

# Review of the Year

## Leading and trusted partner for customers

We are proud of Wolters Kluwer's accomplishments in 2011, accomplishments that delivered a strong set of financial results for the year. Our business creates value because of our unique combination of assets that include long-standing customer relationships, unparalleled expertise, and innovative solutions. As a result, we are clearly a market leader, with strong brands and market positions. In addition, we anticipate that global market dynamics will serve as a catalyst for future growth. In uncertain times, customers focus even greater attention on the need to manage risk and increase productivity, and so they choose Wolters Kluwer as a trusted partner for their business.



Offering **solutions customers value** starts with the commitment and passion of our employees. Read more on page 58.

The company's 2011 full-year results included revenue growth of 1% organically, free cash flow growth of 1% in constant currencies, and an improved ordinary EBITA margin of 21.7%. Our resilient subscription base of 74% recurring revenues supports ongoing stability in results. The transformation of the company's portfolio continues as 71% of its revenues are now generated from online, software, and service offerings.

At Wolters Kluwer, we have shown an ability to consistently deliver results across economic cycles.

## 2011: A year of game-changing opportunities

The world of professionals is transforming at an ever-increasing pace, and 2011 highlighted the importance of a number of **trends which are changing the game** for our customers. Professionals face increased workloads due to greater volumes and complexity of regulations, as well as increased scrutiny from regulators intent on controlling risk and enforcing compliance. In addition, changes in technology are transforming professionals' lives. They must accommodate their customers' demands for 24/7 support, and they must have access to information and tools whenever and wherever they are. As a result, they increasingly rely on mobile and context-aware smart devices. Social media has become an integral part of both their personal and professional lives. The need for more efficiency places a premium on integrated, cloud-based software and IT infrastructures. Professionals navigate a world where information overload makes it difficult to make well-informed decisions, and they compete in a global market where value-for-price is ever more important.

Learn more about key **trends which are changing the game** in our markets on page 42.



Wolters Kluwer helps professionals around the world benefit from these game-changing trends and turns them into competitive advantages.

## Creating distinctive value

Our relentless focus on the customer is at the center of our strategy as an information services provider and it sets us apart from our competitors. Our customers benefit from our unique solutions every day, and we develop software and deliver services that offer expert insights to professionals around the world. Our subject-matter experts create information assets on a global scale, delivered through the strong local presence we have worldwide.

Over the past years, we have significantly transformed our portfolio with more than 71% of revenues coming from online, software, and services, and we manage our portfolio to take full advantage of our leading positions. In the future, analytics based on the wealth of data mined from our software and services will provide growth opportunities as professionals increasingly use information about trends and benchmarks to inform their decisions.

You can read more about the new, value-adding products that we launched in 2011 throughout this report.

## Legal & Regulatory divisional performance

The division consists of the Legal & Regulatory group with units in the U.S., U.K., continental Europe (North, Central and South) and Asia, and the Corporate Legal Services group.

### Legal & Regulatory

The Legal & Regulatory group focuses its strategy on delivering the **solutions customers value** from a solution and information provider: Ease of use and implementation as well as modularity and flexibility built on expert content. One good example is the launch of Croner Professional in the U.K. This web-based solution helps HR professionals track employment law issues and cases within their organizations and allows line managers access to Croner's 24-hour, 365-day practical telephone advisory service to handle simple HR questions, freeing up time for HR to carry out more strategic activities. Customer involvement and focus remain central, and the voice of the customer guides product development and enhancements throughout the division. For example, ftwilliam.com, an integrated Software-as-a-Service (SaaS) web portal for pension and benefit plan e-signing and e-filing, worked together with customers to take the portal a step further, providing functionality that streamlines and expedites administration processes and ensures plan compliance.

A strategic goal of the division has been to grow globally, and significant progress was made in expanding existing product lines into new geographies. Kleos, an end-to-end practice-management software tool that gives lawyers access to all their clients' files, anywhere, at any time, has



The introduction of **new technologies** drives change in all professions and the law is no exception. Take a look at the courtroom of tomorrow on page 76.

The annual CCH User Conference is a great example of **customer interaction** as you can see on page 60.



**Big data** provides valuable analytics and insights to help professionals make the right decisions. See how it works on page 62.

successfully expanded across Europe into five countries. We also launched China Law & Reference, the first local legal online database in China, bringing together all relevant laws and regulations, industry standards, and millions of cases, in a single database which is updated regularly.

In the legal and regulatory markets, Wolters Kluwer responded to the need for efficiency by capitalizing on **new technologies**. More than 70 mobile products and apps were launched this year and there are now more than 2,100 eBooks available.

#### Corporate Legal Services

Wolters Kluwer Corporate Legal Services delivered strong results while driving breakthrough innovation to position the group for accelerated growth in the longer term. We created new products in adjacent markets that leveraged our core competencies, such as CT Lien Solutions' iLienRED, a platform offering tremendous improvements in managing and recording real estate documents. We also completed strategic acquisitions, including National Registered Agents, Inc. (NRAI). This acquisition extended Corporate Legal Services' comprehensive compliance and governance portfolio for the legal services market, which includes CT Corporation, a leading provider of corporate business compliance solutions, and BizFilings, a leading online incorporation service provider for entrepreneurs and small-business owners.

As our customers' needs become more global, so do our products. Corsearch, the premier provider of clearance and protection solutions for trademark and brand professionals, for example, expanded on the largest collection of complete trademark databases in the world, and is the first in the industry to offer databases for the Philippines, Taiwan, Iceland, and Macau. Edital, the leading trademark product line in Europe acquired in 2010, played a critical role in the Corsearch portfolio's transformation towards creating a global platform.

Customers' focus on transparency and value for money inspired new, innovative business models. We leveraged the **"big data"** opportunity by addressing the legal industry's challenges and launching an entirely new business, TyMetrix Legal Analytics. This is the industry's first contributory database of actual legal invoice data, providing insight into individual operations and access to industry-wide benchmarks and predictions. As the business evolves, TyMetrix Legal Analytics will continue to capitalize on the tremendous opportunity to help customers better evaluate legal costs, performance, and outcomes, and to make more informed decisions.

#### Tax & Accounting divisional performance

Wolters Kluwer Tax & Accounting is one of the world's largest providers of tax, accounting, and audit information, solutions, and services. Tax & Accounting's "Best-in-Process" focus aligns technology solutions with optimized workflows to deliver productivity improvements, supporting greater profitability and growth.

Providing global solutions while delivering value at the local level is one of the key priorities of the division. In 2011, we introduced Global Integrator, a leading web-based solution that offers global data collection, analysis, and tax reporting on a single platform. Global Integrator makes tax provisioning easier and more accurate for companies that do business globally. Through a partnership with Comtax System, CCH has enabled international tax professionals to efficiently reduce tax costs, minimize risk, and increase the net results of cross-border transactions. The division also expanded and complemented its tax and accounting offerings in Europe through the acquisition of Twinfield, a Dutch-based pioneer and market leader in Software-as-a-Service (SaaS) accounting solutions that serves 80,000 administrations online, assisting professionals in the Netherlands, U.K., and Scandinavia.

Tax firms understand that the move to the cloud offers an important way to increase profitability and efficiency, especially as it relates to **customer interaction**. SaaS solutions level the playing field, since small and mid-sized firms can benefit from the same technologies as larger firms. They can enhance client services with solutions such as ProSystem fx Portal, which securely supported almost a million exchanges between firms and their clients in 2011. We also introduced the SaaS version of ProSystem fx Scan, offering the same functionality as our on-premise solution. The ProSystem fx Knowledge Coach, which won the 2011 Tax and Accounting Technology Innovation Award, offers the first dynamic audit workflow product, revolutionizing how auditors conduct their work. Mobile devices are a way for professionals to better manage their business and provide immediate answers to client questions. With CCH Mobile, customers now have immediate access to the most current news, research information and productivity tools.

For the seventh consecutive year, the U.S. Internal Revenue Service (IRS) has recognized our expertise and selected CCH as its source for reliable sales tax data. CCH Small Firm Services solutions were also selected as the software used by IRS employees and volunteers to prepare and electronically file tax returns for millions of low-income, elderly, and limited-English-proficient taxpayers. With continued growth in the electronic filing of tax returns and related tax documents, CCH and Small Firm Services processed a record number of returns, resulting in their strongest performance ever. In Belgium we were the first tax software supplier to make our software solution compliant to BIZTAX, a new electronic company tax submission format introduced by the government for the 2011 tax year.

#### Health divisional performance

Healthcare professionals and organizations worldwide use our information, tools, and solutions to improve clinical practice and deliver high-quality, cost-effective healthcare.

decision support solutions. In July of 2011, we announced the divestment of our pharma businesses, and by the end of the year the sale of Marketing and Publishing Services was completed. The sale process for Healthcare Analytics is ongoing.

In late December of 2010, we acquired Pharmacy OneSource, a leading Software-as-a-Services (SaaS) provider in the hospital pharmacy market. During 2011, we successfully integrated Pharmacy OneSource and further strengthened our Clinical Decision Support position into the pharmacy market by acquiring Lexicomp, a leading provider of drug information and clinical content for pharmacists, clinicians, and hospitals internationally, providing services and content to nearly 1,500 hospitals globally.



Take a look at some examples of how our insights help meet customers' evolving needs and reduce risks on page 46.

Expanding our footprint in emerging markets, we entered into a joint venture with Medicom, a leading Chinese drug information provider, to deliver clinical decision support solutions. As China prepares for significant changes to its healthcare system, this acquisition allows us to expand into the rapidly growing Chinese market while creating a drug information infrastructure in China. Together these portfolio changes have enhanced Wolters Kluwer Health's market leading position in the fast growing area of Clinical Decision Support.

Through our unparalleled expertise, we have delivered proven, demonstrative value to customers. Researchers at Harvard University reported that the adoption of our UpToDate product is associated with saving lives, shortened patient stays, and better quality performance. UpToDate added general surgery to its clinical knowledge system, now allowing users to access clinical information and evidence-based recommendations in 19 medical specialties.



Read more about the quality of patient and healthcare in China on page 80.

Initiatives to standardize healthcare, reduce costs, report metrics, and digitize health records continue to drive demand for our ProVation products. The HITECH act in the U.S. has been driving sales of ProVation Order Sets, with future phases expected to benefit the ProVation MD product line. Likewise, ICD-10 (International Classification of Diseases), a new standard expected to be implemented in 2012 in the U.S., is expected to drive future growth of other ProVation products.

The global expansion of our Health division was driven by enhanced product lines and strategic acquisitions. We launched OvidChinese and OvidEspañol and expect to make Ovid available in Arabic in 2012. We acquired Medknow, a major open access publisher in India, adding 170 new journals to our portfolio and providing a new business model, footprint and platform to expand upon in the emerging research markets of India, China, and the Middle East where open access business models dominate.

We drive innovation in healthcare by enabling information delivery at the point-of-care. UpToDate MobileComplete was released as a downloadable app that provides

clinicians with access to evidence-based, practical recommendations anytime and anywhere. We launched OvidMD, the first clinical tool to present full text medical research linked to synoptic content from UpToDate. We were also the first in the industry to introduce major society title iPad apps. We significantly expanded our eBook offerings through new agreements with eBook distributors with more than 700 eBook titles available.

#### Financial & Compliance Services divisional performance

Financial & Compliance Services strengthened and focused the portfolio and expanded our global footprint in 2011, allowing customers to meet and manage their audit, risk, and compliance challenges by using our solutions.

In addition to helping more customers manage risk and compliance across their businesses and improve efficiencies, Financial & Compliance Services' solutions continue to garner industry awards. ARC Logics was recognized by Operational Risk & Regulation as the 2011 Product of the Year for helping European insurance firms meet the enterprise risk management requirements of the Solvency II directive. Our GainsKeeper tax lot accounting solutions continued to experience significant growth fueled by new legal requirements that regulate securities firms' compliance. The release of a web version of FRSGlobal in 2011 is another great example of how we are applying our insight to help meet customers' evolving needs. The solution enables a variety of customers, from the cubicle to the C-suite, to gain access to powerful financial risk and regulatory functionality via an online integrated view of the entire corporate organization.

The global growth of the division was enabled both by expanding product lines and through strategic acquisitions. In India, we expanded our offerings to the financial services market, and in the U.K. and Europe we launched our ARC Logics enterprise risk management solution. In China, we acquired SASGAS, a provider of financial reporting software solutions to the foreign and domestic bank market, enabling foreign banks with branches in China, as well as domestic banks, to address complex local financial regulatory requirements. In the U.K., the acquisition of Spring Programs Ltd. strengthened our leading market position. We now provide the most comprehensive financial risk and reporting solutions for U.K. financial firms of all sizes, bringing transparency, traceability, and efficiency to managing risks across an enterprise. Within Teleroute, we extended our Safe Market Place program with the launch of Fraud insurance in France and the STAR Index across Europe.

In 2011, we moved the SDX Secure Document Exchange service to the cloud to help mortgage lenders make the secure, electronic delivery of mortgage compliance documents to borrowers even faster and more efficient. The cloud environment adds processing power to the SDX service by increasing memory space and bandwidth, and by adding servers to help quickly accommodate large



In 2011, all 145 projects part of the Springboard program were successfully completed. Find an overview of some key projects on page 66.

spikes in lending volumes. In France, more than 40 firms went live with our regulatory reporting solution, which enables adherence to the French Commission's *Système Unifié de Reporting Financier (SURFI)* regulation, based on the latest technology innovations in the field. The new TeamMate version, which was released in 2011, helps auditors better assess risks facing their organizations. Its powerful database is enabled with web-based access for tracking audit projects and issues. In addition, we broadened the Teleroute Freight Exchange with electronic confirmation capability for our transport customers.

**Enabling global capabilities**

2011 marked the successful completion of the four-year Springboard program. By standardizing the systems and processes that enable product development, distribution, and support globally, we eliminated divisional variation and unlocked additional value, strengthening and improving profitability on a global scale. We have also created a roadmap for back-office technology platforms that rationalizes our IT landscape. We have become more efficient, reduced time to market for new products, and created an agile platform for execution.

The Global Shared Services organization, which completed its first full year of operations as a global organization in 2011, has continued to provide the backbone for streamlining operations, reducing complexity, and simplifying IT partner management. A major achievement was the negotiation and implementation of three global service partnerships for IT back-office, finance and accounting processes, and further IT infrastructure consolidation in 2011.

Global Shared Services sets foundational elements in place needed for Wolters Kluwer's continuing global expansion efforts as well as the acceleration of cloud-based computing initiatives. The service offerings support a balance of local market speed and agility, while leveraging the benefits of global scale, standards, and technology partnerships.

**A global team of experts**

The expertise of our employees is the foundation of our success. Wolters Kluwer is proud to have many leading experts and highly engaged professionals among its global workforce. Subject-matter experts combine their knowledge on technology and content. Together with authors, partners, and customers, they deliver solutions that create value by helping professionals make better decisions and improve productivity. We see diversity as a catalyst for innovation and creativity, and we are committed to hiring, developing, motivating, and retaining the best people who understand the power of working closely with our customers and driving innovative processes and solutions.

Talent development is a key objective for Wolters Kluwer, and talent management initiatives are firmly embedded in the company supported by robust processes that link skill assessment and individual development guides with succession planning and global slating of internal candidates for critical positions. In 2011, the company's annual Leadership Forum took place to discuss and collaborate on different aspects of innovation and leadership. Webinars and task forces supported the Leadership Forum network and collaboration throughout the year. Learning from and with each other is an important goal. In parallel with supporting its customers to take better decisions and be more productive, Wolters Kluwer strives to create a working environment that helps its people to do the same.

Wolters Kluwer employees are encouraged to develop and expand their professional horizons, and we emphasize a culture of growth and innovation. Throughout 2011, a number of initiatives took place that brought together employees and highlighted the wealth of ideas and people that enable innovation at Wolters Kluwer, such as tournaments, awards, showcases, and fairs. One example is the 2011 Global Innovation Award contest. More than 240 employees submitted ideas, and based on this enthusiastic response, the contest will be held again in 2012.

Wolters Kluwer has 17,979 employees (full-time equivalent) in more than 35 countries around the world.

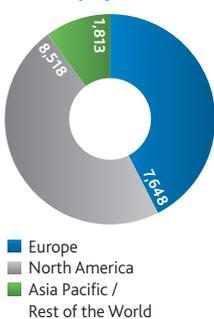
**Sustainable solutions**

Sustainability is a core part of our strategy. For Wolters Kluwer, profitable growth does not only mean improving the financial reward for our shareholders. We focus on creating sustainable growth through supporting our customers and helping them perform their activities more efficiently; rewarding our employees in terms of development, income, and growth; and contributing positively to both society and the environment.

Many of our products contribute to creating solutions to global challenges. They provide critical information and services to promote human progress in areas like health-care, health and safety regulation, business compliance, and environmental regulation.

Wolters Kluwer's focus on sustainability has been recognized. The company has been part of the Dow Jones Sustainability World Index for five consecutive years and is a member of the United Nations Global Compact.

17,979 Employees 2011 Employment



We contribute positively by supporting our neighborhoods around the world through a wide variety of local community involvement. Read more on page 48.