

MANAGEMENT DISCUSSION SECTION

Operator: Good day and welcome to the Randstad Holding Third Quarter 2009 Results Conference Call. For your information today's call is being recorded.

At this time, I'd like to turn the call over to your host today Mr. Robert-Jan van de Kraats. Please go ahead sir.

Robert-Jan van de Kraats, Chief Financial Officer and Vice Chairman of the Executive Board

Thank you. Good morning ladies and gentlemen. Welcome to the conference call to discuss the third quarter results of Randstad. I'm here together with the Ben Noteboom and Bart Gianotten and some others to support us. We're going to take you through the agenda and elaborate on performance on the financial results and the outlook, will conclude with a summary.

Now moving to slide five, which is looking at the market development. And if you look at the graph you can see we're moving away from a slight to more or less an ice cream scoop which is a different pattern from the one we have seen over the last quarters, because then it was sliding down from one quarter to another.

It's been a rough ride, which started already in the fourth quarter of '06 in the North American market in the U.S. market also and the Netherlands volumes went down as from the first quarter of '08. Also we have to be careful reading the data because the comparables of last year are getting a little easier.

If you look at the slide down the page, it reflects the Randstad growth. It's the Randstad growth over the various months. I just like to point out the black line, which is the North American market, which is clearly improving. But please note that the zero line is at the very top of the graph.

The summary is that we see our main markets surpassing the trough. The staffing markets are gradually improving, so that's light industrial, logistical and clerical business, especially the light industrial and logistical business seem to show some signals of a pick-up and let me also point out that we are very happy with that.

The light industrial and logistical segment is an important segment to us and also a very attractive segment. So this is the typical pattern that one would expect going through a downturn and coming out of it. The professionals market and also that is difficult we do see stabilizing on balance.

The next slide number six, in the third quarter of 2009, as I mentioned we see the revenue trend gradually turning. We also see increased gross margin pressure, which is largely offset by the continued strong cost management.

Revenue amounted to 3.2 billion, which is 28% below last year same quarter. The revenue trend has gradually improved through the quarter, as we've indicated in the press release. It moved from minus 30 to minus 26, and especially general staffing and inhouse staffing services are picking up slightly, in line again with the seasonal trend, but also in line with one would expect to be the typical development from a downturn.

The professional segment is more or less stable at the moment. We have seen increasing pressure on gross margins in this quarter. We have often elaborated on this point in the previous quarter and what we see is something that continues on the back of the developments in the first and second quarter. The commercial pressure that has intensified is what we see in most of our markets.

A large part of the contract renewals is now behind us. We have had many big clients that have renewed the contracts, that have opened up the contracts in the last quarter and we believe that we have seen a large parts of that.

Operating expenses came out at 503 million underlying, adjusted for one-offs and that is 25% lower than the 670 million in the third quarter of last year. Our outlook was based on our – our outlook reflected 520 million. But during the quarter we have sped up some of the initiatives due to the gross margin pressure we did see in the market.

Around 1,370 office is what we have less than at the end of the third quarter of last year. If one looks at it on a quarterly basis, on a sequential basis, the decline is around 150 and roughly half of that is a reclassification in the Australian business where due to the re-branding and the fact that everything is now under one management, we've been able to combine. EBITDA reached 93 million, which compares to 242 last year, a margin for this year of 2.9%.

Then looking at a couple of markets, first of all the Dutch market on slide seven, it's keeping up a good level of profitability. The organic revenue growth per working days – growth working day and then minus 23. It's a weird combination so the decline is minus 23 and that has been more or less stable through the quarter. The late cyclical market is stabilizing so the Netherlands one could consider as a late cyclical market. Tempo-Team and Randstad are more or less in line with the market, and Yacht is somewhat below. I would say that's also typical because they're in the professional segment. And one segment in the market that continues to do very well is contact centers so call centers for example.

The gross margin is under pressure, also the Dutch market. We see most of the impact in the large account segment, which I would say, is typical. The EBITDA margin came out at 7.1% and it very much reflects the fact that the cost base was managed well. And typically and also traditionally in these days, idle time management is a very difficult thing to manage and what we see – not only in the Netherlands by the way, but you also see it in the German business is that we have been very effectively managing idle time. The trend – the business trend, the revenue trends in the professional segment is still down.

Payrolling business, has now largely been divested and I just want to point out that – human resource solutions business goes beyond the payrolling business. This is purely the payrolling business that as announced, we have now largely divested.

The French market on the next slide, the slide eight; executing the social plan, ready to move forward. The organic revenue came out at minus 31 in the third quarter and there we see the general staffing and inhouse improved somewhat versus the second quarter of 2009. The professional segment is lagging however, but healthcare is holding up well.

We have initiated a large marketing campaign in September that will continue into Q4. And you will see the number of branches that we have added seven inhouse branches. We're looking here at new clients and transfers. And we are aiming to convert more going forward, because that is a way to provide dedicated service to our clients and also for us to make an attractive return.

We also see increased pressure on pricing in the French markets and I'd say that whereas we have strong leadership in the French company, one cannot break iron with the hands is what we say in the Netherlands, but trying to reorganize the company has been an extensive process.

We have applied for a reorganization and a social plan earlier this year, actually in January and we have only started the execution of this plan in the course of the third quarter. The voluntary parts of that plan led to a reduction of 226 people and that will continue into the fourth quarter. And that is the quarter in which we expect to finalize the reorganization.

EBITDA margin as a result of relatively late cost reductions came out at 0.9%. In the meantime, the DSO did very well – also little help from a friend here, is the government's decision that invoices should be paid in 60 days. We now have seen an eight days improvement year-on-year and a two days improvement compared to the last quarter.

The German market on slide nine, that is some relatively good news because we've seen a volume improvement through the quarter. Revenue is still minus 33 in the quarter, but through the quarter, it has improved and the improvement that we see is in the industrial segments including chemicals.

Gross margin pressure is controlled. It's not intensifying at this point in time and as I mentioned before, good idle time management is extremely supported through the bottom line.

Operating expenses substantially lower year-on-year, but we have seen a strong sequential productivity improvement.

We have mixed performance in the professional segment. On the one hand, placing freelancers in the IT business; the group business shows continued growth whereas we do see pressure in the engineering business.

The EBITDA margin came out at 5.4% and that is a lot better than the previous quarters. We're also, if you look at total numbers, have included a one-off in the German results, which relates to an accrual last year in the field of social securities.

Let me move into slide 10. The UK market having discussed some relatively good news from Germany, the UK market remains weak. In the UK market, one really has to distinguish between the staffing in inhouse business and the professional segment, it is clear the staffing in inhouse is easing. And we have some – we see some volume improving at new clients at the end of the quarter. But all-in-all, the organic revenue growth came out at 29% negative in the third quarter.

The professional segment continues to weaken, whereas the healthcare segment continues to perform well. The engineering and construction segment remained weak. And September remarkably was a relatively strong month for finance. We're planning further cost reductions especially in the professional segment and we arrived at an EBITDA margin of just below zero or 0.1%.

The North American market on slide 11, we're outperforming the market here, strong sequential profitability improvement is what we see, organic revenue development was 26% negative. But also here staffing in inhouse are clearly doing better. We do see an improvement from 30% in this segment negative to 20 at the end of the quarter and also one can say that the U.S. professional business and Canada have at least stabilized.

The gross margin continues to be under pressure. It is clearly competitive pricing in this market and as from early next year, we expect the increases of SUI, which is the State Unemployment Insurance to go up, to increase as a result of higher unemployment in the U.S. and that will be a challenge to charge it to our clients. We do see very good DSO management here and an EBITDA margin of 2.5%.

On slide 12, some information about our market share in the third quarter. In the Netherlands, we're close to market the one that's lagging here is Netherlands, which is the professional business. In the French market, we are well below market and that is something, which is related to what I just shared with you, the long time it took us to implement the social plan. We're now moving full force forward and also will increase our marketing activities in the fourth quarter.

In Germany, close to market, minus 1, but this is combined with very strong performance management because we do see an EBITDA of 5.4% in the quarter. The United States good result,

4% ahead. Belgium, we are just slightly below market. We've rolled out a new IT system in the Randstad business in Belgium, but also do the same in the fourth quarter in the Tempo-Team business and normally that has some impact on the external focus of people as we have seen in the past in other operations within the group. Good performance in the UK and Spain and Italy that's something you have seen before is the deliberate non-renewal of some contracts because we did not want to continue those. These were businesses that came with the merger with Vedior.

13 is the revenue growth, the various segments and I would suggest that you have this as background information. You can see here segments that have developed better than average whereas others have developed worse than average.

And moving to the financial results and the outlook, slide 15 we've already discussed the gross margin, but that is mostly impacted by the temp margin decline and by the reduction of permanent fees, which is more or less stable. The underlying operating expenses improved by 25% and **[audio break] DSO improved by 2 days to 57 days. Adjusted for the favorable impact of the French payment law the DSO was flat. The later is a mix of clients pushing for better payment terms and improvement of own internal cash collection process. Net debt improved to €1.2 billion from €1.5h billion in Q2. This improvement is fed by the** announced tax refund of 152 million. The delayed payment of Dutch VAT impacting at least 80 million and some positive developments from operating working capital to which I'll get back at the cash flow statement.

The income statement on the next slide 16, income statement Q3 and while you're looking at these numbers, I thought about November '07 again, the Investor and Analyst Day where we discussed a normal downturn, well, that's minus 10 for one year and again, and again. And now what we see is that downturn scenario showing itself in only one year.

So it has been as I said a very rough ride. All the data have been discussed already and I'd like to add and it's not printed here the net finance costs are now 7 million, compared to 34 million last year. And that is reflecting both the lower level of net debt but also the fact that the current Euribor for one month stands for roughly 0.4, so 40 basis points and then our spread is 75 basis points. So that is a very low interest charge that we carry in the P&L.

The gross margin development in the third quarter on the next slide, the development from 20.6% to 18.8, first of all the temp margin, the pressure which we have discussed already and about which we have said that we have already taken a substantial part of that pressure.

The permanent fees which had an impact, they declined 55% organically which is very much inline with previous quarters and permanent fees are now 7.3% of gross profit versus 11.2 last year.

Then we have HRS impact, but I would like to point out the temp mix, the 0.1, this is a positive impact but more or less hope that this will flip to become a negative because typically getting out of a downturn, the light industrial and logistical segment are the ones that do pick up and that means improvement, that means more revenues. And we look at this also in monetary terms so to us that would be good news. But that is a development we expect going forward.

And finally at the bottom, the HR business has some positive effect here and the fact that we have now divested most of the payroll business does not mean we're not active in this field any more because we'll continue, we'll even continue to expand our placement business, our reintegration business and so forth.

Then we have slide 18, the development in the corporate employees and outlets and as you can see here decreases all over the place. It's the natural attrition that is the main contributor to those reductions. Second one is re-organization and all of them we have a separate slide of that, are on track.

The corporate number of FTEs in Belgium increased from Q2 to Q3 and that is due to the additional usage of temps in our own organization, which is common in the third quarter because people are on holiday in August and we replace them like that. And we have the rollout of IT in Belgium, which also has resulted in addition of manpower. Outlets in France are stable, but underlying we see a decrease in branches, which has netted with some new inhouse outlets. In Australia, the reclassification I already mentioned to you.

The restructuring charges on slide 19, you can see the summary here. It's the slide that we have shown before and the aim in Randstad is what is said at the bottom to see the earn-back, the pay back on those restructuring charges within 12 months and as you can see here everything is on track.

Moving to the consolidated cash flow statements. That is one that is impacted by some one-offs. First of all, the cash flow from operations before operating working capital 214 million, that's very positive, but in there we have the 152 million included that came back from the tax authorities after having discussed it. This relates to lets say high level of tax planning, that is related to the impairment of the Vedior acquisition.

We have a release of working capital, 157 million, and that is the result of the VAT payment in the Netherlands, which is even a bit more than 80 million. It's also impacted by a reclassification of one item. We have the French penalty which has now moved to the short-term liabilities from provisions, and it's also impacted by the fact that [inaudible] did well in the third quarter and some timing issues with respect to accounts payable, which is quite a cocktail of elements that come together here. And while I would say investments in the company in line with what we have discussed before, so nothing special furthermore, only that we have 355 million reduction in the net debt level.

Then on slide 21, some comments on the debt facilities and the repayment schedule. We're now at a leverage ratio of 2.4. Our gross debt is a bit north of 1.7 billion. And we felt that the facility was a bit too much also because we had to pay – we have to pay commitment fees. So we have made it a little more efficient by taking care of the reductions. You could say repayments, but effectively it's a reduction of the facility. So, by now, we have already carried forward the November this year, May 10 and November 10 reduction of the facility, which means we will have savings of the commitment fees in the field of 1 million a year. The total net facility is almost 2.3 billion, still. So if we start to grow, we will have room to maneuver a little bit.

We also have this standby securitization facility organized as we have announced in August. Again, that is just a standby facility because it is more costly than the financing we have in place now. But just in case we might enter into a completely different scenario again, this will help us to create some room to maneuver. There is no refinancing need within Randstad before 2013.

The outlook. Organic revenue growth per working day improved from minus 30 in July to minus 26 in September, and these strengths are continued into October. As such, we do see this gradual improvement in staffing/inhouse, and we see stabilization in the professional segment. Please note that our visibility remains very limited. Gross margins remain under pressure. We will continue to align our cost base whenever necessary and again mainly that happens through next occasion.

We expect operating expenses to be lower again, but that is then compensated by the second point here. That's the increased marketing spend due to the timing of some marketing campaigns and also following the reorganization in France. Most of that amount is going to be spent in the French markets. We do not see a significant working day impact in the fourth quarter of 2009 because this is always an uncertain phase in our books. And we expect around 10 million of additional restructuring charges for the fourth quarter relating to further alignment especially in the professional business.

So the summary on the final slide is that we do see revenue trends gradually turning, pressure on the gross margins, strong cash flow so far going forward. There is not a lot of special items anymore, so it will be strongly related to EBITDA and our DSO management or working capital management. And we continue to focus on cost management productivity, the market campaigns, market share related to that directly and DSO.

So that concludes the presentation, we now move to questions and answers.

QUESTION AND ANSWER SECTION

Operator: Thank you sir. [Operator Instructions] Thank you and now we move to our first question from Tom Sykes of Deutsche Bank. Please go ahead.

<Q – Tom Sykes>: Yeah, good morning everybody. Just wanted to ask, first of probably about 50 questions on gross margins. But the – can you give any sort of indication as what the flow through from the renegotiated contracts actually is into the sort of fourth quarter and the next quarter? And your sort of feeling is in what's happening in the spot market as well relative to the sort of contracted market? Please.

<A – Robert-Jan van de Kraats>: Good morning. What we said in the press release is that a strong equation that by far the largest part of the renegotiations is all behind us. But also to a large extent they're already in the margin for Q3.

<Q – Tom Sykes>: Okay.

<A – Robert-Jan van de Kraats>: But not extrapolate the reduction in gross margins from Q2 to Q3, I think that would be far too pessimistic.

<Q – Tom Sykes>: Okay. And the, sorry...

<A – Robert-Jan van de Kraats>: Spot market, there the impact is considerably less. I think that, that would have no big impact on the total margin.

<Q – Tom Sykes>: Okay. And in previous downturns, is the large account repricing an iterative process or it tends to happen once and then people move on? And we're looking upwards rather than downwards?

<A – Robert-Jan van de Kraats>: Well, as we've described before what we have seen the moment the market turns volume wise, margin keeps up well. And then with delay we see pressure on margin, exactly as we've seen this time. What we also see is the clients have had the tendency to try and negotiate longer contracts than before.

<Q – Tom Sykes>: All right.

<A – Robert-Jan van de Kraats>: While in the past they would tend to go for a one year contract, now they might try and get a two or three year contract. And that's all has what happened.

<Q – Tom Sykes>: So, does that mean the recovery on the other side is a bit slower in gross margins or it's just – you don't expect that has had a material effect in the recovery in gross margins when demand comes back?

<A – Robert-Jan van de Kraats>: What I spoke actually when I when – what we expect to happen is, if the market continues as we see it developing now. That would mean that we would have a bigger chunk of blue collar business. That means the gross margin will go down. But as you all know, not necessarily, the profitability.

<Q – Tom Sykes>: Yeah.

<A – Robert-Jan van de Kraats>: Because this also depends on productivity, it will be higher. Then a bit later, if the flex market would have recovered somewhere in that process also permanent placement will recover. And that can have a potentially very big positive impact on the gross margin. So it's more a mix effect than he was trying to pin-point on long-term global contracts.

<Q – Tom Sykes>: Okay. And is there any chance you can give us some sort of indication as to the level of [inaudible] going into or in October. And perhaps what's actually the fall-off in the year-on-year rates in September last year to October last year if you could perhaps remind me please?

<A – Robert-Jan van de Kraats>: I'll do it and then we'll move on to next...

<Q – Tom Sykes>: Sure.

<A – Robert-Jan van de Kraats>: I think it's fair that everybody has an opportunity to ask some questions. From, last year September, we're up minus six and October minus ten.

<A>: Okay. Next question.

<A – Robert-Jan van de Kraats>: Thank you, Tom.

<Q – Tom Sykes>: Thank you.

Operator: Thank you. We now move to our next question from Jaime Brandwood of UBS. Please go ahead.

<Q – Jaime Brandwood>: Good morning. Just wanted to ask about revenues and the charts where you show the month-on-month trends or rather year-on-year growth. But for each month in recent months by market, slide five. And I just wondered – can you talk – I mean obviously, when we look at lot of these markets in a normal year, the months in Q3 do tend to see a pick up versus Q2. So there is some seasonality there. I'm just wondering if you try and look through that seasonality, which markets do you think you are actually seeing a genuine pick up and which markets is it more just you've seen a seasonal pick up?

<A – Robert-Jan van de Kraats>: The biggest increase is our improvement if you want is in the staffing market in U.S. Through the quarter, that goes from about minus 30, as far as Q2 it was minus 35 to minus 20.

<Q – Jaime Brandwood>: Yeah.

<A – Robert-Jan van de Kraats>: So that's a huge improvement. We see a big improvement and of course it's always difficult to differentiate between our own results and markets because not necessarily are they exactly the same and thus we have the high market share.

<Q – Jaime Brandwood>: Yeah.

<A – Robert-Jan van de Kraats>: So staffing in the U.K. is improving. We've seen Spain improving, albeit that they came from a very, very bad level obviously.

<Q – Jaime Brandwood>: Yeah.

<A – Robert-Jan van de Kraats>: We've seen Europe, we've Germany improving. So all around if you look at many of the markets where we are today, we see in general staffing markets getting better.

<Q – Jaime Brandwood>: But you can be – you see that as genuine improvement rather than just seasonality.

<A – Robert-Jan van de Kraats>: Yeah, for sure, yeah.

<Q – Jaime Brandwood>: I mean if you try and kind of annualize, the month for month growth which you're seeing for example in the U.S. I mean what would you say the annualized growth rate is that you're seeing in U.S. blue collar at the moment. Do you think you may be seeing an annualized growth rate of 5%, 10% more than 10%?

<A – Robert-Jan van de Kraats>: [inaudible]

<Q – Jaime Brandwood>: In effect if you annualize month-for-month trends, what do you think you're seeing? I mean if what was going on in the U.S. over the last two or three months, was the carry on for a whole year. Do you think you're seeing growth for around 5%, more than 5%?

<A – Robert-Jan van de Kraats>: Well, that's the South Africa picture of course, but as we improved 10% last three quarters. Then by the end of next year we would be 40% up. I don't think that's going to happen there.

<Q – Jaime Brandwood>: Okay. I mean it's a tough question, I know, because it's hard to strip out seasonality, but anyway.

<A – Robert-Jan van de Kraats>: [inaudible] it's a fantastic picture.

<Q – Jaime Brandwood>: Okay.

<A – Robert-Jan van de Kraats>: Thank you for the [inaudible].

<Q – Jaime Brandwood>: Yeah, no problem. I'll now avoid questions on...

<A – Robert-Jan van de Kraats>: And then we could move on to the next question, sorry...

<Q – Jaime Brandwood>: Do you mind if I just ask one more which is just a question on debt. And obviously you've done very well in the quarter. I'm just wondering whether you could give us some sense of how much do you think you might also be able to reduce debt in the coming quarter. Is the net debt of €1 billion feasible by year-end, do you think?

<A – Robert-Jan van de Kraats>: First of all, the key worry about debt is the confidence. And by now we've moved away from that if you look at the net interest charges, it's all very limited. But I made the point during the presentation that going forward will be very much connected to the EBITDA development and our working capital management. And that means, it will be much more gradual than we have seen it going so far. And I suggest that we stick to two questions each.

<Q – Jaime Brandwood>: That's great. Thanks.

<A – Robert-Jan van de Kraats>: Thank you.

Operator: Thank you. We'll now move to our next question from Toby Reeks of Merrill Lynch. Please go ahead.

<Q – Toby Reeks>: Hi there, two questions. And the first is on the cost reduction plans in France. Can you give us a clear indication of exactly when those are expected to impact?

<A – Robert-Jan van de Kraats>: Yeah. We have to set aside 25 million at the beginning of the year. We made a point that that would be coming back within a year. So, effectively we should see a quarter of that coming through in the various quarters. However...

<Q – Toby Reeks>: In fact [inaudible].

<A – Robert-Jan van de Kraats>: Increasing our marketing spend in the French markets.

<Q – Toby Reeks>: Will that come through in Q4 this year, is that?

<A – Robert-Jan van de Kraats>: Yeah. 5% has come through in Q3 and the other part will come through in Q4. So, it's roughly divided. But again the marketing spend are going to increase.

<Q – Toby Reeks>: Okay. Thank you. And the final question is, could you try and get some color on what sort of a gross margin impact you expect from SUI? And just how much you expect to be able to pass on to clients, what's your experience in the past, in that respect?

<A – Robert-Jan van de Kraats>: It's a bit early to do that because as you might know, in some – first of all, it depends on the mix. So, in first stage there are different increases. Second of all, what they see is that in some stage they announce the SUI rates only on March, that are coming back to January 1. So that's also difficult to forecast.

What we do know of course is that given the increase in unemployment is going to go up. So we have been anticipating this move and have been busy trying to negotiate the compensation from clients already since a couple of months. So that should have its effect. Whereas in past, we usually were too late to be honest, to be able to compensate, to compensate. And then we were running behind the developments all the time whereas now we try to be more proactive. But we can't quantify each item. Sorry, again, the mix and the time at which it is being announced is too uncertain.

<Q – Toby Reeks>: But you would expect to have a less severe impact than it has in the past because you have been more proactive, is that what I speculate from what you just said?

<A – Robert-Jan van de Kraats>: Yeah, that's what we work hard for. On the other hand of course customers are pushing back harder because they are also having a difficult situation. So the game is on so will see.

<Q – Toby Reeks>: Thanks guys.

<A – Robert-Jan van de Kraats>: Thank you.

Operator: Thank you. We now move to our next question from Arun Rambocus from Kempen. Please go ahead.

<Q – Arun Rambocus>: Yes, good morning gentlemen, two questions as well. First of all, on your statement that cost income marginally down in the next quarter. How should we read that statement in relation to your ambition to get your EBITA margin to 4%? Or should we see that you still have the natural attrition of personnel, which will not be replaced, it doesn't impact on your cost based going forward? That's the first question.

And the second question is on idle time. Can you just remind us what idle time has been doing in Germany and Netherlands, and what we can expect for the fourth quarter assuming that for example in Europe, Q4 is the stronger seasonal month, stronger, sorry, seasonal quarter which should have a positive impact on idle time? Thanks.

<A – Robert-Jan van de Kraats>: Your first question, Arun. I think it is important looking at cost development that we don't manage the company on a quarterly basis. We are trying to have a longer term focus here. So the fourth quarter is specifically impacted by the marketing investments, which we have discussed with you. And the fact that we have increased the speed of implementation of some of the reorganization, that means some of the reorganization that would

have come up in Q4 have now been implemented in – the effects of reorganization, I should say have come into Q3.

So going forward into next year, you'll see us adjusting cost whenever necessary. And that is an art rather than a science. Because we have to make sure that in these segments where the decline is reducing, we'll make sure we have sufficient people to enjoy that growth and to prepare for further growth. So, you'll see us adjusting the organization wherever necessary. The 10 million that we're setting aside for sales in Q4 is a sign of that.

<A – Ben Noteboom>: Idle time. It's at a very, very reasonable level. It is actually at about the same level as when we were growing pretty fast. So, we are very happy with the controls we have in place to minimize the effects there. So day-to-day is always an issue but it is not an issue as in that it has an effect on the results.

<Q – Arun Rambocus>: But should it – sorry, my question was should it improve in Q4 on the back of seasonality within Europe and Netherlands for example, is it right way to assume?

<A – Ben Noteboom>: Sorry. I should have indeed clarified that. Since it is at a low level, we don't think it will improve, but it should also not get lot worse.

<Q – Arun Rambocus>: Okay. Thank you.

<A – Robert-Jan van de Kraats>: Therefore for the Christmas period, same as in the U.S. You can identify these things well in advance and prepare for that.

<Q – Arun Rambocus>: Okay. Thank you.

Operator: Thank you. We will now move to our next question from David Tailleir of Rabo. Please go ahead.

<Q – David Tailleir>: Thanks. Good morning gentlemen. The first question on cost cutting, to what extent are you considering that you'll also let's say hamper some long-term growth prospect if you are currently rebound. And the second one on your interest rates, any plans to fix them at these kind of levels? Thanks.

<A – Ben Noteboom>: About long-term growth, although by the way I had expected a different – first one will go [inaudible] David what...

<Q – David Tailleir>: Are you interested?

<A – Ben Noteboom>: Yeah.

<Q – David Tailleir>: Are you interested?

<A – Ben Noteboom>: Do you have a plan. And no, we don't expect impact on long-term growth. As you know we have been pretty precise on the remaining network in the sense what we're still present in the markets that are important. We've had some cases as we've also clarified before that we lack some markets, because we have an isolated branch, and then it doesn't make sense. But by far the biggest part of branch closes have been in city areas where we have more branches and that we combined them so that we did not leave the market.

We also said today, as we've clarified also in Q2, have had excess capacity available to be able to grow. So, it's more a definition. It's more a matter of defining where the growth opportunities are and make sure that we target our sales efforts in that area. So that is a critical factor, the critical factor is not that we would have efforts minimize our opportunity to grow.

<A – Robert-Jan van de Kraats>: Okay. So from higher ABO. On the interest rate development and the policy remains as is. And that means we very much enjoy the natural hedge we have. If we would have fixed interest rates in the past, I guess we would have spent 60 million more on an annual basis at the moment. So, it still has proven to pay off very well. And we'll continue to do that. So we do not have plans to fix the interest rates and we do not foresee in our numbers very significant economic growth. By the way, if we would see major growth coming through we'll rethink it once more. But that is not what we see so far. And we have our own indicators on the table for that.

<Q – David Tailleux>: Okay. That's clear. Thanks.

Operator: Thank you. We'll now move to our next question from Mark de Boer of RBS. Please go ahead.

<Q – Mark de Boer>: Good morning, gentlemen. It's Mark from RBS. Two questions, first, are you willing to share with us what the profitability has been throughout the quarter? I think you have been indicating before in Q2 what the kind of June EBITA rate was. And then secondly, can I make out of your comments on France that you would expect to go back to kind of market growth in France from Q4 onwards, as you have just missed out on the commercial initiatives?

<A – Robert-Jan van de Kraats>: Now we won't share the quarterly profits because operationally – the monthly profits because operationally we do have not received but there are lot of other things you look at the end of the quarter. And then assess what provisions you would take, or have [inaudible] security etcetera. So that I think would hardly be reliable information to you, for you to build any conclusions on.

What we have seen of course is that we're 5% below market in France. This is due to a large extent to the fact that we announced a reorganization on January 3. And we actually have a couple of 100 people that already have a new job. Which have been sitting and waiting for us to conclude the negotiations with unions. So that they could cash the money and then leave. As you can imagine those are not the most productive employees we have and also it is not, is not very favorable for the atmosphere in the company.

That is now behind us. We are now also pushing indeed with a very heavy marketing campaign in television, radio etcetera etcetera, sales actions. So yes, we should improve, but -- and we do not expect that within one quarter, we will be at market. That usually takes about two quarters before you see the real payback of these sort of efforts.

<Q – Mark de Boer>: Thank you.

Operator: Thank you. We'll now move to our next question from Frank van Wijk of SNS. Please go ahead.

<Q – Frank van Wijk>: Good morning gentlemen. Could you -- two questions please. Could you give some more flavor about the gross margin region, which is above Group level, which is below? And secondly, could you give some more information about the restructuring at professionals? Are they fully in the U.K. or are there other regions where restructurings are planned?

<A – Ben Noteboom>: Yeah, restructuring is a mixed basket. What we don't want to do is to actually reveal plans that have not been communicated with the relevant people in those organizations through this conference. So, we'll have to clarify after next quarter, but unfortunately, we can't be more specific here on those topics.

<A – Robert-Jan van de Kraats>: With regard to the gross margin, David, we don't disclose that any more, but it is obvious, sorry, Frank, it is obvious that in markets where we are having a large share of large clients, you see more impact, for example in the French market and also in the Dutch market.

<Q – Frank van Wijk>: Okay. But could you give some more flavor about where you see exceptionally more pressure on pricing in some countries and where you don't see that?

<A – Robert-Jan van de Kraats>: It's across the board, but mainly in the countries where we have again a big position in the large client segment. And that relates mainly to the markets I just mentioned.

<A – Ben Noteboom>: Yeah. It's also important to note this because obviously later in the cycle, usually the smaller companies become a bigger part of the sales, which you'll have to compensate for that again.

<Q – Frank van Wijk>: Okay. Thank you.

<A – Robert-Jan van de Kraats>: And maybe, Frank, maybe to add to that, is that of course you'll see a relatively larger decline in the countries where you have the highest margin. So I mean in France, on a relative basis, the gross margin pressure is there, but of course it's less than the 110 basis points because you start from a lower level.

<Q – Frank van Wijk>: Okay. Thanks.

Operator: Thank you. We'll now move to our next question now from Konrad Zomer of Cheuvreux. Please go ahead.

<Q – Konrad Zomer>: Hi, good morning. First question is on your dividend policy, particularly in relation to the two mandatory repayments that you brought forward. Did you consider saving that money to possibly pay your dividend over 2009? So maybe you could update us on what you think about dividend payments.

Second question is on the gross margin in the Netherlands. We heard from Manpower last week that they talk about one particular competitor in the Dutch market offering massive rebates. We heard from UST yesterday that they do not really see that much pricing pressure in the Netherlands. So we get a little bit of a mixed message. Can you maybe tell us -- have you ever offered massive rebates yourself, and what's your view on pricing in the Dutch market going forward?

<A – Robert-Jan van de Kraats>: Konrad, to your question about dividend, the dividend policy, as we have stated before, remains unchanged. So, we are really aiming to pay out a dividend which is a certain percentage of profitability and the ambition to pay out a certain amount if the profitability allows for that. However, we've also concluded that the balance sheet should support that. And there we made the point that EBITDA – sorry the leverage ratio of net debt versus EBITDA should be below two. That is a clear hurdle that we've put in place and which we will continue to have in place. The discussion on the amount of dividend, and in the end it's a shareholder decision, but the discussion on dividend will take place in the month of January.

<A – Ben Noteboom>: On the margin development in Holland, so I'll leave you safe the mix because obviously, that has a huge effect. As you have seen in our historical numbers, the gross margins potentially to be achieved by companies like Yacht are considerably higher than the average. So the mix impact is huge on the gross margin for the country. We've shared during three years that we saw internationally one Group – one company actually that was pretty – that was

most aggressive in the large contracts, that used to be Manpower. So, I'm happy the association with Yacht now -- that's people in the playing field.

I don't see -- of course, we'll, for sure, I guess if we're going to research what we'll have also to rebate somewhat. It's actually usually more of the negotiated margin than rebate, but it's not something that's very unusual given the point in the cycle where we are today. So, I don't see any unusual movements here. And I'm also not very pessimistic about the fact that we would be -- would not be able to reach the -- to actually maintain the very high level of profitability we have in the Dutch market. So, I'm not worrying about that too much to be honest. We do a lot of -- a lot of discipline in place now and mix is going to be the biggest driver of the margin.

<Q – Konrad Zomer>: Okay. And just one quick follow-up, what percentage of your Dutch business is in the public sector?

<A – Ben Noteboom>: It's between 15 and 20.

<Q – Konrad Zomer>: Thank you.

Operator: Thank you. We'll now move to our next question from Laurent Brunelle of Exane BNP Paribas. Please go ahead.

<Q – Laurent Brunelle>: Yeah, Good morning, gentlemen. Two question if I may. A follow-up on gross margin. Can you maybe elaborate a bit more on the French market and which is the part related to pure pricing? And can you maybe tell us a bit more between large accounts and SME? And secondly, beyond Q4 and let's say a year comes, when do you expect top-line to turn positive, especially in the blue-collar industrial segments? I guess it's a tough question, but if we can have a bit more about it.

<A – Ben Noteboom>: Referring to the, also for this second part to the French market?

<Q – Laurent Brunelle>: Sorry, yeah.

<A – Ben Noteboom>: On the development for the blue-collar, are you referring also to the French market?

<Q – Laurent Brunelle>: Yes. No, no at the Group level in term of return to -- in term of return top-line to positive at the Group level.

<A – Ben Noteboom>: No, we don't reveal the margin developments anymore for market. So, we won't do it also in this case. As we mentioned before, the influence, actually the reduction of course is also determined by the level of room varies -- in very margin countries, you saw that the impact was bigger than in markets like France where the margin is very, very small. What we see in France is that the automotive although is still below average, has picked up somewhat. So that's a reasonably good sign. But that's rather specific as we can get again -- if it would have increased, then we would have only talked about France, but these guys would come to that.

<Q – Laurent Brunelle>: Okay. And in term of top-line forecast.

<A – Ben Noteboom>: Excuse me?

<Q – Laurent Brunelle>: And in term of the top-line forecast moving forward, when do you expect some positive in the industrial segments?

<A – Ben Noteboom>: Yeah, that we don't give a forecast, and in the end, for us, it doesn't matter in that sense that we manage on actuals, and no one expectation -- so whatever we expect for us

doesn't play a role on how we actually manage the company because that's too risky. But we don't give a forecast as you will have seen our outlook on the revenue developments.

<Q – Laurent Brunelle>: Right. Or maybe can you say what is the change impact of the gradual restocking and do you believe it could help you?

<A – Ben Noteboom>: I think this should be the final question, I'm sorry, but because this is four – no, we don't -- can't differentiate, we cannot differentiate between the effect of the destocking that we have seen and the structural development of market.

<Q – Laurent Brunelle>: Okay, thanks.

<A – Robert-Jan van de Kraats>: We very much respond to market circumstances rather than study them.

Operator: Thank you. We'll now move to our next question from Teun Teeuwisse from Fortis Bank, Netherlands. Please go ahead.

<Q – Teun Teeuwisse>: Yes. Good morning gentlemen. I had a question on the contract renewals. Can you indicate how the contract renewals have been in staffing inhouse through the professionals, because I can imagine that you had more contract renewals in the staffing inhouse business, and maybe some more to come in professionals?

And second question is on these new contracts for inhouse, do you see very different conditions there from the better years, especially since productivity is main issue there? How much headroom do you have in those contracts? Thanks.

<A – Ben Noteboom>: You're right on the observation that obviously the renewal -- the number of contracts, absolute number is bigger in staffing as such -- as in professionals. However, we also start from a level base; so as a percentage, there's not a lot of difference. Second thing I should revert you within contracts, we also have quite a number of contracts where we actually covered our range of services. Within those contracts obviously, we differentiate in pricing between inhouse or IT engineers or other specialists. So, that is very important to note. Of course, we don't have one apply there. On inhouse, I didn't exactly get what your question was. I'm sorry...

<Q – Teun Teeuwisse>: These new contracts you see in inhouse because you mentioned that you have also new contracts coming in at inhouse. How do these – the conditions on these contracts differ from the good years, since especially in inhouse, productivity should determine your profitability, so I can imagine that there is little room for margin decline in the inhouse contracts?

<A – Ben Noteboom>: Yeah, the bigger challenge as far as margin here is of course that clients who would usually have let's say three or 400 times on one side, drops to, in a number of cases, to zero and then get back to 20 or 30. So that's not of course the model doesn't work, so then we transfer those clients back to the ground just because then we can have higher productivity because we combine it with other branches.

The moment that business will have picked up again and the volume will justify as having our cost-based risk and other times, it will decline again, then we will refer them back.

If you look at the margins of the new contracts, we see the same valuation we've seen before. We then actually a number of very large global clients, and as always, the bigger the clients -- we are highly paid sales people, for sure me being included. The bigger the clients, the stronger they negotiate on margin. But there is nothing that I think would make it for us impossible to have a reasonable return on those clients because they haven't really a made a contract.

<Q – Teun Teeuwisse>: Okay. Thank you very much.

Operator: Thank you. We'll now move to our next question from Thijs Berkelder of Petercam. Please go ahead.

<Q – Thijs Berkelder>: Hi, good morning, gentlemen. Two questions on Germany, can you give us a bit of grip on the monthly revenue development in Germany and what you see there in October? And secondly, OpEx Germany and what can we expect there in Q4?

<A – Ben Noteboom>: If you look at the monthly development in Germany and look at the numbers here, we have an improvement of about 10%. It's actually on slide five at the right bottom side.

<Q – Thijs Berkelder>: Yeah.

<A – Ben Noteboom>: [inaudible] happening per month. That's about it.

<Q – Thijs Berkelder>: And in OpEx?

<A – Ben Noteboom>: The biggest effect is actually to -- we saved a lot of cost in Germany before as you can imagine and the biggest improvement comes from the top-line development compared to Q2 if we compare Q2 to Q3.

<Q – Thijs Berkelder>: The reduction in cost is not spectacular. It's a bit more than the average for the 5% for the total company.

<A – Robert-Jan van de Kraats>: Yeah, in terms of the revenue development, September was clearly the better month and that continues into October.

<Q – Thijs Berkelder>: Okay. And from an OpEx perspective, when do you think you need there to maybe do some extra marketing to really make use of the market potential?

<A – Ben Noteboom>: In quite a number of companies, we are starting to increase marketing spend again because we know that there is a very positive effect. It's a cheap rate to sell if you want. Germany is one of those, but the impact is not going to be that material.

<Q – Thijs Berkelder>: Okay, very good.

Operator: Thank you. We'll now move to our next question from David Hancock of Morgan Stanley. Please go ahead.

<Q – David Hancock>: Yes, good morning. The first question is on pricing in the perm business. You are seeing some increasing price pressure on the temp side as volumes stabilize and then start to pick up. Would you expect to see something similar in the perm business as well indeed? Are you seeing any pricing pressure at the moment?

<A – Ben Noteboom>: By far, the biggest challenge is the volume in perm, not price.

<Q – David Hancock>: Okay, thank you. And then, the second question is a followup on the public sector. So you gave us the size of the public sector business in the Netherlands. Could you just talk about your other bigger public sector markets and maybe say how much of the Group as a whole is public sector? And just talk about the trends that you're seeing for the business at the moment please?

<A – Robert-Jan van de Kraats>: Yeah, for the Group, it is around five to 10%, but really, the Netherlands is a key market there. In the French market, we have not been allowed to provide our services to this segment like in the Belgium market and that is to be opened up due to recent deregulation. By the way, same applies to Spain and Italy. So, it is very much the Dutch business, but also some business in the U.K. and in the U.S. And I think in Australia, it's also an important client of us.

<Q – David Hancock>: And in terms of – is that business still growing at the moment? And do you worry that that comes under further pressure sort of over the next 12 to 24 months?

<A – Ben Noteboom>: No, not big growth. What we usually see, if you look at the historical trends, then the government's reaction is always a bit slower, that's an understatement than that of companies which I guess is not another surprise, so you usually see that the pressure on the budget occur in one or two years be it -- the after the downturn in the economy. And then usually, what you see is of course that, by then, the other volume starts to increase again. So we hope for same scenario at this time.

<Q – David Hancock>: Okay. Thank you.

<A – Robert-Jan van de Kraats>: Yeah.

Operator: Thank you. And we'll now move to our next question from Marc Zwartsenburg from ING. Please go ahead.

<Q – Marc Zwartsenburg>: Yes. Good morning. A question on the gross margin, you see that the '10 margin is down from second quarter through the third by 50 basis points. Can you confirm whether this is all related to the contract renewals? That's my first question.

<A – Ben Noteboom>: Q2 to Q3, Marc.

<Q – Marc Zwartsenburg>: The year '10 margin went down, the negative impact was now 1.1%, it was 0.6%, am I correct for Q2, so that's 50 basis points more pressure on your '10 margin.

<A – Ben Noteboom>: Yeah what we – in a flat market, you usually see that in Q3, the margin is slightly below Q2 because of holiday workers, etcetera. It's very difficult to determine exactly where it comes from, so I would say that a part of that 0.5 is due to seasonality, I would expect the smaller part and the majority of it being price reduction.

<Q – Marc Zwartsenburg>: So, the 30 to 40 basis point related to the contract renewals, is that correct, roughly?

<A – Ben Noteboom>: Right. I think I've been pretty precise. Thank you.

<Q – Marc Zwartsenburg>: But are these contract renewals, is that – most of it was in Q3, but how did that develop through the quarter? Did everything happen at once and how – what percentage of contracts renewals is aimed and what can we still expect?

<A – Ben Noteboom>: Yeah, but obviously, it started earlier than Q3. We also had contract renewals in Q2 and Q1. The negotiations can take quite some time, which is fine with us. We'd like them to take as long as possible if we're talking about a reduction in margin. So it's an ongoing process that has been going on for – basically in every quarter. And the majority, of course, has started or were closed in Q2 and then in the course of Q3. So, as we shared, we can't put a percentage against it because that would also, by the way, be misleading because the percentage of contract is not necessarily equal to the volume we're going to have. So the biggest part has been

renewed. So what we're trying to say is that you should not extrapolate the developments which you've seen in Q3 to Q4. We don't expect the margin to go, let's say, 20 to 17% less.

<Q – Marc Zwartsenburg>: There is still quite a gap of...

<A – Ben Noteboom>: Sorry.

<Q – Marc Zwartsenburg>: It's more than 30, 40 basis points also, but we should for contract renewals say, put in another 10, 20 basis points extra and that fits apart for all the mix elements which we still have to feed through, that's the picture?

<A – Robert-Jan van de Kraats>: Marc, you should put in some effect in Q4; that's what we're saying, clearly.

<Q – Marc Zwartsenburg>: All right. Thank you very much.

Operator: Thank you. We'll now move to our last question from Mark de Boer of RBS. Please go ahead.

<Q – Mark de Boer>: No, there was a follow-up, but that has been answered already.

Robert-Jan van de Kraats, Chief Financial Officer and Vice Chairman of the Executive Board

Good. Well, thank you very much then. This concludes the conference call on the third quarter results. Thank you very much for joining us. And we'll see you again in Paris in the month of December. At least hopefully, we'll see you again. Thank you, very much. Have a nice day.

Operator: Thank you. That will conclude today's conference call. Thank you for your participation. Ladies and gentlemen, you may now disconnect.

Disclaimer

The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2009. CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.