

## — PARTICIPANTS

### Corporate Participants

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**Jan-Pieter van Winsen** – Director-Investor Relations  
**Ben Noteboom** – Chief Executive Officer & Chairman-Executive Board  
**Robert-Jan van de Kraats** – Vice Chairman-Executive Board & CFO  
**Linda Galipeau** – Executive Board Member

### Other Participants

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**David Tailleux** – Analyst, Rabo Securities NV  
**Teun Teeuwisse** – Analyst, ABN AMRO Bank NV (Broker)  
**Konrad Zomer** – Analyst, Joh. Berenberg, Gossler & Co. KG (United Kingdom)  
**Margo Joris** – Analyst, KBC Securities NV  
**Arun Rambocus** – Analyst, Kempen & Co. NV (Broker)  
**Marc Zwartsenburg** – Analyst, ING Bank NV (Broker)  
**Toby Reeks** – Analyst, Merrill Lynch International (United Kingdom)  
**Tom R. Sykes** – Analyst, Deutsche Bank AG (Prime Brokerage)  
**Robert J. Plant** – Analyst, JPMorgan Securities Plc  
**William J. Vanderpump** – Analyst, UBS Ltd. (Broker)  
**Paul D. Sullivan** – Analyst, Barclays Capital Securities Ltd.  
**Laurent Brunelle** – Analyst, Exane BNP Paribas SA  
**Olivier Lebrun** – Analyst, Natixis SA (Broker)  
**Kean Marden** – Analyst, Jefferies International Ltd.

## — MANAGEMENT DISCUSSION SECTION

### Jan-Pieter van Winsen, Director-Investor Relations

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Ladies and gentlemen, welcome to our Q4 and Annual Results meeting. This is a combined press and analyst meeting. I would like to welcome the representatives of Dutch press here in the room and our Dutch and Belgium analysts. Here in the room is also present our full executive board. Of course, we have Ben and Robert-Jan, our CEO and CFO on stage. And then in the room are François Béharel, Linda Galipeau, Jacques van den Broek, and Leo Lindelauf.

On the line we have our UK and French analysts. Welcome. And we also like to welcome the investors who are listening to this call and of course many of our colleagues who are also listening to this call.

The agenda for today is the regular setup. We'll start with the operational updates from Ben Noteboom. Followed by Robert-Jan van de Kraats with the financial update. And we'll end with the Q&A. Thank you.

### Ben Noteboom, Chief Executive Officer & Chairman-Executive Board

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Good morning, everybody at our Q4 and annual results presentation. We gave the title solid final quarter in a challenging year, which is the case, of course. We've seen quite a change from Q1 to Q4. As at the end of Q1 everybody was still optimistic. Stock exchange was up and everybody thought, well, we've seen the worst of the crisis now. That obviously changed in Q2 where we announced €70 million to €100 million cost savings program for the few quarters after that. As you

will have seen and we'll get into details, we've more than achieved that already by now. That means there's going to be more ambition there. So, I'll leave the question to you and we'll get back to that.

And again, next to minus 5%. It's very loud. I don't know. And I hate my own voice, anyhow. Can we turn the volume down a bit? There's lots of echo. Thank you. Down means less. Yes, thank you.

Let's get to the performance. If you look Q4, we had, again, a stable if you want decline compared to Q3, also at a minus 5% although of course the numbers in some markets were influenced by, first of all, our strategic choice to go for profit and not for revenue. That, for example, you'll recognize in the numbers of U.S. that we saw a zero change in revenue and a 4% increase in gross margins. That means, of course, we've shed some loss-making business and this has happened in more markets. This had an effect next to that in the U.S., we also had Sandy. And the fiscal cliff, funny enough, also had an effect on the behavior of the markets. I think it's one of the few events where this really was recognized in the market and some decisions were held back. And we see actually that the sort of relief has occurred in January and that also had its effect.

So, minus 5.3%, growth trend stable through the quarter. Continued growth in a few markets, Latin America, Switzerland, Japan, they're actually very well. Operating expenses down €22 million and again, you should keep in mind that when we announced the €70 million to €100 million, we were at €648 million cost. We're now at €616 million, so that's for sure.

Gives me the confidence that we are well on our way back to be master of excellent execution again. EBITA 3.7%, the same percentage EBITA as last year, albeit at €7 million less because we lost €143 million of sales, obviously, so that means the recovery ratio was more than satisfactory given our targets of at least 50% recoveries. So that means if we lose €1 gross margin, we ask our OpCos to reduce their cost with €0.50 and we've more than achieved that in Q4.

Key points, again, diverging growth trends across regions. Latin America where Argentina to a certain extent, but for sure, Brazil is booming. We are investing there, way over our normal field steering because actually it's replacement of an acquisition because we're growing there autonomously. North America has done well. Japan is doing – done excellent, and Europe still in a gradual decline.

Key priorities are clear. Actually it should have three bullets saying costs, costs, costs. And then the other ones, profitability over market share, obviously, is the next three bullet points. And then we also see quite some interesting developments in growth opportunities. If you look at other services we supply to the market than our, if you want, traditional and perm, then we see that the HRS activities as we've bundled them actually have been more than satisfactory and way above average return.

If you would look at our HRS as a separate business, you would see an EBITA margin of 7.2% on those activities, which is huge and also is a big growth area. So that for sure is the reason why we keep on investing in that sort of activities next to our field steering.

Quarterly cost level down €30 million in constant currency since Q2. Again, this is an excellent sign for what's to be achieved especially in light of the extra provisions we took in Q4 of over €50 million. I'll get back to those, too.

How do we manage today? Actually, in the past we had these romantic times where we had one model, we had a unit, we had two consultants, and then the top of the diversification was that we had different sorts of units. Today, we have at least nine, and it depends on your definition, or 10 delivery models.

We just want to illustrate on how we actually manage the company today. So we make clear analysis of clients. We differentiate them obviously in size, complexity, margins we can achieve and service that they want to pay for. And then we have to be nimble on our feet to direct revenue to the right delivery model. Right delivery model means we supply the kind of service the client is willing to pay for and for us it has to be a profitable activity.

That actually makes our business a lot more interesting. It increases barriers of entry, because it's way, way more difficult to suddenly have to supply large quantities of candidates across a big country, or where you have to combine different sort of services for one client. That actually is good development for companies like ours that we tend to think are more sophisticated in delivery models than many of the small competitors. So that gives us an edge in the future. That's again also why we are investing in that sort of activities. And that's why we are very pleased that the return on those activities are way above average.

Trends, again I mentioned trends, here we put it in a graph. The Group blue, Europe sort of pink, North America yellow or orange and Rest of World. But we also see that the trends are gradual. So it's more or less flat. Maybe it's too early to talk about bottoming out, but anyhow, we don't see anything falling off a cliff. We see the same trends continuing in January. Again, a minus 5%. So that means the environment for our company, given our ability to actually adapt to changes in the market, be it growth or decline on the lowest possible operational level gives us ample time to adapt our costs and, if necessary, also invest in areas where we should be investing.

Focus on a few specific areas. Obviously North America, very important. We should actually – we talked a bit about the heading of this slide because the 5.3% EBITA is an all-time high. And we are convinced there's more to come. So I think we have an excellent – actually two operations with an excellent turnaround of our Staffing business – with an excellent integration of the Vedior acquisition, first and second, of course, last but not least, I would say, also adding SFN to our activities there, making North America our biggest region. And again also, our most profitable region in that respect especially if you relate it to the size.

Again focus on client profitability. For sure, this has had a big effect on top line, next to Sandy and the fiscal cliff, by the way. Client profitability by the way, is not only margin. We had a sort of confusing word in here originally. We said – we also focus on safety. Why do we say safety? Because with safety we mean that if you look at our workers' comp that means the charge you get if actions happen or not happen to your employees can vary widely that has big impact on your profitability.

So, more and more, we have become – we've been able to actually adapt our client portfolio, that means the positions where our temps work, to safer environments, hence also more white collar, more specialized, et cetera, et cetera.

That also has an effect on our profitability. So, not only do we look at the actual gross margin, but also the risks in those specific segments where the clients might be active. This again also contributes in Staffing to profitability, obviously in Professionals it's less of an item. There are very few dangerous offices.

Easing demand in banking and finance and perm down 5% again especially December was a weak month where there was a specific environment there. It might turn out to be better in Q1, but let's wait and see.

Staffing and Inhouse was down 1%, but again also here we saw gross margins up to 6%, so that's really quite big gap between the two. It's a conscious strategy. There are quite a numbers of customers we are not interested in because we can't make a decent return, which means, by the way, that we cannot supply them through a model that generates profit. So we look at it in two-folds, we make a very precise analysis of profitability per client then we think about other

alternatives, two ways, either to increase profitability, for example, by improving safety, or by using other delivery models. And, obviously, there's a floor and below a certain percentage margin, there's no way we can make money. So those clients actually we terminate the contracts with.

Professionals up 2%. Again, there we saw really an influence of the fiscal cliff, to a certain extent also Sandy, of course. Continued growth and solid profitability in MSP and RPO, I just mentioned. If we take those activities separate as business units in Q4 would have been, for all of the company 7.2% EBITA and the size of the segment obviously is growing because it has way above-average growth.

Canada up 3% and again EBITA margin, I just already mentioned, 5.3%, an all-time high. Because of all the measures we took and the clear focus in management in these activities.

On the integration, Staffing is down. Professionals actually from an operational point is also clear, is also down. The remaining part is IT. And actually, it's a fine line between is it integration or are we building new systems. It's a bit of both. We are combining systems obviously. We're going to go to one back office, also location in U.S. That will be in Atlanta. It's a change from our initial plan because it turned out that by the end – actually, we skipped one development step in between, if you want. It's going to give us more synergies. It's one of the reasons why our synergy targets have been going up, obviously.

And the full amount, obviously not in the year 2013, but during a quarter and later quarters in this year. In 2013, we'll see the synergies kicking in. It doesn't mean that we made more than \$50 million synergies this year. But the run rates will be at the \$50 million later this year.

France, not an easy market. Revenue down 14%. Here also we have been very strict, if you want, in negotiating with clients that had below acceptable margin levels. Trend was stable through the quarter. We saw, of course, in Inhouse we have many of the clients that have lower margins and some actually so low that we don't see it happening. We also see, of course, a decline in the activities, in, for example, automotive. In the later slides, we'll get back into the sectors a bit. You'll see a double minus there. That means it's more than 10% decline in that segment.

Perm placement is flat year-on-year, which is actually not so bad given the big decline in the Staffing market. Gross profit down 7% as an amount, obviously gross profit margin is up. But as we shared with you earlier, we actually have aligned our accounting of subsidies with the certainty we have about the exact amount. That means, the first three quarters were a bit lower and the fourth quarter is a bit higher, but still.

Costs down €9 million. Of course, the news here is that we have made a provision of €28.2. We should keep it to account that we will not be able to realize or actually implement the reorganization during, for sure, the first two quarters because the process we have to go through in France, it's a very formal and precisely determined process. We have to take every step, the earliest possible and the most positive case we could start executing would be in June.

The restructuring charge consists of two parts, people but also the branches because as we shared with you earlier, we're going to close down 250 smaller branches and combine them into 65 big branches. That means we will provide for the lease costs for those small branches, depending, obviously, on the length of the lease that we still have to take into account and can be done, if we have subleased them earlier, then we'll have some savings there, but we're not scribbling a large number there. We're not very optimistic. EBITA margin 3.5% which is actually a good return given the difficult situation of the market in France.

There's a lot of talk about the new legislation, rate subsidies. It is difficult to put a number against it because there's still a lot of talk about the exact details of how it's going to – what's it going to look like. We anticipate it will have a slightly positive effect on our gross margin and that means also

bottom line, obviously, the exact amount, we are not sure of. The measure is intended to make labor a bit cheaper in France, which for sure is an excellent idea. And it would be nice if it actually – if there would be further steps taken in France. I think it would help everybody, every French man, every French woman, France and Europe. So, we have to see how it works out. We anticipate a – so far, but it's very preliminary – a positive effect of about 0.5% on our gross margin. But again, we cannot guarantee this year because the rules that are still being defined and refined and that's always a risk. So, let's wait and see, but that's how it looks like so far.

The Netherlands, minus 3%. I actually just saw that the economy, GDP went down 0.2% in Q4. According to a journalist, close to a disaster. On the other hand, if you come from a minus 0.9% to a minus 0.2%, I guess, you could also see there's an improvement.

Continued growth in Inhouse and payroll, mainly. Yacht at minus 13%, but for sure in Yacht, we'll see far better results in Q1, giving the fact that we had a major reorganization. We cancelled a complete management layer. And so it means we have relatively more people billing, less overhead. So we are pretty optimistic about the contribution of Yacht this year.

There's some gross margin pressure, a little bit about – through competition. A little bit because of change in mix, which don't necessarily means less profits because the payroll for example is a very profitable margin with considerably below average gross margin.

We're going to have higher social security charges this year, and we are – obviously already anticipated. That's why we did a few things. We had price increases in the market during Q4, which were reasonably successful, and negotiations are still in progress with a number of our clients. One of the reasons we had additional restructuring programs because we knew we had to be leaner in order to compensate for some gross margin decline. And we have more initiatives in scope. For example, if you look at sick leave, that used to be an activity that was managed through government, UWV, a government body, anyhow, a public body more or less.

We are now – actually have, within three months, which I think is an excellent performance, we have now an organization in place to do the administration and to run the risks ourselves. That will have – that will create a contribution to our profits, because we will be more efficient. We will have less transaction costs because we will not be paying the average. We'll be paying our own sick leave. And we already had in place an activity for many years on health and safety by which we had a below average sick leave, so that's going to generate some relief to the potential gross margin pressure.

Costs down €10 million year-on-year. Lower marketing costs, obviously. There was something called the Olympics in Q3, which obviously generated quite some marketing spend. And the restructuring programs in Tempo-Team and Yacht, a charge of €18.6 million. EBITA margin of 5.4% in Q4.

Germany, a challenging environment. Also, the German economy is now in decline. And I'll show you later again the different sectors. You'll also see that the automotive industry in Germany is in decline and, of course, we always see a reflection of that in our numbers. Organic growth, our revenue down minus 9% compared to minus 5% in Q3. We had the increase over the new CLA.

And to be honest, to my surprise, we did not see a decline in employees working because of it. I had anticipated decline. We also have organized our outsourcing company as an alternative would clients be interested in that, but what we see today is number of employees working is not going down. The question is – by the way, growth in Professionals – I'll go back to the equal pay in a minute – plus 3%. It's actually not mainly due, it's only due to IT. Our company, GULP, has really, again, has an excellent year with high growth, good contribution. Excellent company.



Gross margin pressure, the question is what the effect will be of equal pay and there are other complex legislation or CLAs we have in place now in Germany. I think we are proud because within two months, our German organization had our IT systems adapted to the new reality and the new reality is complex, maybe as a reminder. That means we have a CLA per sector. The first one that was actually concluded was with the metal sector that also includes automotive. It means that we start with the pay levels of our own CLA, Collective Labor Agreements, and then the longer an employee works in a specific position at a specific client, the closer he or she should get to the salary levels in that specific industry.

That means, for example, in the metal industry, after six weeks, the employee gets a 15% surcharge on our CLAs pay level. And then, it continues until a maximum of 50%, by the way, at 50% he'll be at 90% of the CLA of the automotive industry, for example, but still. What we see happening, that's why we maybe have a potentially confusing statement here. No impact on nominal gross profit. What we want to express here that what we see happening is that clients obviously pay the gross margin they were paying before. But on the surcharges like the 15%, et cetera, they are not willing to pay the same percentage margin over that 15% or more.

Again, this is going to affect a part of a population, by far, and not the whole population. This is, of course, only an issue at the lower part of the market, the blue-collar part and Professionals doesn't play any role. So that means – that's why we try to express it by saying nominally the gross profit per placement will not change. However, if you look at the percentage, then you would have 15% extra charge and not have a margin over that. It might look as if margin goes down. That, of course, is the same thing, negotiations, cost control to compensate for the gross margin, and by the way also the revenue effect.

EBITA margin of 5.1% compared to a really good Q4 last year. And as a forecast, obviously, since we have fixed contracts with our employees, their working days has a quite a huge impact on profitability in Germany. And Q1 really is, in that respect, a disastrous quarter if you want because it's three days less. So, that does have an effect on profitability for Q1. Part of it will be compensated in Q2 and I think over the year we lose one day, something like that. So, the effect is going to be small. But for Q1, it will have an effect.

Belgium, focus on costs, revenue minus 8%, stable rate of decline. Actually there's very little specific stuff we need to mention here. We had two companies because in the excellent execution, a culture we obviously have, we also created the two companies in Luxembourg after the acquisition of Vedior. That doesn't make any sense in a small market, so we combined Randstad and Tempo-Team in Luxembourg, which, I'd say, we corrected the mistake we made during the implementation. This and a few other small restructuring is actually quite a charge of €5.5 million. EBITA margin at 4.4%. OpEx down 4%.

UK, well, my preference for the heading would have been profit. I think we've come a long way. We've now had four consecutive months of profits. It's not a one-off. Operation is improving for sure. Education has always been a big contributor to profit. I think we have the operations targeted in the right direction again doing well. Finance is doing well with nice growth in Q4. Staffing and Inhouse minus 26%. This, for sure, is a conscious decision. We had big, big, big revenues. There are lots of temps working, no profit. And all these are nice, but not at the expense of profit.

Good growth in MSP and RPO, for sure. Perm fees minus 16%, but still, again. I think overall focus on cost was high. Back office centralization well on track. Again, as you might remember we had many, many companies with many different back offices. A small restructuring charge of €1.6 million mainly due to people again.

And EBITA margin of 1.5%. 1.5% actually, top ever was 7%. Again, we are happy that UK turned the corner. That's the good news for everybody. And that's actually in a difficult market still because

the other profit maker we historically have is construction, CPE. Obviously, construction is not exactly booming. And this is an understatement. But I'm talking about UK. So that is justified.

Iberia. Should talk about operational actions for sure, Spain is top of the list in our company with a few others obviously, but if you look at what's happening there. Revenue in Spain this year was €480 million. Maybe some historical perspective. The year we acquired Vedior, the aggregate of revenue was €920 million in Spain, now we are at €480 million, which for sure is another illustration of the bad economic and employment market situation in Spain.

In spite of that, we see a return, EBITA of 3.2%. And, obviously, volume declines, there's margin pressure, you have to be extremely sufficient. For sure, our Spanish organization has done a more than fantastic job. We have a small Professionals business there organically created 25% growth in Q4, doing very well.

Portugal, again, a country that is also on – I think it's second on the list if you put it upside down. Greece and then Portugal, I guess, in a very bad shape, economy, revenues minus 14%. Very efficient organization also and they've done well in adapting to the reality there. FTEs down 13% year-on-year.

Rest of World, Japan revenue grew by 6% while we think that the market is in decline. It means more than 10% outperformance according to us, but even if it's only it, it's still an excellent performance. Strong growth in both blue collar and outplacement, and a good profitability improvement. We actually in Q4 had an extra charge that actually was related to a history, but we have to take it in Q4. If you would look at a run rate profitability in Japan, it's north of 4.5%. EBITA doing very well.

Australia, disappointing and considerable lows again in Q4. We are in the process of a clear strategic target for that region. I was there last week, again, to help strengthen our analysis a bit. It will take a bit of time to rebuild Australia. We're not putting in big profit numbers for the coming three quarters. So, please don't do that either because you will be disappointed. We won't be because our expectations are realistic today.

Asia and Latin America, we had a considerable growth in India again. China was a bit more challenging this quarter, but, again, in nominal amounts, of course, it's still a small market and employees working is big.

Latin America, as I mentioned, we have invested a lot in Brazil. We went from something like – was it 90 people originally, earlier, to 280 on staff. We had a delay in opening branches. That means the losses were a bit bigger than we anticipated. Although it looks worse operationally than when you do an acquisition, obviously, it is organic growth and we are consciously investing in that market because it is a potentially very attractive market.

So, we see a big variety – a loss in Australia, actually on balance, a nice profit in Japan, mixed picture on Asia, while the growth in Brazil is one of the reasons that we see some loss there.

Talking about different sectors. It's not a surprise manufacturing is down everywhere. The extent at which it is declining differs. A refresher – zero is zero. That's easy. A single plus or a single minus is zero to 10%, and double is more than 10% growth or decline, obviously.

You can see that the public sector, for sure, is worth noticing. It's stable. It was – so that's actually even in the UK. And today, we see that it's – decline actually has more or less disappeared. Health and social work, for sure, declining heavily in France and the Netherlands. In the Netherlands, actually, it has disappeared more or less as an interesting segment for Staffing. I think it's less than 2% of market now.

The problem there, of course, is the VAT. Health institutions cannot deduct VAT. That means we are, by definition, 21% more expensive than any other solution that they create themselves. Since we all know that price elasticity is a reality to deal with, it didn't help. So they have created different solutions. Of course, not as efficient as ours, but 21% is a big gap to cover.

Automotive, some growth in Holland, but obviously in the main markets like Germany, France, double minus that means decline is more than 10%. Food, as always, fairly stable. I don't think I've ever seen a double minus or a double plus in any of these overviews except for the fact when we had large client gains, but still we have a strong position in this industry, especially internationally, by the way. So, it's always a very stable market.

Business services, big growth in the U.S., big decline in Germany, rest more or less stable. All the rest you can read yourself.

I'll now hand over to Robert-Jan van de Kraats who'll take you through our financial results and the outlook. Thank you.

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#### Robert-Jan van de Kraats, Vice Chairman-Executive Board & CFO

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Yes. Thank you. Good morning, ladies and gentlemen. Some comments on the financial results. This is the income statement. And when putting it together, we always look for positives, of course. And there are quite a few in here. Of course, it starts with the fact that last year in 2011, I should say in Q4, we put to work 620,000 people and in this year, the last quarter of the year, Q4 2012, it was 580,000, and that, putting people to work drives our business. And that is reflected here, a revenue decline of 4%.

But then, if you look further down the P&L, we can see a lower gross profit, but well adjusted through the operating expenses, resulting in an EBITA, and underlying EBITA, which was 4% below last year or 5% on an organic basis. And that means the recovery ratio has really sort of shown quite some good results. So a rather slow start at the beginning of the year, well made up for in the second half of the year.

So EBITA of €156 million, the one-offs which mainly relate to the restructuring programs, those restructuring programs at Randstad are driven by the payback term, the payback period of 12 months, so we kind of promote those, but they only come on top of the regular fields there in the results, which are the base for adjustments in the cost base.

Then we get to bookkeeping. The amortization and impairment. We have included the regular amortization, which is the write-off of the sort of intangibles, the theoretical value of brand names and customer databases and so forth, which is like sort of €200 million on an annual basis. And on top of that, this quarter we have evaluated the value of our operations across the world. And in Iberia and the UK, if you look at the allocated value for coming out of the acquisition of Vedior, which was highly subjective, which was never the intention, we never bought just the countries, we bought the whole portfolio, but still we had to allocate it to various countries and now you have to test if the value is still there.

Well obviously, Ben already gave you the indication on Spain, on the Spanish revenues. There's a much lower potential of earnings going forward than in the past. And that resulted in an impairment. The fact that it goes very well in the U.S., for example, we're not allowed to net it out, which is to me a bit weird. So this is very much considered to be bookkeeping, complex bookkeeping.

Net finance costs relatively low, reflecting our policy of using floating interest rates, which we have used now for many years, and which is a wonderful hedge with bad times, low interest rates; good times, higher interest rates. And that is also more or less how Randstad's cash flow develops.



The tax rate being around the level of that has been indicated, 32% effective tax rate on the right base, which is explained in the details.

The key financial points, first of all, a free cash flow of close to €400 million. That's really, really very substantial amount of money and I'll get back to it later to the numbers. If we look at the cash flow statement and the balance sheet, but we have a reinforced focus on the collection of trade receivables. That doesn't mean we try to renegotiate contracts with clients, but if we have a contract, we want to make sure we get paid on the day that we have agreed.

And as I mentioned last time, it's sort of like 20% overdues, which means beyond the payment date. And that might be the result of invoicing issues or whatever, but there is no reason to have that level, 20%, by no means. And that is something we have reinforced. It's called Project Shaw and Mr. Shaw once said something about not being reasonable, having more effect than being reasonable all the time. And that's something we have tried to apply here. And that has resulted in a reduction of two days DSO, which equals more than €100 million roughly. So that is very valuable to us.

We have a liability to the Dutch tax authorities, which sort of is in the process and we'll deal with that in 2013 rather than in 2012. Leverage ratio at 1.7 times EBITDA, which is well within the targeted range. And we are also – it says here good progress, but I would almost say that we have completed our refinancing.

The impairment of goodwill, I mentioned. Effective tax rate 32%, and that is a bit higher than it has been in the past because of the fact that we have more profit in high-tax countries like, for example, the United States. The number is relatively high also because of the fact that we record – that we report the business tax in France and the corporate income tax, which is an IFRS guideline.

Diluted EPS down to €0.60 from €0.69 in the previous year and proposed dividend at €1.25, which is a payout ratio of 59%. And the options are shares or cash and this was also requested by several investors. The default, however, is cash.

Looking at the three segments in which we operate: Staffing, Inhouse in the middle and then Professionals at the bottom. You can see the development. Well, Staffing clearly reflects the European difficult times, whereas we see continued growth in North America and good growth in the Rest of the World as well, resulting in an EBITA margin of 4% and HRS is clearly contributing to this. For example, RPO was in there.

Then we have Inhouse. Inhouse resulting in an EBITA margin of 5%. That's quite a performance showing the fact that serving large clients being relatively low margins with very high productivity is extremely helpful. This is also supported by the way we account for the subsidies that mentioned the distribution throughout the year a bit more towards the end of the year, so that supports the EBITA margin here.

And then Professionals, well, we clearly have lower demand across Europe. We do see good growth in UK, which Ben also elaborated upon, but we do see a decline in perm fees in Europe and that clearly contributes to the profitability, also some deceleration in the growth in North America.

Looking at the gross margin bridge, this connects the gross margin of 2011 Q4 with 2012 Q4, so a like-for-like, effectively, same quarter, and this is sort of giving you an overview of what happened in Q1, Q2, Q3, Q4, so this is the decline in gross margin, which we have discussed in the previous quarters. And then HRS is supporting this a little bit, making it to 18.2%. And many of you might have expected to see a plus here, typically Q4 shows a slightly higher gross margin than the previous quarter Q3, like in 2011.

Because also in that year, Q4 did not show the uptick, in Q4 2012, we also don't see the uptick and that's because we kind of have a netting out of, on the one hand, the typical seasonal pattern, and on the other hand, the fact that in 2011, we did have some impact of equal pay in Germany. And in 2012, we have sort of revalued our accruals for social securities because of an increase in 2013. So, any balance sheet positions had to be sort of adjusted and that has a cost. So, that's why you see a zero impact here.

Perm fees, 8% of gross profit versus 8.2% last year. And I always recall the number in 2007 being north of 12% which would have an enormous impact on the earnings of the company.

The operating expense is down. What we do here as we compare OpEx sequentially, so from Q3 2012 to Q4 2012 and down here, year-on-year, Q4 2011 and Q4 2012. And there might be a confusing element here because we have some tailwind from the exchange rates in Q4, €10 million. And we don't have the same tailwind here. It works the other way around for the full year. So, that is something because the U.S. dollar rate declined versus the euro in Q4, and that's what we see here.

Well the picture clearly shows the impact of the, again, the synergies from SFN. The increase in synergies you can see the total amount here. The organic adjustments in Europe, still some investment in North America, investments in the Rest of the World, especially in Latin America and some organic growth in the corporate expenses. That is very much the result of the fact that they were slightly low in Q3. So, it's much more the comparable base that has an impact here because you can see here that it is roughly flat. Europe, costs down €32 million on a 12-month basis here.

If you look at how have we realized those costs reductions, this is a summary. First of all, this is driven by field steering. So, it's the natural attrition of employees, of staff turnover rates, which are typically high and even in difficult times remain north of 10%. Well that allows us, and as you can see it, north of 20% right now, that allows us to make the necessary adjustment by not replacing people that leave us.

Then we have the synergies of SFN. And then finally, we have the restructuring programs, which I refer to as an investment, which has to be paid back within 12 months.

So, we moved from Q2, €648 million when we made the statement that we were anticipating substantial savings on an annualized basis, €70 million to €100 million. Q3, €638 million and now, Q4 at €616 million. And if we take out the €10 million currency, then the reduction that's remaining is €12 million, and the distribution is here, €7 million because of restructuring, €7 million because of field steering, and this is the effect of some releases of accruals. As a result of that, field steering contributes 57%.

Net debt level, I already mentioned it, a sizable reduction, which is, of course, the result of the fact that our DSO goes down, I mentioned it already, but also, you can see another effect of this [ph] Project Shaw (42:30) trying to be more efficient rather than having €339 million of cash and cash equivalents, we now have close to €200 million.

So, we have optimized that. And of course, that's also a matter of – both have an impact on the net debt whether it's in the debt or whether it's in the cash. But this was very helpful for us in using the cash efficiently.

The refinancing process is well on track. I already mentioned that it's effectively completed. Randstad has been financed through uncommitted lines but also through a forward-start credit facility, which will kick in May 2013 of €1.4 billion. A Japanese syndicated credit facility because we are a large operator in the Japanese market; that's easy to obtain. And we have some other facilities still in progress. But that means we are effectively financed up to 2017. The preference

shares were issued and collected – the money was collected in the first quarter of 2013 and gave us an indefinite capital contribution.

We also have stated here standby facilities of receivables, which means that it's standby, it could be used. And this effectively is like an insurance option. If times change, if we would kind of get back to very difficult times, which we don't foresee right now, which is not in our trends, but if it happens, you better organize yourself well in advance. And what we have done is we have aligned a facility to sell €275 million of our receivables if we want to. And that will immediately reduce our net debt, and as such the leverage ratio of the company. So it is an insurance option, a standby facility, which we don't intend to use anywhere near. But if times get difficult, we can.

So, this shows you the free cash flow. Again, the €369 million with relatively limited investments in property, et cetera. But I would say, all in all, a pretty healthy picture. The income statement for the full year, a decline of 11% in the underlying EBITA, and again here, the box, €336 million, that's the combination of the regular amortization of the value of certain intangibles and the impairments together.

Tax, again, if you look at the adjusted calculation that's roughly 32% effective tax rate. So, the financial key points for the full year is a gradual revenue decline throughout the year, 4% growth per working day in Q4 2011 moving to minus 5% in Q4 2012. So that's quite a change.

Productivity up that is a key focus point. A very strong recovery ratio through cost reductions in the second half of the year, a bit late, but well made up for the first half of the year. As such, EBITA down 6%. The underlying EPS down to €2.11, moving average of DSO down as well.

Dividend policy. It applies the regular dividend policy at around staff. It's the last time next year over the profit of 2013, we'll apply the 40% to 50% payout ratio, straightforward. This time, we still have applied the policy of aiming at €1.25 and the payout ratio is 59%. And as such it's limited to €1.25.

The choices between cash and shares and default is cash and, repair of dilution is something we'll aim for, but timing is yet to be discussed.

The outlook. We do see a stable growth trend, minus 6% in October; 5% in November, December; and in January, we do see some signs of stabilization in Europe. The comparison base gets a little easier, minus 4% in Q4 2011, it's zero in Q1 2012. So that's the comparison base.

We do see a continued growth in gross profit and aligned with Ben's analysis in North America. And we have the working day impact. We don't have the lapse year anymore. Unfortunately, we love lapse years, but they only happen once every four years. And we do anticipate a limited organic cost decrease in the first quarter and gradually you'll also see the reorganization in France kicking in in the course of the year.

And these are – so the key priorities you know us – these are the ones that we have on our list. I'm going to give you the rates for January now. In the Netherlands, the growth rate was minus 1%, in France minus 13%, Germany minus 7%, in Belgium minus 7%, in the UK minus 2%, Iberia minus 9%, North America minus 5%, again focused on gross profits and earnings, rest of Europe plus 3%, Rest of the World plus 1%. That's the mix. And then the total is minus 5% for the month of January.

So this completes the presentations. And we now move to Q&A.

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**Jan-Pieter van Winsen, Director-Investor Relations**

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And so, we'll address questions from the room. We'll address questions from the line. And then at the end we'll address questions from the representatives from the press. So I would like to start with the Q&A here in the room. Let's start here in the front at the first table. David?

**QUESTION AND ANSWER SECTION**

**<Q – David Tailleir – Rabo Securities NV>**: Yes, thanks. David Tailleir, Rabo Bank. First of all, on Germany, I think it would make sense that the impact of equal pay is limited, feasible at least right now. But would you expect some more impact, let's say, after six to nine months when the gap is more – should be more close? I think one of your smaller peers made some comments on that on Germany.

And then maybe on the U.S., do you expect to see any impact of the IT integration or let's say, the new systems? And is there any effect already feasible in your figure in January? Thanks.

**<A – Ben Noteboom – Randstad Holding NV>**: Yes. What you refer to as an effect, David? What's sort of effect you mean, operationally or financial?

**<Q – David Tailleir – Rabo Securities NV>**: In U.S., you mean?

**<A – Ben Noteboom – Randstad Holding NV>**: Yes.

**<Q – David Tailleir – Rabo Securities NV>**: On top line.

**<A – Ben Noteboom – Randstad Holding NV>**: On top line?

**<Q – David Tailleir – Rabo Securities NV>**: Yes.

**<A – Ben Noteboom – Randstad Holding NV>**: On IT. Yes, I'm confused.

**<Q – David Tailleir – Rabo Securities NV>**: I mean is there any disruption or more internal focus?

**<A – Ben Noteboom – Randstad Holding NV>**: No, no, no. Linda can answer, but I'm not very good at it at all. It's really now, the development of the IT is really a, let's say, in the world of the technicians, the IT people alone. It's actually, the system we already had in Randstad is the front office. The only thing is we had seven businesses and they had seven slightly different definitions of stuff. So that all needs to be connected. And then as back office, where actually the bundling is, so we don't expect any operational disturbance in that aspect.

The effect in Germany, but you're absolutely right, the impact we don't know yet. We'll have to see how the market reacts. There are obviously many different ways in which companies can react. You could also see, expect that maybe you would have a higher rotation of flex workers over time. So, indeed, today, it's very difficult to give a forecast there. So we honestly don't know what's going to happen.

**<Q – David Tailleir – Rabo Securities NV>**: Thanks a lot.

**<A – Jan-Pieter van Winsen – Randstad Holding NV>**: Yes, the person next to him.

**<A – Ben Noteboom – Randstad Holding NV>**: Yes.

**<Q – Teun Teeuwisse – ABN AMRO Bank NV (Broker)>**: Teun Teeuwisse, ABN AMRO. I will not ask any questions on Poland. Germany, it seems like global trade is now improving a bit. Do you see any pickup in demand in industrials in Germany?

And second question is on your guidance for the lower cost in Q1, how much of that is the seasonal trend, the lower marketing spend that you usually have in Q1 and how much of that is still cost savings?



**<A – Ben Noteboom – Randstad Holding NV>**: No, there's no effect yet in Germany. I'm just making sure that I answered the right question, Teun, sorry for that. It's too early actually. We just started. And also, of course, we should keep in mind that however enthusiastic everybody makes notes of the December and January developments, these are always odd months. And actually in general, we have more confidence in the February numbers. And then again we have Carnival, but that's the case every year to actually determine what the trend is than the December and January ones. So we have to still be a little bit careful in extrapolating those numbers.

**<A – Robert-Jan van de Kraats – Randstad Holding NV>**: Yes and with regards to your question on OpEx for Q2, indeed, typically marketing, especially is distributed a bit differently through the – not pro rata, but differently through the quarter. So, if I – well show some increase, we actually would love to see an increase there because it typically is an investment going forward.

The restructuring programs that we have announced are France. It's a big chunk. We anticipate impact from that one to come in Q3. That's also the month that we'll spend the money, by the way, or that's the quarter we will spend the money.

The other components in the restructuring program are the Netherlands and Belgium. And they will start to contribute a little earlier. So that will sort of be the blend of what we're going to see going forward.

**<Q – Teun Teeuwisse – ABN AMRO Bank NV (Broker)>**: Does your guidance show an improvement on cost savings or is it mainly from the seasonal?

**<A – Robert-Jan van de Kraats – Randstad Holding NV>**: No, you'll see some cost savings, but we'll also try to invest a little more in marketing whenever we think it's possible.

**<A – Jan-Pieter van Winsen – Randstad Holding NV>**: Yes. Here in the front. Hello. Sorry.

**<Q – Konrad Zomer – Joh. Berenberg, Gossler & Co. KG (United Kingdom)>**: Hi. Konrad Zomer, Berenberg. A few questions, first on the U.S. You did a great job in terms of your margins. You indicated that there's further upside to those margins? Could you elaborate a little bit more on how high margins could go once the full synergies are included?

The second question on France, do you expect to take more restructuring charges in 2013 after what you took in Q4?

And my last question is on pricing pressure in the Netherlands, can you give us an update on what you see in terms of pressure from competitors on pricing?

**<A – Ben Noteboom – Randstad Holding NV>**: Yes. Solid U.S.A., the increase in EBITA is not necessarily because the €8 million is nice. Per quarter, it obviously doesn't have a major effect on our profit. I think it is, for sure, the operational and strategic direction we've taken.

Staffing has been completely repositioned. The perm business in Staffing is – shows a very, very healthy increase quarter-on-quarter, and actually month-on-month, which is a conscious decision. The shedding of low margin blue collar business that we can't make any money is not completed yet, but actually we're a long way on the way, but it's still to be improved.

Positioning of the company in more the clerical and more specialized areas is continuing, so that is a big part of the extra profit source. If you look historically, obviously in the past, the finance and accounting business had 40% to 60% of gross margin was perm placement. The market is obviously still not that favorable, but perm placement will and can play a very big role in increasing

the margins considerably, the profit margins I'm talking about here. So it's a development of the whole mix of the company. It's the targeting of the company and it's managing the right aspects.

And then last but not the least, if you look at specifically because the MSP, we don't see as a profit. We see it as a sales model. And actually I don't know anybody that makes money in being in MSP, but the RPO, for sure, is also nicely contributing to profit. The market is expected to grow at about 15% per year. We are market leader there, so there's lots of opportunities there.

And on top of that, if you talk about delivery models, I think in the U.S., we have at the minimum a well-developed portfolio of services, so that we can actually fine tune, I believe, the model to any specific group of demands in the market, which makes our delivery more efficient.

So it's both on gross margin improvement because of all these things. It's more efficient. That means relatively lower cost. And that combination, even without actually a major change in market will readily result in an encouraging development of profit, but over time, I can't put a date to it, I'm sorry for that obviously, because that will depend on market. Actually, there's still a lot of potential that I actually do consider will be better than the 5.3% we've seen here.

On France, note at the moment, I don't expect any further provisions. We still have to execute obviously. We first need to go through the processes with unions and works council, then we have to execute again. As I mentioned, the earliest possible starting date of that implementation of the reorganization would be in June.

Pricing pressure in Holland, it's – there's nothing – no dramatic changes there. So there's no specific comments that we can give there. I think the change in margin we see and we've seen happening now is mainly due to the social security charges. And we took the three measures I mentioned earlier, increased pricing, cut costs and actually have some more creative solutions like, for example, the own risk on the sick leave, but there's a few more things we do on that technically to try and compensate for that.

**<A – Robert-Jan van de Kraats – Randstad Holding NV>**: Adding to what Ben said on France, I'd like to add that field steering has already contributed. If you look at it sequentially, our FTEs are down 4%. So it's not just the restructuring that we need to reduce the cost base. It's happening as we speak.

**<Q – Konrad Zomer – Joh. Berenberg, Gossler & Co. KG (United Kingdom)>**: Thank you.

**<A – Jan-Pieter van Winsen – Randstad Holding NV>**: Okay. Now Margo, who's sitting next to you. Yes.

**<Q – Margo Joris – KBC Securities NV>**: Good morning. Margo Joris from KBC Securities. I have a few questions. The first one is on the UK. What's your ambitions for the EBITA margin going forward or let's say 2013?

And then in the U.S., Staffing and Inhouse revenues were down 1%, but gross profit was up by 6%. What is the Professionals gross profit during the fourth quarter?

And then another question on Iberia, what is the market doing there today, because I was just wondering if you're losing market share to achieve that strong 3.2% margin? And then on Europe the revenue decline...

**<A – Ben Noteboom – Randstad Holding NV>**: Hold on, hold on.

**<Q – Margo Joris – KBC Securities NV>**: This is the last one.

<A – Ben Noteboom – Randstad Holding NV>: Yes. But it's five, right?

<Q – Margo Joris – KBC Securities NV>: Okay. And then...

<A – Ben Noteboom – Randstad Holding NV>: Did you get it – I got the first two questions but...

<Q – Margo Joris – KBC Securities NV>: And then on Yacht, the sales decline deteriorated to minus 13%, but do you have a good feeling about first quarter, what did January do?

<A – Ben Noteboom – Randstad Holding NV>: Yes. Yacht is very simple that the positive – the emotion I get with the brand is that we see profit coming, not so much related on a big improvement in top line, but because of a far more efficient and targeted organization, that's key. Let me see.

UK EBITA ambition, there's no limit to our ambition. For 2013, of course, we won't forecast, but for sure we have a medium-term ambition of, let's say, 5% to 6% in good time that's for sure. UK should be in that league. We are reducing heavily on clients and segments where we don't make money. We see the profitable segments coming back again. Finance has been doing well, but I wouldn't – I don't have the courage to forecast medium or short term that the financial markets are going to be really good. By the way, the growth in finance is more in financial positions in other companies than in the city as you might be aware because it's not actually – not exactly booming there. And then I lost you on the other questions.

<A – Robert-Jan van de Kraats – Randstad Holding NV>: Yes. U.S. gross profit and you asked also about inhouse (RIS). We don't give you all the kind of disclosure, but I can say that the gross margin in profs is improving. And then you asked for market share in Iberia, the development and I think we kind of...

<A – Ben Noteboom – Randstad Holding NV>: No loss...

<A – Robert-Jan van de Kraats – Randstad Holding NV>: No loss...

<A – Ben Noteboom – Randstad Holding NV>: Yes, so those were the two questions of Margo and...

<A – Jan-Pieter van Winsen – Randstad Holding NV>: We are finally moving to the table. Yes, Arun?

<Q – Arun Rambocus – Kempen & Co. NV (Broker)>: Let me stick to two questions. The first question, can you summarize all the cost savings plans you've executed and then referring to the press release that you achieved the €70 million to €100 million already as a run rate in the fourth quarter, how much of that's due to additional field steering and sort of what is left in the bag for next year and in which region? That's the first question.

Second question is on the recovery ratio. Robert-Jan, like you already pointed out in the fourth quarter, the EBIT margin was maintained, so is that sort of what we should think of going forward at a 4% revenue drop given the cost saving plans Randstad is able to maintain the EBIT margin or isn't that set in stone? Can you comment on that?

<A – Ben Noteboom – Randstad Holding NV>: The first one. That is a easy rule of thumb because we shared with you and if you apply that and then on top of that we added the field steering is that if we spent the provisions we've taken for reorganization, we want to get the money back within one year. And if you apply that calculation, you'll see that you'll be able to explain a fair part of the cost reduction. And two, we shared with you the slide on what percentage of savings we had in specific markets because of field steering. I think that we shouldn't get – we can get into every market specific. That's a bit much, to be honest.

**<A – Robert-Jan van de Kraats – Randstad Holding NV>:** Yes, it's €74 million that we spent – that we have sort of recorded most of it or a substantial part has not been spent yet. So the conclusion is I would summarize it and say field steering contributes between 50% and 75% of the cost reductions.

And then going forward, the recovery ratio, you asked me for the result. We've given you sort of the input and the input is that we aim at a recovery ratio of at least 50%. And that's what we'll continue to do. And we've got quite some ingredients lined up, be it field steering and restructuring programs that still have to be executed.

**<A – Jan-Pieter van Winsen – Randstad Holding NV>:** Yes, Marc.

**<Q – Marc Zwartsenburg – ING Bank NV (Broker)>:** Yes. Marc Zwartsenburg, ING. I want to drill down a little bit deeper into the German trends, 8% price effect and minus 7% in January. Those would imply, say, minus 15% on volumes and that's not the full effect of the equal pay implementation. Could you give us a little bit more feel for what we should expect for the German trend going forward?

**<A – Ben Noteboom – Randstad Holding NV>:** I'm sorry, Marc. I...

**<Q – Marc Zwartsenburg – ING Bank NV (Broker)>:** Are you saying something...

**<A – Ben Noteboom – Randstad Holding NV>:** It's probably me, I don't get the question.

**<Q – Marc Zwartsenburg – ING Bank NV (Broker)>:** Yes, in January you're down 7% and you have a pricing effect of plus 8%, you mentioned. So, could you give a little bit more...

**<A – Ben Noteboom – Randstad Holding NV>:** I don't get the pricing effect as plus 8%.

**<Q – Marc Zwartsenburg – ING Bank NV (Broker)>:** The positive price effect of around 8%, I see...

**<A – Ben Noteboom – Randstad Holding NV>:** Oh, revenue per hour, yes, that's mix – yes.

**<Q – Marc Zwartsenburg – ING Bank NV (Broker)>:** Okay, so – yes. It's also for me very confusing. That's why I'm...

**<A – Ben Noteboom – Randstad Holding NV>:** No, sure.

**<Q – Marc Zwartsenburg – ING Bank NV (Broker)>:** ...asking for a little bit more details on what's going on in volume terms and...

**<A – Ben Noteboom – Randstad Holding NV>:** No, no, I understand.

**<Q – Marc Zwartsenburg – ING Bank NV (Broker)>:** ...and how we should read this going forward... [indiscernible] (01:02:29)

**<A – Ben Noteboom – Randstad Holding NV>:** I'm sorry. Yes, yes, sure. What we did is we had a price increase campaign, in the market obviously because the social security charge, CLA, et cetera, and, of course, the cost has to increase the price. So, let's say the nominal price or else our margin would suffer more. So, that's the difference in between all the other developments.

**<Q – Marc Zwartsenburg – ING Bank NV (Broker)>:** Okay. So...

<A – Ben Noteboom – Randstad Holding NV>: So, the rest is normal mix stuff, but that's the main trigger of the price per hour difference if you want compared to before.

<Q – Marc Zwartsenburg – ING Bank NV (Broker)>: So all these components together, what is then the volume impact and equal pay impact in this mix effect?

<A – Ben Noteboom – Randstad Holding NV>: I can give it to you just abouts. Give me a minute. We have this fantastic book, which you would love to have, I'm sure, but I'm sorry. If you look at price developments – because there's – yes, right. Revenue per hour in Q4 was up 8% so that explains, – that is the difference.

<Q – Marc Zwartsenburg – ING Bank NV (Broker)>: And the volumes are now in January?

<A – Robert-Jan van de Kraats – Randstad Holding NV>: Down double digits, clearly.

<A – Ben Noteboom – Randstad Holding NV>: Yes, yes.

<Q – Marc Zwartsenburg – ING Bank NV (Broker)>: And then the equal pay impact because it's not much in Q4, how should we...

<A – Ben Noteboom – Randstad Holding NV>: No, there's not a variance, because the increases of the surcharges don't kick in yet in Q4, so it's too early. Yes, okay.

<Q – Marc Zwartsenburg – ING Bank NV (Broker)>: Okay. Then on Germany, the additional cost for the implementation of equal pay, could you give us the number for that?

<A – Ben Noteboom – Randstad Holding NV>: It's low. It has been done with the wrong people. We have an excellent IT department, so it's something that's not material.

<Q – Marc Zwartsenburg – ING Bank NV (Broker)>: Okay. Then on U.S., the minus 5% in January, this clearly below markets, could you give a bit more detail how that...?

<A – Ben Noteboom – Randstad Holding NV>: No, maybe, Linda, you want to talk about it a little bit because we have the super expert here so why not use that?

<A – Linda Galipeau – Randstad Holding NV>: So, first of all, when we look at market, we compare market trends to net fees, right? To our gross profit line. I think that to compare market to revenue is a very misleading number and doesn't usually – you could pursue the market number improperly, so we compare it to the margin line and on margin line, we are at or above market. So that would be my first comment.

And that's going to very much be the theme for the U.S. going forward. Some of the larger sheddings have occurred over the course of last year and there will be a point where some of those are anniversaried. So you may see revenue and gross profit become more in line in the latter half of the year. But, again, we continue to look at all of our accounts and to invest in much higher margin business. So, I would encourage you to judge our performance on the gross profit line and the profit line, of course.

<A – Jan-Pieter van Winsen – Randstad Holding NV>: Okay, let's now move to the line. Let's see how many questions we have, we have five people on the line. So, operator, can you please open the line for questions.

Operator: Thank you. We will now begin the question-and-answer session. [Operator Instructions] Toby Reeks from Bank of America is online with a question.



**<Q – Toby Reeks – Merrill Lynch International (United Kingdom)>:** Good morning, guys. Happy Valentine's Day. Just wanted to ask you on the envelope of cost savings that you've given and you've obviously exceeded that now, €70 million to €100 million. As you look at the cost savings you announced in Q2, Q3, and Q4, as you add those all, it gets about €53 million. And you haven't really used very much of that, so should I just be sort of thinking, okay, we're at the bottom of the €70 million and I should add about €40 million to that. So we're actually sort of going for closer to over €100 million in cost savings by the end of Q4 2013.

**<A – Ben Noteboom – Randstad Holding NV>:** Yes, that will be the low-end of our ambition.

**<Q – Toby Reeks – Merrill Lynch International (United Kingdom)>:** Okay. Thank you.

**<A – Ben Noteboom – Randstad Holding NV>:** But you have to take into account again that the implementation of the actual cost savings in France will only take place in the second half of the year. So, the timing, of course, plays a role here. But I will be pretty disappointed would it only be €110 million.

**<Q – Toby Reeks – Merrill Lynch International (United Kingdom)>:** Okay. Thank you very much. Then the second one, you referred to earlier about the returns being way above average for the sort of new HR services. What do you mean by average? Do you mean average of the Group? Do you mean average of the peers? And can you – I'm not asking for numbers of what those returns are, but you could you sort of give us the range of returns from those HR services and where they would stack up within that range?

**<A – Ben Noteboom – Randstad Holding NV>:** Yes, I actually showed already that it's above 7% EBITA in Q4. It's in that...

**<Q – Toby Reeks – Merrill Lynch International (United Kingdom)>:** That's 7% of EBITA?

**<A – Ben Noteboom – Randstad Holding NV>:** Yes.

**<Q – Toby Reeks – Merrill Lynch International (United Kingdom)>:** Okay. And when you...

**<A – Ben Noteboom – Randstad Holding NV>:** I'm not going to make this a habit, of course, but just for...

**<Q – Toby Reeks – Merrill Lynch International (United Kingdom)>:** Of course not. Can you give us an idea of where they break out within that, the different services?

**<A – Ben Noteboom – Randstad Holding NV>:** MSP is hardly profitable. RPO is profitable. Payroll is profitable. Our placement is profitable. What did I forget? Okay, I guess that's about it. Yes.

**<Q – Toby Reeks – Merrill Lynch International (United Kingdom)>:** Okay. Thanks very much, guys.

**<A – Robert-Jan van de Kraats – Randstad Holding NV>:** And, Toby, just to make sure that you've got your numbers right, the decline in costs, Q2 to Q4 is already €30 million if you multiply that by four, you are at €120 million.

**<Q – Toby Reeks – Merrill Lynch International (United Kingdom)>:** Thanks very much.

**<A – Jan-Pieter van Winsen – Randstad Holding NV>:** Next question? Robert?

Operator: Tom Sykes from Deutsche Bank is online with a question.

**<Q – Tom Sykes – Deutsche Bank AG (Prime Brokerage)>**: Yes, good morning, everybody. I wondered if you could just give a bit more details on the Inhouse business, obviously you've seen – it looks like about €100 million increase year-on-year. Could you split that out between transfers and what the underlying demand is doing and what you think is the likelihood of more transfers going forward, please?

And then I know that you spoke about the gross profit movements in the U.S. and where you were above or below market. But could you just give an outlook for – a view of what you're seeing in terms of IT market U.S. and perhaps the light industrial and clerical markets U.S. from a volume standpoint, please?

**<A – Ben Noteboom – Randstad Holding NV>**: Linda will take the U.S. part and the first part is going to be – the first question is going to be a very short answer, I'm afraid, Tom, but we'll first go to Linda.

**<A – Linda Galipeau – Randstad Holding NV>**: So, in terms of market volumes, I think light industrial is probably going to be very strong this year. That strength won't necessarily translate into a lot of revenue for us because very often that growth is of questionable profitability, but I think if you're looking at the overall market, you'll probably see a lot of strength in the light industrial if for no other reason because of the construction of the Affordable Care Act. That is probably going to be one of the most significant external events in the staffing industry and may have the most profound effect in the industrial space in terms of how employers compose their workforce.

**<Q – Tom Sykes – Deutsche Bank AG (Prime Brokerage)>**: Okay.

**<A – Linda Galipeau – Randstad Holding NV>**: IT will continue to be strong for some of the same reasons, a lot of companies, a lot of healthcare institutions getting up to speed with the Affordable Care Act. And we see clerical being very solid but the larger growth coming from the permanent market, so there may be slightly less in the finance and banking sector, which has been traditionally a strong sector, but we expect strong growth from a permanent perspective so on the profit line.

**<Q – Tom Sykes – Deutsche Bank AG (Prime Brokerage)>**: Okay. Great. Thank you very much.

**<A – Ben Noteboom – Randstad Holding NV>**: The forecast on growth in Inhouse is, if I understand your question, right, Tom. Obviously, there's going to be a big difference per market. We also explained that quite a big part of the growth was due to transferring clients...

**<Q – Tom Sykes – Deutsche Bank AG (Prime Brokerage)>**: Yeah.

**<A – Ben Noteboom – Randstad Holding NV>**: ...or residents from branches to Inhouse. That will depend on achievable margins and profits and obviously the cyclical development. There's little we can do about that. There's also nothing I would like to forecast on that.

**<Q – Tom Sykes – Deutsche Bank AG (Prime Brokerage)>**: Okay. So is it possible, I mean, kind of to disaggregate the transfers from the underlying demand? And are you going to – when do you annualize the sort of biggest transfers, because obviously your incremental drop through on that incremental revenue is quite high at the moment.

**<A – Ben Noteboom – Randstad Holding NV>**: No, what we did there is – Tom, I...

**<Q – Tom Sykes – Deutsche Bank AG (Prime Brokerage)>**: And so I'm just trying to work out...  
[indiscernible] (01:10:57)

<A – Ben Noteboom – Randstad Holding NV>: We had 2% growth organically and the rest of the growth was due to transfer. We released that number. So it's in the pack somewhere.

<Q – Tom Sykes – Deutsche Bank AG (Prime Brokerage)>: Okay, sorry, I didn't see that.

<A – Ben Noteboom – Randstad Holding NV>: No, it's okay. Yes, thank you.

<A – Robert-Jan van de Kraats – Randstad Holding NV>: There's a lot in the pack so – we also have it now and I forgot the number.

<Q – Tom Sykes – Deutsche Bank AG (Prime Brokerage)>: And if I could just add one more. Of the – on the Professionals, the decline in Professionals, are you able to say how much of that year-on-year in Q4 was coming from Yacht at all? And how much of an improvement?

<A – Ben Noteboom – Randstad Holding NV>: It was minus 13%. We also published that number, yes.

<Q – Tom Sykes – Deutsche Bank AG (Prime Brokerage)>: Okay, okay. I'll read it properly. Okay. Thanks very much.

<A – Ben Noteboom – Randstad Holding NV>: But that's right. You're allowed more than two questions because the answers are there.

<Q – Tom Sykes – Deutsche Bank AG (Prime Brokerage)>: Okay.

<A – Ben Noteboom – Randstad Holding NV>: Thanks, Tom.

<Q – Tom Sykes – Deutsche Bank AG (Prime Brokerage)>: Thank you. Cheers. Bye.

<A – Jan-Pieter van Winsen – Randstad Holding NV>: So next question from the line. Please limit yourself to two questions, please. We have quite a number of people who are in the line.

Operator: Robert Plant from JPMorgan is online with a question.

<Q – Rob Plant – JPMorgan Securities Plc>: Thank you. My two questions are, first of all, in the U.S. where you've deliberately shed customers, have any of the customers actually said we will stick with Randstad and accepted a cost increase? And secondly, in the Rest of the World, where will margin loss now across 2013 as some of those startup offices in Latin America begin to fill up? Thank you.

<A – Ben Noteboom – Randstad Holding NV>: Yes actually your first remark is not only the case in the U.S., but all over the Randstad organization, especially also in Europe. So we are shedding clients. Actually we give them a choice either they accept the price increase and, to our surprise, specifically, for example, in France, we have had quite a few clients that gave in on price. Some even came back after they had tested another supplier, which of course, is the best situation to be in as a supplier. So yes, it happens every now and then. And again, a part of it is merely procurement. They buy. Their only incentive is a lower margin. Never mind the total cost of ownership of labor, which is what we try to sell. So yes, that's for sure happening. But still, the effect is that we do lose volume and that means we do lose loss so that's good news. [indiscernible] (01:13:11)

<A – Robert-Jan van de Kraats – Randstad Holding NV>: The Rest of the World, the margin.

<A – Ben Noteboom – Randstad Holding NV>: Yes I didn't get the question. When the overcapacity and for example, Brazil will fill up, that was the question more or less, right?

<Q – Rob Plant – JPMorgan Securities Plc>: That's right yes.

<A – Ben Noteboom – Randstad Holding NV>: Yes. It will take maybe a few more quarters, but during the year, we expect, for example, Brazil to be at about breakeven.

<Q – Rob Plant – JPMorgan Securities Plc>: Thank you.

<A – Jan-Pieter van Winsen – Randstad Holding NV>: Okay. Next question, please.

Operator: William Vanderpump from UBS is on line with a question.

<Q – William Vanderpump – UBS Ltd. (Broker)>: Morning. It's William Vanderpump from UBS. Actually just one from me. You touched on the Affordable Care Act in the U.S. Could you just bring us up to date as to where the staffing industry is with that? I know there were some initial fears it could be negative in terms of pricing, obviously potential benefit if it pushes more people towards the temp industry, which I think was kind of the gist of the earlier comment. Could you just talk about that? And perhaps any early conversations with clients how that change might work for you this year, please?

<A – Ben Noteboom – Randstad Holding NV>: Yes. Linda will explain on that. I have to warn you, Robert-Jan and I shared together with Linda half an hour with 10 slides and we didn't get it yet.

<Q – William Vanderpump – UBS Ltd. (Broker)>: Okay.

<A – Ben Noteboom – Randstad Holding NV>: Then the next half hour, we sort of got it, so she's going to give you a one-minute summary of something that's way too complicated a question today, but anyhow.

<Q – William Vanderpump – UBS Ltd. (Broker)>: Okay.

<A – Linda Galipeau – Randstad Holding NV>: So there are two pieces. So one is the financial impact and then the other piece would be the impact on demand or greater demand or greater interest in the level of contingency within companies.

So on the latter, we think it's going to be very positive. As I indicated, that will have a lot more impact on the lower skill positions. And the reason for that is quite simple. The Affordable Care Act requires you to offer a fairly high level of coverage to all employees. But if the cost of that coverage exceeds a certain percentage of that person's wages, they can go and ask for a subsidy from the government and Randstad will have to fund or the employer would have to fund part of that subsidy.

So any financial impact and pricing impact is very much in the lower skill categories. We have calculated what that impact is. It's not dramatic, especially if you compare it to some of the SUI experiences we've had in the last couple of years. So we have a lot of experience recapturing that kind of cost. So it's a manageable amount. It will be passed on to customers over time because the costs will evolve over time. But we do expect the impact on demand to be quite favorable.

<Q – William Vanderpump – UBS Ltd. (Broker)>: Okay. I mean I suppose in your current mix of business, what proportion would you see at the lower end that would be captured by that financial impact? Is it 20% of your book or less?

<A – Linda Galipeau – Randstad Holding NV>: Yes and it's not just the wage level, A, it's how long they've worked for you, so they have to have worked for you a certain number of hours over a one-year period. So probably in our overall workforce, we expect approximately 25% to meet the

time requirements, and of that, a much smaller percentage that will require subsidies. So I will say, if you look at our overall portfolio, it's a lower-single digit number as a percentage of pay rates.

**<Q – William Vanderpump – UBS Ltd. (Broker)>**: That's great. Thank you very much.

**<A – Ben Noteboom – Randstad Holding NV>**: By the way, we should add two things, I think. Generally it going to come on effect January 1, and it's also an opportunity because it will make us more competitive than a permanent contract, which I think is a very important element to take into account. So we obviously embrace ObamaCare.

**<Q – William Vanderpump – UBS Ltd. (Broker)>**: Okay, great. Thank you.

**<A – Jan-Pieter van Winsen – Randstad Holding NV>**: Okay, next question.

Operator: Paul Sullivan from Barclays is on line with a question.

**<Q – Paul Sullivan – Barclays Capital Securities Ltd.>**: Morning. It's Paul Sullivan from Barclays. Just one or two on gross margin. Can you just summarize your thoughts on the sort of push and pulls on gross margin as you see them over this year? And you've obviously got the negatives in Holland and Germany. You may have a positive in France. Do you think you can sustain flat on the basis of the revenue trends as you see them currently?

**<A – Ben Noteboom – Randstad Holding NV>**: No, because it'll heavily depend on mix. So we shared the developments we've seen, we've shared the measures we've taken, and all the rest actually would be speculating on what's going to happen in the markets, which is very difficult. We don't expect dramatic impacts for the Group from these developments as far as we can judge the trends now, and that's I think all we can share.

**<Q – Paul Sullivan – Barclays Capital Securities Ltd.>**: Okay fine. And then just secondly, on the overall cost savings, you've done the €120 million annualized. Looks like from the fourth quarter charges that you should be – we should be targeting another €50 million annualized by the end of this year. Is that correct?

**<A – Ben Noteboom – Randstad Holding NV>**: Well I already said that €110 million would be very disappointing to us. And the strategy that if we provide for money and then actually when we spend it, we want to have the money back within a year. So I think it's a very fairly simple calculation, we come to – actually a very interesting number.

**<Q – Paul Sullivan – Barclays Capital Securities Ltd.>**: Thank you very much.

**<A – Jan-Pieter van Winsen – Randstad Holding NV>**: So we're moving to France now. Laurent?

Operator: Laurent Brunelle from Exane BNP is on line with a question.

**<Q – Laurent Brunelle – Exane BNP Paribas SA>**: Yes, good morning. On the French situation, can you share with us your view on the ongoing labor reforming to introduce more flexibility? And short-term contract will face additional taxes on net temps. Do you believe it will be positive and leads to let's say rising penetration rates?

And regarding the temp industries being asked to introduce a CDI – CDE-style arrangement for the temps. In your view, what will be the percentage of CDI contracts that need to be referred to temps? Thank you.

**<A – Ben Noteboom – Randstad Holding NV>**: François just tells me it's 10%.



<Q – Laurent Brunelle – Exane BNP Paribas SA>: 10%.

<A – Ben Noteboom – Randstad Holding NV>: So he got your question, which is impressive.

<Q – Laurent Brunelle – Exane BNP Paribas SA>: Very good.

<A – Ben Noteboom – Randstad Holding NV>: Is that the answer?

<Q – Laurent Brunelle – Exane BNP Paribas SA>: Yes.

<A – Ben Noteboom – Randstad Holding NV>: I'm just a mailman here. So...

<Q – Laurent Brunelle – Exane BNP Paribas SA>: And overall, do you believe that it could be a positive for the temp industry [indiscernible] (01:20:07)?

<A – Ben Noteboom – Randstad Holding NV>: It is? Yeah it is positive.

<Q – Laurent Brunelle – Exane BNP Paribas SA>: And can you be a bit more precise?

<A – Ben Noteboom – Randstad Holding NV>: François says no.

<Q – Laurent Brunelle – Exane BNP Paribas SA>: Okay. That's very clear. Thank you.

<A – Ben Noteboom – Randstad Holding NV>: Thank you, Laurent.

<Q – Laurent Brunelle – Exane BNP Paribas SA>: Bye.

<A – Jan-Pieter van Winsen – Randstad Holding NV>: The next question. We have still more questions.

Operator: Lebrun Olivier from Natixis is online with a question.

<Q – Olivier Lebrun – Natixis SA (Broker)>: Yes, good morning. I have three questions on the Netherlands. At first, could you give us the organic rate in your growth the amount for Q4? Secondly, was the Dutch market picking up in December and in January? And thirdly, regarding Yacht, could the Yacht restructuring generate further one-off expenses in 2013, please?

<A – Ben Noteboom – Randstad Holding NV>: Could you please repeat the last question on Yacht?

<Q – Olivier Lebrun – Natixis SA (Broker)>: Yes, could the Yacht restructuring generate further one-off expenses this year?

<A – Ben Noteboom – Randstad Holding NV>: Jacques says, no. I didn't get the question, but no? No.

<Q – Olivier Lebrun – Natixis SA (Broker)>: Okay.

<A – Ben Noteboom – Randstad Holding NV>: Okay. And you want to have the – well, the growth of the Dutch market, actually it's published every four weeks. It's hovering – it was at minus 1%, but it's hovering around a minus 3% for quite a while already. And then you wanted the growth numbers for different markets per month? Is that – did I get that right?

<Q – Olivier Lebrun – Natixis SA (Broker)>: Yes.

<A – Ben Noteboom – Randstad Holding NV>: Or just the Netherlands. Again it has been stable for months already at around minus 3%, minus 4%, minus 3%, minus 3%. And now we had a minus 1% in – it was December, I think, but yes, that's December is a funny month to compare with. So I would say trend is at about minus 3%.

<Q – Olivier Lebrun – Natixis SA (Broker)>: Okay, thank you.

<A – Ben Noteboom – Randstad Holding NV>: Thank you. Maybe final question?

<A – Jan-Pieter van Winsen – Randstad Holding NV>: [indiscernible] (01:21:53) Next question, please.

Operator: Kean Marden from Jefferies is online with a question.

<Q – Kean Marden – Jefferies International Ltd.>: Morning, all. I had a question regarding Affordable Care, which Linda answered most of it, but I wondered whether in her view the industry would experience the volume positive in 2013 as clients basically anticipate the legislation coming in January 2014, and then potentially you have the pass-through effect to deal with next year?

<A – Linda Galipeau – Randstad Holding NV>: Yes. I think Ben referenced the complexity of the Affordable Care Act, and I think as people – many of our clients are just beginning now to dig in to that. So I think that we will see an escalating positive impact from that. It's very hard to quantify how much it is. It's also hard to quantify how much of that we'll choose to take advantage of because a great deal of it will occur in a segment that's of lessening interest to us. But yes, I think you'll see a crescendo of the positive impacts related to 2013 and up to 2016, because although it's in effect as of next year, it's in effect in a rising way from a cost perspective over the next couple of years. So...

<Q – Kean Marden – Jefferies International Ltd.>: Yes it's a phased introduction, yes. Agreed. Yes, thanks, Linda.

<A – Jan-Pieter van Winsen – Randstad Holding NV>: Okay. Final question from the line.

Operator: Matthew Lloyd from HSBC is online with a question.

<Q – Kean Marden – Jefferies International Ltd.>: Good morning, guys. Two questions. Firstly, in France, how much of the perm fees that you're taking, the fee business is actually finder's fee for short-term fixed contract. Just trying to work out the – as that may shift towards temp, whether you lose something on one side as well as gaining on the other.

And then secondly, are we beginning to see more pricing discipline in SMP in – sorry, restart that – MSP bids. Everybody seems to be talking about how little money they make out of it. Is anybody starting to put more sensible pricing on it?

<A – Ben Noteboom – Randstad Holding NV>: The first question, no, that's really – actually we don't even know. I guess we could measure, but we don't measure it. If we have a perm placement, it's a perm placement. And whether the employee stays, well, preferably short, but we honestly don't know, so we can't give you any trends in that respect.

<Q – Kean Marden – Jefferies International Ltd.>: Fair enough.

<A – Ben Noteboom – Randstad Holding NV>: MSP pricing, yeah, actually pricing is hardly relevant because again, MSP is not a profitable model and we don't think it will ever be a profitable model. The only reason to be that is and that's also the only contracts we actually pursue is if we can have a reasonable part of the spend. Then we are interested in the MSP.

MSP as such as a business model is a cost – not a big cost – but it is a cost and we keep on seeing it as such. And actually – some actually give it away for free which – that's the other extreme. And even parties that are not able to supply a big part of the spend is probably part of a long-term strategy then, but again, we are not – we are hardly – we can't get excited about pricing on MSP. We won't. We only want to have the ones that we can deliver.

Pricing will slowly diminish I think. The prices we've seen, they come from 2.5% to considerably less over time. I don't see any reason why that trend would change.

**<Q – Kean Marden – Jefferies International Ltd.>**: Thank you.

**<A – Ben Noteboom – Randstad Holding NV>**: Thank you.

**<A – Jan-Pieter van Winsen – Randstad Holding NV>**: Okay, that leaves the questions from the press. Any questions from the press either in the room? I don't see any hands. Yes, one.

**<Q>**: Just one question. Does it work?

**<A – Ben Noteboom – Randstad Holding NV>**: Yes.

**<Q>**: Can you tell me more about having your own risk now for the sick leaves in the Netherlands? How that works precisely and what the effects will be?

**<A – Ben Noteboom – Randstad Holding NV>**: As far as example, obviously since we have a very big population if you employ, let's say, 80,000 or 90,000 people, then the risk is not too difficult to forecast. And we know what the cost would be, would we actually have somebody else take that risk or let's say insure it. So, we made those calculations more than once.

We looked at the cost to actually manage those operations ourselves and to develop the necessary tools to do that. The outcome, every time we calculate it, was positive. So, we think we are more efficient in the calculation for the time being. But even more important, one of our key interests is the well-being of people. So we have had – how that work, an internal program been running for, I think it's eight years now. Well, we are very, very close to the people that actually fall ill, we do everything we can to get them back to the workplace. And we've been very, very efficient at doing that. So that's also why we think it's a good in fact that we can keep on doing that even more.

And the financial impact of that is going to be, we think, positive. We think we're going to actually spend less money than we would if we would insure it elsewhere.

**<A – Jan-Pieter van Winsen – Randstad Holding NV>**: Okay. Last – final question from [ph] Matthijs here in the middle, and then we close the meeting.

**<Q>: Matthijs van Leijenhorst, Kepler** Good morning. Two weeks ago, Manpower released results. Although they were pretty cautious about 2013, they do believe they would see a recovery by the end of the year. Are you willing to share this view?

**<A – Ben Noteboom – Randstad Holding NV>**: No, I'm always impressed with forecasts like that. And I'll stay impressed. For us it's not relevant. For us it's not relevant. Again, we...

**<Q>**: For us it is.

**<A – Ben Noteboom – Randstad Holding NV>**: I know for sure, that's why I'm so happy you have your job and I have mine, because I'm not in the – we are not in the forecasting business. We are in the HR business, the recruitment business and we have to build an organization that adapts fast to

actuals. We do not want to have an organization that reacts on expectations because, for sure, you'll be wrong somewhere, right.

<Q>: Okay. And [indiscernible] (01:28:19)

<A – Ben Noteboom – Randstad Holding NV>: To illustrate the effect, let's say that the market would really increase in Q4. So my next question is, so what do I do then? Where do I invest? Do I invest in logistics in Amsterdam? Or in secretaries on San Diego, or in IT people in Japan and Tokyo? It's not relevant. It's an impossibility to actually translate macro trends to operational measures we have to take and investments we have to do in our business. That's why we have field steering. That's why we have actuals. If the market is going down and we have a big contract win of a client, we have to invest never mind the macroeconomics. If it's the other way around, we have to cut costs. So, the macro expectation and – don't get me wrong, I'm very much in favor of economic growth, but it has no effects on how we manage the company.

<Q>: Okay, one final one. How much of Yacht how much of revenues could you give the split in the Netherlands, Yachts, Randstad Netherlands, Tempo-Team, is it possible?

<A – Ben Noteboom – Randstad Holding NV>: No, we look at the total market. It's north of €200 million. That's the Yacht, yes.

<Q>: Thank you.

<A – Ben Noteboom – Randstad Holding NV>: Thank you very much.

#### Jan-Pieter van Winsen, Director-Investor Relations

Okay, before closing the meeting, I would like to mention that we also published our Annual Report today. There's an online Annual Report. You can find the link to that website in our press release. So, please have a look.

And with that, I would like to close the meeting. Thanks for coming to Diemen and also the people on the line thanks for joining the call and see you soon. Bye.

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