



Nancy McKinstry
CEO and Chairman
of the Executive Board

Message from the Chairman

Successful completion of three-year strategy

On September 27, 2006, Wolters Kluwer presented its strategic priorities for 2007 and beyond. We described a strategy to accelerate profitable growth that leverages our strengths – superior content and technology, deep customer relationships, and market-leading brands – and provides a roadmap for focused and rigorous execution.

Three years of persistence and dedication from Wolters Kluwer's management and employees, along with support from our shareholders, culminated in the announcement we made that day. Wolters Kluwer has been transformed into a customer-focused operating company that is far more agile and innovative than ever before. Going forward, our strategy builds on the strong foundation we have established, and provides a clear and compelling plan to accelerate growth and enhance value for our customers, employees, and shareholders.

2006 marked the successful completion of our three-year strategic plan to strengthen and transform Wolters Kluwer. We have delivered on the promises we made in 2003 to invest in growth, realize operating and cost efficiencies, and instill a strong commitment to our core customers and markets.

In 2006, Wolters Kluwer continued to achieve strong financial results, consistent with the plans and targets we set for the year. Revenues grew by 9% to €3,693 million. Importantly, organic growth was 3%, demonstrating clear momentum behind the company's efforts to invest in expanding our leading market positions. Revenues from electronic products increased significantly, growing 23% in 2006. This growth occurred across all divisions, highlighting the importance of integrated content and software products to our overall growth program.

Ordinary operating margins improved to 17% from 16% in the prior year, reflecting the significant savings that have resulted from our three-year effort to achieve operating efficiencies and restructure underperforming business units. Diluted ordinary earnings per share increased by 16% to €1.23. Free cash flow also increased to €443 million, providing us with the financial resources to drive growth and transform the company as well as return value to our shareholders through dividends. Reflecting the strength of these financial results, Wolters Kluwer has proposed a dividend increase of 5% for 2006.

Strength across all markets

Each division within Wolters Kluwer advanced its strategic position to deliver higher revenue growth than the prior year. The Health division continued to improve its market position through new product development, as well as the acquisition of the Healthcare Analytics business and ProVation Medical. Corporate & Financial Services delivered strong revenue growth across all of its lines of business, supported by robust economic growth in the United States. Tax, Accounting & Legal grew organically by expanding its tax and accounting platform to serve customers more broadly with integrated content and software suites. The division's TaxWise and ATX/Kleinrock acquisitions further extended its leadership in the small-firm segment of the tax market. Legal, Tax & Regulatory Europe successfully completed its restructuring program, achieving modest organic revenue growth for the first time in three years and improving its profitability significantly. The Education division also enhanced its growth and profitability over the prior year.

Deep knowledge of our professional customers is fundamental to our market leadership and provides Wolters Kluwer with a competitive advantage. In 2006, we developed a comprehensive customer insight program that embeds the voice of the customer in each phase of the product life cycle, from innovation and design through product launch and portfolio management. This focus on knowing and learning from our customers, understanding their needs, and keeping their priorities as ours will continue to be central to our strategy for accelerating growth.

Well-positioned to accelerate profitable growth

Our strategy for 2007 continues to support our vision for Wolters Kluwer: to be *The Professional's First Choice*, providing the information, tools, and solutions to help professionals make their most critical decisions effectively and improve their productivity. Our strategy builds on the success of our transformation and focuses on four strategic actions.

Grow our leading positions

We will strengthen our leading positions in core vertical markets by continuing to invest in new and enhanced products as well as expanded sales and marketing initiatives. These efforts will be targeted at products and programs which provide opportunities to participate more deeply in our customers' workflows.

Capture key adjacencies

We will expand into attractive adjacent customer segments and markets which leverage our leading positions, brands, and technology platforms and offer opportunities to extend the growth potential of our core markets.

Exploit global scale and scope

We will expand our global footprint in new and emerging markets and selectively extend our product lines and platforms on a worldwide basis. With our deep understanding of local markets and wide geographic reach, Wolters Kluwer is well-positioned to benefit from globalization. Our efforts will be targeted at growing our market positions in Asia, particularly China and India, continuing to extend our leadership position in Eastern Europe, and expanding our Health product portfolio in Latin America and Spain. We also have begun to extend certain product lines internationally, allowing us to leverage our investments and common platforms across multiple markets.

Institutionalize operational excellence

We will pursue opportunities to achieve greater effectiveness and efficiency by instilling a culture of continuous improvement throughout our operations. Our efforts will be focused on expanding our offshoring program in IT and other functions, continuing to build shared services in North America and Europe, and accelerating our sourcing initiatives.

Our strategy for 2007 and beyond will result in sustained and profitable growth and enhanced value for our shareholders. Wolters Kluwer is committed to continuous improvement in our capital efficiency through strong cash flow, improved return on invested capital, and a progressive dividend policy.

As Wolters Kluwer embarks on this strategy, we have begun to explore strategic options for the Education division. We have concluded that this is an opportune time to examine alternatives for the business which will provide it with the best opportunities for future expansion, and our shareholders with enhanced value.

Committed leadership team

Throughout this period of transformation, we have invested in people and strengthened our leadership with a diversity of talents. During the last three years, Wolters Kluwer has increased its organizational capabilities in content, technology, and sales and marketing across all divisions to support our expansion and globalization efforts. The company has supported these initiatives with a talent management program designed to identify, develop, and retain key employees. A committed and skilled management team, with a shared vision and a passion for growth, is required to continue the successful execution of our long-term strategy.

Confidence in our future

Over the past three years we implemented our strategy for strengthening and transforming Wolters Kluwer with intensity and, as a result, we have good momentum as we enter 2007. We thank you, our shareholders, for your willingness to take a long-term view of the company and for the trust you have placed in us to effect this transformation. Wolters Kluwer today is a very different company than it was in 2003. Our focus on customers, products, and people has made us a leader in our markets. For this, I especially want to thank our employees and management team. I look forward to 2007 and have confidence in our ability to accelerate profitable growth. It is a very exciting time to be at Wolters Kluwer.



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