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PRESENTATION

Jon Teppo - *Wolters Kluwer NV - VP, IR*

Good afternoon, everyone. Thank you for joining us today. My name is Jon Teppo, Vice President of Investor Relations for Wolters Kluwer. Joining this afternoon are the members of the Executive Board - Nancy McKinstry, Chairman and CEO; Boudewijn Beerkens, the Chief Financial Officer; and Jack Lynch.

The presentation will be followed by a Q&A session. This afternoon's presentation is being simultaneously webcast. Those of you following the webcast can submit questions by pressing the icon on your screens, and I'll direct questions to management.

Before we get started, I'd like to ask you to read the forward-looking statement, which is included in our press release and on page two of today's presentation.

Thank you. And with that, I'll turn the floor over to Nancy.

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman of Executive Board*

Thank you, Jon. Welcome, everyone. Thanks for joining us today. I will be discussing our half-year results for Wolters Kluwer, as well as providing you the outlook for 2010 and the medium term. I'll then turn it over to Boudewijn, who will talk about our financial performance in more detail. And then I'll return to give you some highlights of each of our divisions, and then provide some summary remarks before we move to Q&A.

So let's begin with some highlights of the half-year 2010. We are encouraged by the good operating performance that we had in the first half of this year, despite continued challenging economic conditions. First half-year revenues were in line with 2009. These results reflect solid retention rates of our subscription products, and good growth in our online and software products across all of our divisions. This performance resulted in an improved underlying growth rate, as compared to prior year.

In addition to delivering stable revenue, we are also pleased to report improved operating margins and strong cash flow. Our first half-year performance underpins our confidence in our strategic direction. And as a result, we are reiterating our outlook for the remainder of 2010, as well as our outlook for the medium term.

Our commitment to consistently invest 8% to 10% of our revenues in new products and platforms is clearly delivering results. Innovative solutions have been launched across each of our divisions, which support our growth in online and software revenues. This growth is consistent with our strategy, which is focused on shifting our portfolio towards higher-value software and service products that help our customers generate effective results.

Our half-year results highlight 4% organic growth in electronic revenues. Today, 55% of our revenues come from online and software products, which is an increase from 52% in the prior year. We are also pleased by the significant improvement in our global Health and Pharma Solutions Division, which posted 3% organic revenue growth, as well as improved profitability.

The Springboard operational excellence program continues to deliver on track, and it is targeting its full-year run rate savings. We enjoyed the benefit of a strong financial position. This strength, combined with our global leading positions, supports our future growth plans.

As a result of our first-half performance, we are pleased to reiterate our full-year 2010 guidance. Over the remainder of the year, we expect to see strong growth in software and workflow solutions that will be balanced by challenges in print-based publishing, and in cyclical revenue sources such as advertising and pharma promotional products. Geographically, we expect that Europe will remain challenging, while the markets in Asia and North America will continue to recover.

Our full-year ordinary EBITA margin is expected to be between 20% and 21%, underpinned by the migration of our revenues to more profitable electronic products, as well as from the contribution from our Springboard program. Free cash flow will continue to be strong, and we anticipate EUR400m or greater this year. Ordinary earnings per share is expected to be between EUR1.41 and EUR1.45.

As we look towards the longer term, our strategic direction is supported by favorable market trends and the evolution of our portfolio. The markets in which we operate can be characterized by a number of things. First, we see increased compliance requirements and increased compliance complexity across the globe. We see the continued shortage of qualified professionals, and we see new and more complex regulations coming into the markets.

As a result, our professional customers will continue to demand superior information and productivity solutions. The growth of online and software products will drive higher retention rates and greater profitability. Our business will also benefit from new and more complex legislation, particularly in the areas of healthcare, financial services, and tax and accounting. Our strong global positions and the evolution of our portfolio to higher-margin electronic products will support our long-term growth and margin expansion.

It is these factors combined with our improving current performance that provides us confidence in our long-term strategic direction. Today, we are also reiterating our medium-term guidance. We anticipate double-digit growth in online and software revenues over the medium term. Online software and services revenues are expected to grow to represent approximately 75%

or more of our total revenues. Traditional print products are expected to continue to decline, as our customers are migrating to more innovative solutions.

We will continue to invest 8% to 10% of our revenues in new and enhanced products and platforms to support our growth. As a result of the shift towards higher-margin electronic solutions, as well as the contribution from operational excellence programs, including Springboard, we will continue to expect steadily improving operating margins over the medium term.

Free cash flow is expected to be equal or greater than EUR400m per year, which reflects the resiliency of our portfolio, as well as our growing subscription base. Return on invested capital will be equal to or greater than 8%.

With these opening remarks, I'd now like to turn it over to Boudewijn, who will talk about our financial performance in more detail.

Boudewijn Beerkens - *Wolters Kluwer NV - CFO and Member of Executive Board*

Thank you, Nancy. I am pleased to review the financial performance for Wolters Kluwer in the first half of 2010, so let's get started.

Our financial highlights confirm strong fundamentals are in place. In the first six months of 2010, the Company executed on the strategic maximizing value for our customers strategy. This strategy is shifting the portfolio towards higher-value electronic products. This supports improvements in profitability and cash flow.

As a result of this migration from print to electronic solutions, electronic revenue grew to 55%, as compared to 52% in 2009. Ordinary EBITA grew by 2%, and the ordinary EBITA margin improved 40 basis points from last year. This solid performance was driven by continued growth of higher-margin electronic products, diligent and ongoing cost-containment measures, and positive results of Springboard. Free cash flow grew 13% to EUR165m, supporting ongoing investments in the business.

Turning to the P&L, revenues are up slightly from last year, with positive exchange differences partially offset by divestments. Exceptional costs include EUR27m in restructuring expenses; EUR24m related to project Springboard, EUR3m related to acquisition integration costs. Amortization was materially in line with prior year. Financing results were EUR7m higher, driven by exchange rate differences.

The effective tax rate increased to 26%, as the result of higher profits in the US and the release of tax provisions in '09 due to lower tax exposure. Going forwards, we would expect our effective tax rate to remain around 25%. Other income relates to the book gain from the divestment of BGN in the Netherlands.

So, as a result of these factors, net income grew 3% in constant currencies and is down 5% in reporting currencies.

As part of our strategy announced last November, we have introduced our new division structure, featuring four global divisions - Legal and Regulatory, Tax and Accounting, Health and Pharma Solutions, and Financial and Compliance Services. By aligning our assets around our global positions, we can combine our deep customer knowledge, and leverage our expertise and technology to drive innovation on a global scale.

Today, the results will be presented in this new structure. For your convenience, at the back of this morning's press release we have included key figures in the old division structure as well.

Now, let's review the revenue results of each division. I am pleased to note that three of the four divisions delivered positive organic growth. Health and Pharma Solutions posted 3% organic growth, led by strong results in clinical solutions, health analytics, and professional and education books.

Financial and Compliance Services posted 2% organic growth, with strong results in our audit, risk and compliance businesses, formerly our GRC business, and transportation services, offsetting market weakness in our core banking business and indirect lending.

Tax and Accounting posted a 1% organic growth, with global tax software performing well, offset by declines in print, bank product volumes and associated transaction fees.

These positive results were offset by a 3% decline in the Legal and Regulatory Division. This division is more affected by delayed economic recovery in Europe, with softer print sales and cyclical product lines offsetting good performance at CLS.

Now, let's take a closer look at the composition of the revenue growth. Our subscription base remained solid. Our revenues are derived from must-have content, software and services. At the half-year, approximately 73% of total revenues were recurring, and are characterized by improving retention rates.

Our customers continue to seek innovation, and innovative electronic and software solutions. Electronic revenues increased 4%. We have seen good growth in our most advanced product lines, in clinical solutions, audit, risk and compliance and tax software. In these areas, new sales strength also remained positive. These gains are offset by print sales, which remain under pressure, and by mixed performance on cyclical product lines. Overall print revenue decline 5%, with print subscription declining 8% and books down slightly.

While cyclical trends have improved, overall cyclical revenues were down 2% over the prior year, with pharma promotion, training, consulting and advertising remain challenged, particularly in Europe. In addition, transactions related to mortgages and indirect lending were down 9%, signaling no major change in lending behavior. These trends were offset by more favorable cyclical activity in corporate legal services, with transactions related to M&A, IPO and lien and trademark services up 8%.

I'm pleased to report the Company's profitability improved in the period. Ordinary EBITA grew by 2%, and ordinary EBITA margin improved to 19% from 18.6% in the first half of 2009.

At Legal and Regulatory, ordinary EBITA margins improved to 18.3%, despite the underlying decline in revenue. This resilient performance was driven by restructuring in the UK and France, the benefit of the Springboard cost-saving initiatives, and EBITA contribution of the higher-margin CLS transactional revenue.

Tax and Accounting EBITA margin decreased 80 basis points to 28.9%. Higher-margin software solutions, cost-management efforts and the contribution of the Springboard program were more than offset by declines in publishing revenue.

Within Health and Pharma Solutions, EBITA margins improved following the revenue growth, combined with tight cost management, restructuring efforts and Springboard initiatives. And finally, within Financial and Compliance Services, margins are in line with last year.

Wolters Kluwer continues to invest in new products and platforms, to support future growth. The Company has consistently invested 8% to 10% of revenues in growth initiatives to drive innovation. In the last 12 months, we have launched and enhanced global platforms in tax and accounting, such as IntelliConnect and ProSystem fx. We have also enhanced our leading -- market-leading research platform in Health and Pharma Solutions. In the first half of 2010, we rolled out Version 3.0 of Ovid SP, bringing further enhanced features to our customers.

Today, more content and applications are available through electronic means than ever before. Investments have produced new and enhanced products across the business, and we have seen these investments yield results.

On acquisitions, the Company remains disciplined and is very clear on its financial criteria. All acquisitions will be EPS accretive in year one, and must cover its weighted average cost of capital within three to five years of acquisition date. Overall, the acquisitions we have undertaken over the past years have contributed to revenue growth, enhanced profitability and return on invested capital.

In the first half of 2010, the Company has executed on a small number of bolt-on acquisitions. Last week, we announced the acquisition of Edital, which helps cement our global leadership position in trademark research. While the current pipeline of possible acquisitions is better than last year, the Company will maintain a consistent level of discipline when evaluating these opportunities.

The Springboard program continues to progress in line with our expectations. Through the half of 2010, cost savings were EUR67m, which positions the program nicely to deliver on our full-year target of EUR125m. Program costs incurred in the first half of 2010 were EUR24m, benefiting from favorable timing as some program expenses are expected to materialize in the second half of the year. Longer term, run rate savings are expected to achieve EUR140m to EUR160m by 2011. Non-recurring program cost of EUR220m to EUR240m through 2011 will be treated as exceptional. The program will conclude by the end of 2011.

Looking at cash flow for the half-year, free cash flow grew, as said before, 13% to EUR165m. Cash flow from operating activities grew by 4%. This was driven largely by favorable balances of working capital, as we continued to demonstrate strong discipline in this area, and by lower financing charges due to lower interest rates on outstanding debt. This was somewhat offset by higher income tax paid, due to tax refunds realized in 2009. Capital expenditures remained steady at EUR61m, roughly 4% of revenues, in line with our investment guidance -- guidelines and full-year expectation.

The combination of a strong underlying profit, tight management of working capital, while maintaining a rigorous investment program, has yielded a cash conversion of 95%.

Our balance sheet remains solid, with half-year results demonstrating working capital improvements from strong cash collections. Total equity to capital employed ratio improving to 41%, driven by favorable currency movements, and a stable net debt to EBITA ratio of 2.9, after paying a cash dividend of EUR0.66 per share. This positions the Company to move towards our stated goal of net debt to EBITA of 2.5 times in the medium term.

We also extended our debt maturity profile. And this morning we announced positive news regarding our financing activities. In advance of the multi-currency credit facility coming due next year, we have finalized two transactions - a five-year multi-currency credit facility of EUR600m due in 2015, and a 10-year EUR250m private placement which has an attractive coupon of 4.2%.

This new credit facility will replace the existing EUR928m credit facility, of which the remaining part will mature in July 2011. The proceeds from the private placement are expected in December of 2010, which mitigates any material impacts on EPS in 2010. These debt instruments further improve our liquidity, headroom and maturity profile at attractive market rates.

So, in summary, in the first half Wolters Kluwer has delivered solid financial results. Improving revenue trends in the face of economic uncertainty, coupled with solid profitability and cash flow, give us the ability to invest consistently for future growth. Our balance sheet is strong, and we will continue to support our efforts to grow the business and maximize value for customers.

Thank you very much, and I hand it back to Nancy.

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman of Executive Board*

Thank you, Boudewijn. I'd now like to take you through each of our divisions and highlight their performance and some of the achievements year to date. Let's begin with Health and Pharma Solutions.

As I noted earlier, we are pleased with the developments in this division. Our first half-year results reflect a significant improvement over prior year. The division delivered 3% organic growth, driven by strong book sales and double-digit growth in our clinical solutions unit, as well as in our Healthcare Analytics unit. Profitability was also strong. The ordinary EBITA margin of 12.7% represents a significant improvement over prior year. And each one of the units within the division contributed to this improvement in profitability.

If we take a closer look at revenue growth, the strong performance was driven by electronic subscription products, which grew organically 8%. UpToDate delivered double-digit growth, with the launch of new products, increased global expansion and improved retention rates. ProVation also contributed strong growth, by increasing its market penetration and delivering new products. Healthcare Analytics delivered double-digit growth, underpinned by new customer wins, as well as continued strong growth in brand analytics and managed care.

Books posted solid results, supported by good online sales, double-digit growth in electronic solutions and a strong front list. These robust results were offset by declines in journal print subscriptions, advertising and pharma promotional products, which were impacted by weak market conditions, which include both customers' reduced spending levels as well as the fact that fewer drugs are being approved by the FDA.

Overall, if you look at the division, 56% of the revenues in the division come from online and software solution products. That's an increase from 52% in the prior year.

As we look forward, the division will continue to focus its investments on workflow and clinical solutions, while supporting core healthcare content and its global expansion. We will develop solutions that help professionals improve clinical outcomes. As an example, clinical solutions recently launched a new version of ProVation order sets which allows hospitals to easily update their order sets, to keep current with new medical evidence. We will also continue to expand our point-of-use offerings, including UpToDate, which recently expanded its clinical database to include allergy and immunology.

Today, 30% of the division's revenues are generated outside North America. We will continue to invest to expand globally. A recent example of this is the introduction of OvidFrancais, a French language portal. This marks a significant step in the globalization of Ovid to include non-English content.

Finally, healthcare reform will continue to positively impact the US market over the medium term. We will continue to invest in products such as clinical tools, which can be integrated into broader IT solutions for the US healthcare market.

I will now turn to Financial and Compliance Services, where we are a leading provider of intelligent audit, risk and compliance solutions across the globe. I am encouraged to report solid growth, due to good retention and the strength of our electronic portfolio. Revenues grew 2% organically, driven by double-digit growth in our ARC Logics product line. Risk and compliance, particularly our GainsKeeper product line, and transport services also posted good results. In addition, the division delivered ordinary EBITA margins of 21%, which were in line with prior year.

Taking a closer look at revenues, the solid performance in the first half was driven by demand for audit, risk and compliance products. Our customers are looking for new ways to manage risk and the increased burden of additional regulatory scrutiny.

TeamMate grew by double-digit levels, supported by both good new sales and solid retention rates. New sales and professional services for our GainsKeeper product line also delivered solid results, as our brokerage customers are looking for new workflow solutions. Transport services posted good results, contributing to the growth in cyclical revenues of 7%.

We also continue to expand globally within this division, and as a result our revenues in Europe nearly doubled as compared to prior year. These positive results offset weaker demand in the community bank and indirect lending markets, where customers have delayed purchases due to the uncertainty around recent banking reform legislation. In addition, our transactional revenues in the financial service area continued to reflect the soft lending conditions in the United States.

As we look to the future, the division will continue to invest with a focus on rationalizing product platforms, enhancing product functionality and expanding into new geographies. Our focus will be on compliance information and software, and risk analytics. We will continue to build out our ARC platform, to combine superior content and software solutions.

And finally, we will continue to expand globally. The launch of Compliance Passport is a significant step towards this goal. This offering is a suite of regulatory compliance solutions that provide customers with financial laws, regulations, news and commentary from around the globe.

Moving on to Tax and Accounting, the revenues in this division grew 1% organically, reflecting stable recurring revenue streams and strong global software sales. These favorable results were partially offset by declines in print publishing, bank products and certain timing related to some of our tax transactions. The division's EBITA margin decreased slightly, to 29%. The division has successfully continued to evolve its portfolio, with electronic revenues now representing 67% of total revenues.

We are pleased by the performance of our electronic subscription products, including software and publishing. Our customers continue to adopt online products and productivity solutions. The North American tax business produced 7% organic growth in software, led by our core tax software, as well as by good performance in ProSystem Document and Scan. Strong revenue growth in software was also delivered in Germany and Belgium. Overall, our subscription rates in the division were stable, with new sales improving within our software product lines across the globe.

Print publishing, including books, continues to experience downward pressure, as customers reduce multiple copies of titles and remain cautious about new spending. Other non-cyclical products were also a bit softer compared with prior year, due to bank products which were impacted by fewer tax returns being filed in the US, and by the timing of our tax click transactions.

As we look to the future, the division will continue to invest with a focus on online and software solutions for tax and accounting professionals in firms and in corporations. The Company recently launched the next generation of our ProSystem fx suite, which provides significant new productivity gains for professionals, delivered in a SaaS environment.

We will continue to integrate our leading content and software, to increase our customers' productivity. A recent example of this is in Germany, where our Addison business announced a strategic partnership with Haufe to integrate their professional content with our software.

We will also leverage our strong local market positions to deliver growth and realize cross-border scale benefits in technology and product development. To this point, we have further advanced our IntelliConnect platform with a series of enhancements benefiting our customers worldwide. Today, IntelliConnect has approximately 200,000 customers globally.

It is in our Legal and Regulatory business that we face the most challenging economic environment. As a result, underlying revenues declined 3%. Our customers continue to adopt online solutions, which support growth in electronic revenues. While electronic and services subscription revenues were resilient, print subscription revenues were pressured due to contracting budgets and the continued migration of our customers to online products. Books and other cyclical products, which include advertising, training and consulting, were also impacted by the economic conditions.

Corporate and legal services, however, rebounded, as M&A and lien search volumes improved over the prior year. Despite these challenging market conditions, I'm pleased to report that the division delivered resilient profit margins that were in line with last year's level.

Electronic and service subscriptions were relatively resilient, despite the economic constraints, and delivered growth of 1%. Contributing to this performance was good growth of software, including CT TyMetrix, which delivered double-digit growth, reflecting new customer wins. Our US law and business unit also saw good growth from online products, and strong results from Best Case and MediRegs software.

These results were offset by an 8% decline in print subscriptions, reflecting customers continuing to migrate to online, as well as ongoing budget constraints, particularly within Europe. Underlying book revenue was also impacted by weaker demand in Europe for professional titles. However, Legal Ed in the US partially offset this trend with good online sales and a strong start to the fall semester selling season.

Other cyclical revenues were also under pressure. Weaker market conditions in Europe impacted advertising, consulting and training. However, corporate legal services transaction revenues delivered 7% organic growth, reflecting increased volumes in corporate on-demand services.

As we look to the future, the division will continue to invest with a focus on specialty areas of law firms, corporate legal offices and compliance specialists. We will drive growth in online and software solutions. This was most recently demonstrated with the launch of the next generation Corsearch Advantage product, which provides significant productivity benefits for trademark professionals. We will also take advantage of our new global structure to extend our specialty areas on a worldwide basis, particularly in emerging markets such as Asia and Central and Eastern Europe.

In summary, we are encouraged with the progress reflected in our results for the first half. Our online and software solutions are showing good growth, and we are making significant strides across -- against all of our strategic goals. The Company's solid profitability and growing cash flow supports our commitment to invest 8% to 10% in revenues in growing initiatives, to ensure our long-term success. This, combined with our financial strength, leaves us well positioned to capitalize on future opportunities.

So, with those comments, Boudewijn and Jack and I would like to now open it up for Q&A. If you could also state your name too, please. Thank you.

QUESTIONS AND ANSWERS

Maurits Heldring - *ABN AMRO - Analyst*

Good afternoon. Maurits Heldring from ABN AMRO. I've got two questions, first one on Europe. Obviously, Europe is still challenged by negative growth. I was wondering whether you are seeing any signs of life in Europe. Obviously the [tenor of] business is improving, but can you give some flavor to any improvements you're seeing in other areas, if any at all?

And on Europe, if you look at the electronic subscription business, there was a small decline of 1%. I remember you stating in the past that electronic products have a higher retention. So what explains the sudden drop there? If you exclude some of the products that you are -- were mentioning that are growing by double-digit rates, it looks like the subscription business is relatively hit hard, despite the fact that retention rates should be relatively high there. So can you comment on retention rates in the electronic side of the subscription basis in Europe?

And then my second question, on Healthcare Analytics, strong growth. Could you comment what the growth would have been excluding the customer wins? And could you comment on the pricing environment in that market? Thank you.

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman of Executive Board*

Okay. First of all, as we look at Europe, we are in 18 countries. So clearly the pace of recovery varies quite a lot across our European business. What you see is within our software businesses, which are largely focused on the tax and accounting vertical market, we did see good growth in Belgium, in Germany. And clearly that is a continued area of investment for us.

If you look within the legal business, Germany and Central and Eastern Europe continue to perform well. Where we are more challenged is clearly in Southern Europe, in Italy and Spain in particular, as well as in the UK. And then the remaining countries of Europe are somewhere between Germany and Southern Europe. So we are clearly seeing that the economic conditions vary by country. And we are clearly seeing some improvement, primarily, as I say, in the German and Central and Eastern European realm.

If you look at our subscription business, what you see in terms of the electronic products, they do retain at higher rates than the equivalent print product. But what you see in the minus 1% organic growth is the impact of fewer new sales last year, combined with the fact that we never renew at 100%. And that's really what you're seeing. I would say overall our retention rates are holding up well, clearly holding up very well on the software side of the business, a little bit less well in publishing, but overall still holding up well within Europe.

So I would say that the challenge in Europe is more of a new sales challenge, particularly in the Southern European countries, and that is something we started to see obviously last year as well.

And then, on HA, we did see a good double-digit growth continuing in brand analytics and managed care, which are product lines where we have been performing well. And we acquired or won a number of new customer agreements, which obviously drove the overall unit's organic growth to double-digit levels. We're still seeing a pricing environment that is very competitive, particularly for the core targeting and compensation product line, which is the traditional business. And we -- I believe that that is just sort of a structural factor in this business. So our gains are really coming from new customers, and then lots of new sales and new products within the brand analytics and managed care line.

Okay? Good? Other questions? Yes, Claudio?

Claudio Aspesi - *Bernstein - Analyst*

Claudio Aspesi for Bernstein. Two questions, please. The first one, can you give us some flavor of where you think you're seeing market share gains and where do you think you may be more challenged on the market share side? Some of your competitors make references, particularly in tax and accounting, to the fact that they believe they are growing. So if you could give us your point of view, that would be interesting.

And a longer-term question; management has often reiterated in the past year, year and a half, that looking forward you believe you should be able to reach the same organic growth of your peers over time. Now, if you look back at the last year before the recession, Thomson Reuters was growing at 6%. You grew at 4%. How much has your portfolio changed, to give you the confidence that you should be able to reach a similar growth rate as Thomson Reuters, once we are out of the recession?

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman of Executive Board*

Okay. First, on tax and accounting, specifically to your market share question, I think it's important to step back and say let's look at our portfolio. Today, we are the leader in tax and accounting on a global basis. We are 30% larger than our nearest competitor. We're also significantly more profitable. And I think that speaks to the strength of our business around the globe.

So where we are very strong is in the firm part of the tax and accounting market globally, and we continue to gain share there. Where we have opportunity for further growth is really in the corporate tax area, and that's where I think Thomson in particular has some stronger assets. But around the globe, we are continuing to increase our position both in the corporate space but also in the corporate -- in the CPA firm as well. So we feel very good about our position in tax and accounting around the globe, and continue to invest there.

I think, on the question about our organic growth, as you noticed or as you remarked, we did have 4% organic growth in 2007. And if you look at our portfolio today, relative to 2007, our portfolio is stronger in a number of ways. One is we have 55% of our revenues coming from online and software products, which both retain at higher levels and have been growing at higher levels.

Second thing that is happening is that within each of our vertical markets, we have a number of markets that are growing at double-digit levels, and that's where we are clearly investing a lot of our new capital, to build out those positions.

So as we come out of the recession, our goal is to be well positioned in each of our markets, in terms of having a lot of new products, having very good sales and marketing, so that as customers begin to spend money we are there, positioned well in terms of being the provider of choice for them. So we are very confident that as we look forward, that the combination of having a stronger portfolio, continuing to invest 8% to 10% in the business, coupled with all the good market trends around more regulation and around some of the reforms we're seeing, that that will provide a good environment for us to grow. So we have every expectation that we can grow at or above market levels.

Yes, please.

Hans Slob - *Rabobank - Analyst*

Yes. Hans Slob, Rabobank. Question on your print business. We've seen that the print decline has moderated to, I think, minus 5%. Should we expect a further moderation in the second half? And what would be, let's say, a natural rate of decline for the print business, let's say in more normal economic conditions?

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman of Executive Board*

Yes. Historically, print subscriptions have been declining more at 3% to 4%, which was what we would call a natural migration of customers. The recession accelerated that rate to be more, if you look at our half-year, 8% on the subscription line. So we would anticipate that as, again, the recovery continues to take hold, that we would return back to that 3% to 4% level. But as you know, our long-term or our medium-term guidance is that 25% of our portfolio or less will be represented by print. So, over time, we would see the subscription part continuing to decline, and what would remain is more some of our books product lines in the future.

Yes, please.

Michel Veul - *SNS Securities - Analyst*

Michel Veul, SNS Securities. Two questions, please. I wonder, with print decreasing in Europe, and what we saw in tax and accounting, with publishing being down on the margin, how sustainable do you think your Legal and Regulatory margin is, in the second half and going forward?

And second question, related to acquisitions. Recently, Boudewijn has been quoted in the Wall Street Journal that they are looking for acquisitions in the $100m/$200m range. What kind of activities are you missing?

And secondly, what is the headroom you've got, also taking into account your net debt to EBITDA ratio of 2.9?

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman of Executive Board*

Okay. Why don't I let Boudewijn take these?

Boudewijn Beerkens - *Wolters Kluwer NV - CFO and Member of Executive Board*

Okay. Normally, I think, for the outlook for the second half of the year, as you know, from a phasing perspective we always have majority of the investments in the first half, and then actually better margins and faster growth actually in the second half, often accelerated in the fourth quarter. That's the normal pattern. Now, to be honest, if I look at 2008 and '09, those patterns were a little bit disturbed. So you have to go back, actually, 2006 and '07, to see those patterns actually being recognized.

But we still anticipate that we're currently in a more normal economic environment, and as a result we do anticipate an acceleration also of profitability in the second half. And therefore, we see that margins in Legal and Regulatory should be equal or above the levels we have seen here in the first half.

From an acquisition point of view, well, as you know, we have been making acquisitions over the last couple of years, always more or less at around the numbers that I was mentioned or was quoted for in the Wall Street Journal. We also have been very clear about our priorities there. It's always tax and accounting. That's where we look at. Within health, mainly clinical solutions type of businesses and activities, and within our financial and compliance services. These are the three areas where we believe there are still many opportunities out there. These are markets where we would like further to strengthen our leading positions, and where we also believe that there is good growth going forward on a structural basis.

Headroom is above the EUR500m mark, which is what we always indicate as a benchmark we like to be around or above. So that's clearly the case, also, including the current refinancing.

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman of Executive Board*

Yes, please.

Thijs Berkelder - *Petercam - Analyst*

Thijs Berkelder, Petercam. Two questions. You talked about the timing of tax click transactions, an issue there. Does that mean that we can expect more clicks in the second half, due to whatever reason?

Second question, on the pension fund, can you give me an update on the pension fund situation?

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman of Executive Board*

Okay. I'll take the first one and then Boudewijn can talk about pensions. Tax clicks, this is where customers buy access to different forms, largely state forms, and then they use it periodically and they have a credit of how many forms they have left. So they buy some, obviously, ahead of the tax season that just finished in the spring, and then they also buy again in the fourth quarter, because both to cover returns that they have to file in October as well as get prepared for the next tax season. So that is the typical buying behavior that we see, and there's some timing that's affecting this half that we expect to get those tax transactions in the fourth quarter of this year.

Thijs Berkelder - *Petercam - Analyst*

But that means that you expect a stronger pattern than in the fourth quarter than what we see here?

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman of Executive Board*

No, it's just that it's often hard to definitively say how much of the clicks will come in the first half and how much will come in the second half. If you look year over year, we had fewer in the first half, and we expect that we'll get a little bit more than last year in the second half.

Boudewijn Beerkens - *Wolters Kluwer NV - CFO and Member of Executive Board*

As you know, we have several pension funds around the world. Most of them are closed. So, in that sense, there's a liability which is more linked to either development of assets or development around discount rates. So to all our closed-end funds in the US and in the UK and in other parts of Europe, I would say that the pension liability increased slightly on the back of the factors I just mentioned to you. And I think, as you know, often assets have an impact but discount rates even more, I think, across the board. Discount rates have come down slightly, on a global scale.

For the Netherlands, which is an open fund, there our coverage was around 105% at half-year, down from the 111% I thought it was at year-end. But we feel confident that, given our investment strategy and given the prudence conducted by management in that sense, that we have been kind of around this 105% consistently over the last couple of years. So depending, again, on what happens, of course, on the discount rate area and the asset developments, we will see how these things further develop, but there is no funding requirement whatsoever on any of the funds for the next six months.

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman of Executive Board*

Yes, please.

Sander van Oort - *Kempen & Co - Analyst*

Sander van Oort, Kempen. Two questions on the Health and Pharma Solutions, if I may. First of all, on the organic sales growth of 3%, which is quite encouraging, I was wondering, in the recent past we have been talking about portfolio pruning and some titles that might be terminated to just accelerate growth and improve margins. To what extent has this negatively impacted this 3% growth rate in the first half?

Second question is on the new client wins within the Healthcare Analytics business. Can you maybe update us on to what extent new clients will also contribute to growth in the second half, or is it all fully included as of January 1?

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman of Executive Board*

Yes, a couple of things. On pruning, just within the health business, there's been no significant pruning of titles that would impact the growth. As you know, we do go through a planning process every year. Looking at our portfolio, there are some product lines that we will divest if we don't think we're the right owner, but they tend to be relatively small parts of any one of the divisions. But nothing occurred in the first half for the health division.

On HA, the client wins that we have made are typically three-year contracts or even longer, so they're long-term agreements. So they will contribute, obviously, in the second half as well. The brand analytics and managed care product lines can be either in the form of long-term contracts or shorter-term contracts, and so that varies very much depending on what's happening quarter to quarter.

Sander van Oort - *Kempen & Co - Analyst*

Maybe one other question, if I may, on the financing costs. If I remember correctly, it was guided that the financing costs would be 10% higher in '10 compared to '09. The recent refinancing, or the refinancing announced today, does that impact this kind of guidance?

Boudewijn Beerkens - *Wolters Kluwer NV - CFO and Member of Executive Board*

No, it doesn't. I would say that we still stick to the guidance that we gave there. Last year we had this hedge on the financing but it's not in place this year. So we guided EUR430m for the full year. The refinancing from the credit facilities [is a] replacement. So the overall credit lines remain the same. The EUR250m private placement on the 10-year, that only will be executed in December, so it will have minimal impact, actually, on the financing costs.

Joep Akkermans - *Rabobank - Analyst*

Joep Akkermans, Rabobank. I have a question. To what extent do you stimulate your clients to move from print to electronic?

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman of Executive Board*

Yes. We -- first of all, I would say that the migration of print to electronic has been underway for about a decade. So -- and it varies very much by whether you're talking about an accountant, a lawyer or a physician. So it's been an ongoing transformation of the portfolio.

We stimulate the migration in a couple of ways. One is we typically offer bundled offerings, so that if a customer buys print and electronic there's some kind of discounting that they're getting for both of those products. That's one thing. Second of all, if you look at a number of our print products, we have been harvesting those products, for lack of a better word. And what we mean by that is we would typically take a higher price increase on the print part of the product relative to the online, and as a way to try and drive customers towards online products.

But what you can see, that ultimately, as we work more and more closely with our customers, that most of the customers use a bundle of products. They're sometimes using print, sometimes using online, always using software products, and so this will be an ongoing evolution. But we clearly have an incentive and do provide an incentive to our customers to move online.

Jon, did you have questions from --?

Jon Teppo - *Wolters Kluwer NV - VP, IR*

I have a couple of questions, one from Patrick Wellington from Morgan Stanley. He notes that every divisional outlook stresses where we're going to invest, and he asks if that implies a pickup in overall levels in the next two or three years. Do we expect a step change in investment?

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman of Executive Board*

We will continue to invest at the 8% to 10% level that we indicated. We have been investing at that level since 2004. We think it's an appropriate level of investment for Wolters Kluwer, to continue our growth. So we do not see any additional investments required to reach our medium-term guidance.

Boudewijn Beerkens - *Wolters Kluwer NV - CFO and Member of Executive Board*

Maybe just to add something to that, I think there are two factors that come into play here, right? On the one hand, it's a percentage, so by increasing revenues the absolute number will continue to increase with that too. Secondly, I think some of the efforts under Springboard are also about harmonizing and simplifying and uniforming systems platforms, and that of course should bring in a cost efficiency. So the return we make on the investments, therefore, is also improving over time.

Jon Teppo - *Wolters Kluwer NV - VP, IR*

And now one more from Polo Tang from UBS. Given the headroom that you have on the balance sheet, and if you don't find a bolt-on acquisition at the right price, would you consider buybacks or an increase in the dividend?

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman of Executive Board*

Boudewijn, do you want to take that?

Boudewijn Beerkens - *Wolters Kluwer NV - CFO and Member of Executive Board*

The way we're going to use our cash is -- will remain, as said before, it's about dividends, it's about debt reduction or improving leverage, and it's about investing in the business organically or through the acquisitions. So if the acquisitions wouldn't work out, I think we probably will continue to overrun on our investments. We have a progressive dividend policy, so that means that you will see an increase in absolute numbers in our dividend per share next year. But buybacks are always an opportunistic element, so -- but we do not foresee any buyback on the near term.

Jon Teppo - *Wolters Kluwer NV - VP, IR*

One final question from the Internet is can you talk a little bit about the operating margins from the digital side of the business today. Do we believe that they are truly higher than the print side, and where do we see that taking hold?

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman of Executive Board*

Jack, do you want take that one?

Jack Lynch - *Wolters Kluwer NV - Member of Executive Board*

Yes. I think if you were to look at the operating margins for software and online services, they're clearly higher than they are in our print-based products. What we've discussed before, for example, is in our print-based products you're looking in the high teens for operating margins, whereas you're looking clearly in the mid-20s for our electronic products, and particularly our software. And the reason for that is we're really integrating our software into the workflow of our customers. We have higher retention rates. Software tends to be higher fixed costs but lower marginal costs. Therefore, you have a higher drop-through rate and, as a result, higher margins.

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman of Executive Board*

Any other questions? Yes, please.

Maurits Heldring - *ABN AMRO - Analyst*

Yes, one additional question, please. Maurits Heldring from ABN AMRO. You said in the press release that in the Legal and Regulatory business you saw some impact from contracting budgets. I was wondering, are we talking about contracting budgets for, let's say, commercial organizations, or are you already seeing also contracting budgets at governments? Could you remind us what percentage of the business is related to governments in Legal Europe?

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman of Executive Board*

Yes. If you look worldwide, clearly, in the US the budget constraints are easing, so we're clearly seeing customers particularly buy new online and software products in the legal space. They're buying less print products, but clearly are buying more online and software. In the US, while we do sell to government agencies, it doesn't represent any kind of meaningful number. And in fact, if you look at the US, I would say governments are, in fact, increasing their spending around the country.

In Europe, a different scenario. We see that the governments, particularly at the municipal level, are in fact facing budget constraints. We do sell at all levels of the governments here in Europe. I don't know the percentage off the top of my head, but we will get you that number. And then we also see contracting spending on the part of organizations right now, particularly in the Southern European realm. And I think it's both a combination of them being concerned about their own revenue streams that they're seeing in their firms, but also I think the cautious approach that the clients are taking to spending as they still are waiting to see some kind of economic recovery.

Maurits Heldring - *ABN AMRO - Analyst*

Okay. Just to be clear, the impact is already seen in the first-half figures of governments, municipalities, reducing spending, or --?

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman of Executive Board*

Yes, that's clearly flowing through our numbers in the first half. And as we indicated, all of the conditions that we're seeing regionally, whether we're talking about Asia, North America or Europe, we expect to continue to see those conditions for the next six months as well. But despite all of that, we have every confidence in the guidance that we've given.

Other questions? Yes, please.

Unidentified Audience Member

Maybe one additional due to the new structure in Canada. How large are you in Canada? There has been some ForEx effect there, and let's say what kind of differences do you see in Canada versus the USA?

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman of Executive Board*

Yes. Canada is approximately $100m, in terms of the size of the business. It's composed of actually two - it's kind of an interesting country, right? - two different businesses, Tax and Accounting, Legal and Regulatory also, English and French language. So the legal and regulatory part is in Legal and Regulatory and tax and accounting is in Tax and Accounting.

We saw good growth in Canada, led by the fact they have a strong software business. They have been able to rapidly increase new products in Canada, because they take the US version of our software and then they modify it. So they have a very good ability to get traction with new products, so that's been driving good growth. Similarly, their print product line continues to decline as we've seen, really, around the world. But all in all, I would say Canada has been a very, very stable and growth part of our portfolio.

Yes.

Michel Veul - *SNS Securities - Analyst*

I just wonder -- Michel Veul, SNS. Could you talk us through, a little bit, what you -- do you see a change in customer perception related to new subscription negotiation? So is it getting more easy, for example, in the US, where you of course still have law firm consolidation and some budget pressure? But is it easier to renegotiate contracts? If so, under what conditions, or do you still see all kind of elongating sales processes?

And that also applies for the health activities, which appear to be growing fast. How do you look at the budget [library] pressure in that area?

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman of Executive Board*

Yes. I would say that in general we have been able to take our price increases across all of our products. And I think that, again, is very much tied to the investments that we're making to enhance the products, so that customers can see incremental value year over year, and that justifies the price increase.

I would say that in North America there's always discussions, during any contract negotiation, around price and around what will happen during that contract period. I would say that we are seeing sales cycles and renewal cycles in North America return a bit more to historical levels. So while price, I think, is always an element of discussions, the sales cycles are not elongating, and in fact, in many cases, reverting back to what I would call traditional patterns.

In Europe, a different scenario. I think here in Europe you're continuing to see sales cycles be elongated, because of the economic uncertainty in some of the European countries. Now, I would say in general in Europe we don't have as many large contracts as we do in the US. As you know, in general at Wolters Kluwer, customer -- we have a very diffuse customer base, so few customers really are that material on an individual basis. So, while the sales cycles are pretty much this year in Europe like they were last year, that's not really materially affecting our business at this point.

And then, as it relates in health, I think we're encouraged by healthcare reform and by the TARP money in health, because clearly that is giving support to hospitals, in particular, to fund IT investments. And many of the products that we have in health, particularly in our clinical solutions product lines, fit very nicely into that spending pattern. So we're encouraged by that. Again, always long sales cycles, but at least they have monies to tap into.

Michel Veul - *SNS Securities - Analyst*

Just one last question, if possible. Some competitors are talking about expanding to Latin America and globalization. Of course you have your path as well. What's your strategy on that one? Is it more on target? Do you focus more on expanding the North American products to Europe? What's your view on emerging markets in that area?

Nancy McKinstry - *Wolters Kluwer NV - CEO and Chairman of Executive Board*

Yes. We have a very good footprint, a growing footprint, in Asia. So we have been increasing our organic investment in Asia quite substantially over the last several years. It's still a small base, so it's growing well but off of a small base. In Latin America, in particular, it's still more of an export market for us. We have partnerships in our health business in particular. So we are expanding our content in Latin America, but it's been more through partnerships and exporting English language products into those countries.

On the Legal and Regulatory side, we don't have any substantial business in Latin America. We have looked at it historically and not seen it as a particularly good market for us right now. We think our opportunities in Legal and Regulatory are more in Asia and Europe and North America.

Okay. Anything else? Well, thanks very much. We have some refreshments for you outside. We really appreciate your attendance today. Thank you.