.41	11.39	11.49	14.42	11.25
Quotation at December 31	20.75	15.48	13.36	16.40	15.30
Average daily trading volume Wolters Kluwer on Euronext Amsterdam nv, number of shares (thousands of shares)	856	972	1,047	1,071	1,327
Employees					
Headcount at December 31	19,054	19,095	18,721	18,319	19,341
In full-time equivalents at December 31	18,329	18,396	17,979	17,363	18,207
In full-time equivalents average per annum	19,508	19,207	18,806	18,225	19,957

* The years 2011 to 2013 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'.

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 material future 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). Mr. Entricken was appointed at the Annual General Meeting of Shareholders of April 24, 2013, as new 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 new 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 23, 2014.

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

The company recognizes a change in market practice with respect to 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.

Memberships of supervisory boards

Ms. McKinstry temporarily deviated from the recommendation in Best Practice Provision II.1.8 to hold a maximum of two supervisory board memberships of listed companies. She reduced the number of her supervisory board memberships from three to two in the first half of 2013, bringing the number in line with the recommendation of this Best Practice Provision. The company benefits from the knowledge and experience that Ms. McKinstry acquires in these positions.

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 amended 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 corporate social responsibility/sustainability. A sustainability report is published every year. In addition, a separate section of the company's website is dedicated to sustainability. Our sustainability strategy continues to be directed by four major building blocks:

- Customers and solutions: Our high-quality solutions contribute to the effectiveness of our customers' work and to society.
- Resource management: We decrease the environmental impact of our company, our suppliers, and our customers. This fits in our transition from a paper-based to an innovative digital products and services company.
- Community involvement: Our businesses and employees and their solutions support and improve communities in which we operate.
- Employee engagement: Our working environment creates an atmosphere of inspiration and ambition that delivers innovative solutions, year after year.

The company was once again listed in the Dow Jones Sustainability Index in 2013, received a bronze class sustainability award by RobecoSAM, and participated in the Carbon Disclosure Project. Furthermore, the company was ranked 34 in the Global Knights 100 Index of most sustainable companies. For more information, reference is made to the *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 Mr. S.B. James. At present, all Supervisory Board members are independent from the company. In 2013, as a result of the passing away of Mr. A. Baan, the Supervisory Board elected Mr. Wakkie as Chairman of the Supervisory Board. Mr. Forman was elected Deputy Chairman of the Supervisory Board. Both elections took place in accordance with the Articles of Association and clause 3.1 of the Supervisory Board By-Laws. In 2014, the second term of Mr. James will expire. Mr. James is not available for reappointment. At the General Meeting of Shareholders that will be held on April 23, 2014, the Supervisory Board will propose to appoint Ms. R. Qureshi as new member of the Supervisory Board.

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. 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. Assuming that Ms. Qureshi will indeed be appointed at the Annual General Meeting of Shareholders on April 23, 2014, two out of the six Supervisory Board members (33.3%) will be female, which is in line with the new Dutch law.

Provision of information

Wolters Kluwer considers it important that the Supervisory Board members are well-informed about the business and operations of the company. 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.

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 owns 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 also has 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. P.N. Wakkie, Mr. L.P. Forman, and Mr. S.B. James. Ms. Dalibard became Chairman of the Selection and Remuneration Committee when Mr. Wakkie was appointed Chairman of the Supervisory Board in 2013.

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 dividend 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 and Supervisory Boards 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 2013, 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 68% of the issued capital of the company was present or represented at the Annual General Meeting of Shareholders in 2013.

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. An amendment of the Articles of Association was approved at the Annual General Meeting of Shareholders of April 24, 2013. The amendments were mainly of a technical nature.

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 24, 2013, 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 24, 2013, 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 external auditor is appointed by the General Meeting of Shareholders. The current external auditor was appointed at the Annual General Meeting of Shareholders of April 24, 2013 for a period of three years, whereby the Supervisory Board also has the discretion to put the appointment of the external auditor on the agenda of the General Meeting of Shareholders before the lapse of this three-year period, if so warranted or if new legislation so requires. The Supervisory Board will propose to the Annual General Meeting of Shareholders of April 23, 2014, to appoint Deloitte Nederland B.V. as the external auditor of the company, in relation to the audit of the financial reporting years 2015 up to and including 2018. The proposal to appoint a new auditor follows the new Dutch law according to which the company is required to rotate its external audit firm every eight years. The proposal to appoint Deloitte is based on the positive outcome of an extensive selection procedure organized by the company. Wolters Kluwer's current audit firm, KPMG Accountants nv will remain in place until the audit of the financial reporting year 2014 has been concluded. 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 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. Until December 31, 2013, the following shareholders notified an interest/voting rights of 3% or more in the company: UBS AG has a 3.95% interest (disclosed on July 1, 2013); The Bank of New York Mellon Corporation has a 5.22% interest (disclosed on November 15, 2013); Capital Group International Inc./Capital Research and Management Company had a 4.97% interest (voting rights) (disclosed on August 7, 2013); Deutsche Bank had a 4.68% interest (disclosed on April 26, 2012); Bestinver Gestion SGIIC S.A. had a 5.02% interest (disclosed on May 24, 2011); Silchester International Investors LLP had a 10.04% interest (disclosed on July 27, 2011), of which 4.98% via its affiliate Silchester International Investors International Value Equity Trust (disclosed on November 21, 2013); The Income Fund of America had a 3.73% interest (disclosed on July 1, 2013). After December 31, 2013, the following AFM notifications were made: Silchester International Investors LLP filed a notification of an interest of 9.99% on January 14, 2014, Capital Group International Inc./Capital Research and Management company filed a notification of an interest of 2.74% on February 7, 2014, and the Income Fund of America filed a notification of an interest of 2.68% on February 6, 2014.

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 *Facts for Investors*.

Information pursuant to Clause 5:25f of the Act on Financial Supervision

The information and documents specified in clause 5:25f of the Act on financial supervision can be found on the company website, www.wolterskluwer.com, where all material press releases of the company issued in 2013 can be found in the section News & Facts.

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 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 inherent in the business, and its actions to 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 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 amended 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, however, 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.

Strategic Risks	Operational Risks	Legal & Compliance Risks	Financial & Reporting Risks
– Products, markets, and competition – Mergers, acquisitions, and divestments	– Technological developments – Information security – People and organization	– Compliance – Intellectual property – Third party claims	– Treasury – Post-employment benefits – Tax – Financial Reporting

Risk categories

Wolters Kluwer broadly classifies risks into the following categories: strategic, operational, legal and compliance, and financial and reporting. There may be risks that are not known yet or the company has not yet fully assessed and therefore, currently considered as not significant but could have a material impact on the company's performance at a later stage. 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 business. Wolters Kluwer 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.

Internal risk management and control systems

Wolters Kluwer internal risk management and control systems include the following activities which are embedded in the operations of the businesses:

- **Hiring and retention policies** and practices for key professionals throughout the company;
- **Routine planning and reporting cycles** on divisional and operational entity levels which include annual Business Development Plans (three-year strategic plan), annual budgets, quarterly forecasts and monthly financial reporting;
- **Regular business reviews** in which divisional and operating company management discuss progress with the Executive Board against plan and actions to mitigate business risks;
- **The Risk Committee** facilitates the internal process of enterprise risk management. The committee meets every quarter to assess the impact and effectiveness of the company's major risk mitigation actions and decisions relating to known material risks;
- **Policies and procedures** on Insider Trading Code, Risk Manual, Company Values and Business Principles, Accounting Manual, Internal Audit Department Manual,

Mergers & Acquisitions Manual, Divestment Manual, Whistleblower Policy, Global IT Security Policy, Treasury Policy, Internal Control Framework;
- Letters of Representation signed quarterly by all divisional and operating company CEOs and CFOs and senior corporate staff members;
- Quality assurance assessments by Corporate Quality Assurance (CQA). The function has a goal of 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. During the year, CQA completed 7 assessments of large scale initiatives;
- Independent internal audits are planned and carried out globally by the Corporate Internal Audit department. The audits are performed in accordance with a 3-year audit plan which is approved by the Audit Committee. The audit plan is based on risk assessments and the audits are to ensure compliance with policies and procedures, evaluate effectiveness of established controls, and ensure that existing controls provide adequate protection against actual risks;
- Reporting and monitoring of risks and control issues arising from management reviews, annual controls testing by internal control officers, internal audits, and external audits and status of remediating the issues to the Audit Committee on a quarterly basis; and
- Internal Control Framework for financial reporting (ICF) consists of approximately 100 key controls, designed to ensure that the results of business are adequately reflected in its internal and external financial reporting. The ICF is deployed by internal control officers who are located in the main operating entities. In 2013, the number of internal control officers grew to 28 (2012: 23). They play an important role in providing reasonable assurance to management on the operating effectiveness of key internal controls embedded in the business processes in their respective operating entities. Key controls are tested annually and the testing outcome is reported to management, internal auditors, and external auditors. Where needed, action plans are designed and implemented to address any significant risks. To ensure that the ICF is sufficiently robust, the design, execution, documentation, and conclusions of the key controls testing of the ICF are subject to quality review by the internal audit department on a regular basis. Test results and status of remediating significant control issues are discussed periodically with the Executive Board and the Audit Committee.

Risk management in 2013

Wolters Kluwer's risk management and control systems are subject to continuous review and improvements to ensure that they are sufficiently robust in responding to changes in its risk profile and remain aligned with the company's business strategy.
- As part of continuous improvement, the Global IT Security policy was updated to meet more stringent customer requirements. In 2014, there will be a comprehensive review of the policy to ensure that the policy reflects the evolution of the company's risk profile, industry, and regulatory trends. During the year, Wolters Kluwer responded to a number of IT security and compliance audits for our customers in the financial services industry due to changes in regulatory requirements.
- The ever-growing importance of IT security has also led to further enhancements to the Letters of Representation (LOR) which are signed quarterly by key executives in the operating units and senior corporate staff members.
- To increase awareness across the company and to improve employees' understanding of the global IT Security Policy, a training program dedicated to IT security has been implemented. The training is now part of a corporate compliance program curriculum which includes training on Company Values and Business Principles, Anti-Corruption, and Competition Law. During the year, the global IT Security policy was expanded to include a new global template for Wolters Kluwer's Acceptable Use Policy (AUP). The majority of the employees in North America were trained on the new requirements.
- The Finance & Accounting offshoring activities which started in 2011 continued to mature. In 2013, the initiative moved into a phase of entities harmonizing their processes, by combining Wolters Kluwer's Global Business Process templates with our offshore partner's Global Process Model. The harmonization phase included a series of impact assessments which considered best practices, standard policies and procedures that already exist, including internal controls and workflow tools.

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. Nor are the risk factors themselves stated in any order of importance.

Risk description and impact	Mitigation
Strategic Risks	
Products The company serves many of its customers by means of annual subscription-based products and services which represent approximately two-thirds of the company's revenues. The inability to maintain the ongoing high renewal rates of these subscriptions and contracts could adversely impact the future of the company's business.	The company mitigates these risks by maintaining continuous interaction with its customers through renewal programs, conferences, and advisory boards. Most of the markets the company serves are relatively stable with a strong and constant need for up-to-date information, workflow software solutions and services, particularly in the rapidly evolving fields of regulation and compliance. Besides a number of key product launches, the company further expanded its offerings of innovative electronic solutions and services. During the year, a new single brand strategy for Wolters Kluwer was introduced to reinforce our customer-focused growth ambition. Along with a new tagline, 'When you have to be right,' this reflects our commitment to solving customers' challenges and enabling them to make critical daily decisions with confidence.
Competition Wolters Kluwer faces competitive challenges from existing and new competitors.	The company mitigates these risks through continuous development of new innovative products and providing customers with state-of-the-art technological solutions. In 2013, the company sustained investment in new and enhanced product development, even in challenging macroeconomic times.
Economy and markets Global and regional economic conditions may especially have a negative effect on several cyclical products which include training activities, advertising, certain book programs, and lending and corporate formation-related transactions. These activities represent approximately 25% 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.	Despite continued economic challenges in Europe, we made further progress on shifting our portfolio towards digital and high-growth businesses. We have also increased the percentage of our recurring revenues 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. In high-growth economies such as China and India, which are important for Wolters Kluwer's growth strategy, the company works closely together with local business partners, supported by local management to ensure successful expansion in these countries. During the year, we continued to re-shape the business through strategic acquisitions and divestitures in each of our divisions, including in emerging markets such as China and Brazil. All of this activity is focused on building a strong and diversified portfolio with high-growth potential.

Risk description and impact	Mitigation
Mergers, acquisitions, and divestments Risks with respect to acquisitions primarily relate to the integration of the acquisitions, changing economic circumstances, competitive dynamics, retaining key personnel, and the ability to realize expected synergies. 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. The depressed global economy could lead the company to postpone transactions that cannot be concluded at reasonable terms and conditions.	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. An acquisition integration plan is agreed to by the Executive Board prior to completing an acquisition. Such plans are actively monitored after completion. 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.

Risk description and impact	Mitigation
Operational Risks	
Technological developments Implementing new technology-related initiatives for delivering Wolters Kluwer's products and services is inherently complex and is subjected 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. In 2013, the roadmap was refined to support the company's portfolio and innovation needs. The strategy will guide vendor rationalization, preferred financial and legal partnerships, and de-risk the vendor portfolio. In addition, the company has refined the strategy for IT back office operations to ensure more effective management of all the ERP (Enterprise Resource Planning) 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.
Information security Like all companies, Wolters Kluwer is exposed to IT security threats which could compromise our system availability, data, and information.	The business units have identified critical applications which could have significant impact on business continuity and have developed continuity plans, including IT disaster recovery plans, for the main operations to minimize 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 Internal Control Framework and are fully aligned with the Global IT Security Policy requirements. Controls over data and security programs are tested regularly to ensure that personal data is protected and that there is compliance with relevant legislation and regulatory requirements.

Risk description and impact	Mitigation
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. A Talent Management Program is in place which includes an overview of high potential managers within various layers of the organization. In 2013, the leadership programs were expanded to include middle management. 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. HR and the business managers work together to take appropriate and fast action where needed.

Risk description and impact	Mitigation
Legal & Compliance Risks	
Compliance The company can be exposed to non-compliance with laws, regulations, 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 internal control framework of the company, for example through the Letters of Representation 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 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 cover. To mitigate specifically against property damage and business interruption risks, the company has implemented a centralized worldwide risk control program. Accompanied by insurers and collaborating with business continuity management, company risk managers perform regular loss control visits to key operating company and supplier locations and work with our operating companies to cost effectively implement recommendations for continued improvement.

Risk description and impact	Mitigation
Financial & Reporting Risks	
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 and 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.
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 lump-sum 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 net periodic defined benefit plan costs are based on annual actuarial calculations.
Tax Changes in corporate tax rates and tax laws could adversely affect the company's overall tax liabilities.	Most of these taxes are transactional and employee-related and are levied from the legal entities in these jurisdictions. Wolters Kluwer maintains a liability for certain contingencies in line with IFRS accounting standards. The adequacy of this liability is judged on a continuous basis in consultation with external advisors. Reference is made to *note 21 of the Consolidated Financial Statements* for additional information about tax and related risks.

Risk description and impact	Mitigation
Financial reporting The processes and systems supporting the financial reporting may be susceptible to unintentional misstatements or manipulation.	The company mitigates these risks by maintaining an Internal Control Framework for financial reporting which is described in the preceding section. In addition, senior executives in the divisional 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 ordinary EBITA and diluted ordinary EPS:

Potential Impact	Ordinary EBITA (€ millions)	Diluted ordinary EPS (€ cents)
1% decline of the U.S. dollar against the euro	(6)	(1.3)
1% decrease in discount rate in determining the gross service costs for our pension plans	(3)	(0.6)
1% increase in interest rate assuming same mix of variable and fixed	n.a.	0
1% increase in the benchmark tax rate on ordinary net income	n.a.	(0.2)

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 2013 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 endeavours 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 Group's financial reporting over 2013 does not contain any errors of material importance;
– The company's risk management and control systems as regards financial reporting risks worked properly in 2013;
– The 2013 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 2013 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 18, 2014

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 2013. The matters discussed included the full-year 2012 results of Wolters Kluwer, the half-year 2013 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 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

Both Mr. Bouw and Mr. Voogd retired by rotation in 2013 and were reappointed. 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 18, 2014

Board of Wolters Kluwer Preference Shares Foundation
R.P. Voogd, Chairman
R.W.J.M. Bonnier
P. Bouw
H.G. Bouwman
J.H.M. Lindenbergh

Facts for Investors

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 2013, activities for shareholders and other investors included a full presentation by management of half-year and full-year results; participation in a number of investor conferences; two investor seminars focused on, respectively, our Corporate Legal Services business and our Health division; as well as regular office and roadshow meetings with potential and existing shareholders and sell-side analysts covering the company.

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 shareholders. 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.

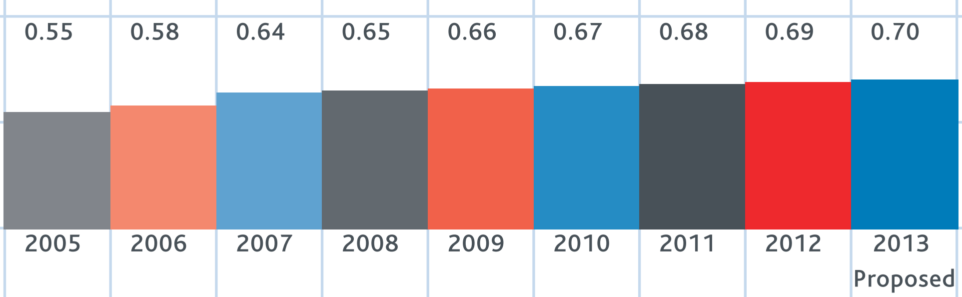
Dividend policy

Wolters Kluwer has a progressive dividend policy under which the company aims to increase its dividend per share each year. At the 2014 Annual General Meeting of Shareholders, Wolters Kluwer will propose a dividend distribution of €0.70 per share, an increase of 1.4% over the prior year, to be paid on May 13, 2014.

Anti-dilution policy

In 2012, Wolters Kluwer adopted an anti-dilution policy under which it intends to offset the dilution caused by the issuance of performance shares via share repurchases.

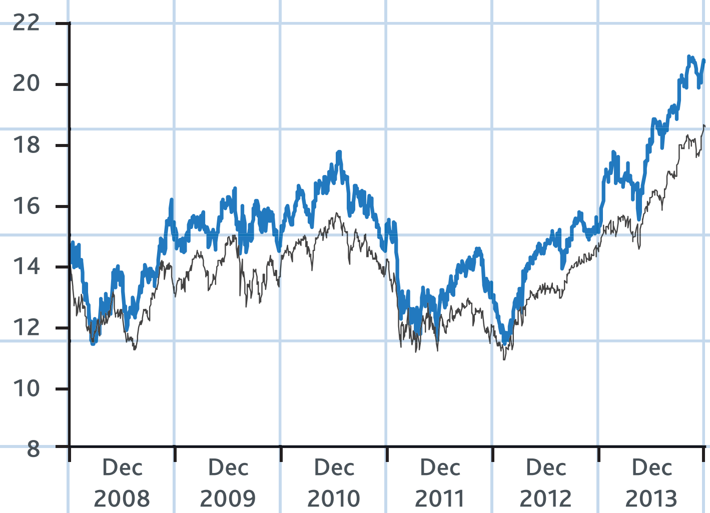
Dividend per share (€)



Note: dividend is paid in May of the following year.

Share Price Performance 2013 (Euros)

Share Price Performance 2009–2013 (Euros)



Source: Investis; vwd group

Share price performance

The Wolters Kluwer share price increased 34.1% during 2013, outperforming the AEX and EURO STOXX Media indices.

EURO STOXX Media (rebased)
Wolters Kluwer

Listings

Wolters Kluwer ordinary shares are listed on NYSE Euronext Amsterdam.

Stock codes and ticker symbols

ISIN Code	NL0000395903
Security Code	39590
Sedol	5671519 NL
Bloomberg	WKL.NA
Reuters	WLSNc.AS
ADRs CUSIP	over-the-counter, WTKWY, CUSIP No. 977874 20 5

The company has a sponsored Level 1 over-the-counter American Depositary Receipts (ADR) program in the United States. The ratio of American Depositary Receipts to ordinary shares is 1:1.

American Depositary Receipts
Trust Office
Deutsche Bank Trust Company
Americas
60 Wall Street
New York, NY 10005
United States
Tel: +1 212 250 9100
www.adr.db.com

Trading volume and venues

The NYSE Euronext Amsterdam exchange is the primary trading venue for the shares. Alternative trading venues include Chi-X Europe, Turquoise, and several others. The average daily trading volume on NYSE Euronext was 856,269 shares during 2013 (source: Euronext).

Capital stock

The ordinary shares have a nominal value of €0.12. The number of ordinary shares outstanding on December 31, 2013, was 301.9 million (December 31, 2012: 301.9 million). The diluted weighted average number of ordinary shares used to compute the diluted per share figures was 299.5 million in 2013 (2012: 300.7 million).

Market capitalization

On the basis of issued ordinary shares (excluding own shares held by the company), the market capitalization as of December 31, 2013, was €6.3 billion (2012: €4.7 billion).

Key share data *in euros, unless otherwise indicated*	2013	2012*
Ordinary earnings per share, continuing operations	1.58	1.58
Diluted ordinary earnings per share, continuing operations	1.56	1.56
Diluted earnings per share from continuing operations	1.17	1.11
Diluted earnings per share from discontinued operations	(0.02)	(0.07)
Diluted earnings per share	1.15	1.04
Proposed dividend / cash distribution per share	0.70	0.69
Weighted average number of shares issued (millions of shares)	295.7	296.9
Diluted weighted average number of shares (millions of shares)	299.5	300.7
Highest quotation	21.01	15.76
Lowest quotation	14.41	11.39
Quotation at December 31	20.75	15.48
Average daily volume on NYSE Euronext Amsterdam (thousands of shares)	856	972

*2012 restated for IAS 19R 'Employee benefits' and early adoption of IFRS 11 'Joint arrangements'.

Indices

Wolters Kluwer shares are included in several equity indices. Its weight in selected indices is shown below.

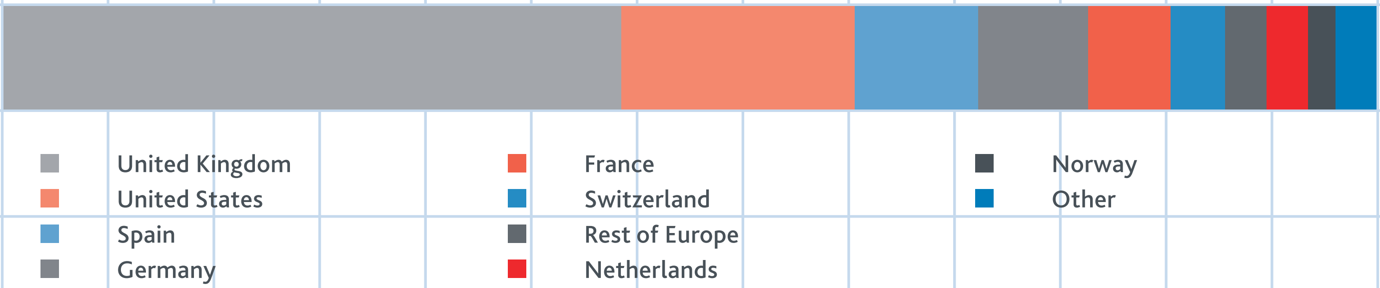
Index	Weight in %
AEX	2.12
STOXX Europe 600 Media	3.54
EURO STOXX Media	6.62
EURO STOXX Select Dividend 30	3.43

Source: Euronext, STOXX. As of January 31, 2014

Institutional shareholders by geography

Institutional investors hold estimated 92% (2012: 91%) of the shares in Wolters Kluwer, with the remaining 8% of shares held by retail investors and broker-dealers. Institutional ownership is spread across many countries, with approximately 45% of institutional ownership in the United Kingdom and 17% in the United States.

Estimated institutional shareholders by geography (in %)



Source: Nasdaq OMX Corporate Advisory Services, December 31, 2013

Major shareholders

The Corporate Governance Act of November 13, 2012 (effective July 1, 2013) introduced a new lower minimum threshold of 3% for the disclosure of capital interests and/or voting rights in a listed company. Shareholders who have made such disclosures can be found on the website of the Netherlands Authority for the Financial Markets www.afm.nl.

As of February 18, 2014, shareholders who have disclosed holdings in excess of 5% are as follows:

- Silchester International Investors LLP: 9.99% (disclosed on January 14, 2014);
- The Bank of New York Mellon Corporation: 5.22% (disclosed on November 15, 2013);
- Bestinver Gestion SGIIC S.A.: 5.02% (disclosed on May 24, 2011).

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'.

Agency	Long-Term	Short-Term	Outlook
Moody's, September 12, 2013	Baa1		Stable
Standard & Poor's, March 7, 2013	BBB+	A-2	Stable

Bonds

As of December 31, 2013, Wolters Kluwer has the following senior bonds outstanding:

Type	Term	Amount	Listing	Code
5.125% senior bonds	2003/2014	€700 million	Amsterdam/Luxembourg	ISIN XS0181273342
6.375% senior bonds	2008/2018	€750 million	Luxembourg	ISIN XS0357251726
6.748% senior bonds	2008/2028	€36 million	Luxembourg	ISIN XS0384322656
4.20% senior bonds	2010/2020	€250 million	Frankfurt	ISIN XS0522820801
2.875% senior bonds	2013/2023	€700 million	Luxembourg	ISIN XS0907301260

Financial calendar

April 23, 2014	Annual General Meeting of Shareholders
April 25, 2014	Ex-dividend date
April 29, 2014	Dividend record date
May 7, 2014	First-Quarter 2014 Trading Update
May 13, 2014	Dividend payment date (ordinary shares)
May 20, 2014	ADR dividend payment date
July 30, 2014	Half-Year 2014 Results
November 5, 2014	Third-Quarter 2014 Trading Update
February 18, 2015	Full-Year 2014 Results

Working at Wolters Kluwer

We recognize that our most valuable assets are the employees working for us across 40 countries. They create the products and services that deliver on our commitment to empower professionals with the confidence to make critical decisions every day.

Expertise & innovation

Our HR strategy focuses on attracting, developing, and retaining the most talented and productive employees. Our priority is to create a culture of people who strive towards high performance and accountability, while valuing innovation and continued learning. Our employees are software developers, content editors, and experts in a wide range of professional fields. Innovation is a key to our success, and one of the values that we encourage in our employees. We help them realize their potential and fulfill their ambitions while making a difference for our customers.

Building talent

Across the business we are committed to a high-performance learning culture, where employees are encouraged to continuously improve their skills and contributions, resulting in a rewarding work life and improved outcomes for the business. We support professional growth and advancement at all levels and provide the framework and tools to do so.

Reviewing and rewarding employees

Performance management and reviews are embedded across the company. They are important instruments that help us appreciate our employees' contributions and identify and reward our most talented, high-performing people. Employee mobility is a key objective and we actively and continuously work on moving talented employees into new and challenging roles that allow them to grow their career and add value to the organization. These ongoing efforts are further supported by an annual enterprise review where senior leaders assess high-potential employees in order to identify and develop our next generation of business leaders.

Leadership curriculum

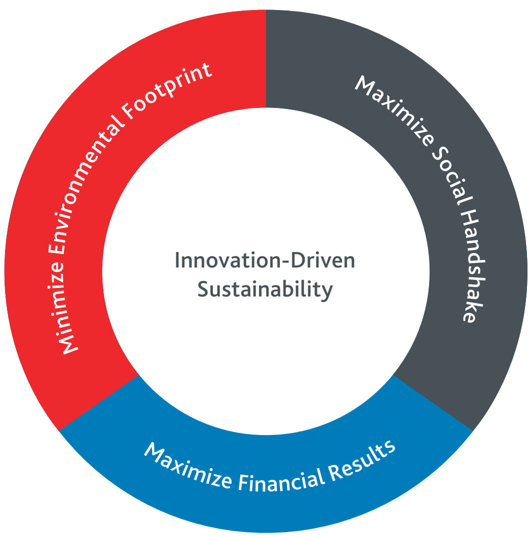
Wolters Kluwer's commitment to learning and strategically developing leadership has also led to the set-up of specific development programs for leaders at different levels of the organization and at different points in their career. Focused on the development of next-generation young leaders, we are also partnering with distinguished universities on a Future Leaders Summer Intern Program which gives graduate level and rising senior undergraduate students a meaningful work experience, mentorship, and expert guidance from skilled professionals across Wolters Kluwer.

Find out more about HR and our job openings at www.wolterskluwer.com/Careers

Sustainability

Wolters Kluwer is committed to solve customers' challenges and enabling them to make critical decisions with confidence, every day. These decisions impact people's lives and the use of natural resources. Since our services enable professionals to have a positive impact, and thereby add value to the communities they work in, sustainability is core to our business. We aim to develop high-quality solutions for our customers, enhancing their positive impact on society.

Sustainability is an integral part of what we do. We strongly believe that sustainability makes business sense and we ensure that sustainability guides our business decisions and actions. Our innovation driven strategy is built around the Triple-P concept, balancing the interests of People, Planet, and Profit.



Planet: Wolters Kluwer minimizes its environmental footprint by operating within the planetary boundaries. By doing so, we aim to preserve the opportunities of future generations.

Profit: Wolters Kluwer develops innovative new products and services that meet relevant societal demands. By doing so, we guarantee current customer satisfaction, future added value to society, and long term financial results.

People: Wolters Kluwer engages with all business-relevant stakeholders, in order to maximize our social handshake and stay aligned with changing demands, concerns, and dependencies.

Quick facts

- Revenues by Media: 23% Print vs. 77% Electronic & Services
- Secure Document Exchange (SDX) is a Wolters Kluwer Financial Services platform that allows electronic transfer, and electronic signature, whenever possible, saving paper:
  - SDX is fully integrated to a state-of-the-art print fulfillment center in Minnesota, U.S. This print facility is designed to be "green".
  - Every printing and mailing process is optimized to reduce waste, and recycling is used to reclaim material.
  - The results speak for themselves: in 2013, more than 10,000,000 electronic packages were sent and 2,674,968 printed packages shipped with only about 90 kilos amount of waste produced.
- Diversity at Wolters Kluwer
  - All employees: 52% female
  - Executive management: 50% female
- Recognized by the Dow Jones Sustainability Index as for the 6th time in a row within the Media category. For 2014 RobecoSam awarded Wolters Kluwer a Bronze Class distinction within the same industry category.
- For the second year in a row Wolters Kluwer was included in the Corporate Knights Global 100 (number 35 and the first media company in the list) of the most sustainable large corporations in the world.

Featured Products that Drive Sustainable Business Practices

- Clinical solutions provided by Ovid, designed as an innovative information technology for improved access to medical research findings. Founded in 1988, Ovid developed under the wings of Wolters Kluwer into an information services company, publishing over 4,500 eBooks, 1,300 peer-reviewed journals, and over 100 full-text databases.
- TeamMate, an audit management software system with an efficient solution for paperless audit processes. 90,000 auditors from over 2,200 organizations made use of this service, realizing impressive efficiency gains and amounts of paper saved.
- ADDISON, a tax and accounting software product for the German market. It serves 4,750 accounting and tax professionals by improving their efficiency, flexibility, and transparency.
- CT, providing software for corporate business compliance in over 35 countries for over 1.6 million entities. Founded in 1892, CT supported over 300,000 start-ups and small businesses in 2013, in addition to 75% of the Fortune 1000 companies.
- Kleos, an end-to-end legal practice-management tool, streamlines the practice of law, plus the practice management of the law firm. Across eight countries in Europe, it is relied on by more than 5,000 professionals to help them connect with their business and clients.

For a full overview of our sustainability activities please see the 2013 *Sustainability Report*.

Contact Information

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2400 BA Alphen aan den Rijn
The Netherlands

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www.facebook.com/wolterskluwer
www.twitter.com/wolters_kluwer

Chamber of Commerce

Trade Registry No. 33.202.517

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info@wolterskluwer.com

Investor Relations

Vice President, Meg Geldens
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ir@wolterskluwer.com

General Counsel / Company Secretary

Senior Vice President,
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companysecretary@wolterskluwer.com

Sustainability

sustainability@wolterskluwer.com

Corporate Human Resources

Senior Vice President, Kathy Baker

Accounting & Control

Senior Vice President, Sander van Dam

Corporate Strategy & Operational Excellence

Senior Vice President, Andres Sadler

Mergers & Acquisitions

– North America:
Senior Vice President, Elizabeth Satin
– Europe, Rest of World:
Vice President, Pieter Roeloffs
– Greater China:
Vice President, Zhou Huang

Forward-looking statements

This Annual 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 on a variety of screen sizes and mobile devices via our responsive report website, as a PDF, and a limited edition print version.

Wolters Kluwer also issued a 2013 Sustainability Report, available online and as PDF.

Photography & art direction

Taco Anema

Design & layout

Mevis & van Deursen

Printing & binding

TUIJTEL

Paper

This annual report is printed on Cycle offset, FSC® SCS-COC-000973 certified. Wolters Kluwer believes that it has a responsibility to contribute to the sustainable use of resources.

The printed edition of the 2013 Annual Report is a climate-neutral print production.

RECYCLED
Paper made from recycled material
FSC® C007225
FSC
www.fsc.org

carbon neutral
natureOffice.com | NL-215-149564
print production

Wolters Kluwer received external recognition for its Annual Reports over 2012, 2011, and 2010:

2012 Annual Report

- Gold Award in Industry & Regional Top 50 – LACP Vision Awards
- #21 of top 400 Annual Reports globally – Report Watch

2011 Annual Report

- #9 of the Top 100 Annual Reports globally – LACP
- #5 of Top 50 Annual Reports for the region: Europe/Middle East/Africa – LACP
- Platinum award for Best Overall Annual Report – LACP
- 2 Gold awards for Best Annual Report Narrative – LACP

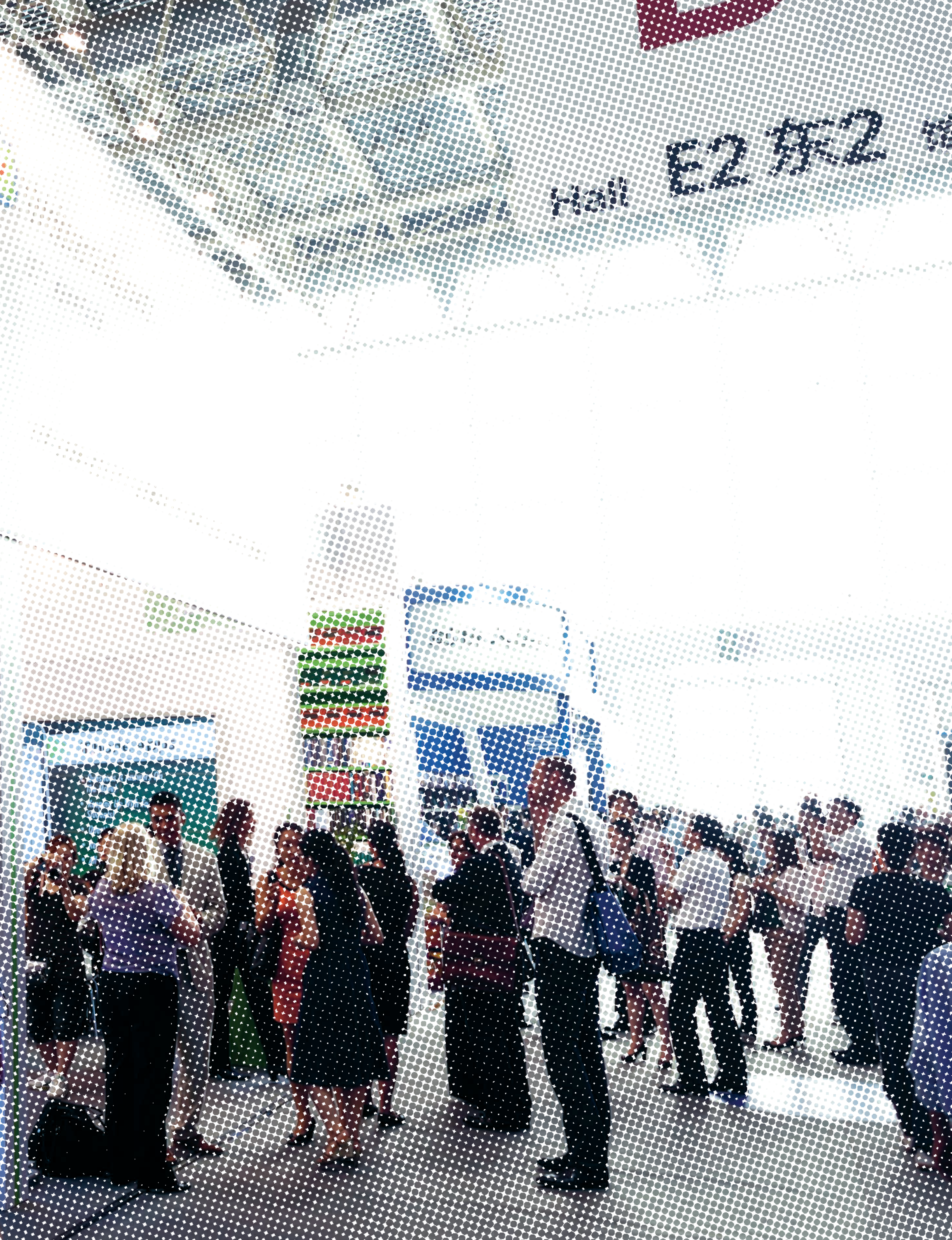
2010 Annual Report

- Best overall Annual Report (print and online), International category – IR Society
- Most effective use of innovative online technology to support IR communications – IR Society


TWO INTERNATIONAL FINANCE


CENTRE 国金中心二期


Wolters Kluwer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