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## MANAGEMENT DISCUSSION SECTION

Operator: Good day, and welcome to the Randstad Holding First Quarter 2009 Results Conference Call. For your information today's conference 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.

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### Robert-Jan van de Kraats, Chief Financial Officer and Vice Chairman

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All right. Good morning, ladies and gentlemen. Also on behalf of Randstad, Ben Noteboom, myself and Bart Gianotten and other people supporting us here, welcome to the conference call on the first quarter results 2009. And as we have stated, this was a very difficult quarter, with very strong cost and debt management. And we have been able to maintain our commercial strength.

I'd like to take you through the presentation. And flipping to Page Three, Slide Three right away, explaining the structure of this presentation, which is in line with previous quarters. It includes the acquisition of Vedior. We have consolidated Vedior as from the 16th of May. And from revenue up until EBITA there is a focus on the pro forma figures, because that's the best reflection of the underlying operational performance.

Below EBITA, that's the actual results, the balance sheet and cash of course, are also reflecting the actual situation last year. We have one addition to the slide now, and that is that we now report our Chinese payrolling business on a net basis, a fee-only basis that is, rather than on a gross basis. The 2008 pro forma figures have been adjusted. There has been an extensive explanation added to the press release.

Just mentioning something on this, we've gone through a merger then you have many issues to sort out. We've now come to the end of the list and in that context we have evaluated the reporting of our Chinese payrolling business and we have concluded that the added value relative to revenues is small. And as a result of that, we are now reporting this on a net basis. The underlying revenue base in 2008 amounted to €186 million.

Now I am taking you to Slide Six, which reflects the market development in the various markets, continued difficult markets as we said. A decline we can manage in terms of adjusting the cost base in general, but this decline is a very serious one. And that means that we can still manage it, but adjusting the cost base takes a little more time.

And if you look at the lines, the curves on the slide, what pops up is that the Dutch orange line is the one on top. And please note that the Dutch market includes the public segment. The public segment is fully served by us. It's an important segment in the Dutch market and that is not the case in many of the other European markets, for example in France that is not the case. And at the very end of the curves you see Germany and France, which is clearly a reflection of the industrial character of those two markets.

Slide Seven then. The current turmoil unfortunately has been negatively affecting all shareholders. I'd just like to point it out that we find it unfortunate that this requires us to adjust the base of our corporate employees and also our flex workers. We've seen a quick drop in revenues across all major regions and all segments, a decline of 28% on a year-on-year basis. And the most difficult quarter in the last downturn was the first quarter of 2002 with 13% revenue decline. And Ben and I were there as well in these days and it was considered to be a very serious decline.

We've seen a fast realization of synergies and accelerated cost reductions. This is where, as I've said before, headwind becomes tailwind. Rather than having extensive discussions people are very decisive and move on.

The operating expenses came out at 565 million, which is 19% lower than the same quarter last year. And please note that, in these days, we were still growing our business in the first quarter and second quarter of last year. The sequential decline of costs amounted to 12%.

We've informed the market that we expected 585 for this quarter. The fact that it comes out lower is directly correlated to the development through the quarter, the revenue development through the quarter. And that's an important point. Speed of revenue decline causes a time lag in cost adjustments. That's a point I've made before.

In certain markets, we can see our reorganization coming into effect very quickly whereas, for example, in France it takes a long time to discuss and negotiate with the unions and the works councils. And as a result of that, it takes long before they become effective.

EBITA came out at 49.2 million. That's adjusted EBITA, as you can see at the bottom of the page for – adjusted for the one-off and the acquisition-related amortization of intangible assets. And that compares to 180 million in the first quarter of last year. Underlying EBITA margin is 1.6.

Please note also that the first quarter is normally the slowest quarter of the year due to seasonal effects. It's the quarter where you see generally a slow start as from the Christmas period and this time it's even a slower start. Also before Christmas, we did see that it slowed down before Christmas already and the start of the season was also later than in previous years.

We have seen very solid cash flow. Net debts came out at 1.4 billion, compared to 1.6 at the end of the year, with a ratio of 1.8.

Slide Eight, on France, pointing out that we see an urgent need for the approval of the social plan. As you can see, EBITA came out at minus 0.1%. That is before reorganization costs and that indicates that really we have to adjust the cost base in France. Revenue declined minus 33 in the first quarter, automotive sector clearly being most severely hit.

Pricing remains rational in the French market in the first quarter. The integration has been started as from the 1st of January. Plans were ready in detail and execution has started right away. And we are well on the way now. We have the discussions on the social plan going. And we expect related savings to kick in as from Q3 2009. Also here, plans are very detailed, very clear, but we need the approval.

And we have already seen some positive impact on the DSO from the 60-day payment law. And that means that our clients have to pay us within 60 days. There's also reduction of outlets in the French market that has been affected in the first quarter, and this mostly relates to the integration as we had already announced last year.

In the Netherlands, on Slide Nine, the market is holding up relatively well. That means compared to other markets, and I already mentioned the impact of the public market into the overall market in the Netherlands. And further cost reductions are planned going forward.

Organic revenue growth, minus 16 in the first quarter, compared to minus eight the previous quarter. And we see deterioration through the quarter. Randstad Netherlands at market, Tempo-Team slightly above, that's something we have seen also before. Some gross margin pressure we see, especially at in-house large clients, that is.

On idle time we've taken firm action in order to control that. Yacht has absorbed a nine-million charge to the gross profit for the accelerated termination of contracts of interim professionals. This is due to the very uncertain outlook and the level of idle time. People on the bench had increased. And we have used the first quarter to reduce that in a couple of steps to a normalized level. Further cost reductions are planned.

The EBITDA margin came out at 5.8% compared to 7.5 last year. The merger clearly stimulates the margin. If one adjusts for Yacht, the EBITA margin would come out at 7%. Also in the Netherlands the network has been reduced. Last year that was mainly related to the integration in Q1. This is related to managing through the cycle.

Then Germany, on Slide Ten. We've seen strong market contraction in the industry-based economy, minus 30 in the first quarter coming from minus 14 in Q4. This continues to be an emerging market, but that's not how it's behaving right now. And we do not see signs of improvement at this point in time. Idle time has increased somewhat, however it's managed very well. It's at a manageable level. So this is clearly going well, also due to a decisive action in the fourth quarter of last year.

We continue to align our costs and we are integrating functions as a result that the FTEs are being reduced. Also in this context, we see a substantial reduction of outlets in Germany due to the integration of Benedum and Vedior and reduction of in-house branches, outlets. Also in the Professional segment we have reduced it somewhat. And we did have some small branches that acted specifically as recruitment offices that have been closed.

EBITA margin stands at 1.4% and that is also impact by the timing effect. The first quarter in Germany is always a very difficult quarter.

Yacht-Tecon, the portfolio has been effectively streamlined in the past quarters. We have already mentioned that before.

Then the U.K., on Slide 11, the education and healthcare support, the overall performance of the Group. Organic revenue growth or decline is minus 23%, coming from minus 16. It weakens through the quarter. And it's clear that the Staffing and Inhouse segment is the weakest. As such, the Professional segment behaves a little bit better, performs a little bit better.

Cost measures have gained speed in the U.K. And the EBITA margin stands at 2.3 %, which is very much under pressure of the very strong reduction in permanent placement fees, which came out at 44% organic. We've initiated some new savings at the end of the quarter, especially in the Professional segment. And we've seen a limited reduction of outlets in the UK.

In North America, on Slide 12, focus on quick response to continued market decline, now at 32% negative versus 18 in the last quarter. Well one point to mention, last time we said we'll only talk about bottoming out if it's a couple of months. Well that's what we have seen now in the U.K. Staffing and Inhouse business, which is a substantial part of our U.S. business, which started to decline already as from the end of '06. And we expected a de- – a stabilization also in 2007 but from there again it declined further. We now have seen the rate of decline stable through the first quarter at a level of approximately 40% negative.

The U.S. Professionals and Canadian business are deteriorating through the quarter. And we clearly see price pressure increasing in the U.S. market. EBITA margin stands at minus 0.3% compared to 3.3 last year.

And one should note that the U.S. Staffing and Inhouse loss – business is loss-making. Permanent placement fees also severely down by 55%. And whereas logically our outplacement business is growing. We've made some adjustments to the network, which are related to managing through the cycle.

More specifically, financial issues on the Slide 14, financial highlights. Organic revenue down by 27%. Minor impact from disposals, Portugal. Gross margin impacted by the decline in permanent

placement fees, as you've seen in the U.K. and the U.S. predominantly. Firm action on idle time management, which is the nine million.

The underlying operating expenses have been adjusted downwards by 19%. And the 15% organic decline in outlets I've referred to on the various slides, which is mostly related to synergy, but also increasingly to managing through the cycle. The number of corporate employees down by 14%. EBITA 49 million, mentioned that.

The effective tax rate stands at 17% due to the realization of the tax synergies. They are fully effective for the whole year 2009, and come out at a level of €14 million. Also the mix effect, it means that some countries with higher tax pressure are now taking a bigger part of the pie – a smaller part of the pie, sorry.

DSO stable compared to last year. We clearly see pressure from clients on prices, but also on payment terms. At the same time, we have clear opportunities to improve our invoicing, the error rate on our invoicing and so forth. With many of you this has been discussed before. So we continue to be strongly focused on that. And we see a positive mix effect in DSO and a positive effect from the regulation changes in France.

Then much has been said in previous conference calls on the Dutch VAT measures. And paying VAT later, on a monthly basis rather than on a quarterly basis, in the Netherlands will generate, as expected, roughly €18 million, which means there will be a structural reduction. As long as this fiscal measure is applicable, it will be a structural reduction of 80 million in our net debt.

Market share development on Slide 15. Across the board some variety. Market share gains in the Netherlands, at market in Germany. Good performance in the U.K. and Spain. It is clear that our business mix in France, Belgium and the U.S., which is higher geared to what the industrial segment is, is making the comparison more negative here.

Moving to the income statement on Slide 16. Not much to say. This is clearly a combination of all the elements mentioned before. Maybe one thing here, the gross margin 20.1% that includes the – has not been adjusted as such for the nine million charge for the idle-time reduction at Yacht.

So I'm flipping to Page 17 now, Slide 17, which explains the gross margin changes. The temp margin was under some pressure, as a result of which it went down by 0.3%. The decline of 44% in permanent placement fees is resulted in a decline of the margin by 0.6. Yacht, the nine million charge is 0.3.

And then the mix changed favorably vis-à-vis our HR and other kind of fee business, which gave an effect of 0.3. And then the temping mix changed as well due to the fact that we have less Inhouse, as a result of which it more or less compensated the decline in the temp margin as a result of pricing pressure. So all-in-all, 20.1% gross margin.

The development, as we always show it, indexed development in corporate employees and outlets. I think I've been very clear about the outlets already. In terms of the corporate employees, please note that in the first two quarters of last year we were still expanding the company. And as from that peak in the summer we have seen a significant decline. And in the first three months of this year we have seen a decline of a bit more than 3,000 people. The reorganization projects that have been announced will yet have to be executed for most of it. And that will have its effect in Q3 and in – sorry in Q2 and in Q3. Q3 specifically France, that is.

Restructuring charges, this is what we have absorbed in our results in Q4 and in Q1. As you can see, it is across the board and the savings are listed at the lower part of the page. And if one includes the outlook for 12 months, it is clear that there will be an earn-back on those restructuring charges within 12 months, as is our ambition as has been stated to you.

On Slide 20, cash, which has always been king and continues to be so. It's the cash flow from operations before operating working capital, 32 million. And then you can see the release of the fact that sales has declined from Q4 to Q1. And that has resulted in a lower amount of receivables and, as such, in a lower usage of working capital. So the change effectively is the change in our net debt of 195 million, at the bottom.

Slide 21, tracking synergies and integration costs. Well on track, I already mentioned. As we've said before, that 75% should be finished at the end of the year, or 75% of the synergies should be realized at the end of the year. We now have come to the conclusion that the current process, the current speed will bring us at 100% in Q2. And we believe that's excellent. That will give us time to focus on many other things.

On re-branding we're also making substantial progress. This is the general Staffing business. And as you can see, we are in the – we are moving quite well in re-branding that to Randstad or to Tempo-Team. It even includes entities that we had not planned for before because it's clearly attractive to go through this. And it allows you to reduce the part of the marketing expenses that we spent on production and to use that saving to reach out to our clients and to be more aggressive in sales.

Slide 23, debt facilities and the repayment schedule. It is as we've shown you before and maybe just interesting to know this debt, up to the November redemption, the current gross debt will allow us to do so without any further issues. So well on track, I would say. We have reduced the cash position slightly because tax planning at the current interest rates makes that a little less attractive.

Then finally on Slide 24, the outlook. Organic revenue growth in March came in at minus 31%. The markets clearly remain challenging. We've shared with you what we see in terms of stabilization of the U.S., but that is – of that segment in the U.S. But that's it.

Pricing across the board remains mostly rational but permanent placement fees are seriously declining. We are reducing cost at full speed. And we expect the operating expenses for the second quarter to come in at roughly €540 million. Please note that the French reorganization is not yet coming to an effect in Q2.

We do not expect, for now, significant restructuring charges for the second quarter. We're all occupied with the execution of the ones that have been announced. And we expect the fast realization of synergies, the enlarged footprint and the enlarged presence in the Professionals segment, as well as the higher network density to help us manage through the cycle. And please note that the density helps us to merge branches more than ever before and still remaining present in that specific area. So the 90 million of annual pre-tax synergies will be reached in Q2.

Net debt at the end of Q2 is estimated to be slightly above the end of Q1, which is mainly due to the payment of holiday allowances and the fact that the reorganization provisions that have been set aside will be used in the second quarter. And typically this is also a seasonal pattern. We've always seen that at the end of the Q2, also due to dividend payments, in the past came out slightly higher.

Then in summary, finally, the market share and the high density are important, as I've said, to manage through the cycle. The profitability in the Netherlands again is a strong support in the portfolio of the Group. That also applies to Belgium. Urgent need in France to make adjustments to the cost base. And we believe that the rationale behind the Vedior acquisition is coming through again loud and clear. That integration process is well on track.

Well net debt gives us the balance sheet, which even in difficult scenarios, and of course we're planning for various scenarios, but also in difficult scenarios we'll be able to manage through the

cycle, also from that perspective. So we believe that going forward we have the right base to enjoy a kick off whenever it comes.

Thank you very much. We're now moving to Q&A. So I hand back to the operator.

**QUESTION AND ANSWER SECTION**

Operator: Thank you, sir. [Operator Instructions] We'll now move to our first question from Mark de Boer of RBS. Please go ahead.

**<Q – Mark Pieter de Boer>**: Yes, good morning. It's Mark de Boer, RBS. I've got three questions, Robert-Jan. First, what would you say about the lobby going on between maybe yourself and companies geared to the Dutch government about the payment terms that this government currently has? And could you maybe share with us what potentially the effect would be of those discussions? Then secondly, what could you say about the, as I understand it, that indeed you're paying the temps in France on a monthly basis instead of on a weekly basis. What has been the effect? I think it's only for Vedioorbis only. But are you planning to do that for Randstad brand as well? And finally, in terms of the €9 million booked in Q1, to what kind of level have you written this down? And what do you expect going forward when France remain like they currently are? I mean, would you expect to take more charges on this or should that be it for the year? Thanks.

**<A – Robert-Jan van de Kraats>**: Okay. Mark, the first point on the payment terms and negotiation in the Netherlands. We're not aware of that negotiation. It's just that the VAT arrangement.

**<A – Ben Noteboom>**: Some of us are aware. Hi, Ben here. Yeah, government is about 9% of our revenue, so you should calculate that if we reduced the payment terms for that 9% with 10 days then you can come up with the number.

**<Q – Mark Pieter de Boer>**: And is it still, Ben, that these are currently, is roughly around 60 days for the government?

**<A – Ben Noteboom>**: Probably in that area, yeah.

**<Q – Mark Pieter de Boer>**: Yeah. Okay.

**<A – Ben Noteboom>**: Yeah.

**<A – Robert-Jan van de Kraats>**: I now understand what you mean, Mark. It's, these are towards the government as a client?

**<Q – Mark Pieter de Boer>**: Yeah.

**<A – Robert-Jan van de Kraats>**: Yeah, okay. Thanks.

**<A – Ben Noteboom>**: In France indeed Vedioorbis already was paying monthly, Advancis is changing to monthly pay while you still have the old numbers. Let's assume that we lost the same percentage of business. So reduce it with about 30%. And then you can also calculate the difference there.

**<Q – Mark Pieter de Boer>**: That's clear, Ben. And I mean would there be any structural difference in only doing this in France and not in Spain, or not in Italy or wherever?

**<A – Ben Noteboom>**: Yeah. The sensitivity is of course the differences in market. The change – two big places in France, Vedioorbis and Adecco, were already working on a monthly basis, makes it a lot easier of course. To change a market, especially in difficult economic times, is – may run the risk of having bad marketing to your workers. And that's in some markets something you'd like to avoid at this point in time. If we have to – we're looking at it all the time of course. But I don't expect other countries to change in the very short term to monthly payments.

<Q – Mark Pieter de Boer>: Okay.

<A>: May I ask the next questions to be limited to two questions per person, please. Thanks.

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

<Q – Teun Teeuwisse>: Yes. Good morning, gentlemen. On your gross margin, can you indicate where you've seen the biggest pricing pressure, as the underlying temp margin was down 30 basis points?

<A – Robert-Jan van de Kraats>: Yeah, Teun, we do see rational prices, as I mentioned. For example in France, but we do see pricing pressure more in the U.S. and in the Netherlands, also in the Yacht segment where we have the higher hourly bill rates. And it's also very much linked to the large customer segment.

<Q – Teun Teeuwisse>: Okay. But do you include Yacht in the temp margin?

<A – Robert-Jan van de Kraats>: No, not in the temp margin. It's not included in that one.

<Q – Teun Teeuwisse>: Okay. All right.

<A – Robert-Jan van de Kraats>: But we do see some pricing pressure there in that segment.

<Q – Teun Teeuwisse>: Okay. All right. And do you think that the competitors are getting less disciplined?

<A – Ben Noteboom>: Yeah, I don't know. If somebody uses prices that could happen very disciplined, Teun.

<Q – Teun Teeuwisse>: That's true. Do you see competitors who are really lowering their prices now to keep up their market share?

<A – Ben Noteboom>: No, not more than we would have expected. As we've mentioned many times there is a battle over large contracts. By the way, the large contracts are now smaller than they used to be, but anyhow there's still a battle. And in some markets, some companies, in some cases again are more aggressive, because they really want to keep a specific client. So you see some effect of that inevitably. But it's not like there's pricing chaos in the markets. No, not all.

<Q – Teun Teeuwisse>: Okay. Thanks. And then a very short question. I've seen that you reported...

<A – Ben Noteboom>: Number six then?

<Q – Teun Teeuwisse>: Number two. No, it's just a very short one on your change of provisions in your cash flow. I've seen that it increased quite substantially. What is that related to?

<A – Robert-Jan van de Kraats>: It's a reorganization provision. So, Teun, that's – so we've announced 31 million in Q4 and also more than 50 million in Q1. And that has not all been spent yet. That's what I meant by the fact that we're going to spend that in Q2 and that has some impact on the net debt position as well.

<Q – Teun Teeuwisse>: Okay. So that's going to be reversed by a cash out in Q2?

<A – Robert-Jan van de Kraats>: Most of it, but not all, because France will be Q3.



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

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

<Q – Toby Reeks>: Hi, guys. I'll stick to the limit of two. The first question is, can you talk about why the Netherlands is holding up so much? And in particular, the profitability in Netherlands and Belgium, are you confident that that will remain strong? And then secondly, the fact that you say there's not going to be any significant restructuring plans or costs announced for Q2. Is that a reflection of a sort of feeling in terms of what you think you can do in the short term? Or do you think there's much more you can do?

<A – Ben Noteboom>: Yeah, on Holland and Belgium, the reason Holland is doing better, I think, is two fold. Holland is late in the cycle, because of a larger extent of services and a wider spread of activities in more segments of the market et cetera. So that's one. Two, through any – we have a lot of background noises, by the way. Excuse me?

<Q – Toby Reeks>: Hello?

<A – Ben Noteboom>: Talking in the microphone, please. Where were we? If you look back then in any downturn except for, I think, in '82, the Dutch profitability has remained at a very reasonable level. In Holland we have – in Belgium we have built partly the same situation although we are still more depending on blue collar. That's why the performance against market is as it is. But still there also we have a strong market-leading position, so that should help us to keep reasonable profitability. The restructuring in Q2, we are in the process of executing the plans we've already introduced and for which we took the provision. So if there's no dramatic change in trading then that should do to reduce the cost sufficiently. Thank you. Could somebody please switch off their microphone because somebody on the phones is – thank you. Yeah, thank you. Next question, please.

Operator: Thank you, sir. We'll now move to our next question from David Tailleur of Rabo Securities. Please go ahead.

<Q – David Tailleur>: Yeah, good morning, gentlemen. Yeah, my first question is basically a follow-up of the previous one. On your restructuring plans does this reflect that you see let's say some bottoming out of absolute sales levels? Or do you believe that if you would announce more plans that you would seriously damage your strategic position for the longer term? And then secondly on France, can you also confirm that you see some signs of stabilization like in the U.S., as mentioned by one of your peers? Thanks.

<A – Robert-Jan van de Kraats>: Yeah. On the first question the reason is – no, it's not because we could not cut costs any further. There are some markets obviously where we have been cutting costs for quite a while, like the U.S., like Spain, if you look at the number of branches and the number of employees we lost. It's clear that if we have to cut a lot deeper then that would have an effect on our ability to also benefit from an upturn. So that's why in some of those markets we are more reluctant to cut deeper. If we have to, we always can. But in general that's for sure not the case in all markets. So there's always still room to cut more costs would we have to, but we think that giving the – what we see – what you've seen today, what we've just shared with you, that the plans we have in the pipeline for which we took the provisions should be sufficient for Q2. And again, as I said earlier, unless there's a dramatic change in market again. Bottoming out, no, it's too early again. It's based on the trends we see today that we have taken these decisions.

<Q – David Tailleur>: Sorry, but that was also specify to France?

<A – Robert-Jan van de Kraats>: Yeah, France. We've of course also seen the comment from Manpower. We think for us it's too early to confirm that trend.

<Q – David Tailleux>: Okay. Thanks.

Operator: Thank you. We'll now move to our next question from Tom Sykes from Deutsche Bank. Please go ahead.

<Q – Tom Sykes>: Yeah, good morning, everybody. Just wondered if you could say if the employee and branch reductions that you've had year-on-year, how much of those are in the Inhouse segment? And maybe how much have you actually reduced your inhouse cost base by, over the last 12 months?

<A – Robert-Jan van de Kraats>: Hello, Tom. The change in outlet throughout the Group, as I said, is mainly the result of the synergies, the integration. And then on top of that we have made adjustments managing through the cycle and a relatively limited part is related to Inhouse Services.

<Q – Tom Sykes>: So even though the industrial clients – sort of say the industrial temping has shrunk quite dramatically you haven't been forced to close many of those Inhouse outlets?

<A – Robert-Jan van de Kraats>: No. We've closed some of them, but not many. You're right.

<Q – Tom Sykes>: Okay. And just in terms of the stabilization comments that you made on the U.S. Inhouse and Staffing, could you just be a little bit more clear on what you are actually saying? Are you saying you think the demand is maybe still declining but the year-on-years aren't getting worse? Or do you think adjusted for seasonality that actually demand maybe has actually bottomed out there? And maybe if you could also add to that, I know in the end of 2007 you were commenting that some of the distribution clients on the East Coast had begun to see pick-ups in activity and things. And just – of the very early cycle businesses that you have in the U.S., can you maybe just make a comment on what you are actually seeing there, please?

<A – Ben Noteboom>: The answer is easy. All the assumptions you make are right. So except for – the choice of course is – so we look at the decline compared to last year. So that's why we talk about stabilization, so that percentage is stable.

<Q – Tom Sykes>: Right.

<A – Ben Noteboom>: So not the actual number but there's a not a big difference there yet at this point of the season. And yes, it's blue collar in the Southeast of the U.S.

<Q – Tom Sykes>: Right. Okay.

<A – Ben Noteboom>: We're not – I once naively and romantically stated at minus five that we could see it bottoming out...

<Q – Tom Sykes>: I remember.

<A – Ben Noteboom>: So we're a bit more careful now.

<Q – Tom Sykes>: Okay. Thanks very much.

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

<Q – Marc Zwartsenburg>: Yeah, good morning, gentlemen. It's Marc here online from ING. Quick two questions. First of all on the extra cash from the DSO rule in France, I might have missed it, but could you maybe quantify how much of the working capital savings of the first quarter 200 million was due to this reduction in DSOs in France? That's first question. And let's take it one by one.

<A – Robert-Jan van de Kraats>: Marc, the impact is roughly 35 million. It's roughly one day at Group level.

<Q – Marc Zwartsenburg>: You expect this to bring in more?

<A – Robert-Jan van de Kraats>: Yeah.

<Q – Marc Zwartsenburg>: During the year?

<A – Robert-Jan van de Kraats>: Yeah. This is not everything yet. This is the start. But I should be honest, it's going relatively well at the beginning.

<Q – Marc Zwartsenburg>: Okay. And then my second question on the cost savings on your Sheet Number 19, you reveal that you have seven million in from the restructuring in Q1. That added to the synergies makes that organically your decline is around 50 million in the quarter for your cost base, is that correct?

<A – Robert-Jan van de Kraats>: I think you are correct there, Marc. And that indicates that natural attrition continues to be an important contributor.

<Q – Marc Zwartsenburg>: And then going to your 11 million, how much more can we expect further in the year, because that's seven plus 11? I think we have to annualize that, but then still, I think there's more in the pipeline, because also costs kick in in the second half. Could you give us an indication how much more we can expect for the year?

<A – Robert-Jan van de Kraats>: You will see the full provisioning coming back within 12 months.

<Q – Marc Zwartsenburg>: And that is how much?

<A – Robert-Jan van de Kraats>: I think you can easily add 15 million then here.

<Q – Marc Zwartsenburg>: 50 million.

<A – Ben Noteboom>: One, five.

<A – Robert-Jan van de Kraats>: One five, Marc.

<Q – Marc Zwartsenburg>: 15? On a quarterly basis?

<A>: Yeah, Yeah.

<Q – Marc Zwartsenburg>: Yeah. Okay.

<A – Ben Noteboom>: Let get this straight. So we provided for 84 million restructuring provision.

<Q – Marc Zwartsenburg>: Yeah.

<A – Ben Noteboom>: What we're saying is, as from the moment we took the provisions, so the first one we took in Q4, 31 million, so the 31 million has to come back within 12 months. And then

the 15 million, which we took now, also has to come back in the next 12 months. That's how we look at it. Is that..?

**<Q – Marc Zwartsenburg>**: Yeah. The seven plus 11 that's 18, times four, that's one and then the rest.

**<A – Robert-Jan van de Kraats>**: Yeah. And so in the end, you'll be very – you're not far away from the 83 million.

**<Q – Marc Zwartsenburg>**: Okay. Thank you very much.

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

**<Q – Jaime Brandwood>**: Good morning. Just two very quick questions. Firstly, can you give us the exit rate on your permanent recruitment business in terms of what you're seeing in March and early April? And secondly, could you give us a sense for the extent of the slowdown that you were seeing in the Netherlands through Q1? I mean, was that relatively mild or are you seeing something more significant?

**<A – Robert-Jan van de Kraats>**: Yeah, the exit rate of the permanent placement business was over 50%. And that's certainly not getting better. And I would say the change through the quarter in the Netherlands is roughly in line what you see with the rest of the Group.

**<Q – Jamie Brandwood>**: Thanks a lot.

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

**<Q – Konrad Zomer>**: Hi, good morning. Just one question please. Can you give us any indication on the timing of the acceptance of the social plan in France, please? And is there a risk that it will not be accepted?

**<A – Robert-Jan van de Kraats>**: Yes, the timing is Q3. And there is always a risk that it will not be accepted, but we don't expect that.

**<Q – Konrad Zomer>**: So if it is accepted in Q3, should we expect the full benefits of it in Q3 as well?

**<A – Robert-Jan van de Kraats>**: No, we will initiate it in Q3 and the full effects will last a little longer. And with regards to the previous question, the exit rate on the Netherlands is 19% negative. That's more specific, March 19% negative.

**<Q – Konrad Zomer>**: Okay. Thank you.

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

**<Q – Arun Rambocus>**: Good morning, gentlemen. Two questions on the stabilization. When you talk about stabilization in the U.S., I mean to refresh all the previous questions, do you see any signs of a seasonal pick-up in the early start of Q2 in this light industrial business? And which end market actually stabilized or – and which markets are getting worse? Thanks.

**<A – Ben Noteboom>**: Yeah, I have to repeat what I said earlier, Arun. So we're comparing of – again, of course, because of seasonality, we're comparing week-on-week. So week four last year,

week four this year et cetera. And there we see stabilization at the rate of decline. So that is stable.

**<Q – Arun Rambocus>**: Okay. I heard that before. But the question I'm asking, typically you see in Q2 a pick up versus Q1?

**<A – Ben Noteboom>**: Yeah. No, I understand. But we only have two weeks of April under the belt now. So that's – yeah, I mean, it's too early. I would have to connect you to our live system.

**<Q – Arun Rambocus>**: [inaudible].

**<A – Ben Noteboom>**: Probably, yeah. I know, we have had more requests.

**<Q – Arun Rambocus>**: Okay. Thanks.

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

**<Q – Frank van Wijk>**: Good morning, gentlemen. Two questions, first about your Netherlands. Can you elaborate on which specific segments you had to reduce Professionals? And my second question is what can we expect within your Netherlands for two – for the second quarter? Do you expect more professionals to be laid off? What's your strategy on that?

**<A – Robert-Jan van de Kraats>**: Yeah, Frank. The – it's across the segments. So we have seen idle time increasing, or the number of people sitting on the bench across last year. And then always aiming to place these people and at the certain point in time we have drawn the conclusion that this is too much. It's got to be reset to a level that prepares us for more difficult times. If that happens, you have to be prepared. So we have reset it in the first quarter. As such, we don't expect any further relevant charges for idle time in the second quarter. Please note that in this segment clients normally take interim professionals for a period of a couple of months, like, say, six months and they used to announce extension already, let's say, in the fifth month. These days the extension, if it happens, only happens at the very end of the six months. It could even be if the start of the next month is in the middle of the week that the client calls us on the first day of the next month. People very often want to wait until the very last moment. So it's highly uncertain. But what we can see now because we're running it very tightly is that we will deal with the idle time and keep it at the level that it is now.

**<Q – Frank van Wijk>**: And if you see any idle time how long do you accept professional be sitting at home? Is it one month or is it shorter?

**<A – Robert-Jan van de Kraats>**: Well it very much depends on the profile of the interim professional. We look at employability, and for some people that's better than for others. But a couple of months that is – we're not looking for people to sit on the bench for six months because if you're sitting there you have no work. That's not only a problem for us but also to the interim professionals. Keep that in mind, please.

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

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

**<Q – David Hancock>**: Thank you. I've just one question about pricing pressure. It seems like pricing pressure has increased even in the U.S. as volume trends have stabilized. Typically, would you expect pricing to still be under pressure even as volume stabilized across the business? Or

would you expect some stabilization in volumes to give you a sort of abatement of pressure on pricing?

**<A – Ben Noteboom>**: If we look at the pricing in the U.S., then of course the reduction in permanent placement has an effect. But we should not forget, if you look at the temping margin, there's less pressure there but there is pressure too. And now you ask for the forecast, I guess?

**<Q – David Hancock>**: The forecast would be excellent, yeah.

**<A – Robert-Jan van de Kraats>**: So that means that if we continue to see this bottoming-out, it will not automatically mean that pricing pressure will come to a standstill right away as well.

**<Q – David Hancock>**: That's even in the temp business, you could still see, or typically you might still see more pricing pressure, even as the volume pressure starts to abate?

**<A – Ben Noteboom>**: Yeah, but to be honest, if you look at the pressure then – in Staffing then the pressure is less than 1%.

**<Q – David Hancock>**: Okay, fine. Thank you.

Operator: Thank you. We'll now move to our final question from Peter Inoona from ING. Please go ahead.

**<Q>**: Good afternoon. I have been in Belgium. Two questions from my side. One is regarding bad debt provisioning, what are you seeing on that side? Is there a pick up in that? And I'll wait for my second question.

**<A – Robert-Jan van de Kraats>**: Finally, Peter – good. We see it moving to the higher end of the range, but it is still at an expectable level. As we pointed out, it normally ranges between 10 and 20 basis points of revenues and it continues to be in that range, although at the higher end. We have not seen any specific big fallouts to be provided for in the last quarter. We all know that the risks are increasing, but we have not seen such a significant hit. And as you all know, we are providing anything which is older than six months and we continue to do so.

**<Q>**: Okay. And then, yeah, I have to come back on the 2Q. With regards to what you are currently saying, regarding let's say, week-on-week pick up or the lack of it from a seasonal point of view. If we assume that it would be relatively stable on the weekly volumes, you see hardly any seasonal pick up. Would it be right to conclude that your Q2 revenues will be lower than your Q1 revenues, given the timing of Easter?

**<A – Ben Noteboom>**: That we don't know yet, but of course Easter has an effect because we lose, I think, 1.7 days on balance.

**<Q>**: Okay. Thanks.

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**Robert-Jan van de Kraats, Chief Financial Officer and Vice Chairman**

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All right, I think these are the questions operator?

Operator: That's correct, sir. Yes.

**Robert-Jan van de Kraats, Chief Financial Officer and Vice Chairman**

Okay. Well then, thank you very much for participating in this call. And we look forward to see you again late July when discussing the Q2 results. Thanks. Bye bye.

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

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