annual report 2010

working on a dream

randstad

Staffing | Professionals | Search & Selection | HR Solutions | Inhouse Services

contents

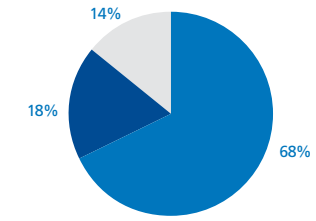
please turn over for key points

Safe Harbor statement

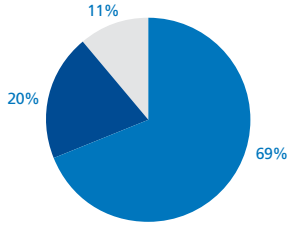
This document contains forecasts on Randstad Holding nv's future financial performance, results from operations, and goals and strategy. By definition, forecasts generate risk and uncertainty because they refer to events in the future and depend on circumstances that cannot be foreseen in advance. Numerous factors can contribute to material deviation from results and developments indicated in forecasts. Such factors can include general economic circumstances, scarcity on the labor market and the ensuing demand for (flex) personnel, changes in labor legislation, personnel costs, future exchange and interest rates, changes in tax rates, future corporate mergers, acquisitions and divestments, and the speed of technical developments. You should not place undue reliance on these forecasts. They are made at the time of publication of the annual financial statements and in no way provide guarantees for future performance. All operating and business environments are subject to risk and uncertainty. For this reason, we can offer no assurances that the forecasts published here will prove correct at a future date.

Revenue split by service concept

2010: revenue € 14,179.3 million



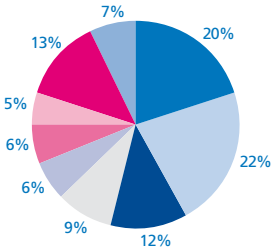
2009: revenue € 12,399.9 million



staffing · professionals · inhouse services

Revenue split by geographical area

2010: revenue € 14,179.3 million



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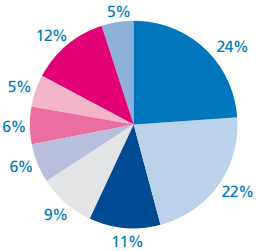


Netherlands · Belgium/Luxembourg · Other European countries
France · United Kingdom · North America
Germany · Iberia · Rest of world

working on a dream

Randstad is celebrating its 50th anniversary

The theme of this year's annual report shares its title with the book we published in 2010 to mark Randstad's 50th anniversary. We review some of the highlights that have shaped our company and some of the lessons we have learned along the way. And how we're continuing to work on turning the dream of shaping a better and more sustainable world of work into reality.

key points 2010

- Revenue increased by 14% to € 14.2 billion, based on classical recovery patterns
- Operational leverage was strong, resulting in solid profitability and EBITA margin reached 3.6%
- Net income increased by 327% to € 288.5 million
- Strong footprint in Japan, following the acquisition of FujiStaff
- Cash flow was strong and leverage ratio of 1.5, well within our targeted range of between 0 and 2
- Proposed dividend of €1.18 per ordinary share; payout ratio of 60%

core data

in millions of €, unless otherwise indicated	2010	2009	Δ%
Key financials			
Underlying[1]			
Revenue	14,179.3	12,399.9	14
Gross profit	2,658.7	2,414.2	10
EBITA[2]	509.6	315.7	61
Actual			
Revenue	14,179.3	12,399.9	14
Gross profit	2,669.3	2,421.3	10
EBITA[2]	513.6	252.4	103
Net income	288.5	67.6	327
Free cash flow[3]	309.3	698.1	(56)
Net debt[4]	899.3	1,014.7	(11)
Shareholders' equity	2,850.8	2,491.0	14
Ratios (in % of revenue)			
Underlying			
Gross margin	18.8	19.5	
EBITA margin	3.6	2.5	
Actual			
Gross margin	18.8	19.5	
EBITA margin	3.6	2.0	
Net income margin	2.0	0.5	

1 Underlying: actual gross profit and EBITA adjusted for one-off items, such as restructuring costs and certain incidental benefits or charges in respect of, for example, social security and wage tax.
2 EBITA: operating profit before amortization and impairment acquisition-related intangible assets and goodwill.
3 Free cash flow is the sum of net cash flow from operating activities and investing activities, adjusted for cash flows from acquisitions and disposals of subsidiairies and associates
4 Net debt: cash and cash equivalents minus borrowings.

	2010	2009	Δ%
Share data			
Basic earnings per ordinary share (in €)	1.65	0.36	358
Diluted earnings per ordinary share before amortization and impairment acquisition-related intangible assets and goodwill, integration costs and one-offs (in €)	1.96	1.21	62
Dividend per ordinary share (in €)	1.18	-	-
Payout per ordinary share (in %)[5]	60	-	-
Closing price (in €)	39.50	34.90	13
Market capitalization, year-end	6,716.9	5,917.6	14
Enterprise value, year-end[6]	7,616.2	6,932.3	10
Employees/outlets			
Average number of staffing employees	521,300	465,600	12
Average number of corporate employees	25,680	27,640	(7)
Number of branches, year-end[7]	3,085	3,182	(3)
Number of inhouse locations, year-end[7]	1,110	947	17

5 Payout per ordinary share in %: dividend per ordinary share on basic earnings per ordinary share, adjusted for the net effect of amortization and impairment acquisition-related intangible assets and goodwill and one-offs.
6 Enterprise value: market capitalization adjusted for net debt.
7 Branches are outlets from which various clients are served with a number of various services and which are located in residential/commercial areas. Inhouse locations are outlets from which one client is served with a limited number of job profiles and which are located on the site of the customer.

Randstad head office in Diemen, the Netherlands

1990 Randstad shares are listed on the Amsterdam Stock Exchange

1993 Randstad starts activities in the USA

1996 Randstad deploys 16,000 staffing employees at the Olympic Games in Atlanta

1998 Randstad founder and president and CEO Frits Goldschmeding retires

1998-1999 International network doubled through acquisitions in the US, Germany and Spain

2007 Randstad, now present in 20 countries, is promoted to the AEX index

2008 Randstad and Vedior become one. Randstad becomes the second-largest HR services provider in the world

2010 Acquisition of FujiStaff Japan

profile

Randstad is one of the world's largest providers of HR services

Our services

We match people with companies that will develop their potential, and match companies with people who will take their business to the next level.

In addition to our temporary and permanent placement staffing services, the provision of temporary and seconded professionals and the search & selection of middle and senior managers, we offer specialized HR Solutions and provide dedicated onsite workforce management with inhouse services.

Randstad believes in offering a comprehensive range of HR services to our clients. The balance in our service portfolio between general staffing and specialized professionals, and between temporary and permanent placement, is unique in our industry. We play a pivotal role in shaping the world of work, leveraging the true value of human capital for the benefit of our clients, candidates, employees and investors.

Our global presence

Randstad was founded in the Netherlands in 1960 and has grown and expanded ever since. We operate in 43 countries, representing more than 90% of the global HR services market. Randstad is market leader in the Netherlands, Belgium, Luxembourg, Germany, Poland, Iberia, Canada and India. We also have top three positions in Argentina, Chile, France, Greece, Mexico, Switzerland and the UK, together with major positions in Australia and the United States.

Our mission

Shaping the world of work

Staffing and HR services represent one of the world's fastest-growing industries. The global markets for these services are now worth around € 272 billion. Yet staffing and other HR services are still in their infancy, even in many major economies. As in other young and growing industries, its global leaders must actively develop these markets. They must take responsibility for stimulating growth, introducing innovations, and developing their structures and regulatory environment. In doing so, they can ensure that strong, long-term worldwide growth rates will continue for many decades to come.

In Randstad today, many of the industry's pioneers have come together to form such a global leader. We provided work for over 500,000 people around the world every day in 2010. We will continue to shape the markets of tomorrow and develop growth opportunities wherever they present themselves. By giving employees the work they are best suited for, and by finding candidates for employers who make the best fit with their organization. And by doing so, providing true value to society as a whole.

In short, our mission is to take the lead in **shaping the world of work.**

Our culture

'Good to know you'

Our shared culture, expressed through our behavior, is a clear indicator of the way we live our values. At Randstad, we believe that creating the best solutions in HR services means always doing more, going further. This starts with continuously deepening our understanding of the environment and marketplace in which we operate. We need to understand the present and future needs of our clients, candidates, shareholders and other stakeholders. Many companies say that their people are their most important asset. As we are in the people business and one of the world's biggest employers, we could not agree more. As success depends largely on the people you employ, it also depends on the people you employ to find them. The better we know our clients and candidates and the better our rapport with them is, the better we are at matching their needs and exceeding their expectations. They experience us as friendly and open as well as professional and driven.

In our 50th anniversary year, 'Good to know you' continues to represent the Randstad culture – what we stand for, and how we behave. It invokes our core values of to know, serve and trust. 'Good to know you' exemplifies the pleasure we take in working together to provide excellent service to our clients and candidates. We mean it, it is at the heart of everything we do, and it is certainly how we want to be known.

Our strategic approach

Randstad's strategy is based on four building blocks: strong concepts, best people, excellent execution and superior brands.

Strong concepts

We offer five strong service concepts to our clients and candidates: staffing, professionals, search & selection, HR Solutions (including managed services) and inhouse services.

Best people

All our corporate employees benefit from the focus on their development and the opportunities we provide to achieve their potential.

Our core values

Randstad is known for continuing to adhere to and live by the core values established in its early days: *to know, serve and trust, striving for perfection* and *simultaneous promotion of all interests*.

to know
We are experts. We know our clients, their companies, our candidates and our business. In our business it's often the details that count the most.

to serve
We succeed through a spirit of excellent service, exceeding the core requirements of our industry.

and to trust
We are respectful. We value our relationships and treat people well.

striving for perfection
We always seek to improve and innovate. We are here to delight our clients and candidates in everything we do. This gives us the edge.

simultaneous promotion of all interests
We see the bigger picture, and take our social responsibility seriously. Our business must always benefit society as a whole.

Our collective identity is maintained by our shared commitment to these values, which together form a virtuous circle. We can only promote the interests of all our stakeholders if we know them well. Our thorough knowledge of them and our business enables us to serve them better. Our engagement with and service to our stakeholders builds mutual trust. This trust is enhanced by continually striving for perfection and promoting the interests of our stakeholders and society in general.

The values we share serve as a compass for everyone at Randstad, guiding our behavior and representing the foundation of our culture. Our continuing success, our ability to achieve our mission, and our reputation for integrity, service and professionalism are based on them.

Excellent execution
We have blueprints for the many best practice-based processes we execute each day. Perfection is often in the details, so we take pride in getting them right.

Superior brands
Our focus on recognizable and superior brands ensures that clients and candidates know who we are and that our people act in the knowledge that they represent a world leader in HR services.

These strategic building blocks are described in detail on pages 15 – 18.

Our field steering model for staffing

The unit structure we deploy in most countries in the staffing segment is a good example of a feature that distinguishes Randstad. Each unit addresses a geographic area or segment and consists of two consultants who are responsible for both client service and candidate selection. They work as a team, ensuring one is always available to their clients and candidates, and are often dedicated to specific specialties. The consultants serving clients are the same people who recruit candidates for them and make the match. They are experts in the local labor market, and become experts in their clients' businesses, understanding their needs and the candidate profiles that will best meet them.

Our field steering model for professionals

To ensure excellent execution and optimal results for clients and candidates, a team model has been developed for the professionals segment, which is based on best practices worldwide. The teams comprise four or five consultants and a team leader, focused on a specific sector or skill set and with both sales and recruitment roles. As different processes are involved, each team deals with either permanent or temporary placement. They share a single company and candidate database and branch management provides overall direction to stimulate an integrated market approach. The performance-oriented teams are driven by individual accountability and transparency in the recognition of both team and personal achievements.
Our consultants, candidates and client line managers all share the same sector and specialist expertise, enabling us to build mutually fruitful long-term relationships.

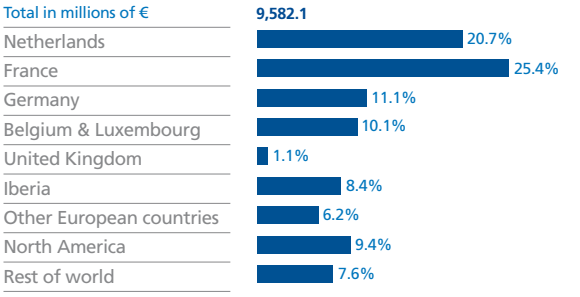
profile

Service concepts	Main brands
staffing	
Temporary staffing, permanent placement and specialties – specific market segments on which dedicated units focus – represent our core business. These services are offered through our well-known network of high street and suburban branches. We deploy our unique unit structure in most countries, where each unit consists of two consultants who are responsible for both client service and candidate selection.	randstad tempo-team
HR Solutions	
A key offering within HR Solutions is Randstad Managed Services, through which we take on primary responsibility for the organization and management of a client's contingent workforce. Also included within HR Solutions is a comprehensive range of HR project management, recruitment process outsourcing, consultancy and various related HR offerings, such as outplacement, career management and HR administration outsourcing.	randstad tempo-team randstad managed services
professionals	
For middle and senior management positions, we recruit supervisors, managers, professionals, interim specialists and consultants with professional qualifications. These can be engineers, IT, finance or healthcare specialists and professionals from a large number of other disciplines, such as HR, education, legal and marketing & communications.	randstad SAPPHIRE a Randstad company randstad care expectra groupe randstad
search & selection	
We have subsidiaries in several countries specializing exclusively in the recruitment of middle and senior managers for permanent positions within client organizations. These services include a number of related recruitment and training programs that are usually fee-based.	randstad Construction | Property | Engineering YACHT a Randstad company
inhouse services	
This is a very efficient solution for managing a high quality workforce with client-specific skill sets, aimed at improving labor flexibility, retention, productivity and efficiency. We work on site exclusively for one client, usually providing a large number of candidates with a limited number of well-defined job profiles, often in the manufacturing and logistics segments. We often work with the client to determine specific performance criteria, and we provide total HR management, including recruitment & selection, training, planning, retention and management reporting.	randstad tempo-team

Statistics

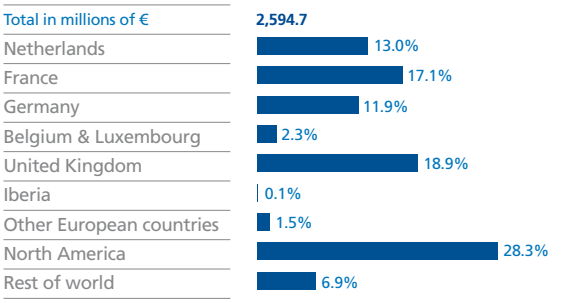
Geographic spread revenue staffing (incl. HR Solutions)

in % of revenue



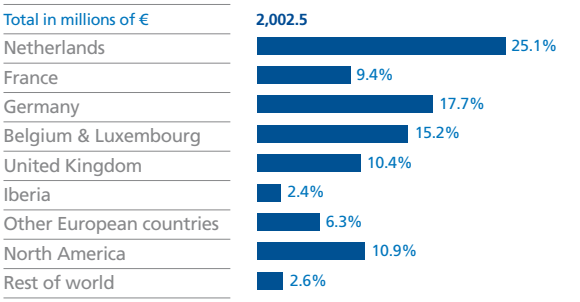
Geographic spread revenue professionals

in % of revenue



Geographic spread revenue inhouse services

in % of revenue



Branches and inhouse locations

Staffing and professionals branches, year-end

	2010	2009
Netherlands	444	451
France	807	925
Germany	303	262
Belgium & Luxembourg	212	221
United Kingdom	197	212
Iberia	218	235
Other Europe	255	266
North America	372	371
Rest of world	277	239
	3,085	**3,182**

Inhouse locations, year-end

	2010	2009
Netherlands	289	303
France	98	63
Germany	200	166
Belgium & Luxembourg	162	108
United Kingdom	92	80
Iberia	39	30
Other Europe	61	74
North America	128	123
Rest of world	41	0
	1,110	**947**

The company that Frits Goldschmeding and Ger Daleboudt founded started with an old bicycle and 500 Dutch guilders. They had a dream of a flexible employment market that would benefit employers, employees and society at large. A dream that would take Randstad from a student room in 1960 to the Stock Exchange in 1990.

1960 Frits Goldschmeding (left) and Ger Daleboudt, founders of Randstad

dream

from a **bicycle** to the **Stock Exchange**

Flexible work provided through employment agencies was still a little-known phenomenon when Frits Goldschmeding wrote a dissertation on the subject as an Economics student. But he saw that flexibility could play a much larger role in the employment market. It would benefit employers by enabling them to bring in the staff with skills they needed quickly, easily and for the time they needed them. Employees would benefit from the new job options they would have. More flexibility would lubricate the economy and increase prosperity for everyone. So he and a student friend decided to set up their own employment agency.

Making the perfect match between client needs and candidate skills was as much a characteristic of their first contracts as it remains for Randstad today. By the end of the sixties it had enabled them to open branches in Belgium, the UK and Germany. Sales had climbed from € 81,000 in 1962 to € 23 million in 1970. Innovation is another enduring hallmark that was exhibited early on. Randstad's unique unit structure was introduced that year, with pairs of staffing consultants responsible for both client service and candidate selection.

Our founder's vision of the sustainable role that Randstad would play in society had been with him since the company's inception. It was gradually formalized during the seventies into the core values that still guide us today. Long before the concept of corporate social responsibility became common currency, he recognized the wider value that Randstad's core business did and must provide. The sustainable growth of the company depended on the simultaneous promotion of the interests of all its stakeholders, including society as a whole.

Randstad had to face and learn from its first major recession from late 1979 to early 1982. Although we had to close some branches and sadly let some people go, our large size and market leadership in the Netherlands enabled us to manage through the downturn in much better shape than most of our competitors. Randstad's growth until then had been achieved organically, expanding using its successful 'lily pad' model. In the summer of 1982, however, the 'economic barometer' the company had developed to monitor market developments showed this would be an ideal time to make an investment. The opportunity arose that September when Tempo-Team, which had incurred significant losses as a result of the economic crisis, approached Randstad as a potential buyer. The acquisition was completed in 1983.

A more open-minded approach to employment agencies in general and to temporary staffing in particular was becoming evident. Combined with the efforts of our employees, this contributed to a period of spectacular growth. From 1983 to 1985 alone, Randstad's revenue grew from € 204 million to € 518 million. At the end of the eighties the decision was taken to prepare the company for a public stock offering. Among other benefits, this would provide Randstad with access to the capital markets and enable further international expansion. Trading in Randstad shares on the Amsterdam Stock Exchange began on June 5, 1990, and that year the company registered sales of over € 1.1 billion.

realize

2008 the globe that visualizes Randstad's mission 'Shaping the word of work'

executive board

Brian Wilkinson (1956, British)

- Joined Randstad in 2008
- Appointed to the executive board in 2008

Background
After graduating in English literature and with many years in the UK staffing and recruitment industry already behind him, Brian Wilkinson joined Vedior in 1999 as UK development manager. He became a member of Vedior's board of management in 2003. He was appointed to the Randstad executive board following the merger with Vedior.

Responsibilities
Brian Wilkinson is responsible for the United Kingdom, Australia & Pacific, the Middle East, India, Malaysia, Singapore and China.

Jacques van den Broek (1960, Dutch)

- Joined Randstad in 1988
- Appointed to the executive board in 2004

Background
After graduating in law, Jacques van den Broek held a management position with an international trading company until he joined Randstad as branch manager. Appointments followed as regional director in the Netherlands and, subsequently, marketing director Europe. In 2002, he moved to Capac Inhouse Services as managing director, also taking on responsibility for Randstad in Denmark and Switzerland.

Responsibilities
Jacques van den Broek is responsible for France, Belgium & Luxembourg, Poland, Switzerland, and global client solutions.

Ben Noteboom (1958, Dutch), CEO and chairman of the executive board

- Joined Randstad in 1993
- Appointed to the executive board in 2001
- Appointed as CEO and chairman of the executive board in 2003

Background
After graduating in law, Ben Noteboom held international management positions with a major chemical company. After joining Randstad, he was initially responsible for the integration of a number of major acquisitions. He then held a series of senior management positions and started inhouse services, for which he had Europe-wide responsibility from 2000. He is also a supervisory board member of Royal Ahold.

Responsibilities
In addition to his chairmanship of the executive board, Ben Noteboom is responsible for Randstad in the Netherlands, Group HR, IT, marketing & communications, business concept development, innovation, legal and public affairs.

Robert-Jan van de Kraats (1960, Dutch), CFO and vice-chairman of the executive board

- Joined Randstad in 2001
- Appointed to the executive board in 2001
- Appointed as vice-chairman of the executive board in 2006

Background
A certified auditor, Robert-Jan van de Kraats began his career with one of the big four accountancy firms. In 1989, he joined an international technology group as finance and IT director for the Netherlands. He held various senior positions with an international credit insurance group from 1994 and in 1999 was appointed CFO and member of its managing board. He joined Randstad in 2001 as CFO. He is also a supervisory board member of Ordina and SNS Reaal.

Responsibilities
Robert-Jan van de Kraats is responsible for finance & accounting, tax, treasury, business risk & audit, investor relations and shared service centers for the Group. In addition he is responsible for Yacht Netherlands and the businesses in Japan, the Nordics and Eastern Europe.

Leo Lindelauf (1951, Dutch)

- Joined Randstad in 1979
- Appointed to the executive board in 2001

Background
Following his studies at an academy for social studies, Leo Lindelauf completed a study in industrial engineering and management science. He began his career as a community worker. On joining Randstad he worked as district manager and regional manager before being appointed regional director in the Netherlands. He became managing director of Tempo-Team in 1994 and managing director operations for Randstad Europe, including the position of general manager Randstad Netherlands, in 1999.

Responsibilities
Leo Lindelauf is responsible for Germany, Spain, Italy, Portugal, Angola, Mozambique and Brazil as well as for Tempo-Team in the Netherlands.

Greg Netland (1962, American)

- Joined Randstad in 2008
- Appointed to the executive board in 2008

Background
After graduating in economics, Greg Netland joined Sapphire Technologies in 1987. He played a key role in Sapphire's integration with Select Appointments in 1994, and in Select's merger with Vedior in 1999. He was promoted to COO and executive vice-president of business development of Vedior North America in 2001, and was appointed CEO of Vedior North America in 2003. He joined Vedior's board of management in 2007. He was appointed to the Randstad executive board following the merger with Vedior.

Responsibilities
Greg Netland is responsible for the USA, Canada and Latin America.

message from the CEO

Dear stakeholder,

The year 2010 was in many ways a special year. After the deepest and fastest global market deterioration in our history, we have returned to good growth again. Overall we are in excellent shape. Revenue grew by 14% to € 14.2 billion and we further strengthened our financial position. This was the year that our company turned 50, and we were able to bring all employees together to celebrate our past as well as our future. Let me cover each of these main topics one by one.

As we predicted, the structural growth drivers in our markets are intact. More opportunities will arise in the coming years as the gradual removal of limitations in a number of countries continues.

In 2010 we saw a classical recovery pattern. Our US staffing business started growing again in late 2009, and in March 2010 the professionals segment in the USA also returned to growth. In Europe, our German and French businesses bounced back as well, initially driven by the industrial sector.

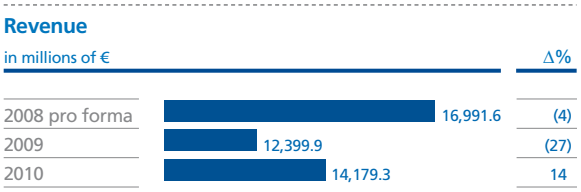
Not all markets recovered equally though. The Dutch market is very services-oriented and late-cyclical, and it moved much slower. Trends here were positive by the end of the year, however, and we expect further improvement in 2011. In the UK, a number of important segments were flat or continued to decline during 2010. Nevertheless, we expect the UK to be a solid contributor to profit in 2011.

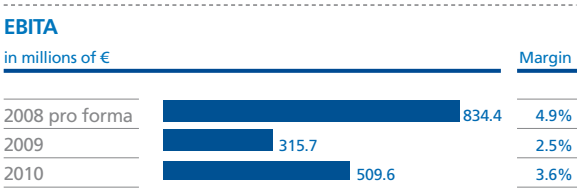
We also accomplished our target to get a strong footprint in Japan, the second-largest staffing market in the world. The acquisition of FujiStaff, an excellent company with a good track record, will give us a much better position here. We look forward to further developing our service offering and to realizing the growth potential with our new colleagues in Japan.

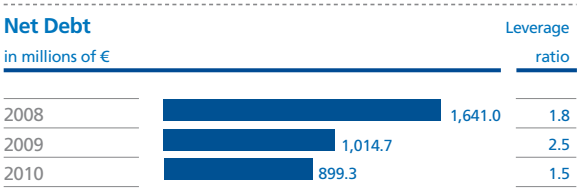
Major rebranding projects in France, the UK, Portugal and a large number of smaller companies were concluded successfully, strengthening the Randstad and the Tempo-Team brands. We also made important progress in defining and sharing best practices in the professionals segments. Based on our overall strategy, we focused once again on operational excellence and market share gains.

‘Our improved profitability and financial position have enabled us to propose to our shareholders to reinstate dividend payments.

I thank all our employees for making 2010 such a good year by continuing to deliver the best service to our clients and our candidates.’







With the return to growth and the ability to use the overcapacity in our network, our operational result, or EBITA, improved by 61% to € 509.6 million. The EBITA margin climbed from 2.5% to 3.6%. We expect this to continue, because after the initial volume growth the pressure on margins is gradually easing. Therefore we are fully committed to our strategic target of 5% to 6 %.

Our net debt position has improved significantly, and we expect it to continue to improve in 2011. With the leverage ratio at 1.5 we are well within our targeted range of between 0 and 2. I am very satisfied, therefore, that we will propose to our shareholders to reinstate dividend payments. The dividend will amount to € 1.18 per ordinary share.

We stepped up our employee engagement activities in the lead-up to the formal celebration of our company’s 50th anniversary. Across the world, employees participated in the same activities and challenges under a common banner: ‘Randstad 50 Club Gold’. Attention was given to our core values, our partnerships with organizations such as VSO, our company history and the beliefs that drive our company. Employee motivation ratings improved dramatically.

Fifty years on, the dream with which our company began, is still very much alive. This is important, as the need for flexibility in the world of work will only rise, and new challenges will appear soon. Examples are the demographic shift in Europe, and the predicted shortage of talent in a number of segments. More than ever, our company will be at the heart of one of the most important aspects of building a sustainable world for all: flexible and easy access to the right candidates and jobs for as many people as possible, all over the world.

I thank you for your support during this important year, and with your continued involvement, we will be able to continue to shape the world of work in 2011 and well into the future.

Ben Noteboom

1970s
Randstad's head office

report from the **executive board**

In 2010, Randstad made significant progress towards its long-term operational and financial targets. After focusing on the integration of Vedior and weathering the economic downturn, 2010 was all about recovery and profitable growth.

1960s
A consultant in a Randstad office

highlights

In the year in which we celebrated our 50th anniversary, we saw the beginning of a new growth cycle. The vast majority of our operations returned to growth in the second quarter on the back of a classical recovery. This was visible from both a geographical perspective – starting in the US late in 2009 – and from a segmental perspective, with our industrial segment, led mainly through our inhouse offering, first to grow again. While organic revenue growth in the first quarter was still minus 1%, it accelerated thereafter by 14%, 16% and 17% in the three remaining quarters. As we provide a diversified portfolio of services in all large staffing markets, we were ready to benefit from the recovery. We will continue to do so by further expanding our offering through specialties to fully benefit from continued growth in clerical and specialized temporary staffing. We will also expand in professionals by gradually 'copying & pasting' our newly developed professionals concept.

In 2010 we expanded our business in Japan, the world's second-largest staffing market, through the acquisition of FujiStaff. We are now the sixth-largest HR services provider in Japan. The results of FujiStaff are consolidated as from October 20, 2010. FujiStaff generated revenue of € 461 million in the fiscal year ending March 31, 2010.

We also continued to rebrand various operating companies in our professionals segment to Randstad, while in Portugal we rebranded our staffing operations to Randstad and Tempo-Team. We continue to benefit from our superior brands, as evidenced by growing brand awareness scores.

As we continued to invest in our people, we were able to retain the best. A new record number of internal promotions were made during the year, while the people survey confirmed an increased level of engagement among our staff.

The commitment and efforts of all our people in our branches and back offices enabled us to maximize the benefits provided by the improved market conditions. We thank them all for contributing to our strong performance in 2010.

All efforts resulted in sound profitability and a better financial position, enabling us to propose to our shareholders the reinstatement of dividend payments.

Our 50th anniversary year can be summarized as follows:
- total revenue of € 14,179.3 million, an increase of 14% compared to € 12,399.9 million in 2009;
- gross profit increased to € 2,658.7 million, or 18.8% of revenue, compared to € 2,414.2 million (19.5% of revenue) in 2009;
- operating expenses of € 2,149.1 million, an increase of 2% compared to € 2,098.5 million in 2009;
- EBITA of € 509.6 million, or 3.6% of revenue, an increase of 61% compared to € 315.7 million (2.5% of revenue) in 2009;
- net income of € 288.5 million, an increase of 327% compared to € 67.6 million in 2009;
- diluted EPS before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs and one-offs of € 1.96, an increase of 62%, compared to € 1.21 in 2009;
- net debt at year-end was € 899.3 million, with a leverage ratio of 1.5, compared to € 1,014.7 million and a leverage ratio of 2.5 at the end of 2009. The covenants of the syndicated facility allow for a leverage ratio of up to 3.5; and
- we propose to our shareholders to reinstate dividend payments that will amount to € 1.18 per ordinary share.

2002
Randstad
tv commercial
'with the support
of Randstad'

strategy

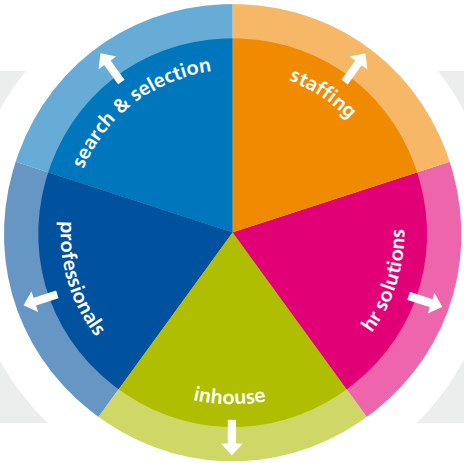
Our markets have shown structural growth since the company was established in 1960. Going forward, internal and published studies indicate continued structural growth in our markets. We will continue working on our performance by remaining focused on our strategic goals. Our strategic agenda has a number of primary components, which are visualized in the diagram below.

The building blocks on the left represent the strategic ingredients for success. The external growth drivers are found on the right. In combination they enable us to grow our business in all five service offerings, shown in the center, and to reach our strategic financial targets, which are listed on the bottom. Our strategic targets were established in 2002 and have only needed minor updates since then.

Growth drivers & strategy

Building blocks

- strong concepts
- best people
- excellent execution
- superior brands



Growth drivers

- need for flexibility
- demographics
- deregulation
- clients looking for total offering

targets

- EBITA margin of 5% to 6% through the cycle, not below 4% in normal downturn
- mid-term EBITA margins of 4% to 5% for inhouse services, 5% to 7% for staffing and > 10% for professionals
- continuous market share gains
- sound financial position; leverage ratio of between 0 and 2

Strategic building blocks

Strong concepts

Our service concepts are based on best practices and proven procedures, ensuring efficient working methods and excellence in service delivery. They can rapidly be replicated and leveraged in other markets, and are relatively easy to adapt to meet specific needs. The consistency of our service concepts and their quality around the world means our international clients know they can trust Randstad to meet their needs anywhere. A progress update per concept is set out below.

Key figures by concept

in millions of €

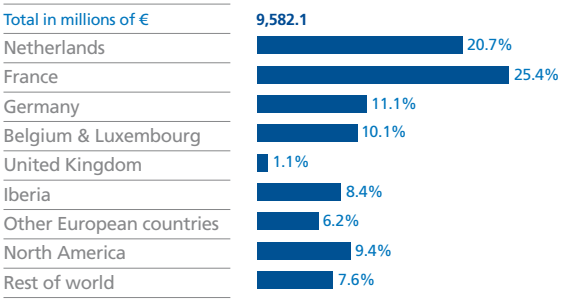
	Revenue		Growth	
	2010	2009	Total	Organic
Staffing	9,582.1	8,614.7	11%	10%
Professionals	2,594.7	2,474.1	5%	1%
Inhouse services	2,002.5	1,311.1	53%	45%
	14,179.3	**12,399.9**	**14%**	**12%**

Staffing and specialties

In many countries our staffing consultants have a dual role, not only serving their clients but also recruiting the candidates and making the match. This sets us apart from many competitors with separate sales and recruitment forces, and enables us to make a better client/candidate match. Because we focus on recruiting well-educated professionals as our consultants, they are known for their uniquely high caliber. Furthermore, we preserve and document knowledge and best practices in our business concepts, to ensure that clients receive an offering that has been proven to work. Our service offering in staffing includes many specialties: specific market segments on which dedicated units focus, such as healthcare, transport, airports and contact centers. Specialties leverage our extensive branch network, our brands and front-office processes to make an above-average contribution to EBITA.

Geographic spread revenue staffing (incl. HR Solutions)

in % of revenue



Progress in 2010

Performance management was given renewed focus at all levels across our operating companies. We extended our unit steering model, aligned it more closely with financial reporting, and relaunched it as our 'field steering program'. We kept our distribution infrastructure largely intact during the downturn, accepting overcapacity in some locations. We were able to use this to grow profitably as market conditions improved.

Staffing revenue grew strongly throughout 2010 on the back of a traditional recovery led by industrial segments. Although we saw a 2% decline in the first quarter, we witnessed 13% growth in each subsequent quarter. On a full-year basis, revenue grew by 10% organically. Revenue growth was largely driven by demand from industrial clients for most of the year. Although lagging initially, the administrative segments returned to growth in the third quarter. Contact centers continued to perform strongly throughout 2010.

HR Solutions

Our HR Solutions offering is designed to free up the time of our client HR managers, enabling them to concentrate on their company's essential strategic HR issues. They are derived from and developed out of Randstad's extensive experience in HR services.

A key offering within HR Solutions is represented by Randstad Managed Services (RMS), through which we take on primary responsibility for the organization and management of a client's contingent workforce. Services in this area are typically described within our industry as being supplied by a Managed Service Provider (MSP). These services are particularly useful for companies that want to have a single point of contact that can ensure transparency and compliance in their large volumes of professional skills from many different suppliers. RMS has experience with most vendor management system (VMS) technologies that are used to automate the hiring process flow and provide the client with statistical management information.

Also included within HR Solutions is a comprehensive range of HR project management, recruitment process outsourcing, consultancy and various related HR offerings, such as outplacement, career management and HR administration outsourcing.

Progress in 2010

RMS and recruitment process outsourcing performed very well during the year, with significant new client wins in North America, Europe and the Asia Pacific region. The 2010 VMS and MSP Supplier Competitive Landscape report by Staffing Industry Analysts ranked RMS as the global number two 'MSP Master Supplier' and the number three 'MSP Hybrid Supplier'. We are expanding our global RMS organization to be ready for the increasing number of global Managed Services requests anticipated in the market. In 2010 we introduced Randstad Consultancy, which focuses on workforce optimization. We provide clients insight into

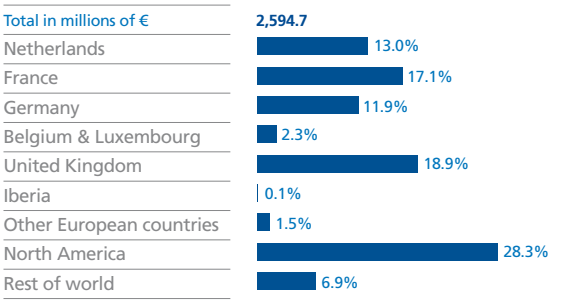
how a sustainable high performance workforce can be created through the optimization and synchronization of the working processes, planning dynamics and HR values.

Professionals and Search & Selection

We have the broadest and deepest offering in a wide range of professionals sectors and geographies. Most of our businesses offer both professionals on a temporary or interim basis as well as through permanent placements (Search & Selection). We place professionals such as engineers, IT, healthcare and finance specialists, while we also operate in sectors such as HR, education and legal.

Geographic spread revenue professionals

in % of revenue



Progress in 2010

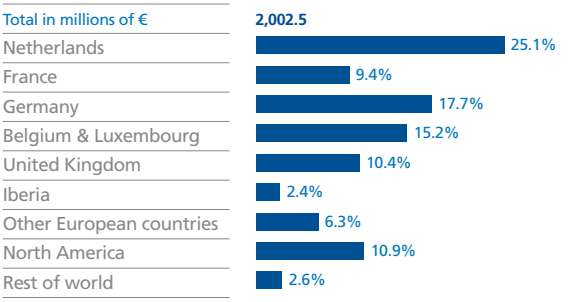
We defined best practices for our service offerings in the professionals segment, enabling us to apply these across our markets. Based on these, professionals concepts have been described for all professionals business lines. They were validated across various operating companies during 2010, and operational and financial performance has improved. On that basis we started to implement these concepts worldwide through a gradual 'copy & paste' process.
We have also defined a large accounts delivery model for professionals. We continued the rebranding of various professionals businesses during the year and continued integrating back offices where possible.
In line with historical patterns, the professionals segment initially lagged the other segments but, after turning the corner in the second quarter, growth strengthened in the second half of the year, with 8% and 9% growth in the third and fourth quarter respectively. Overall, our professionals revenue grew by 1% in 2010. The recovery was led by our US professionals businesses, based on a strong performance in IT, finance & accounting and healthcare. The UK and Dutch professionals businesses both still declined, impacted by the late-cyclical nature of the services-based economies in which they operate, as well as by their relatively greater dependency on the public sector, in which significant cutbacks were made.

Inhouse services

Our inhouse services concept meets the structural needs of companies for large volume workforces with client-specific skill sets. We work on site exclusively for each client and tailor our processes to their specific requirements, improving workforce flexibility, retention, productivity and efficiency. Our dedicated workforce consultants and process managers provide just-in-time staffing, focusing mainly on the FMCG, contact center, manufacturing and logistics segments.

Geographic spread revenue inhouse services

in % of revenue



Progress in 2010

The recovery in inhouse services, which had already started towards the end of 2009, continued in 2010. Organic growth accelerated from 30% in the first quarter to 50% in the second quarter. This high growth level was maintained in the third and fourth quarter with 55% and 51% respectively. For the whole year our inhouse business grew by 45%. Growth was primarily driven by a pick-up in demand from our client base in the industrial and logistics segments. We also continued to introduce our inhouse concept to the former Vedior client network, for example in France. In the UK we were successful in leveraging our size and exposure to large clients by introducing our inhouse concept and opened many new sites. Overall we added 163 inhouse locations in 2010, of which 41 were through the acquisition of FujiStaff.

Best people

'Best people' acknowledges the importance of our corporate staff in maintaining and building on our success and position in the market. The true value of any business is in its people and we are very proud of our employees. At all times, even the difficult ones, we continue to invest in them and create the circumstances in which they can grow and provide excellent performance, as they certainly did again in 2010.

Talent management

Senior management were deeply involved in talent management activities, with existing talent retention programs expanded further. The need for a local and global approach to the flow of staff and talent management is all the greater given our continued ambition to fill 80% of management positions from within, a target which we

exceeded in 2010. Talent management initiatives also include global talent reviews, undertaken across all countries in 2010, enabling us to track the talent pipeline from a Group perspective.

Corporate staff [1]

	average 2010	average 2009	Δ%
Netherlands	5,250	6,120	(14)
France	3,900	4,310	(10)
Germany	2,620	2,420	8
Belgium & Luxembourg	2,090	2,040	2
United Kingdom	2,040	2,380	(14)
Iberia	1,460	1,580	(8)
Other European countries	1,560	1,640	(5)
North America	2,880	3,120	(8)
Rest of world	3,730	3,880	(4)
Corporate	150	150	0
	25,680	**27,640**	**(7)**

1 Corporate staff = corporate employees + temporary staff own use

Randstad Institute

Almost 400 top managers from around the world participated in 15 different talent development programs at the Randstad Institute, our internal business school, throughout the year. The updated programs are created in cooperation with leading business schools such as INSEAD in France and TiasNimbas in the Netherlands. Having expanded the number of senior executive Randstad Institute programs in 2009 to reflect the wider scope of the Group, these were maintained in 2010 to ensure the wealth of internal knowledge continued to be shared and senior talent retained.

Career development

We encourage employees to help define their own career development. Tools include regular individual development planning meetings, and the intranet is used to communicate training and development opportunities to staff at all levels. A global internal vacancy database enables employees to quickly learn about local and international career opportunities. International career opportunities were stimulated in 2010, leading to a record number of international movements.

Employee engagement

We hold a global employee survey each year to measure engagement. With 20,016 colleagues filling out the questionnaire, participation rose from 66.8% in 2009 to 74.7% in 2010. The survey measures satisfaction, pride, intention to stay and likelihood to recommend Randstad, together with another 17 individually measured key engagement drivers. The outcomes help management to determine which factors will most effectively raise engagement levels in each employee group. In 2010 the survey showed that engagement scored 7.4 on a scale of 10 (7.1 in 2009). Employees also indicated that they are proud to work at Randstad, with 42% giving pride a score of 9 or higher (38% in 2009). Ambition, job content and freedom were clearly the drivers with the highest scores. In view of the economic crisis and the significant degree of organizational change our employees had been through, we were not surprised that growth, career and pressure at work scored lowest. Employee engagement is further stimulated by a share purchase plan for all employees and a performance share plan for a group of senior managers.

Randstad 50

During the year, we celebrated our 50th anniversary with a series of internal events, culminating in an all-employee event on October 2nd. This event was held at 22 locations around the world and around 92% of all corporate staff participated. A subsequent employee survey following the events indicated a further rise in engagement.

Excellent execution

All of our activities are supported by best practices, translated into standardized work processes that enable us to spend more time with clients and candidates and thus gain market share. We can rapidly copy and paste our concepts, because the processes and execution they require are fully developed and can be replicated with only minor adjustments for local markets. Front and back office processes and branding are standardized where feasible to facilitate excellent execution. We organize IT at the country level, since differences in HR and staffing regulations mean that most synergies are realized through collaboration between operations in one country. Similarly, while we strive for one back office shared service center per country, more may be maintained for pragmatic reasons.

The excellent execution of our consultants is measured by the productivity of the unique units and teams they work in, as described on page 3. The field steering models we employ in our business are designed to optimize productivity as measured by employees working and/or gross profit per unit or team. Productivity improvements are essential to generate strong conversion of gross profit growth into EBITA growth.

We have also created and implemented a blueprint across our companies, called 'contract-to-cash'. This blueprint includes guidance for contract terms and it describes best practices for invoicing and collection processes.

Progress in 2010

As we returned to growth we focused on leveraging overcapacity in our network. Productivity improvements are key in this stage of the recovery. Productivity, measured in gross profit per FTE, increased by 19% compared to 2009. Profitability improvements follow those in productivity. Although the speed of recovery differs per segment and per country, at an early stage of the recovery we require the incremental conversion rate (the percentage of additional gross profit versus the previous year that is converted into

EBITA) of a company to be close to 100%. Once recovery is more developed, a conversion rate of 50% is required. In 2010 our incremental conversion rate was 79%.

We also continued to standardize the management of receivables in every country where we operate. Our strong focus on days sales outstanding (DSO) continued to generate improvements, as our moving average DSO improved from 58.1 days in 2009 to 54.6 days in 2010. We continued to integrate back offices where feasible in 2010, in our US Professionals operations and in the UK for example, where we also continued rebranding the professionals businesses to Randstad. Our integrated risk and opportunity management processes, detailed on pages 56 – 61, helped us to manage our risks adequately and represent another component of this building block.

Superior brands

Our superior brands are a guarantee to our clients that they will receive the highest quality of service and the best employees worldwide. Superior brands give us better pricing options and the spontaneous awareness that facilitates selling, prospecting and the introduction of new products and services. They make it easier for us to recruit and retain the best candidates and corporate employees, while they enhance our visibility and credibility with regulators and legislators. In the vast majority of our markets we use Randstad as our main brand, and when size allows we introduce Tempo-Team as a second brand.

The clear benefits of our brand strategy are that one main brand helps to build awareness and facilitates cross selling and the introduction of new services. It also has major advantages for our online strategy. Efficiency benefits are realized by sharing experiences across companies, the larger momentum behind our joint sponsorship initiatives and the cost savings enabled by the shared campaign materials, photo database and know-how.

Progress in 2010

Most of the rebranding projects that had started in 2008 and 2009 were nearing completion in 2010. The common systems that had been built up in previous years once more proved their utility by allowing us to roll out and monitor such programs with great speed and efficiency.

In the course of the year, the continuing media campaigns in France drove a significant rise in brand awareness as well as in client and candidate preference and Net Promoter Scores (NPS). NPS is a widely used loyalty metric, which we obtain at Randstad by asking our clients and candidates about the likelihood of them recommending us to others.

In the UK, the major professionals businesses joined forces and aired their first joint national TV campaign under the main Randstad brand. The campaign was supplemented by a host of other media and activities, such as the use of our Williams F1 sponsorship and the presence of the Clipper Stad Amsterdam in London Docklands. The results were very encouraging, with the awareness and consideration in almost all specialist segments easily outperforming the scores of the original brands after only a few months. This was also facilitated by the fact that the joint budget allowed the use of much more powerful marketing methods than separate brand initiatives would have done.

In Portugal, a major rebranding project involving two brands was executed. The pause in the use of the Randstad brand there had stemmed from the merger, at Group level, with Vedior in 2008. The rebranding of Vedior to Tempo-Team was completed before the summer, and the project continued immediately thereafter with a major campaign to rebrand Select into Randstad. The results of the Tempo-Team campaign were good, and those of the Randstad campaign even better. In a few short months, Randstad established itself as the clear brand leader in Portugal in almost all aspects, in line with our market share position.

In the Netherlands, the country where it all began 50 years ago, a national campaign using the golden 50 years jubilee theme drove awareness and client consideration to a new record for the past decade.

Randstad's 50th anniversary was also used for a major global internal branding campaign called 'R50 Club Gold' that made heavy use of web platforms and culminated in a 24-hour linked sequence of 22 all-personnel events across the world. The campaign was awarded the European Excellence Award for Internal Communications in December 2010.

Our renewed country Internet platforms jointly attracted 28% more traffic than in 2009. In some cases the Randstad job boards now attract similar levels of traffic as major external job boards do. The bundling of traffic of previously separate brand sites is also a factor in this development. Our marketing expenditures reflect this, as investment in web-related marketing tools is increasing, whereas the relative share of investment in external job boards is shrinking. This creates room for an even stronger brand presence everywhere.

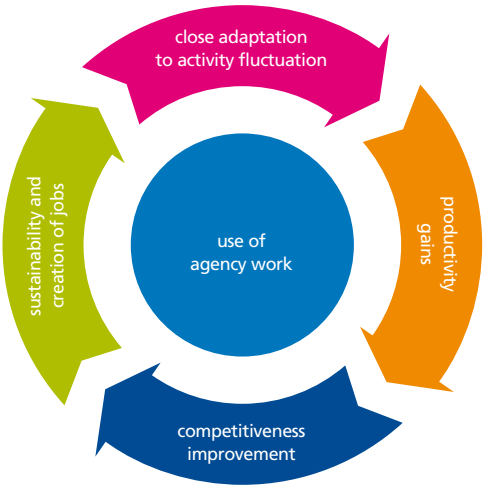
Strategic growth drivers

Need for flexibility

One of the most important drivers of long-term structural growth in our markets is the need of both our clients and candidates for flexibility. There is a growing recognition that a more flexible workforce helps our clients to improve productivity and be more competitive. The depth of the economic downturn in 2009 – together with the speed of the subsequent recovery in several markets – has made it clear to many companies that more flexibility enables them to adjust to changing volumes in their business more effectively. Flexibility is therefore expected to be higher on the strategic agenda of our clients in the years ahead. There is tangible

evidence that clients are structurally increasing the flexible component of their workforce. The increasing demand for more flexibility from candidates takes many forms. Examples include the growing interest in working from home, self-employment, working part-time, more women in the workplace and working alternative hours.

Flexibility



Demographics

Studies by SEO Economic Research (*Mind the Gap* and *Bridging the Gap*) that we supported revealed that aging and declining population growth will cause an enormous scarcity of people with vital skills in most developed countries in the future. Unless participation rates, productivity and employee mobility are improved, it is estimated that there will be a potential employment gap of 35 million people in the EU labor market alone by 2050. As well as this quantitative gap, skills shortages will play an equally important role, as the demand for employees with specific skills continues to intensify.

An important potential driver of participation is to make the standard employment relationship more flexible, focusing on employment security rather than job security ('flexicurity'). Part-time work, fixed-term contracts, temporary agency work and self-employment are becoming more common. Temporary agency work may play an increasing role in providing intermediate employment, driving participation through its stepping-stone function.

The impact of temporary agency work is often measured by the 'penetration rate' (the percentage of agency employees in the total working population). It is only in the most developed flexible employment markets, such as the UK, the Netherlands and France, that penetration rates exceed 2%, so the potential structural growth over the longer term is enormous. The need for flexibility and deregulation are clear drivers, but there is also clear evidence that countries where staffing acts as a lubricant in the employment market – those with relatively high penetration rates – have lower unemployment rates.

Deregulation

Another driver of market growth is deregulation, a factor we try to influence as much as possible. While deregulation is a well-known and accepted term, we stress that we are not looking for a system without rules. In fact, we strive on the one hand for the lifting of unjustified restrictions in overregulated markets, and on the other for a fair and effective regulatory environment in markets where this has yet to be introduced. New opportunities continue to open up as governments increasingly recognize the need for flexibility in their employment market. In terms of the countries that together contribute a large portion of Randstad's revenue, a major step forward was taken in 2008, when the European Parliament adopted the Agency Work Directive. It recognizes the positive role of agency work, provides more flexibility, and must be implemented by all EU member states in their national legislation by 2012. A very positive aspect of the Directive is the obligatory revision of all restrictions on the use of temporary agency employees by 2012 and the subsequent lifting of those that are unjustified or disproportionate, such as the bans on the use of temporary agency employees in the public sector. France lifted the public sector ban in 2009, while Spain has announced that their public sector will be opened to agency workers as of April 1, 2011. The removal of restrictions in terms of contracts and sectors we can serve will significantly accelerate growth in many of our key European markets. We discuss the legislative environment in which we operate in more detail on pages 27 – 28.

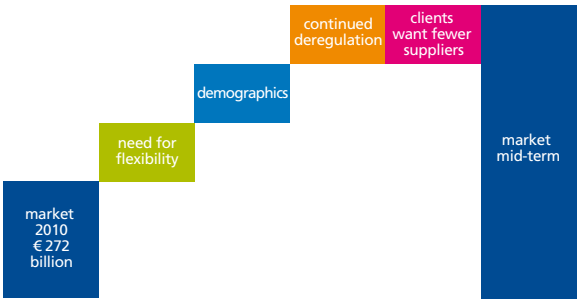
Clients look for a total offering from fewer suppliers

Clients are increasingly looking for fewer suppliers, and from those suppliers they tend to use a broader range of HR services, from staffing services through the recruitment of professionals to outsourcing and the provision of managed services. This will not necessarily enlarge the market, but as Randstad has a uniquely comprehensive portfolio of services and a strong presence in almost all major markets, we are well placed to gain market share because of this trend.

More clients are looking for global solutions, establishing international staff procurement organizations. Our international account management team focuses on global client solutions, driven by the pursuit of further consolidation, transparency and compliance and offering cross-border service agreements based on quality and cost efficiency. Today more than 20% of our sales volume is generated by international clients. The team leverages the Group's knowledge and capabilities across local markets using an approach that is applied consistently worldwide. Dedicated and specialist teams focus on specific industries, including life sciences, energy, FMCG, technology and logistics. All service concepts are offered, from staffing and inhouse to professionals and managed services. The global client solutions team has experienced an increasing interest

for services provided in emerging markets and continued to make a significant contribution to total revenue in 2010.

Future external growth drivers



Strategic financial targets

Our strategic targets are:
- EBITA margin of 5% to 6% on average through the economic cycle; not below 4% in normal downturns;
- mid-term EBITA margin targets for the segments of 4% to 5% for inhouse services, 5% to 7% for staffing and at least 10% for professionals;
- continuous market share gains;
- maintaining a sound financial position (leverage ratio, or net debt divided by EBITDA, of between 0 and 2).

Our overall financial goal remains to achieve an average EBITA margin of 5% to 6% through the cycle. This ensures the Group's financial position, and the 4% minimum should reduce volatility but still allow us to invest when appropriate. Maintaining a leverage ratio of between 0 and 2 is commensurate with an investment grade rating and important for continuity.

Our EBITA margin in 2010 was 3.6%, close to our ambition level of at least 4%. The minimum 4% EBITA margin we aim to achieve was set for a normal downturn scenario in which revenue declines by 10% for two consecutive years, followed by a 5% decline in a further year. The revenue decline during 2009 was steeper within a single year than this stress case scenario had anticipated totaling over three years.

We intend to reach the 5% to 6% range as soon as possible. The speed and magnitude of the recovery plays a role in this respect. As we experienced a classical recovery pattern in our industrial segments, mainly serviced through our inhouse concept, these started to grow first. As lower-margin business starts to grow first, it takes longer, after such a severe downturn, to restore profitability levels. As growth in our higher-margin clerical and specialty businesses and our professionals business returned to growth later in 2010, we are confident that our profitability will improve accordingly.

We undertook major efforts during the course of 2009 to protect our profitability. As we moved into 2010, we improved our market focus. During the second half of the year this started to pay off, with market share gains in most of our markets.

Solid profitability and a strong focus on cash generation enabled us to improve our net debt position from € 1,014.7 million to € 899.3 million. The leverage ratio improved accordingly from 2.5 to 1.5, so within our intended targeted range of between 0 and 2. As a result we will propose to our shareholders that dividend payments on ordinary shares be reinstated.

With our diversified exposure to all segments and major countries and our strong balance sheet, we are confident that we will reach our financial targets.

Strategy through economic cycles

Underlying our EBITA targets is full awareness of the challenges and opportunities presented by economic cycles. During the recent downturn we achieved significantly better financial results than we were able to during the last, much milder, downturn. At its lowest point, EBITA margin was at 2.5%, compared to 1.8% in the previous downturn. Despite a much more severe revenue decline, profitability was maintained in almost all countries, whereas in the previous downturn profitability was dependent on the Netherlands only.
The value of the careful preparations we had been making since 2006 was certainly the main driver behind the successful performance during the recent downturn. We used the opportunity to implement some structural changes in our organization, but we also learned new lessons.

What we have learned from the downturn

Despite the magnitude of the required cost savings and the speed at which they were realized across companies, it still took too long in some regions. In some cases this was due to external circumstances, such as having to wait for the approval of unions in France. In others, such as in Belgium and Italy, we could have reacted more quickly, although this would have incurred higher costs.

The recent downturn also confirmed our ambition to operate in larger offices. In smaller offices it is more difficult to realize cost savings, as any significant reductions in those offices entails exiting markets. Some market focus was lost in general as a result of the focus on and speed of cost reductions. This has since been restored and market share gains were realized in most of our markets as conditions improved. Marketing was often used as a relatively easy way to realize cost savings. However, marketing investments are strategically important to keep top of mind awareness and Net Promoter Scores up to grow our market share.

1965
One of the first Randstad branches

When we acquired Vedior our leverage ratio was above 2.0, which was relatively high, especially at the start of a downturn as severe as that of 2009. Throughout 2010 we continued to make structural improvements in our businesses while examining new investment opportunities. Although we have returned to growth, we cannot ignore the possibility of a new downturn, and this is being taken into account in investment and financing decisions going forward.

How we manage through the cycle

In managing through the cycle three factors are of major importance: revenue, direct costs and operating expenses.

Revenue

Our wide geographic spread and diversified business mix helps us to manage the risk of revenue volatility in a downturn. Having returned to growth we also benefit from our diversified mix.

Direct costs

Direct costs are mostly flexible and consist largely of salaries we pay to our candidates, wage taxes and social security charges. In Germany and the Netherlands the sector has its own collective labor agreements with competitive labor costs. In return there are a limited number of commitments to our candidates. The recent downturn has shown that we can efficiently manage these commitments and related risks, such as idle time.

Operating expenses

In general, the more flexible the indirect cost base, the lower the risk. Personnel costs are the largest contributor to indirect costs. Through the use of our field steering model, we know when and where we have to increase or reduce staff numbers. Most savings in personnel expenses in the recent downturn were achieved through natural attrition, as consultants who left the organization were not replaced. Bonus and commission schemes are equally flexible. Especially in the professionals businesses in the US and the UK, bonus and commission schemes form a far larger proportion of total compensation than in our traditional staffing business and associated costs move with the change in volumes. Another substantial indirect cost is represented by accommodation costs. These costs are kept flexible by limiting the lease term to a maximum of five years.
The average duration is therefore limited to three years.
The recent downturn has clearly confirmed that we can adjust our branch network relatively quickly by combining offices without leaving markets. In the past few years we have made IT costs flexible by outsourcing several functions so that costs partly reflect processed volume. Where possible, one national IT platform is used to lower fixed costs. We have also standardized our marketing tools by using a central photo database for all concepts, and we develop marketing campaigns that can be used internationally.

Key performance indicators

In addition to our field steering model that we apply at the unit or team levels, we use 'simple' metrics, such as the conversion ratio (the percentage of gross profit that is converted to EBITA) and the recovery ratio (the percentage of lost gross profit that is recovered through reduced operating expenses), in managing our cost base. Successful cost control involves reacting in time, based on transparent reporting and review procedures. Further information on how we measure performance can be found on page 26.

Gross margin, EBITA margin and conversion ratio

As a listed company, Randstad had the funds to expand, and expand we did. By the beginning of the new millennium the company had become a truly international player. But we were to learn some important lessons along the way.

1996 a Randstad employee during the Olympic Games in Atlanta

region

going **global** and learning **lessons**

Until the beginning of the nineties, Randstad had primarily been a Dutch company with branches in Belgium, Germany, France and the UK. In 1991, the operating companies in the Netherlands generated more than three-quarters of Group revenue. But going public had provided the business with access to expansion capital, and work began that year on establishing a more internationally oriented strategy for Randstad. The executive board introduced ambitious plans in January 1992 based on its principles of continuity, growth and profitability. The target was to obtain 25% of our sales in the Benelux countries, 25% in the rest of Europe, 25% outside of Europe, and 25% from activities other than staffing.

Such a transformation of the geographic profile of the business would require acquisitions, and the ideal opportunity was presented that spring. While also based in the Netherlands, Flex Group had rapidly expanded throughout Europe over the previous four years. Problems with an agency it had taken over in France combined with the recent downturn forced management to sell the company. By April, the acquisition of Flex Group had become Randstad's largest to date. We had become the second-largest staffing company in Europe.

A key question that Frits Goldschmeding's student dissertation had set out to answer was whether the employment agency concept that had originated in the US could be applied as successfully in Europe. The new expansion plans now included taking Randstad to America. Atlanta, Georgia was chosen as the launching point for the company's next big international move. In March 1993, Atlanta-based TempForce was acquired and renamed as Randstad Staffing Services. Jane Jones Enterprises in the neighboring state of Tennessee was added in December, and by mid-1994 Randstad Staffing Services had 32 branches across the two states. In 1996, Randstad became the first HR services company to be an official sponsor of the Olympic Games, and provided the Centennial Games in Atlanta with around 16,000 temporary workers.

In 1998, having reached the statutory retirement age, Frits Goldschmeding retired and Hans Zwarts took on the daunting challenge of taking over the helm from its founder as CEO. Industry consolidation had accelerated during the nineties and, following multiple acquisitions elsewhere, that year Randstad also announced the purchase of the medium-sized US staffing firm Strategix. During the next three years, however, a number of challenges brought a sudden end to many years of double-digit growth. Together with integrating acquisitions, Randstad had been introducing organizational changes on multiple fronts. At the same time we had been diversifying into expensive Internet-based joint ventures. Not only were these relatively far from our core competences, but also the bursting of the dot-com bubble dashed their hope of bearing fruit.

By 2001, Randstad had largely achieved its ambition to become a major international player, with around 60% of our nearly €6 billion in revenue being generated outside our home market. Yet a declining growth rate, share price declines and a series of profit warnings resulted in Hans Zwarts stepping down. We had learned some lessons we would never forget.

world

1993 Randstad goes America

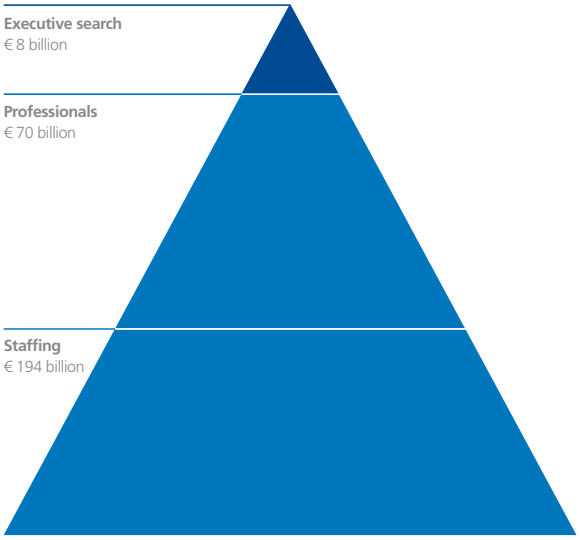
1984
Jane, the new face of all promotional campaigns

how we apply our **strategy** in our **markets**

Our service portfolio and the global HR industry

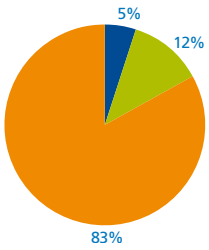
Dividing the global HR services industry into three segments provides a clear picture of our markets and how our services are positioned. In the staffing segment, worth an estimated € 194 billion, the main focus is on recruiting workers with a secondary education. Staffing, including inhouse services, accounts for around 82% of Randstad's revenue. The professionals segment, providing about 18% of our revenue, is worth about € 70 billion. Here, candidates with a university or equivalent education, often with significant previous work experience, are recruited for positions that are usually intellectually challenging. Randstad does not focus on the executive search segment, in which highly experienced individuals are recruited for executive positions. Worth around € 8 billion, this segment is mainly serviced by highly specialized companies.

Global HR services market 2010



Global market share

Randstad	5%
Adecco/Manpower	12%
Total top 3	17%
Rest of market	83%
Total	100%



Market differentials

Each country in which Randstad operates has its own specific characteristics. Firstly, the staffing markets are in different phases of development. Labor laws and penetration rates differ, and markets can be in different stages of the economic cycle. However varied they may be, they all have opportunities for growth. Although Randstad is one of three global firms in the HR services sector with sales well above € 10 billion, we only have a 5% share of the total global HR services market.

Secondly, Randstad itself is in different phases of development within our various markets. The graph below illustrates the three phases through which we establish, develop and 'copy & paste' our strong service concepts, competences and best practices as our market presence expands and as HR services markets grow and mature. We are active in countries representing more than 90% of the global HR services market. Following the expansion of our global footprint in 2008, our priority has been to expand in the countries we cover rather than to add markets.

'Copy & paste' organic growth strategy: three phases

In countries that have markets that are growing and maturing, our services are gaining recognition. Often, this is because we contribute to flexibility in the workplace and open up the labor market for the young or unemployed. Deregulation has usually occurred in the past decade in these markets, and here we deepen our penetration in staffing and inhouse services while maximizing the growth of our professionals activities. Penetration rates are usually higher for markets where staffing has long been a reputable solution for flexibility in the workplace. Examples are Belgium, the Netherlands, the UK and the US. Market characteristics differ, but the working environment is both well and flexibly regulated. The business environment and potential candidates know and value the services Randstad offers. Growth can be achieved in a different way here, as they are ready for differentiated staffing propositions and additional added value services, such as outplacement, HR Solutions and managed services.

Gross margin differentials

A further distinguishing factor between individual markets is gross margin. The level of gross margin we can achieve in each market depends on the level of added value. In general, added value relates to service levels, risk and cost factors. The table herafter explains some of the factors that influence gross margin.

Gross margin differentials explained by added value experienced

	NL	GE	FR	US	BE
Outsourcing HR activities	+	+	+/-	++	+
Specialties/professionals	++	+/-	+	++	+
Flexibility	++	++	++	+/-	++
Idle time management	+/-	++	n.a.	n.a.	+/-
Lower total labor cost	+	+	+/-	+/-	n.a.
Social acceptance/quality	++	+/-	-	+/-	++

Several of the differentials are integral so it cannot be assumed that gross margins will converge to a significant extent.
The added value of outsourcing experienced by clients includes Randstad taking responsibility for finding, interviewing and testing candidates, and arranging their medical insurance and payroll administration. In turn this enables clients to have a smaller HR department that can focus on activities that add further value, such as talent development. In the US and the Netherlands it is common for Randstad to handle the whole recruitment process and manage several other HR functions as well, which drives gross margin. Outsourcing of these HR activities has been less common in France, but it is developing here too.

More of the units in our staffing business in well-developed markets are dedicated to specialties, enabling us to add value by meeting clients' specific needs across the board. The relative importance of the professionals offering also differs by country. In the US and the UK, professionals make up a large part of the total market and are a clear gross margin driver for the sector as a whole. In many other markets, this offering is far less developed. Our professionals offering consists of the permanent placement and temporary staffing of highly educated people. To fulfil the specific needs of our clients, the recruitment process tends to be more time consuming, so the added value perceived is reflected in higher gross margins.

In continental Europe, labor markets tend to be highly regulated and employee dismissal often requires a severance payment. Our services provide clients with flexibility in these markets and the shift of risk is thus added value. We can supply the numbers of people they need exactly when they need them, even for part of a day, matching their planning needs and so greatly enhancing productivity. Idle time risk is also reflected in gross margin. This has a positive impact on gross margin in the Netherlands and Germany.

The combination of improved flexibility, security for temporary staff and competitive total labor cost achieved through a collective labor agreement for the staffing industry is among the key reasons why clients in the Netherlands and Germany work with staffing companies. Through the use of a sector-wide collective labor agreement, processing costs are lower. In general, it is easier to deploy temporary staff,

2009
A consultant and a candidate in a Randstad office

as in a defined period they receive the same pay rate, no matter in what sector they work. Such sector-wide collective labor agreements that help the HR services sector to reduce cost, a reduction that can be passed on to the clients, do not exist in other markets. In France, for example, unit labor cost per hour for staffing is even higher than for permanent employees, because equal pay with permanent employees is required during the assignment and additional payments are required at the end of an assignment. This indirectly impacts the French gross margin negatively. On balance, staffing is still cheaper for employers in France as they only pay for actual hours worked.

How we grow our business

In all our current markets, we work on the basis of our strategic building blocks. Profitable organic growth is pursued and achieved by introducing appropriate strong concepts, driven by best people and excellent execution using standardized processes. In staffing we use our unique structure of two consultants and in professionals we apply a team structure of four to five consultants. The growth model, or field steering model, we usually apply is known as the 'lily pad', where more lilies grow from a common stem until they cover an entire pond.

Staffing

First, we research the local market thoroughly. Once we have identified an area with sufficient market potential, a team of two consultants starts up a 'unit', the structure we use to grow our business. A third consultant is added when the unit reaches maximum capacity. Then we add a fourth consultant and split the unit into two. As the business grows, more and more units are added, including specialties and new services.

Once we have covered a particular area thoroughly, we consider opening a new branch. There are strict criteria for the expansion of our branch networks. As our business and market share in the first location grows, we move into an adjacent area where we repeat the growth model.

Professionals

In professionals the same dynamics apply. The primary focus in professionals is on a limited number of job profiles in one or multiple business lines and/or industries. We start with a small team of at least two consultants which initially focuses on one specific business line and offers both temporary staffing and permanent placements. As business grows and targets are met, we add consultants until the team consists of four to five consultants and a team leader. Later on the team is split into two and each team specializes on certain profiles and business lines. Further expansion is done based on strict criteria and ranges from specialization to expansion of geographical coverage.

Managing through the cycle

To manage through the cycle, this controlled growth model can be reversed for controlled contraction when working candidate numbers fall, by merging mature units or teams and then reducing FTE numbers. The field steering models were used in this way to reduce operating expenses in line with declining revenue in 2009.

How we measure performance

Over the years we have developed an extensive performance management system. As direct reporting lines exist between the executive board and the management teams of operating companies, the planning and control cycle is more operationally driven. As part of our field steering models, our day-to-day performance overview includes KPIs showing our growth, productivity, profitability, working capital and cash flow. A variety of tools are provided within our planning and control cycle to assess our performance and align future strategic and investment decisions to best utilize commercial and organizational opportunities. The planning and control cycle is embedded into our risk and control framework as set out on pages 56 to 61.

Performance management

The performance of each company is measured at various moments during a year:
- on a weekly basis: temp volumes per operating company;
- on a monthly basis: income statement including selected non-financial data;
- on a quarterly basis: income statement, balance sheet, cash flow and non-financial data;
- each month a forecast is discussed.

The executive board members discuss performance each month in a review meeting with the management team of a company. The agenda includes not only financial

and operational performance but also topics such as risk management and the progress on strategic goals. Internal and external benchmarks are often used to challenge performance and to identify points for improvement. Besides our monthly control cycle, we have a yearly strategic planning cycle during spring and our operational planning cycle runs in autumn.

Key performance indicators

Key performance indicators are used to monitor performance against budgets, forecasts, the previous year and the progress on our strategic goals.

Weekly temp volumes

As the majority of our business is done through temporary staffing, we measure the weekly temp volumes. This is an important indicator within our field steering model and measures the success of the units.

Market share

Making continuous market share gains is one of our strategic targets. Through our field steering model we measure performance at the lowest possible level, as our units operate in local geographical markets.

Profitability

Profitability is another important measure of success. It highlights the quality of our top line and operational efficiency. It remains our overall financial goal to achieve an average EBITA margin of 5% – 6% through the cycle.

Gross margin

We focus on temp margin and the contribution of permanent placements and other fee businesses. The temp margin relates to the level of gross profit generated through temporary staffing.

Cost control

Personnel costs are the largest contributor to operating expenses. Through the use of our field steering model we know when and where we have to add or reduce staff. Other costs are highly flexible and tightly controlled.

Conversion

We measure how gross profit is converted into EBITA. At an early stage of the recovery we require the incremental conversion rate of a company to be close to 100%. Once recovery is more developed, a conversion rate of 50% is required. In 2010 our incremental conversion rate was 79%.

Productivity

Excellent execution is measured through the productivity of our units and teams. We measure productivity in three ways: the number of temps per consultant, gross profit per staff member and gross profit in relation to personnel expenses. Productivity improvements are key to achieving our profitability targets.

Working capital

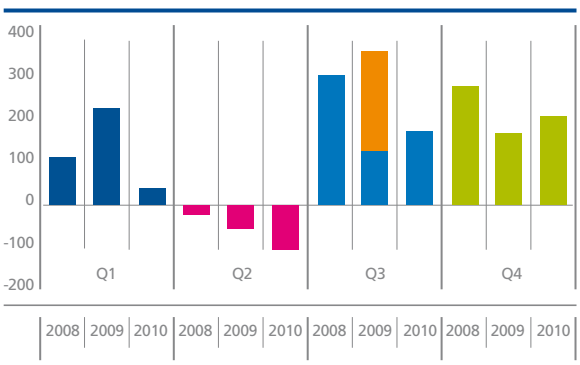
Within the Group there is a strong focus on DSO and working capital, which are also reflected in the bonus targets set for our senior management. As a further incentive, through a simplified EVA method, operating companies are charged for their use of operating working capital. Within working capital, trade receivables represent the component that is most important for us to influence. Our liabilities mainly comprise wage tax and social security payments to tax authorities, and those payment terms are clearly more difficult to change.

Cash flow generation

Better profitability and more efficient use of working capital result in sound cash generation, which we measure through the amount of free cash flow generated. Free cash flow includes operating profit and movements in working capital plus capital expenditure. In a normal year our free cash flow moves in line with the seasonal pattern in our business. Whereas the free cash flow in the first quarter is normally low, it is negative in the second quarter as working capital requirements increase in line with higher revenue and the payment of holiday allowances. Free cash flow in the second half of the year is normally higher, based on higher revenue and profit. Traditionally we experience unwinding of working capital in December. The development in free cash flow per quarter is shown in the graph below.

Free cash flow development

in millions of €



€ 232 million cash tax benefits

The recent downturn caused the unwinding of working capital due to a severe decline in revenue, especially in the second half of 2008 and the first quarter of 2009. As we returned to growth, working capital requirements increased and therefore free cash flow was relatively low in the first half of 2010.

The legislative environment

In addition to labor markets functioning well and long-term economic growth, a fair and effective regulatory framework is a key driver of staffing industry growth. More information about our labor market relationships can be found on page 49.

On a global level, private employment agencies are regulated by ILO Convention No.181 and Recommendation No.188. This Convention, adopted in 1997, defines common minimum standards for private employment agencies, explicitly recognizing the importance of flexibility in the functioning of labor markets. Only 23 countries worldwide, including 14 EU countries, have ratified the Convention to date, however. A number of emerging markets, such as Turkey, India, Mexico and Malaysia have yet to ratify the Convention, for example, and have yet to establish an effective legal framework to sustainably develop a staffing business based on a legally unique triangular relationship. Proper regulation is necessary in order to develop this young industry in these countries, prevent unfair competition and distinguish quality, decent agency work from other irregular and often illegal forms of flexible labor.

We very much welcome the Global Dialogue Forum on Private Employment Agencies that will be organized by the ILO in October 2011 to further promote ratifications. Well-regulated agency work creates jobs. In more mature staffing markets, agency work is often heavily regulated. The nature of the regulation varies from one market to another however. Temporary staffing at the national level is mostly regulated on the one hand by specific regulation regarding the establishment and provision of staffing services and on the other by general labor and employment law provisions. This is complemented by collective labor agreements concluded by representative social partners and industry self-regulation. The shared principle and aim of all temporary staffing regulation should be to balance the protection of workers and flexibility within the labor market, the so-called 'Flexicurity model'.

The UK, the US, Australia and Japan have the world's most liberal recruitment market, although Japan's previous government proposed the enhancement of agency worker rights by banning certain types of very flexible contracts. We hope that the new government will adapt the proposal in such a way that it will not diminish flexibility solutions for companies, as this would not only lead to a decrease in competitiveness but also to an increase in undesirable substitution by grey and black work.

Latin America and Northern Europe have long-established staffing markets. Here, as in the younger markets in Southern and Eastern Europe, social partners, especially unions, play an active role in labor market regulation. Social acceptance by all stakeholders of temporary staffing is key to a further relaxation of the legal environment and in turn to the development of alternative work arrangements and additional, complementary HR services. The overriding trend is for legal restrictions on staffing activities to be lifted further. These restrictions are often outdated and counter-productive to the effective functioning of labor markets. A strong case is provided by the recent economic crisis, which has shown that countries with unreformed, stagnant labor markets have exhibited higher unemployment rates and have found recovery more difficult to achieve.

Over the last decade, governments and unions have consistently shown a greater awareness and acceptance of the benefits and added value of agency work for the labor market. The positive contribution that the staffing industry brings to the labor market – their stepping stone function, their contribution to job creation and to decreasing long-term unemployment – is increasingly recognized. In mature markets, the staffing industry often contributes to active labor market policies, by co-operating with public employment services and government programs to achieve a more inclusive and transitional labor market.
Legal restrictions on the temporary staffing market can be divided into four categories: maximum length of assignments, reason of use for the assignment, set levels of pay and other benefits or sector prohibitions. In the EU, the Agency Work Directive (AWD), setting minimum employment conditions for agency workers, must be implemented by EU member states in their national regulations before 2012. The AWD introduces the principle of equal treatment at the user company level within the EU. Derogations from this principle are possible by collective labor agreements or, in countries such as the UK and Ireland, where there is no established national system of collective bargaining, by tripartite agreement. The UK government has announced that implementation of the AWD in their national regulations, introducing the new grace period and subsequent application of 'user pay' after 12 weeks in one assignment, will take place in October 2011, as this will provide business with the maximum time possible to adjust to the new regulations.

In the Netherlands and Germany, collective labor agreements for the staffing industry are already in place. These derogate from the legal equal treatment principle in that they set minimum wage levels for temporary workers and therefore help to promote flexibility in labor conditions. In the Netherlands a grace period of 26 weeks applies before equal pay sets in. In Germany there is no time limit to the derogation. The influence of the AWD on current regulation will be very limited in Southern and Central European markets, where wage levels are already legally on par with those of permanent workers in the user company.

A particularly positive aspect of the Directive is the obligatory revision of all restrictions on temporary agency work before 2012, and the subsequent lifting of those that are unjustified or disproportionate, such as sectoral bans on the use of temporary agency workers. France finally opened its public sector to agency work in 2009. Spain announced major labor market reforms for the agency work sector, anticipating the implementation of the AWD, including the opening up of its public sector to agency workers as of April 1, 2011. It is hoped that Belgium will soon also adopt this good practice.

1996
Randstad, official sponsor of the Olympic Games

country reviews

Downtown Atlanta during the Olympic Games

Netherlands

in millions of €	2010	2009	organic Δ%
Revenue	2,826.7	2,962.9	(4)
EBITA	180.7	201.1	(18)

Randstad is the clear overall leader in the supply of HR services in our original and highly developed home market. Our operating companies in the Netherlands, principally Randstad, Tempo-Team and Yacht, provide the full range of the Group's service concepts. The Dutch HR services market, more late-cyclical than in many other countries, continued to decline in the first half of the year, but returned to moderate growth from then on. For the year as a whole the market grew by 1%. Revenue of Randstad and Tempo-Team also followed this pattern, although at a slightly slower pace. This follows our focus in 2009 and 2010 on protecting our profitability, which was maintained at a high level. Yacht, even more late-cyclical, was impacted by its large exposure to the public sector, and an improvement program was begun in 2010. The EBITA margin of our Dutch companies overall was 6.4% for the year, compared to 6.8% in 2009.

Randstad Netherlands lost market share during the summer months, but the gap became smaller towards the end of the year. By focusing on segments and clients that offered sustainable revenue and reasonable margins in combination with steering on productivity and tight cost control, profitability was maintained at a high level. The industrial segment underperformed the market throughout 2010. Construction, contact centers and financial services also had a difficult year, especially during the first half, but the technical and healthcare divisions outperformed the market in the second half. Randstad Inhouse, serving large industrial clients, showed significant growth from the second quarter onwards. Despite an increasingly competitive market, its P/flex payroll services performed very well in 2010. A dedicated Randstad Training Center was opened and a new Leadership Development Program was launched. Client and candidate satisfaction was further improved. Key priorities for 2011 include regaining market share, especially in the industrial segment, and expanding the professionals segment.

Tempo-Team holds a strong number two position in the Netherlands. Revenue started to grow again in the second half of 2010. After outperforming the market over the previous years, however, Tempo-Team lost some market share in 2010, mainly resulting from terminating less profitable contracts. Due to further cost containment, solid profitability was maintained, while DSO also improved. Tempo-Team's inhouse services performed well and showed growth. While segments such as industrial and food performed well, revenue in the professionals segment was under pressure due to difficult market conditions. Outsourcing was introduced as a new capability and a new marketing campaign was launched. Tempo-Team will focus on regaining market share in 2011, profitable growth in its key segments and improved cross-selling between its capabilities.

Yacht is active in the professionals and interim management services segment. Being more late-cyclical and geared towards the public sector, it only began contracting markedly in 2009, but for the same reasons this market segment continued to decline throughout most of 2010. The financial services and high-tech industrials segments did well. While Yacht outperformed the market in local government, this sector declined by 40% during the year. The healthcare and central government sectors faced substantial pressure. Additional focus on key accounts helped to mitigate the severe decline.

Development main geographic markets, 2010

in millions of €

	Revenue		Organic	Market		EBITA margin %	
	2010	2009	growth %	growth %	Δ%	2010	2009
Netherlands	2,826.7	2,962.9	(4)	1	(5)	6.4	6.8
France	3,067.3	2,691.6	15	16	(1)	2.9	0.4
Germany	1,728.6	1,320.7	31	25	6	6.2	4.2
Belgium & Luxembourg	1,327.8	1,191.4	11	11	0	4.7	4.4
United Kingdom	802.3	753.3	3	3	0	0.8	0.8
Iberia	861.0	796.4	8	8	0	2.1	1.8
Other European countries	761.4	603.5	21	n.a.	n.a.	2.5	0.1
North America	1,848.2	1,450.3	19	16	3	3.4	1.5
Rest of world	956.0	629.8	19	n.a.	n.a.	0.9	(0.7)
	14,179.3	**12,399.9**	**12**			**3.6**	**2.5**

The organization was significantly strengthened by the implementation of the professionals concept and through enhancements in accountability and sales focus. For the year ahead, Yacht's key objective will be to return to growth and gain market share. We announced the divestment of Voxius, a small professionals business, in October.

France

in millions of €	2010	2009	organic Δ%
Revenue	3,067.3	2,691.6	15
EBITA	90.0	11.8	416

In France, where Randstad is the third-largest HR service provider, overall revenue returned to growth during the first quarter and then accelerated through the rest of 2010. While performance was initially below that of the market, the gap was closed by June and market share was being regained as of September. An intensive advertising campaign increased brand awareness significantly.

The manufacturing sector was the main driver of growth in the French market throughout the year, led by the automotive segment, where the manufacturers and their suppliers benefited from a governmental recovery plan. While less marked, improvements could be seen in services and other sectors by the third quarter. The construction sector remained flat, however, with the postponement of a number of public investment plans and commercial real estate projects.

Staffing, inhouse and permanent placements were first to gain momentum. The size of branches was increased and there was stronger external focus, with more sales activities in specialties. Together with the implementation of the field steering model, this in turn led to higher quality of service and greater productivity. We announced the divestment of Selpro, a small staffing business, and Vedior Front RH, a small HR consultancy business, in July. This was in line with our strategy of focusing on a limited number of brands, a strong unified culture, and harmonized concepts and processes.

Our inhouse concept proved to be increasingly popular. Many new inhouse locations were opened, both for new clients and by transferring large accounts out of the former Vediorbis network. Inhouse revenue more than doubled in the second half of 2010, and there were 98 inhouse locations by the end of the year (63 in 2009).

Following two years of decline, the French professionals business returned to limited growth in March, before accelerating to a double-digit rate in the second half of 2010. Permanent placement fees also grew strongly from the second quarter onwards.

For the year as a whole, revenue grew by 15% organically, while the EBITA margin amounted to 2.9% (or 1.7% excluding the € 39.2 million business tax reclassification) compared to 0.4% in 2009. A further reduction in DSO across the operation was achieved during the year. As well as a continuing focus on our successful inhouse concept going forward, our managed services and recruitment process outsourcing capabilities in France are being further developed to serve the growing demand in these areas. The French subsidy system regarding low wage labor was revised on January 1, 2011. This will lead to increased costs of all types of low wage labor including temporary staffing, which will be passed on to clients as much as possible.

Germany

in millions of €	2010	2009	organic Δ%
Revenue	1,728.6	1,320.7	31
EBITA	106.5	55.2	93

Randstad is the clear market leader in Germany in the supply of HR Services, and in 2010 we were again able to increase our market share. Revenue growth reached 40% by the second quarter.

1970s
The streamlined interior of a Randstad branch office

A rapid recovery across all industrial segments drove growth in staffing and inhouse. Many customers in the automotive, logistics and engineering industries returned in 2010. Execution was strong, with our German businesses growing faster than the market throughout the whole year. As overcapacity was used, we started to hire new consultants while idle time was further reduced.

Many existing and new clients in Germany were looking to work with a single HR services partner, and many new contracts were won as a first level supplier or master vendor. The growing need for flexibility also led to a very good performance of specialties, such as call centers.

Team BS was further expanded in the German market, and the network had doubled by the end of 2010. Team BS will be rebranded as Tempo-Team in 2011.

The collective labor agreement (CLA) for the staffing industry with which we work was renewed in March. The increases in pay rates involved were accepted by our clients. The different staffing sector CLAs that exist were also aligned more closely. We welcome these developments, as they create a level playing field for the industry and help to improve its image.

In professionals, growth in the IT business was very strong throughout the year. Our IT freelancer business GULP continued its profitable growth and gained market share. Yacht Teccon, our engineering business, returned to limited growth in the second half and idle time was reduced. The aerospace segment remained slow throughout the year.

Organic revenue growth for the year overall amounted to 31%, while the EBITA margin reached 6.2%, compared to 4.2% in 2009.

Belgium & Luxembourg

in millions of €	2010	2009	organic Δ%
Revenue	1,327.8	1,191.4	11
EBITA	62.9	52.5	20

Belgium and Luxembourg are two more markets in which the Group has clear leadership and where we offer the full range of our concepts. Both Randstad and Tempo-Team returned to growth in March. During the second half of 2010, Randstad strengthened its leading position further, led by the very good performance of its significant inhouse business. This was driven by strong demand from a number of industries that had been heavily impacted by the crisis, such as automotive, logistics and building materials. Randstad Managed Services was launched in Belgium to serve large clients in professional segments such as pharmaceuticals and electronics. Permanent placement fees began to recover in 2010, and the full-year results for professionals substantially improved compared to 2009.

Tempo-Team in Belgium was slightly behind market, due to its greater focus on the administrative segment. Tempo-Team began the implementation of the field steering model after the summer. As market leader in Luxembourg, Tempo-Team managed to both gain some additional market share and greatly improve profitability in 2010. Randstad also gained market share in Luxembourg.

Overall, organic revenue grew by 11% for the full year. The EBITA margin improved to 4.7% from 4.4% in 2009.

Main market positions, 2010

in billions in local currency

Regions	Market size[1]	Market share in %	Market position
Netherlands	12.5	23	1
France	17.9	18	3
Germany	15.1	11	1
Belgium & Luxembourg	4.6	29	1
United Kingdom	18.1	4	3
Spain (staffing only)	2.2	20	1
US	107.3	2	6

1 Based on country data, 2009 figures, and estimated growth rates

United Kingdom

in millions of €	2010	2009	organic Δ%
Revenue	802.3	753.3	3
EBITA	6.5	5.7	(12)

Our inhouse business almost doubled during 2010 and gained market share, with both higher volume from existing clients and many client gains. The UK public sector had held up well during the recession, due in large part to the government policy of increasing spending. The new government's 2010 public sector spending review reversed this policy, however. By the third quarter, while gains were made in some specialties, slow demand from the public sector was impacting our staffing business.

The UK represents around 20% of the global professionals market, and Randstad's combined professionals businesses rank fourth-largest there.
Revenue in the professionals segment continued to contract on a year-on-year basis during 2010, but permanent placement fee income grew well. The public spending cuts also impacted our professionals business. In addition to pressure on healthcare, cuts in education and infrastructure spending took their toll on these businesses. Smaller segments such as finance, HR and media returned to growth, and construction & engineering performed well in a very difficult market. The first phase of the integration and rebranding of Joslin Rowe, Martin Ward Anderson, Hughes-Castell and Pro Law as Randstad Financial & Professional was initiated in 2010. All legacy managed services businesses were integrated and rebranded as Randstad Managed Services, and a number of major new contracts were won. The outlook for this comprehensive new value proposition is good.
With all major businesses in our professionals segment now branded as Randstad, we launched our first national TV campaign in the UK. The campaign was supplemented by a host of other media activities, and the results were very encouraging. Throughout 2010 we continued to rationalize our cost base in line with revenue development. We combined offices in major cities into one large Randstad location and we gradually started to integrate back offices and IT platforms.

Overall UK revenue grew by 3% organically for the full year, while the EBITA margin remained at 0.8%.

Iberia

in millions of €	2010	2009	organic Δ%
Revenue	861.0	796.4	8
EBITA	18.0	14.2	27

Economic activity and business confidence remained lower in Spain and Portugal than in most of Europe. Early double-digit growth in Portugal, where we are market leader, slowed somewhat towards the end of the year, while growth in Spain remained stable throughout the year. We nevertheless managed to outperform the Spanish market in the staffing segment. The much-anticipated labor legislation reform in Spain will slowly open up the public administration and construction markets to staffing services, but the current condition of these markets means this will have a limited impact in the near term. This reform also brought additional restrictions to the outsourcing business.

The Vedior network in Portugal was rebranded to Tempo-Team and the larger Select business was rebranded to Randstad by the end of 2010. The latter had not been permitted earlier, following the divestment of Randstad Portugal to obtain clearance from the EU for the merger with Vedior at the Group level in 2008. A significant reduction in DSO during the year was a great achievement in the continuing recession in Portugal.

In total the Iberian business grew 8% organically over the year, while the EBITA margin improved to 2.1% from 1.8% in 2009.

Other European countries

in millions of €	2010	2009	organic Δ%
Revenue	761.4	603.5	21
EBITA	19.2	0.7	2,500

Growth in almost all other European countries rebounded strongly from the beginning of 2010 and was solid across the board from the second quarter onwards.

Growth in Italy returned in April, and momentum then built and performance was ahead of the market later in the year. Meeting the increasing need of Italian clients for flexibility, staffing and inhouse services performed particularly well. This was assisted by changes to employment legislation in response to the crisis. The professionals concept was successfully introduced in 2010.

The limited growth that had already returned to our Polish business at the end of 2009 was maintained throughout 2010. Staffing, inhouse services and HR solutions all performed well in Poland, outperforming the market in the second half of the year. Permanent placements in both professionals and staffing lagged somewhat, and will be given additional focus in 2011. Two positive changes to Polish labor market legislation were introduced in 2010. The first extended a temporary worker's employment period for a single client from 12 to 18 months, while the second reduced the frequency with which statutory employment certificates must be issued.

Randstad Switzerland returned to growth in the second quarter, with revenue overall improving at double-digit rates from then on, in line with the market. Productivity and

2009
Randstad Professionals worldwide print campaign

profitability both improved significantly. Inhouse services did particularly well and outperformed the market, with new site openings for major international clients. The logistics, food and manufacturing segments all performed very well, the watch industry began to recover, and Switzerland was one of the few markets where construction showed continuous growth. Negotiations for the implementation of a collective labor agreement for the Swiss temporary staffing sector, which had been expected in 2010, proved not to be successful.

The expansion of our service offering in Scandinavia continued. We introduced professionals services in Denmark and Sweden, while it was expanded in Norway, creating a strong regional platform in the engineering, IT and financial segments. Inhouse services provided steep increases in revenue in both countries. The acquisition of Profipower also gave Randstad leadership in the professionals segment in Hungary. Revenue doubled in the Czech Republic, where we announced the acquisition of the staffing activities of Start People in September. Both these acquisitions support our ambition to obtain relevant scale in these countries.
We continued to outperform the market in Turkey with a clear focus on professionals. Despite the continuing downturn in Greece, our revenue there grew by over 40% during 2010, giving Randstad leadership in a number of segments.

For this group of countries as a whole, revenue grew organically by 21% in 2010, while the EBITA margin reached 2.5%, compared to 0.1% in 2009.

North America

in millions of €	2010	2009	organic Δ%
Revenue	1,848.2	1,450.3	19
EBITA	62.0	22.3	154

Our combined US staffing and inhouse services business, which had already returned to growth by November 2009, continued to grow very strongly and well ahead of the market throughout the year. Market growth followed the classical cyclical patterns of staffing recovering first, with strong growth in the industrial segment, clerical and SME segments. The substantial revenue gains were also mirrored by profitability improvements, facilitated by strong leverage in the business enabled by the cost reductions of the year before. Despite these, we managed to retain key talent and maintain our network without leaving any critical markets. Client retention was also excellent and a number of major new clients were added.

The relatively strong recovery of the US market in 2010 enabled us to fully leverage the synergies between Randstad's traditional strengths in staffing with the professionals expertise of the former Vedior businesses.

In our more late-cyclical US professionals business, overall growth returned in March, including permanent placement fees. From then onwards, professionals turned in double-digit growth rates, led by IT, followed by finance and accounting and later joined by life sciences. Major efficiency improvements were achieved, in part through the centralization and integration of back office functions and technology. Randstad Managed Services also showed very strong growth, especially in the second half of the year, due to new customer wins and an increase in volumes in existing accounts.
Our US professionals staff had never participated in a global corporate initiative such as the 50th anniversary celebrations in 2010, and they proved to be an experience that reinforced their feeling of being part of the worldwide 'Randstad family'.

We also returned to growth in Canada in March, and from then on strong double-digit revenue growth enabled Randstad to further strengthen its market leadership position. Classical patterns were followed here too, with very strong growth in our staffing business coming out of the downturn, followed by a return to growth in the professionals business led by a solid year from IT and a good recovery from engineering.

For North America as a whole, revenue grew by 19% organically in 2010, compared to a 26% decline the year before. The overall EBITA margin improved to 3.4% (1.5% in 2009), approaching the profitability achieved in 2008.

Rest of the world

in millions of €	2010	2009	organic Δ%
Revenue	956.0	629.8	19
EBITA	8.8	(4.2)	155

For all other countries combined, other than those in Europe and North America, organic revenue growth amounted to 19%, against minus 11% in 2009. The EBITA margin amounted to 0.9% (minus 0.7% in 2009). Below we focus on the largest activities within this area.

Against the background of a slow economy, our Japanese business returned to growth in March. Limited growth continued throughout 2010, with our staffing business clearly outperforming the market. Although declining overall in line with the market during the year, search & selection performed well in the second half. The announcement in August of our acquisition of the outstanding shares in FujiStaff was one of the highlights of a special year for Randstad. We now rank sixth in the world's second-largest HR services market. FujiStaff and Randstad have a long-standing relationship, with the first contacts established in 2004. Early in 2008 we launched a joint project, the Global Staffing Research Center, to survey and analyze the significance of HR services businesses in the labor market. In November 2008, Randstad acquired a 10% stake from the founding shareholders. In two steps, in 2009 and early in 2010, this stake was increased to 20.5%. Since mid 2009 Randstad has held a seat on the board of FujiStaff. The integration of the Randstad and FujiStaff businesses is expected to complete by the second quarter of 2011. The combination will enable more services to be offered to clients and candidates in terms of capabilities and locations. FujiStaff generated a revenue of € 461 million in the fiscal year ending March 31, 2010. FujiStaff has 104 outlets, 1,220 FTEs, and around 85% of its revenue comes from staffing and inhouse. The results of FujiStaff are consolidated as from October 20, 2010.

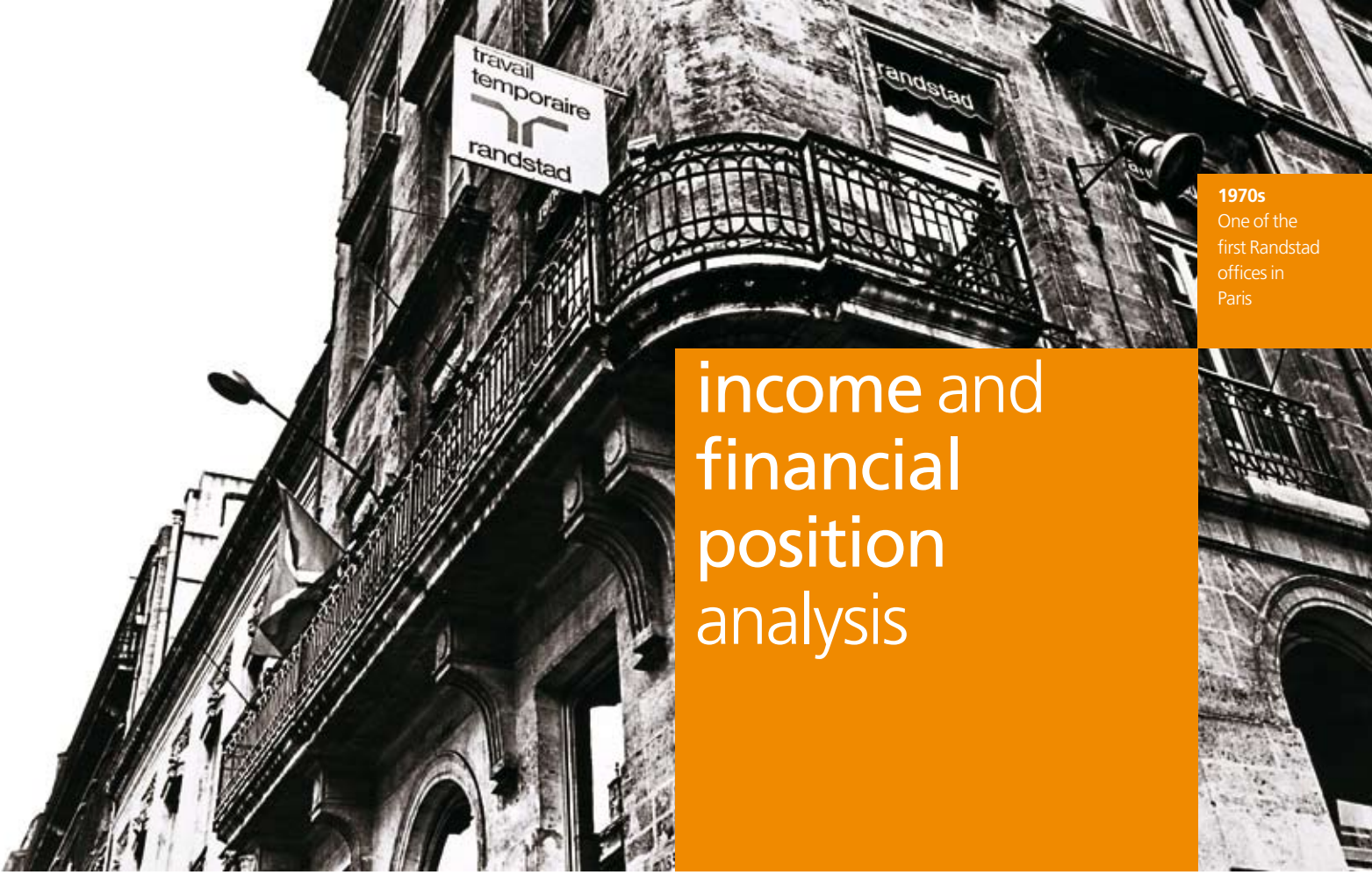
Our operations in Australia and New Zealand returned to growth during the first quarter. This accelerated to double-digit rates from then on, with permanent placement fees growing faster. The successful integration and rebranding program was completed in August, with Hughes-Castell becoming Randstad Legal. The Randstad brand is gaining momentum in the Australian and New Zealand markets, with the highest levels of increase in prompted awareness across the recruitment industry. Construction, property & engineering and banking & financial services were two of many professionals segments that recovered well, followed by improved performance of staffing businesses in the second half. The first Australian inhouse site went live during the year, and this business is expected to grow strongly. The Australian recruitment market is continuing to develop, with increasing client interest in our managed services and recruitment process outsourcing offerings.

Growth in our market-leading Indian business, Ma Foi Randstad, continued to be solid in 2010. In an economy growing faster than most, both permanent placement and staffing recovered strongly during the year. The Ma Foi Randstad brand was extended across the portfolio and has been well received by the market. The payroll and consulting businesses grew very well. Traffic on our website continued to grow significantly. With an increased focus on branding, people development, productivity, investment in IT processes and key account management, Ma Foi Randstad is set to ride the wave of the Indian market's positive outlook during 2011.

Steady growth was also maintained by Randstad China. The core search & selection and payroll service businesses both performed well, while strict cost and productivity management resulted in good profitability. Leading segments were FMCG, technology and manufacturing. Although flexible staffing represents a relatively new service to Chinese companies, we are building our presence and demand is increasing. Our small operation in Hong Kong grew rapidly during 2010. Here the search & selection business performed well and the staffing concept was implemented in the second half of the year.

Throughout 2010 our businesses in Latin America showed very strong growth in Argentina and Brazil and significant growth in Mexico, Chile and Uruguay. We gained market share in Brazil during the year and maintained our share in the other markets. Most of our current activities in Latin America involve agricultural, industrial and clerical staffing, but we are also growing our professional staffing and permanent placement business in the region. Following the rebranding of the Mexican businesses to Randstad in 2009, we completed the rebranding in Chile in 2010.

Stability began to return to the Gulf region in 2010 in the aftermath of the financial crisis. Randstad's Dubai-based operation is focusing on strengthening its teams servicing those sectors that represent the greatest opportunities, such as banking & finance, construction & property and pharmaceuticals & life sciences.



1970s
One of the first Randstad offices in Paris

income and financial position analysis

Income statement

Consolidated income statement

in millions of €

	2010	2009	Δ%
Revenue	**14,179.3**	**12,399.9**	**14**
Cost of services	11,520.6	9,985.7	
Gross profit, underlying	**2,658.7**	**2,414.2**	**10**
Personnel expenses	1,515.3	1,460.4	
Other expenses	633.8	638.1	
Operating expenses, underlying	**2,149.1**	**2,098.5**	**2**
EBITA, underlying	**509.6**	**315.7**	**61**
EBITA, reported	**513.6**	**252.4**	**103**
Amortization of intangible assets	172.4	158.6	
Operating profit	**341.2**	**93.8**	**264**
Net finance costs	(23.8)	(48.9)	
Share of profit/(loss) of associates	0.6	(0.5)	
Income before taxes	**318.0**	**44.4**	
Taxes on income	(29.5)	23.2	
Net income	**288.5**	**67.6**	**327**
Gross margin	18.8%	19.5%	
Operating expenses margin	15.2%	16.9%	
EBITA margin	3.6%	2.5%	

For a meaningful analysis of our results, we look at the underlying results, which exclude one-off items such as restructuring costs and certain incidental benefits or charges in respect of, for example, social security and wage tax.

Revenue

Group revenue increased by 14.3% to € 14,179.3 million. Organic growth was 11.8%, while currency effects added 2.1%. Acquisitions and disposals had a net effect of 0.4%, which includes the acquisition of FujiStaff in Japan (see page 34), small acquisitions in the Czech Republic and Hungary and the divestment of Selpro and Vedior Front RH in France and Voxius in the Netherlands. During 2010 we saw signs of cyclical and structural growth trends in our markets, while the regular seasonal pattern reappeared.
The recovery was broad-based and followed classical patterns. These trends were also visible in our revenue mix. The cyclicality of the respective revenue categories, especially permanent placements, is shown below.

Year-on-year growth

Revenue from temporary staffing services increased by 11.7%, while permanent placements, mainly generated in the professionals businesses, grew by 11.3%. Permanent placements made up 1.7% of revenue. Revenue from temporary staffing services is clearly less volatile than permanent placements.

In March 2010, our Group revenue grew for the first time since June 2008. The acceleration in growth during the year is shown in the table below. Throughout 2010, the comparison to 2009 became more challenging. Nevertheless, we continued to show strong growth rates in 2010, especially in the fourth quarter.

Organic growth

in %

	Q1	Q2	Q3	Q4	Full year
Geographical areas					
Netherlands	(14)	(5)	0	4	(4)
France	1	18	19	21	15
Germany	10	40	40	32	31
Belgium & Luxembourg	(2)	13	17	17	11
United Kingdom	(6)	1	9	9	3
Iberia	7	11	6	9	8
Other European countries	0	27	31	28	21
North America	9	22	23	21	19
Rest of the world	11	24	20	19	19
Concepts					
Staffing	(2)	13	13	13	10
Inhouse	30	50	55	51	45
Professionals	(11)	1	8	9	1
Group	**(1)**	**14**	**16**	**17**	**12**

The industrial and logistics segments showed a clear rally at the start of 2010, visible in healthy growth rates in the vast majority of our inhouse business. This was followed by a strong rebound in our staffing businesses. Our more late-cyclical clerical and professionals businesses finally returned to growth in the third quarter. Please refer to pages 15 – 18 for more information on progress by concept. Of the major regions, North America continued its strong recovery, which had already started in November 2009, with 19% organic growth. Growth in continental Europe was led by Germany and France as these economies have a large exposure to industry. Our Dutch businesses, which are exposed to the more service-oriented and more late-cyclical Dutch economy, returned to growth in September. Our professionals business in the UK suffered from its exposure to the public sector and returned to growth in the fourth quarter. More detailed information on the performance by country is included on pages 29 – 34.

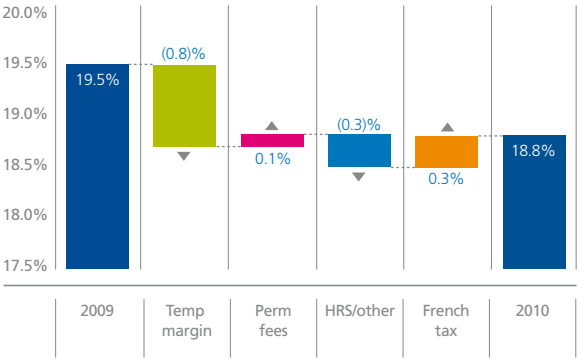
We employed 521,300 staffing employees on average per day in 2010, an increase of 55,700 or 12% compared to 2009.

As the continuing recovery follows a classical pattern, with diverging trends for different countries and segments, it confirms our belief that our strategy of diversification is effective.

Gross profit

Gross profit amounted to € 2,658.7 million, up 10%. In the second quarter we made an adjustment to gross profit of € 10.6 million, largely based on the refund of Dutch social security premiums relating to prior years. The gross margin amounted to 18.8%, compared to 19.5% in 2009. Our gross margin largely depends on the trends in the margin we generate on our temporary staffing services, also referred to as the temp margin, as well as the contribution from permanent placements. The graph hereafter shows the change in gross margin.

Change in gross margin



The temp margin decreased by 0.8% during 2010, although it stabilized in the course of the second quarter. The reduction was mainly a result of higher volumes on contracts that were renewed in 2009, as well as changes in our business mix. The industrial segments moved much faster than the administrative and professional segments, while the geographic mix also had a negative impact. In the Netherlands and Germany, where we have candidates on contract (both for defined and undefined periods), idle time decreased in the staffing businesses while it stabilized in the professionals business. Overall, the impact of idle time on our Group results was limited.

At Group level, the contribution from permanent placements, or perm fees, gained momentum during the year. Following a reduction of 7% in the first quarter, perm fees steadily grew by 16% in the second quarter, 24% in the third quarter and 20% in the fourth quarter. Perm fees made up 7.6% of gross profit, compared to 7.1% in 2009. As a result, the growth in perm fees added 0.1% to the gross margin. During 2010 a change occurred in French business tax, which resulted in a reclassification of a business

tax component from cost of services to taxes on income. This change had a positive impact of 0.3% on our gross margin, while it had no effect on net income or cash. Other mix effects, foreign exchange rates and the somewhat slower performance of other fee-based businesses, like outplacement, had a combined negative effect of 0.3%.

The trend in gross margin is monitored closely but is not a concern, as the pattern we observe is usual at this stage of the cycle. Gross margin is not a strategic target as such, as productivity per segment or geography can show significant differences. We steer on conversion of gross profit into EBITA, in order to realize our EBITA margin targets.

Productivity

Productivity improvements are essential in achieving our profitability targets. We measure productivity in three ways: number of temps per staff member (Temps/FTE), gross profit per staff member (GP/FTE) and gross profit in relation to personnel expenses (GP/PE).
Productivity (GP/FTE) improved by 19% in 2010. Based on a traditional recovery pattern, we were able to leverage overcapacity. In the initial phase of a recovery, overcapacity exists as consultants are able to handle growing volumes. As our business grows we gradually start adding consultants. We then use overcapacity in our branches as desks remained available and there is no need to open new branches. Inhouse locations are opened where needed as these relate to specific demands from clients. Productivity improvements reflecting the use of existing overcapacity are shown in the graph below.

Productivity, indexed

Operating expenses

Underlying operating expenses amounted to € 2,149.1 million, up 1% organically. Currency effects caused an increase of € 48 million, or 2%. Acquisitions and disposals caused a decrease of 1%. Operating expenses have been adjusted for restructuring charges of € 6.6 million as we continued to optimize the organization.

in millions of €	2010	2009
Personnel expenses	1,515.3	1,460.4
Advertising and marketing	113.0	96.8
Accommodation costs	185.3	195.2
Other operating expenses	251.7	257.6
Depreciation, amortization and impairment charges PPE and software	83.8	88.5
Operating expenses, underlying	**2,149.1**	**2,098.5**
Average corporate staff	25,680	27,640
Branches, year-end	3,085	3,182
Inhouse locations, year-end	1,110	947

Personnel expenses increased by 4%, mainly as a result of higher bonuses and commissions. In specific cases where the speed of recovery was high, such as in Germany, we began to hire new people based on our lily pad model. On page 17 an overview of corporate staff by region is shown. In Japan we added 1,220 FTEs through the acquisition of FujiStaff, and Selpro in France employed 120 FTEs at the time of divestment. Further details on personnel expenses can be found in notes 38 and 39 to the financial statements.

We also started to invest through marketing activities to accelerate growth in certain regions, while we continued to rebrand our professionals companies. During 2010 we had country-wide marketing campaigns in the UK and France. Further information is included in the section 'superior brands' on page 18. We continued to create larger branches without leaving markets by combining offices. In the UK, for example, we started to combine individual offices in larger cities into one Randstad location. Accommodation costs decreased by 5% as a result. In Japan, through the acquisition of FujiStaff, we added 63 branches and 41 inhouse locations. In France we divested Selpro with 40 branches. On page 5 an overview is included showing branches and inhouse locations by region. At the end of the year we operated 3,085 branches and 1,110 inhouse locations.

Other operating expenses, mainly IT costs, decreased by 2%. Depreciation and amortization charges decreased by 5% as a result of slower investments in branches and IT in recent years. We depreciate/amortize assets over 3 to 5 years.

EBITA

Underlying EBITA improved by 61% to € 509.6 million, with the EBITA margin reaching 3.6% compared to 2.5% in 2009. It remains our overall financial target to achieve an average EBITA margin of 5% to 6% through the cycle as soon as possible.
Conversion of additional gross profit into EBITA was 79%, which is in line with our target, as set out under excellent execution on pages 17 – 18, and reflects strong execution and optimal use of our over capacity.

1970s
The first computer used by Randstad

Operating profit

Operating profit is EBITA including the non-cash amortization and impairment charges on acquisition-related intangible assets. The majority of these assets was capitalized upon the acquisition of Vedior.
The total charge was somewhat higher than last year, as the rebranding of professionals businesses was almost completed and brand names were amortized accordingly. As a result, operating profit increased by 264%.

Net finance costs

For the full year, net finance costs amounted to € 23.8 million, compared to € 48.9 million in 2009. Net finance costs mainly include net interest expenses in relation to our net debt position of € 29.2 million (2009: € 46.2 million). These expenses decreased significantly following the sharp reduction in our net debt position and continuing low interest rates. We have a policy of using floating rates as a natural hedge against the development in operational results, which continued to pay off significantly. Other items included in net finance costs are foreign exchange gains, interest expenses due to passage of time and other items. Further details on net finance costs are included in note 12 to the financial statements.

Taxes on income

The effective tax rate before amortization of acquisition-related intangible assets and one-offs amounted to 17% in 2010. When adjusted for a revaluation of deferred tax assets of € 60 million, which is triggered by the improved performance and outlook of our US operations, the adjusted effective tax rate was 29%. This is higher than the guidance of 20% – 22% we provided last year. The change in French tax law had an effect of around 7%. Another upward effect during the year was caused by a changed geographical mix with above average tax rates in countries with highest growth. Finally, as our results improve, the effect of tax-exempt income resulting from tax efficiencies in the Group decreases. Further information on effective tax rate is included in note 13 to the financial statements.

Net income, earnings per share and dividend

in millions of €	2010	2009
Net income for ordinary shareholders	**280.8**	**61.1**
Amortization and impairment intangible assets and goodwill	172.4	158.6
Integration costs	-	15.9
One-offs	(64.0)	47.4
Tax effect on amortization and impairment acquisition-related intangible assets and goodwill and integration costs and one-offs	(53.3)	(75.8)
Net income for ordinary shareholders, underlying	**335.9**	**207.2**
Basic EPS	€ 1.65	€ 0.36
Diluted EPS	€ 1.63	€ 0.36
Underlying diluted EPS	€ 1.96	€ 1.21
Proposed dividend (€)	1.18	-
Payout ratio (%)	60	-

Net income, of which € 280.8 million is attributable to holders of ordinary shares, amounted to € 288.5 million, an increase of 327%. Diluted EPS increased by 353% to € 1.63 (2009: € 0.36).

As the leverage ratio improved to 1.5 we will propose that the dividend payments on ordinary shares be reinstated. We propose a dividend payment of € 1.18 per ordinary share. This means a payout ratio of 60%, in line with our policy.

Balance sheet

Assets

in millions of €

	2010	2009
Property, plant and equipment	155.6	150.5
Intangible assets	3,162.1	3,158.1
Deferred income tax assets	520.4	465.3
Financial assets	74.4	65.3
Associates	1.1	17.9
Non-current assets	**3,913.6**	**3,857.1**
Trade and other receivables	2,788.3	2,266.3
Income tax receivables	51.7	64.6
Cash and cash equivalents	285.3	270.1
Current assets	**3,125.3**	**2,601.0**
Total assets	**7,038.9**	**6,458.1**

Our balance sheet total increased from nearly € 6.5 billion at the end of 2009 to € 7.0 billion by the end of 2010, mainly driven by the requirement for working capital to support the growth in our business.

Property, plant and equipment

Property, plant and equipment includes the furniture and refurbishment of our offices (55%), IT equipment for our employees (17%) and property (28%). Following the closure of offices early in the year and the relatively low amount of investments, the book value of furniture, refurbishment and IT equipment decreased from € 126.6 million to € 112.1 million. The book value of property almost doubled from € 23.9 million to € 43.5 million, caused by the acquisition of FujiStaff in Japan. The remaining property value is mainly related to our corporate head office. Further information can be found in note 16 to the financial statements.

Intangible assets

Intangible assets include goodwill on acquisitions (76%), customer relationships, brand names and candidate databases (22%) and software related to the front and back office systems (2%). Customer relationships, brand names and candidate databases are amortized over 5 to 7 years on average, leading to an annual non-cash amortization charge of € 172.4 million.
The acquisition of mainly FujiStaff added € 56.4 million to goodwill and € 70.0 million to customer relationships, brand names and candidate databases. Further information is included in notes 16 – 19 and note 35 (business combinations) to the financial statements.

Deferred income tax assets and income tax receivables

in millions of €	2010	2009
Goodwill	64.1	79.6
Tax loss carry-forward	243.5	172.2
Temporary differences	212.8	213.5
Deferred income tax assets	**520.4**	**465.3**
Income tax receivables	51.7	64.6

Deferred income tax assets include tax assets arising from goodwill (12%) that have been directly charged against equity at acquisition date prior to 2004. This part gradually decreases by the amortization of goodwill for tax purposes only.
Tax assets related to tax loss carry-forward originate from (tax) losses in current and previous years, which can be used to offset profits in future years. These tax assets are only recognized to the extent that it is considered probable that future taxable profits will be available against which these tax assets can be utilized. The increase of € 60 million is mainly due to the improved performance and outlook of our US businesses and an increased probability regarding the utilization of these assets.

Temporary differences occur when there is a difference between the valuation of assets according to the financial statements and their valuation for tax purposes. Income tax receivables mainly relate to amounts due from tax authorities.

Financial assets

Financial assets mainly include loans that are granted interest-free annually to French institutions in relation to the payment of certain social security charges. These loans have a repayment term of 20 years each and the average remaining term is 12 years.
Also included in this category are equity securities of € 5.8 million which are held by FujiStaff.

Associates

Associates in 2009 mainly related to our stake in FujiStaff, which is now fully consolidated and therefore no longer held as an associate at December 31, 2010.

Operating working capital

in millions of €	2010	2009
Trade and other receivables	2,786.5	2,265.1
Trade and other payables	2,261.0	1,869.9
Operating working capital [1]	**525.5**	**395.2**
As % of revenue	3.7%	3.2%
Days sales outstanding (moving average)	54.6	58.1

1 Operating working capital: trade and other receivables (excluding current part held-to-maturity investments) minus trade and other payables.

The level of working capital is related to the timing of the invoicing and payrolling processes. In most of our staffing and inhouse businesses these run every week and in professionals businesses these run every month. In addition, the payment terms we negotiate with clients and the effectiveness of our collection processes are equally important.
Liabilities, such as social security, wage tax and value added tax are settled every month and in some countries on a quarterly basis. Payment terms are often determined by law and therefore difficult to influence.
In line with the growth of our business, working capital increased by 33% from € 395.2 million to € 525.5 million. As a percentage of revenue, working capital increased from 3.2% to 3.7%, which is mainly attributable to the consolidation of the acquisition of FujiStaff as from October 20, 2010.
Our DSO improved by 3.5 days to 54.6 days, which was mainly a result of further improvements in our internal collection processes. We aim to make further improvements in 2011.
The aging of trade receivables was also given considerable attention, as clients tended to pay later and continued to demand longer payment terms. Our exposure to bad debt remained limited and only 0.15% of revenue (2009: 0.17%) was written off as these receivables were considered to be uncollectable. Our trade receivables portfolio is very diversified geographically, in segmentation and in client base.

2008
Randstad's 'true value' Benelux tv campaign

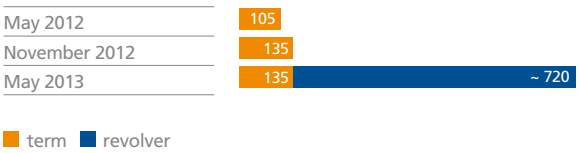
Net debt

in millions of €	2010	2009
Cash and cash equivalents	285.3	270.1
Less: Non-current borrowings	1,108.5	1,244.2
Less: Current borrowings	76.1	40.6
Net debt	**899.3**	**1,014.7**
EBITDA, underlying	594.7	406.0
Leverage ratio	1.5	2.5

The net debt position was reduced by € 115.4 million to € 899.3 million. Strong operational performance resulted in a free cash flow of € 309.3 million. We used our free cash flow to finance the acquisition of FujiStaff in Japan and to strengthen our financial position, as no dividend was paid on ordinary shares in 2010. As a result, the leverage ratio (net debt divided by EBITDA) was 1.5 at year-end and well within our targeted range of between 0 and 2, which implies an investment grade rating. The syndicated loan documentation allows us a leverage ratio of 3.5 x EBITDA, which provided a cushion in managing through the cycle (see page 21). The improved financial position enabled us to do smaller acquisitions and it enabled us to propose to our shareholders that the dividend payment on ordinary shares be reinstated.

Debt repayment schedule

in millions of €



Our total debt facility amounts to € 1,995 million and consists of two parts. The term facility now amounts to € 375 million, while the revolving part still amounts to € 1,620 million. Following earlier repayments in 2009 and 2010, the first mandatory repayment will be due in May 2012 and will amount to € 105 million. With the revolving facility available until May 2013, financial flexibility is high.

The standby securitization facility launched in August 2009 will expire in March 2011. Given our strong balance sheet position, we have not used this facility.

Equity and liabilities

in millions of €

	2010	2009
Shareholders' equity	2,850.8	2,491.0
Non-controlling interests	1.6	1.5
Total equity	**2,852.4**	**2,492.5**
Non-current borrowings	1,108.5	1,244.2
Deferred income tax liabilities	444.4	474.7
Employee benefit obligations	21.5	14.6
Provisions	57.5	58.0
Other non-current liabilities	56.8	73.7
Non-current liabilities	**1,688.7**	**1,865.2**
Current borrowings	76.1	40.6
Trade and other payables	2,261.0	1,869.9
Income tax liabilities	37.4	22.5
Provisions	76.5	112.3
Other current liabilities	46.8	55.1
Current liabilities	**2,497.8**	**2,100.4**
Total equity and liabilities	**7,038.9**	**6,458.1**

Equity

Shareholders' equity increased following profit generation during the year, while no dividend over 2009 was paid on ordinary shares.

Deferred income tax liabilities and income tax liabilities

in millions of €	2010	2009
Recapture obligations and other	166.5	201.0
Temporary differences	277.9	273.7
Deferred income tax liabilities	**444.4**	**474.7**
Income tax liabilities	37.4	22.5

Recapture obligations ensue from the incorporation in the Netherlands of tax losses incurred in Germany and a liability to the Dutch tax authority of € 131 million, to be paid in 2012, relating to the decrease in valuation in 2009 of certain non-

Dutch subsidiaries. Temporary differences occur when there is a difference between the valuation of liabilities according to the financial statements and their valuation for tax purposes. The majority of these liabilities stem from the valuation of acquisition-related intangible assets. Income tax liabilities mainly include liabilities related to income tax payable to tax authorities.

Other current and non-current liabilities

in millions of €	2010	2009
Employee benefit obligations	21.5	14.6
Provisions for restructuring	28.2	60.8
Provisions for workers' compensation	40.5	38.5
Other provisions	65.3	71.0
Other liabilities	103.6	128.8
	259.1	**313.7**

Employee benefit obligations relate to defined benefit (pension) plans in a limited number of countries. The increase of these liabilities stem from the acquisition of FujiStaff. As a policy, the vast majority of our employees have a defined contribution pension plan for which liabilities are included in working capital. Provisions include costs of restructuring programs, workers' compensation schemes, which mainly exist in North America, and other provisions. As certain restructuring programs were completed, the provisions were reduced through payments. Other provisions mainly consist of provisions for claims of third parties and remained at the same level as 2009. Other liabilities include liabilities with respect to put and call options with holders of non-controlling interests as well as deferred payments from acquisitions. Other liabilities decreased by € 25.2 million, mainly due to the fact that we continued our strategy to gain full ownership over our subsidiaries. Further information is included in notes 28 - 30 to the financial statements.

Cash flow statement

Net cash flow from operating activities

Strong operational performance and changes in working capital requirements were important drivers for our cash flow generation in 2010. With growth returning in our business, working capital requirements increased accordingly, whereas in 2009 the slowdown in revenue led to unwinding of working capital. The increase in working capital requirements was partly offset by the improvement of DSO by 3 days. Income taxes paid amounted to € 102.9 million, or 21.0% of income before tax and amortization of intangible assets, in line with our guidance. The change compared to 2009 is related to an increase in our profitability and a receipt from the Dutch tax authority in 2009.

Net cash flow from investing activities

Net capital expenditures increased to € 55.6 million. Following rebranding in France, the UK and Belgium, we also had to refurbish the offices while we continued to invest in our IT infrastructure.
In 2010, we acquired an additional 75% of the outstanding shares of FujiStaff in Japan. We also announced the acquisition of ProfiPower in Hungary, the staffing activities of Start People in the Czech Republic and the divestment of Selpro and Vedior Front RH in France and Voxius in the Netherlands. All acquisitions and divestments were settled in cash. Further information is included in note 35 to the financial statements.

Net cash flow from financing activities

Based on our strong cash generation we were able to repay € 187.4 million of our total facility (2009: € 1,176.1 million). As a result of our lower net debt position the net finance expenses paid reduced to € 17.3 million (2009: € 40.7 million). Interest payments remained at a low level, as we pay based on floating interest rates. The dividend on preferred shares was € 7.2 million and at the same level as previous years. In 2010 and 2009 we did not pay dividend on ordinary shares.

Free cash flow

Free cash flow is the sum of net cash flow from operating activities and investing activities adjusted for cash flows for acquisitions and disposals of subsidiaries and associates. Additional information on the movement of free cash flow during a year is included on page 27.

Consolidated cash flow statement

in millions of €

	2010	2009
EBITA, reported	**513.6**	**252.4**
Depreciation, amortization and impairment on property, plant and equipment and software	85.3	93.6
EBITDA	**598.9**	**346.0**
Non-cash items	(32.7)	2.1
Cash flow from operations before working capital and income taxes	**566.2**	**348.1**
Working capital	(94.1)	309.0
Income taxes (paid)/received	(102.9)	85.6
Net cash flow from operating activities	**369.2**	**742.7**
Capital expenditures, net [1]	(55.6)	(38.6)
Net acquisitions [2]	(127.3)	(10.5)
Other	(4.3)	(6.0)
Net cash flow from investing activities	**(187.2)**	**(55.1)**
Net cash flow from financing activities	**(207.0)**	**(1,224.0)**
Net decrease in cash, cash equivalents and current borrowings	**(25.0)**	**(536.4)**
Free cash flow	**309.3**	**698.1**

1 Net additions in property, plant and equipment and software.

2 Net acquisitions of subsidiaries and associates.

Randstad realized that it had tried to take on too much at once. The time had come to rediscover the principles that had guided us from our beginnings. Restated as our strategic building blocks, they were to form the foundation for a return to sustainable growth.

1970s consultants in a Randstad branch office

focus

back to **basics** and back to **growth**

Cleem Farla was asked to succeed Hans Zwarts as CEO and took up the position on January 1, 2002. He had begun his career at Randstad in 1973 as a branch manager. A board member since 1990 with responsibility for key international operations, he knew the business like no other. He and his executive board colleagues agreed the company had tried to take on too much at once and needed to get back to basics. Randstad needed to return its focus to its core competence of matching candidate skills with client needs.

By February 2002 they had restated the principles that had originally guided the company as its four strategic building blocks of strong concepts, best people, excellent execution and superior brands. Good leadership, supported by employees keen to follow the new course with confidence and conviction, enabled the new CEO and his team to quickly reverse the company's downward spiral. August brought the unexpected bad news of Cleem Farla's serious illness, however, and he stepped down temporarily. It became clear early in 2003 that he would not be coming back, although he continued to act as an advisor until his death in 2007. Ben Noteboom, who had been standing in for him for the previous few months, was appointed as CEO in March 2003.

Soon after he had joined Randstad ten years earlier, Ben Noteboom had been tasked with integrating subsidiaries of the recently acquired Flex Group into Tempo-Team in the Netherlands and Randstad in France. These successful integrations were to provide him with experience that would prove to be very useful. He went on to develop the company's innovative and successful inhouse services concept, which remains unique in the HR services industry.

The renewed focus on the core business, the crystal clear strategy and the dedication and commitment of our employees resulted in a net profit of € 77.1 million in 2003, a 36% improvement from the year before. Over the next few years, we both reinforced our strong positions in established markets and entered many new ones, including India and China, performing better than our immediate competitors. By 2005 we had turned the € 500 million deficit from 2001 into a cash surplus of € 200 million.

Randstad surpassed its rival Vedior in 2006 to become the third-largest staffing and recruitment company in the world. Revenue exceeded € 9 billion in 2007. In October of that year, Ben Noteboom and Tex Gunning, Vedior's CEO, began talks about combining the complementary strengths of the two companies. They signed a letter of intent on December 2, 2007, for the acquisition of Vedior by Randstad for the price of € 3.51 billion. Approval by the European Commission followed, and the statutory legal merger became effective on July 1, 2008. That year Randstad became the world's second-largest provider of HR services.

grow

2007 Randstad announces the merger with Vedior

1990
Randstad listed at the Amsterdam Stock Exchange

investor relations & Randstad shares

Investor relations

Randstad's investor relations' main goal is to build our 'financial brand'. Whereas clients and candidates recognize the Randstad brand for its reliability, service quality and the fact that we are a worldwide labor market authority, investors and analysts should recognize our open and transparent communications style and our aim to be best in class in disclosure and in providing insight into the business. These efforts ensure accurate valuation for the shares over time.

Communications policy

We maintain an active dialogue with existing and potential shareholders as well as with analysts and banks. We organize road shows and accommodate meeting requests where feasible. We adhere to the legal obligations relating to confidentiality. In that respect we oppose the trend among investors to adopt no-broker policies during road shows. Excluding brokers from investor conversations does not support our open and transparent communications style. Our policy regarding bilateral contacts with shareholders can be found in the corporate governance section of our corporate website.

Communications activities

Each quarter Randstad organizes analyst meetings or conference calls to discuss results, supplemented by press conferences twice a year. Analyst meetings and conference calls are also webcast. Furthermore, in November 2010, Randstad organized an analyst & investor conference in the UK. Topics discussed included company strategy, progress versus financial targets, development of the professionals concept and updates on our UK, German and Dutch businesses. Conferences like this help investors and analysts gain a better understanding of the way we work and are an opportunity to meet the executive board and other key managers. The presentations held at this conference can be found on our corporate website. Road shows for institutional investors were organized in the Netherlands, the US, the UK, France, Belgium, Germany, Switzerland, Italy and Canada. A large number of one-on-one investor meetings were conducted at our head office in the Netherlands.
In addition, Randstad presented at several investor conferences in the Netherlands, the UK, the US and France. We set up a web-based community call to answer questions from private investors while we were present at an annual event of the association of Dutch retail investors (VEB).

Randstad shares

Randstad Holding ordinary shares are listed on Euronext Amsterdam (ticker symbol RAND). Options on Randstad shares are also traded on Euronext Amsterdam.

Share capital

During 2010 the number of issued and outstanding shares increased slightly as shares were issued in relation to management performance option and share plans.

Share capital

	Numbers year-end (in millions)		Nominal value per share
	2010	2009	
Ordinary shares	170.0	169.6	€ 0.10
Type-B preferred financing shares	25.2	25.2	€ 0.10
Total number of shares	**195.2**	**194.8**	**€ 0.10**

Voting rights

The ordinary shares have equal voting rights (one share, one vote). The voting rights on the type-B preferred shares are aligned with the historical capital contribution (one share, one-seventh vote).

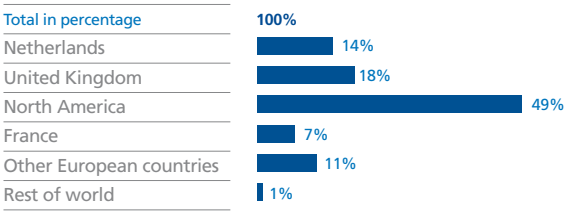
Major shareholders

The list of major shareholders can be found in the corporate governance section under legal transparency obligations on page 76.

Indicative free float spread

Randstad's free float amounts to approximately 60%. The majority of the free float of ordinary shares is held outside the Netherlands. We actively pursue an international spread. We estimate that approximately 6% of our ordinary shares are held by private investors.

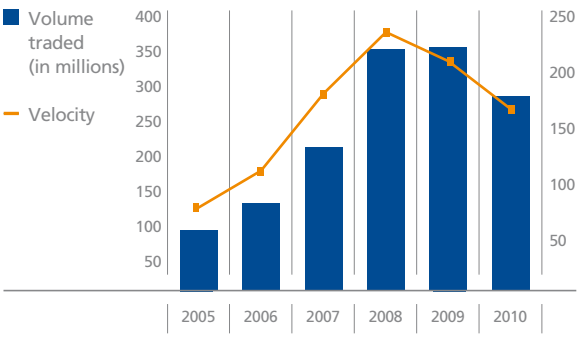
Indicative geographical spread ordinary shares (free float)



Liquidity

Liquidity has improved over the past few years. The number of shares traded has risen substantially, from 86 million in 2005, mainly on Euronext, to about 280 million in 2010 over various trading platforms. The mixed offer for Vedior in 2008 helped to improve liquidity, as the number of shares increased by 45%. Velocity, measured as the total number of shares traded divided by the average number of shares outstanding, played a role as well. Velocity increased from 75% in 2005, to over 200% in the past few years. This implies that the average holding period is around six months for the total number of outstanding shares, or approximately three months for the free float.

Share volume traded and velocity



Indices

The Randstad Holding ordinary share is included in many indices, including the Euronext AEX index, Euronext 100, Dow Jones Stoxx TMI, MSCI Europe and the Dow Jones Stoxx Sustainability Index. Inclusion in large indices is important because it improves visibility and liquidity.

Earnings per share reporting

Randstad reports earnings per share on a fully diluted basis. We focus on earnings per share before amortization and impairment of acquisition-related intangible assets and goodwill, integration costs and one-offs as, in our view, this gives the best reflection of underlying business performance.

	Q1	Q2	Q3	Q4	Full year
2010	**€0.28**	**€0.45**	**€0.59**	**€0.64**	**€1.96**
2009	€0.05	€0.27	€0.42	€0.47	€1.21
2008	€0.65	€0.90	€0.91	€0.72	€3.21
2007	€0.63	€0.83	€0.97	€1.04	€3.47
2006	€0.43	€0.64	€0.92	€0.99	€2.98

Before amortization, impairment, integration costs and one-offs.

Dividend policy

In 2007 we updated our dividend policy. We aimed at a floor in the dividend of € 1.25 and consistent dividend growth through the cycle, based on a flexible payout ratio of 30% to 60% of net profit adjusted for amortization and impairment of acquisition-related intangible assets and goodwill and one-offs, provided that the financial position (measured by the leverage ratio) would allow for it. We stress tested the financing of the Vedior acquisition and, based on a scenario of 5% revenue decline in H2 2008, 10% declines in both 2009 and 2010 and another 5% in 2011, we believed we would be able to pay this dividend. However, the revenue decline was far more severe in the initial stages of the downturn.
In combination with the financial leverage and the increased costs of capital, we did not pay a dividend over 2008 and 2009 in order to strengthen the balance sheet. With the leverage ratio at the end of 2010 back within our target range of between 0 and 2, we propose to pay a dividend of € 1.18, based on the maximum 60% payout.

Per share data

	2006	2007	2008	2009	2010
Dividend (€)	1.25	1.25	-	-	1.18
Payout (%)	40%	37%	-	-	60%
EPS [1]	€ 2.98	€ 3.47	€ 3.21	€ 1.21	€ 1.96
Free cash flow	€ 3.02	€ 2.82	€ 4.64	€ 4.08	€ 1.80
Equity	€ 6.82	€ 8.78	€ 16.23	€ 14.56	€ 16.59
EBITA, underlying	€ 3.77	€ 4.76	€ 5.60	€ 1.84	€ 2.97

1 Before amortization, impairment, integration costs and one-offs.

1990 June 5, Randstad flag on top of the Amsterdam Stock Exchange

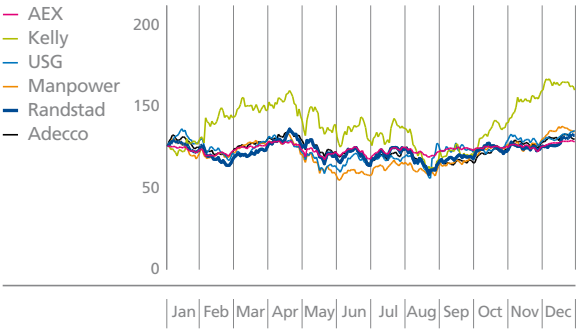
Share price development

The share price ended the year at € 39.50, 13% above the 2009 closing price of € 34.90. As no dividend was paid out, total shareholder return (TSR) was 13% as well. The share price rose in the first part of the year, reaching a high of € 42.00 in May. Despite strengthening revenue trends during the year, the average analyst earnings forecast for 2011 and beyond came down somewhat during the summer months, based on reduced economic growth forecasts. As a result, the share price fell and, in combination with general stock market trends, reached a low of € 27.50 in August. With fear of a double-dip fading thereafter, based on positive macroeconomic data, the share price recovered during the fall.

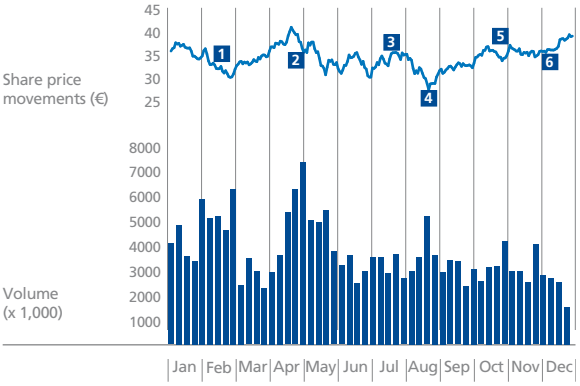
	2006	2007	2008	2009	2010
Closing price (€)	52.40	27.02	14.55	34.90	39.50
TSR (%)	45%	(46)%	(42)%	140%	13%
High (€)	57.55	63.18	30.00	35.57	42.00
Low (€)	36.35	24.72	11.15	9.36	27.50

Market capitalization of ordinary Randstad shares amounted to € 6,716.9 million on December 31, 2010, compared to € 5,917.6 million on December 31, 2009.

Share price development Randstad ordinary shares compared to Euronext AEX Index and peers



Share price development Randstad Holding ordinary shares



1 February 18: Full year results
2 April 28: Q1 results
3 July 29: Q2 results
4 August 13: Announcement acquisition FujiStaff
5 October 28: Q3 results
6 December 3: Analyst & investor day

2009
VSO volunteer Mignon Schaap, working for an NGO in Namibia.

sustainability

Introduction

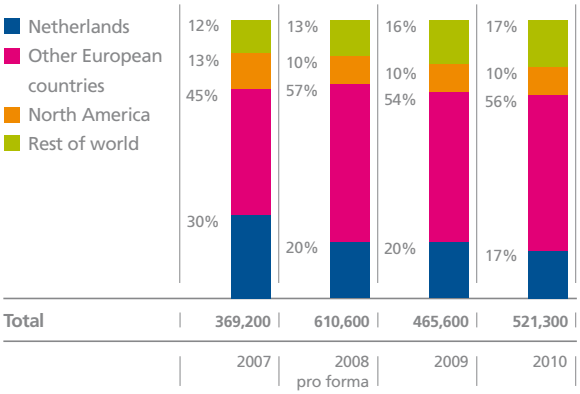
Sustainability has been one of the core values of Randstad since it was founded. As stated in 1978, we must function in such a way that the interests of all people who are directly and indirectly involved are served. As we are active in the world of work, this means we have a wide variety of corporate and non-corporate interests to serve. For us, corporate social responsibility means that we must strive to conduct all our activities, both inside and outside the corporate environment, in a sustainable manner.

Our role in society

Randstad's interests and those of the wider society have always been one and the same. The prosperity of our business, the economy and society at large are all very much connected to work. As one of the global leaders of an industry dedicated to creating and facilitating work, Randstad is proud of the key role we play in contributing to sustainability, social and economic growth, and well-being around the world.

Striving to lead in shaping the world of work means Randstad plays a key role in shaping a more sustainable future. We are very mindful that our mission brings with it a duty to continue to develop the markets for staffing and other HR services according to the highest standards of fairness, integrity and social responsibility. Doing so not only promotes greater diversity and social cohesion in employment markets but also reduces undeclared work and tax evasion. Countries with higher staffing penetration rates (with more people in the employment market working through staffing agencies) typically have lower unemployment overall and fewer people suffering long-term unemployment in particular. The flexible employment solutions we provide help to address the growing challenges of structural skills shortages, declining population growth and an aging workforce.

Average number of staffing employees working per day, 2007-2010



Value for our candidates

Making a perfect match between candidates and client needs – between the supply of and the demand for talent and skills – was the basis of the business that Frits Goldschmeding founded 50 years ago, and it remains what Randstad is all about today. Connecting our candidates with suitable employment opportunities not only brings independence for them and their families, but also job satisfaction, dignity and respect. Both temporary and permanent placements offer opportunities for gaining experience and improving skills and for personal and career development. For many people, temporary work represents their first step on the way to a

permanent job. For other candidates, the services we provide enable them to re-enter the workforce, to earn additional income, or to adjust their work-life balance according to their circumstances, needs and wishes. Furthermore, many of the people for whom we find work are those who would otherwise be marginalized by society.

Value for our clients

For our clients, we are a significant provider of the asset that is most critical for their success: their people. Finding the candidates with the talents and skills they need, when they need them, gives them the necessary flexibility and agility to improve their productivity and competitiveness.
We partner with them throughout economic cycles and as their circumstances change. We also put our knowledge of local employment markets at our clients' disposal, for example by suggesting that they adapt vacancy profiles and even work processes so that the right candidates are matched with the right vacancy. While these adaptations may initially appear to involve losing some efficiency, this is more than offset by the productivity gains that clients obtain by having skilled people in place when and for as long as needed. Similarly, by helping candidates manage their initial expectations and ambitions in terms of sector, client and job profiles, and providing training where necessary, we help them adapt to changing market and client needs.

How sustainability is organized at Randstad

We have a sustainability officer at the Group level and the larger operating companies around the world have their own sustainability managers. In addition to the reporting of our Group-wide sustainability approach and activities integrated into our annual reports, an increasing number of our larger operating companies publish their own detailed sustainability reports each year. In other countries we have long-established organizations that publish their own reports. These include 'Fundación Randstad' in Spain, the 'Institut Randstad pour l'égalité des chances et le développement durable' in France and the 'Ma Foi Foundation' in India. More information can be found on their respective websites.

Reporting indicators

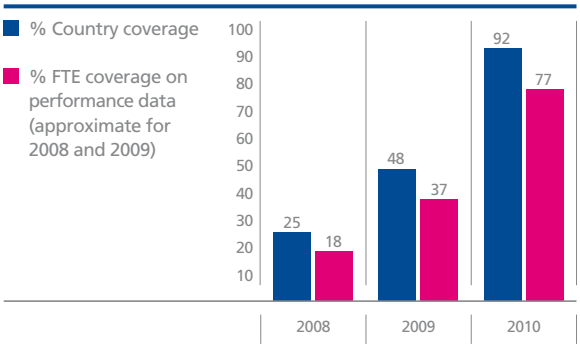
We have been reporting on eight specific topics since 2006 that are relevant to the HR services sector, selected from and based on indicators proposed by the Global Reporting Initiative and the UN Global Compact. Together, these topics enable us to provide an overview of our performance in terms of sustainability with respect to the employment market, clients, candidates, employees, the environment and wider society:

- Labor market relationships and social dialogue
- Diversity measures and (re)integration programs
- Career advancement and training
- Health, safety and security
- Client, candidate and employee satisfaction
- Business principles
- Volunteerism
- Environmental measures

Reporting guidelines have been implemented and rolled out in our major geographic regions and operating companies. The reporting guidelines define key performance indicators to be addressed across our operations and establish a protocol for central reporting at regular intervals.
The guidelines help us meet the challenges of measuring and comparing the impact of activities across our markets, which are at times subject to different indicator definitions, benchmarks, social practices, local regulations and approaches to data collection. They introduce common definitions for indicators and align measurement methods through enhanced internal communication about the sharing of best CSR practice.

In 2010 we made substantial progress in the coverage of countries and FTEs across the Group, as shown in the graph below. Coverage is measured based on FTE as percentage of the Group.

Reporting coverage



We also made further steps towards more standardized reporting on all relevant sustainability indicators, especially on training, diversity, energy consumption and business travel.

As we have now reached a more representative coverage in our Group, we are exploring ways to report actual performance data with regard to the indicators we track. We feel that this will provide more clarity on how we are actually progressing in this area. In the next few years, we aim to further develop our sustainability policy and associated performance goals in these areas.

Our memberships, partnerships and participations

CIETT
Through our membership in CIETT, the International Confederation of Private Employment Agencies, we strive for well-regulated working conditions for our corporate employees, candidates and interim professionals.

CSR Europe
A leading European business network for corporate social responsibility with more than 60 leading multinational corporations as members. Randstad is involved in CSR Europe projects in the areas of skills for employability, mainstreaming diversity and well-being in the workplace.

Global Reporting Initiative
Randstad is a registered Organizational Stakeholder of the Global Reporting Initiative (GRI) and supports the mission of the GRI to develop globally accepted sustainability reporting guidelines through a global, multi-stakeholder process.

INSEAD
Randstad chairs the alumni sustainability executive roundtable of the INSEAD Social Innovation Center, where business leaders share experiences on advancing the sustainability agenda.

UN Global Compact
The United Nations Global Compact is a voluntary business initiative for companies committed to aligning their activities with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption. As signatories of the compact since 2004, it is Randstad's firm belief that responsible business promotes the development of markets, commerce, technology and finance for the benefit of economies and societies everywhere.

VSO
Our partnership with Voluntary Service Overseas combines the strength of two organizations driven by a common aim: to help alleviate poverty across the globe by sharing skills and expertise with local communities. VSO focuses on sustainable development and places volunteers through partners in developing countries. Randstad supports VSO by providing expertise, funding, and most of all through our employees who can volunteer themselves.

AT&T Williams
Our partnership with AT&T Williams keeps us in touch with leading developments in energy efficiencies in the automotive sector, as well as road safety advancements and education programs in technology.

Dow Jones Sustainability Index
The Dow Jones Sustainability Index tracks sustainability in leading companies around the globe. In cooperation with SAM (Sustainable Asset Management), whose mission is to promote sustainability in the investment community, it ranks companies according to detailed criteria. The scoring system looks at economic, environmental and social performance, and Randstad's ongoing engagement with the DJSI is one of the ways we benchmark our sustainability performance and endorse quality measurements.

Labor market relationships and social dialogue

Randstad's core value 'simultaneous promotion of all interests' lies at the heart of our labor market relationships and stakeholder dialogue. Through proactive collaboration with governmental authorities, industry associations, unions and others, legislation and regulations are influenced in positive ways that stimulate sustainable growth, employment, flexibility and equal opportunities. Our business must always benefit society as a whole.

Building and sharing employment market knowledge and insights

We share our knowledge, insights and experience as a labor market authority in open dialogue with all our stakeholders. This is exemplified by a series of research studies that we commissioned, which were undertaken by SEO Economic Research at the University of Amsterdam. The first major publication describing the results of these, 'Mind the Gap' (2007), revealed that aging and declining population growth are set to cause an enormous scarcity of people with vital skills in most developed economies.

'Drivers of Participation' (2009) analyzed the results and effects of the EU Employment Strategy and national labor market policies aimed at driving labor force participation. It focused on case studies demonstrating how participation rates among the long-term unemployed, older people and women returning to the labor force can and have increased.

The third study, 'Bridging the Gap', was published by Randstad and SEO Economic Research in June 2010. It highlights the quantitative and qualitative future needs of the European labor market and provides recommendations to further increase participation rates. These include a greater focus on groups that have found participation more difficult, focusing on work security ('flexicurity') rather than job security and creating more appropriate and effective financial incentives. These and other research reports can be downloaded from the Randstad website.

Employee participation in social dialogue

Employee participation in social dialogue is promoted through a network of country works councils where managers and employees across the Randstad Group regularly sit down together to address work and HR-related issues. Results of these dialogues are fed into the Randstad European Platform for Social Dialogue that meets twice a year to discuss policy issues and information relevant to Randstad Group companies. UNI-Europa, the representative labor union for skills and services in Europe, is invited to attend the international platform meetings as observers.

A new agreement governing this international platform was implemented in 2010, giving extra attention to the training of the partly renewed council of workers' representatives. Key discussion topics in the platform meetings included the core values and business principles training program, the retention of our workforce and the outcome of the Randstad Global People Survey.

Active dialogue with labor unions

Randstad also actively engages in dialogue with labor unions, both nationally and internationally. At a pan-European level, UNI-Europa and the European Confederation of Private Employment Agencies (Eurociett) meet in the Social Dialogue Committee for the Temporary Agency Work sector, to discuss issues of mutual importance, and to further professionalize and gain more societal acceptance for the industry. Randstad is represented in the Eurociett delegation. Moderated by the European Commission's Directorate-General for

2009
VSO volunteer Marjorie Da Silva, HR advisor for a local NGO in India

Employment, Social Affairs & Equal Opportunities, the committee met four times in 2010. These meetings included presentations by Eurociett and research firm ECORYS of the study 'Agency Workers on the Move' and of 'The Dutch Approach to Flexicurity' by the Dutch trade union.

Other 2010 highlights included the continuation of the joint work in the context of the Eurociett & UNI-Europa European Observatory on cross-border activities within temporary agency work. The joint declaration on vocational training signed in December 2009 was actively promoted and communicated at the European level. A round table was organized in Turkey in December 2010 to bring employers and unions and other stakeholders in the staffing industry together and promote the sectoral social dialogue on temporary agency work.

Dialogue with other stakeholders

Regular dialogue with our clients, suppliers, the financial community, social institutes and the media also allows us to foster the exchange of ideas and information. Establishing communication channels to deepen the mutual understanding around our organization and the value of our industry is also part of our commitment to transparency. An example of this was Randstad's participation in a workshop on employment for older people during the bi-annual EU Demographic Forum in November 2010. We were honored that the European Commission's DG Employment, Social Affairs & Equal Opportunities invited us to do so, as the business world seldom plays a significant part in EU forums. Randstad highlighted the increasing attention it is devoting to the aging workforce by presenting an overview of projects we have designed to bring older people into the labor market.

Diversity measures and (re)integration programs

At Randstad we are strong advocates of equal opportunities and unbiased competence management, irrespective of gender, race, religion and age. By providing the means to build skills and experience, which in turn fosters social inclusion and a sense of self worth, Randstad puts many on pathways to gainful employment.

In the global employment market

Many of our operating companies have long-standing diversity and reintegration programs and some provide consultancy services to clients on equal opportunity and competency management. Our Randstad Institute in France and our foundations in Germany and Spain also provide access to employment for disadvantaged groups, such as immigrant workers, women at risk, victims of domestic violence, single parents, older workers and the long-term unemployed. By forging links with local community stakeholders, including public, private, NGO and institutional partnerships, we foster a sustainable framework for diversity in the workplace.

Diversa, our joint venture in the US with Integrated Human Capital (IHC), a minority, female-owned staffing firm, offers a unique combination of staffing solutions, managed services and human resources consulting to deliver more comprehensive solutions for companies focused on creating competitive advantage through a more diverse workforce. Randstad Italy commissioned research on diversity management in 2010 related to women in leadership positions. In collaboration with local authorities, schools and catering firms in the Netherlands, Tempo-Team launched the 'KrachtCatering' initiative in 2010 to train, coach and find employment for women with a history of long-term unemployment.

We are one of the pioneers of 'Club Empresas Comprometidas', a business network in Argentina that promotes the inclusion of people with disabilities in the labor market. Randstad Netherlands is one of the ten corporate partners of Cap 100, which helps find rewarding work for talented people with a physical handicap. It is also a partner of Students in Free Enterprise (SIFE), which encourages university students to help the disadvantaged, and Randstad hosted SIFE's national competition at its headquarters in May 2010.

Randstad UK provides financial and non-financial support for the charity 'Tomorrow's People', which helps the disadvantaged find work, and collaborated with 'Job Centre plus' in 2010 to define a welfare-to-work proposition to get people off benefits and into sustainable employment. Randstad Financial & Professional's program to increase employability amongst young inner-city adults received a UK Recruiter Award in 2010.

Unemployment rates among newly graduated college students in Shanghai became particularly severe in the wake

of the economic crisis. Randstad China succeeded in helping the authorities to increase the employment rate in 2010 by professionalizing their subsidized internship programs.

Addressing the challenges that the growing numbers of older workers face in entering, re-entering or staying active in the workforce is also a part of our approach to furthering employment market sustainability. Examples include 'Randstad Techniek's' 2010 campaign in the Netherlands to encourage clients to take on more experienced candidates aged over 50, our ongoing 'RandstadPlus' program in France, the peer groups established in Belgium to address the needs of older workers, and our continuing partnership with Force Femmes, a French NGO that fosters business opportunities for women over 45.

Amongst our corporate employees

In order to serve the communities in which we do business, Randstad must also reflect the diversity and demographics of these communities among our own employees. Diversity in our own workforce is also a competitive advantage, helping us to communicate with, understand and meet the needs of clients, candidates and other stakeholders.
At Randstad, we seek out top talent regardless of race, gender, age, sexual orientation, creed, political conviction, disability or social background. We affirm in our globally implemented HR standards that 'diversity is recognized as an added value'. This conviction helps to ensure that we recruit and retain the highest quality staff for ourselves and our clients. Data on diversity within the Randstad Group is covered in our CSR reporting guidelines to further monitor the important role diversity plays in our workforce so we can respond to and benefit from the mix of cultures and types of people that define who we are as a company.

Women in higher management

	% Women in organization		% Women in higher management [1]	
	2010	2009	2010	2009
Netherlands	72.0	73.0	37.1	38.2
France	75.8	76.0	39.9	38.6
Germany	60.3	59.0	38.7	35.3
Belgium & Luxembourg	81.9	82.0	54.3	58.7
United Kingdom	62.1	63.0	42.6	45.5
Iberia	76.5	69.0	50.5	52.5
Other Europe	75.7	77.0	49.3	36.2
North America	60.5	63.0	50.6	44.7
Rest of world	55.8	51.0	43.8	52.4
Total	**68.6**	**68.1**	**44.2**	**44.7**

1 Higher management refers to levels higher than branch, district and account management or commercial management reporting to a regional director.

A key factor in diversity is providing equal opportunities for women. Our flexible work environment and Randstad's training and career advancement programs make us an attractive employer for women. The percentage of female employees at Randstad is always well above average.
The average percentage of women in higher management positions in Randstad and its operating companies remained essentially stable during 2010.

Career advancement and training

Talent development and multi-level training activities are implemented across the Randstad Group through customized course offerings and detailed employee development plans that enable us to identify individual training and development needs and opportunities. Developing both new and existing talent and expertise strengthens both our knowledge and management base. Our investment in our employees is one of the ways we uphold 'best people' as one of our strategic building blocks, enabling our people to create increased value for candidates and clients. Related to this is our ongoing policy of striving to fill 80% of management positions internally. More information on 'best people' can be found on page 16.

Total out-of-pocket training costs

in millions of €

	2010	2009
Corporate employees	16.6	15.8
Candidates	62.7	52.4

Randstad operating companies also have significant budgets for training candidates and corporate employees. Ongoing skills development is essential for employability and sustainability in any workforce. Our training programs are tailored to meet the needs of clients and individual employment markets and include courses specific to contact centers, sales, IT, hospitality and technical skills. Specialized programs leading to additional professional qualifications are also a part of training and development.

We also share our expertise and investment in talent and skills development in many local partnerships. One example is Champs on Stage, a program in which we collaborate with the American Chamber of Commerce in the Netherlands. The program provides mentoring, career counseling and internships to hundreds of prevocational students. Another is an initiative being introduced by Accountants International in the US, collaborating with the California Society of CPAs to assist in educating students at Bay Area High Schools about potential career paths in accounting and finance.

Health, safety and security

As experts in the field of work, we believe that the highest standards of health and safety in the workplace are a right for all employees across the labor market. We adhere to all applicable local standards and regulations. Where there are none, we lobby for their introduction, while continuing to apply our own high standards until sector-wide measures

Certifications, rankings and award highlights

A selection of the certifications, rankings and awards received in 2010 relating to sustainability are listed here.

- Randstad participated in the Dow Jones Sustainability Index for the seventh consecutive year. We received a silver class rating, indicating top performance in the support services peer group.
- Randstad Belgium and Randstad Italy hold the Social Accountability SA 8000 accreditation, while Randstad Netherlands, Tempo-Team and Yacht hold the ISO 14001 environmental management certification.
- Yacht Netherlands achieved the second-highest new entry in the Transparency Benchmark for its sustainability reporting 2009.
- For the second time in a row, Yacht Netherlands was elected Best Interim Management Consultancy Agency by magazine Management Team. They ranked third in the sub-category HRM.
- Randstad France was once again awarded the Diversity Label in March and the Gender Equality Label in October 2010. Randstad is the first HR services company to have obtained and renewed these two French awards. Randstad France also continues to hold the international MASE 'health & security at work' certification.
- Randstad Germany was given an award by the Ministry of Labor in 2010 for its unique project *'Du bist ein Talent'* (You are a talent). It also received an award from the City of Cologne for its sustainability activities, and an award from the the City of Munich for its '50+' project to promote the hiring of older employees.
- At the prestigious UK Recruiter 2010 awards, Randstad Financial & Professional won Best Professional Services Recruitment Agency of the Year and Best Corporate & Social Responsibility Policy. Randstad UK was once again included in the 'Sunday Times Top 100 Companies to work for' list.
- Tempo-Team in Luxembourg was selected to represent the country in the 2010 European Business Awards program, which recognizes innovative companies that positively impact the social environment in which they operate. They also became the first HR services company in Luxembourg to receive the MASE 'health & security at work' certification.
- Randstad won the European Excellence Award in December 2010 for its international 'Randstad 50' project in the category 'Internal Communication'.
- Randstad won the FD Henri Sijthoff Award in November 2010 for the best 2009 annual report from companies listed on the AEX index. The jury noted that its 'social report was exceptionally good'.
- Randstad's investor relations director won the award for Best IR Professional 2010 in the AEX index.

are in place. We recognize that many work-related accidents can be prevented, so the ongoing education of employees, candidates and clients on health and safety issues is a priority for us. Health and safety is also part of the induction programs for new employees, and annual audits are run at many of our sites to verify adherence to our standards. Formal audits at client locations are conducted in areas of our business such as construction, where taking extra health and safety precautions is best practice.

Randstad's operating companies have mechanisms in place to record information on accidents and illness. Targets for reducing workplace accidents and absence due to illness depend on their frequency and duration in individual operating companies. Reporting on accidents and illness is also covered in our CSR reporting guidelines so that standardized definitions are applied.

Randstad has a security policy to manage and respond to security incidents in a timely matter. A secondary objective is to educate staff on how to react to potential threats to security. It is supported by a system on our global corporate intranet.

Client, candidate and employee satisfaction

Engaging our clients

Living by our values means ensuring that we satisfy our clients in all respects. It means knowing them, their companies and their markets well, which in turn enables us to meet their needs better, provide them with excellent service and earn their trust. The integrity, service and professionalism we demonstrate to our clients also represent a cornerstone of our global reputation. Satisfying our clients means meeting their increasing need for flexibility and their wish to use a broader range of HR services, provided by fewer suppliers. Many clients outsource a wide range of transactional HR activities to Randstad, improving efficiency and allowing them to focus on more strategic functions. Our extensive knowledge of local employment markets and specialties enables us to work with clients to adapt job profiles and processes so that the most appropriate candidates can be provided. Our uniquely comprehensive service portfolio, our worldwide presence and the proven expertise of our global client solutions team enable us to meet the demand from more clients for truly global solutions.

Engaging our candidates

By finding work for our candidates that best suits them and their skills, we provide them with job satisfaction. Candidates recognize the Randstad brand for its reliability, service quality and the fact that we are a global labor market authority. As we mentioned above, temporary assignments serve as a 'stepping-stone' to permanent employment contracts, and they appreciate the comprehensive and targeted training programs we provide for them. They not only find rewarding jobs as a result of our services, but also gain experience and new skills, enabling them to move up the career ladder and achieve higher levels of social and economic well-being.

The level of client and candidate engagement with our activities is systematically measured and benchmarked in all major markets and versus all major competitors. A key indicator used for this is the Net Promoter Score (NPS), calculated by deducting the number of respondents who would not recommend the company in question from the number who would. Our goal is to always have an NPS score that is in the top three of a market. Our NPS scores increased in most of our markets in 2010.

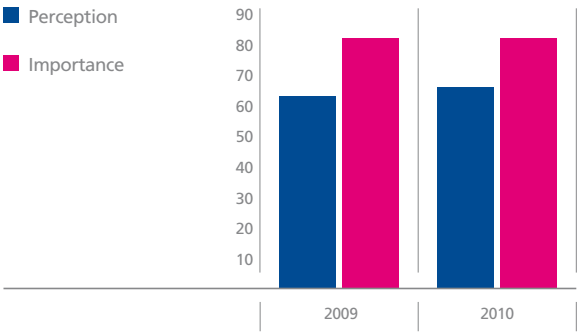
Engaging our employees

Randstad conducts a global People Survey each year to research employee engagement levels throughout the Group. The results from the 2010 survey were very positive, and are described on page 17.

For the second time in 2010 we measured staff perception of sustainability in the organization to gain a better understanding of how our own people feel about Randstad's performance. Our employees' perception of how socially involved Randstad actually is has clearly increased. It comes as no surprise that our employees attach great importance to the company's social awareness, as they are at the core of shaping our sustainability initiatives across the Group.

Survey results represent an opportunity for making improvements and further dialogue. The results are shared across all levels in the organization and are actively addressed through local management channels.

Social involvement within Randstad



Business principles

Randstad's business principles are set around and are supportive of our core values (see page 3). They project a positive message, guide us to live up to our values and ensure that the needs of the world in which we work and our business and personal behavior are aligned and reinforce one another.

Randstad's business principles are communicated via the corporate governance section on our corporate website and internal communication channels across the Group. They are also included in the company introduction package received by every new employee. All corporate employees followed a training program in 2010 covering the company's history and core values. The training also focused on creating awareness of and compliance with the corporate principles and related policies that specifically address anti-trust and the reporting of misconduct within the Randstad Group. During 2011 we will implement a policy regarding anti-bribery, gifts and hospitality.

In order to expedite the reporting of misconduct, including any behavior that constitutes a violation of our business principles, we encourage reporting any infringement directly to local management and through established operational channels. Should these reporting lines be considered inappropriate or likely to be ineffective, or should a complainant fear retaliation, they can turn to our Misconduct Reporting Procedure. Employees are provided with a local dial-in number, information in local languages and access to an independently hosted website. This facility offers the option to report misconduct anonymously while still allowing communication between the two parties.

Misconduct reporting

	2010	2009	2008	2007
New complaints	32	19	34	28
Of which anonymous [1]	9	n.a.	n.a.	n.a.
Referred to other channels/ not legitimate	16	8	15	5
Proven or partly proven [1]	8	n.a.	n.a.	n.a.
Not proven [1]	8	n.a.	n.a.	n.a.

1 Separately measured and reported as from 2010

Proven complaints were related to breach of business principles, non-compliance with internal procedures, intimidation, breach of confidentiality, an accounting issue and improper management practices.

Integrity and ethical behavior are guiding forces behind our personal and professional conduct. As signatories of the UN Global Compact, we strive at all times to uphold its principles in the areas of human rights, labor standards, the environment and anti-corruption, and we cooperate with international and local communities to address them. In Argentina for example, Randstad has been running extensive programs for some time to work towards the eradication of child labor.

Randstad joined together with nine other corporate members of UN Global Compact Network Netherlands in 2009 to consider the implications of the 'Protect, Respect and Remedy' framework proposed by the Special Representative of the UN Secretary-General on Business and Human Rights, Professor John Ruggie. As part of this project, the member companies were individually assessed. We have shared the lessons learned together through the book 'How to do business with respect for human rights', published in June 2010. These include advice on corporate policy development, risk mapping, stakeholder involvement, impact assessment, implementing processes and tracking performance. A PDF version can be downloaded from the UN Global Compact website: www.unglobalcompact.org.

Volunteerism

While putting over half a million people to work each day benefits society as a whole, the nature of our business means that most of these people are working in developed

economies. Our volunteer programs enable us to extend these benefits to enrich the lives of people in developing countries, while offering Randstad employees and candidates the opportunity to use their professional expertise to fight poverty and develop sustainability in disadvantaged communities.

Our flagship Group-wide program is our ongoing partnership with the NGO Voluntary Service Overseas (VSO), now in its sixth year. It is a natural partnership, since both Randstad and VSO find talent and put it to work where it's needed. VSO are specialists in recruiting and placing volunteers with professional qualifications from around the world to live and work in developing countries.
Randstad Education established a joint initiative with VSO in 2010 called Global Skillshare. This allows primary and special educational needs teachers to share their skills in poorer countries and help make education for all children a reality. Randstad Education is giving teachers the opportunity to work as VSO volunteers by providing the first three months' supply cover to the applicant's school free of charge.

In addition to Randstad employees and candidates serving as volunteers, we also work with VSO and their local partners to improve their internal efficiencies by sharing our knowledge, expertise and best practices with them. One example is the in-kind services that Yacht Interim Professionals provide to the Dutch VSO office. Another is an initiative jointly begun in 2010 by VSO and Randstad called the 'Basic Concept for Capacity Development'. Its objective is to harmonize partnership management tools at local level and create a standardized approach and a flexible tool to address a wide range of development issues.

VSO volunteers Randstad

	2010	2009	2008	2007	2006	Total
Volunteer hours	16,500	13,500	13,200	16,500	15,000	74,700
Volunteers	18	13	13	18	13	75

As well as our global VSO partnership, Randstad companies and their employees around the world are actively involved in supporting national volunteer programs, charities and local community initiatives. Below are a few examples.

In India, Ma Foi Randstad undertakes a wide range of activities under the auspices of the Ma Foi Foundation to help local communities across the sub-continent. One of its initiatives is 'Project Sornam', which by 2010 was providing training, guidance and assistance to almost 2,500 groups of women running their own small businesses. In the US, employee volunteer efforts and monetary donations from our operating companies in the professionals segment support numerous community outreach programs and charities, often related to their particular areas of expertise. Randstad employees in Australia volunteered to support and raise funds for 'id Day' on December 3, an initiative in recognition of the International Day of People with a Disability. Yacht employees in the Netherlands are given five days leave per year to work on community volunteer projects. Through its partnership with People4Change, Yacht sends Dutch professionals to local non-governmental organizations in developing countries to share their knowledge and expertise.

Environmental measures

As our business is all about people, its nature and structure is also reflected in our cost base, the vast majority of which is comprised of the salaries we pay to the people working for our clients and our own corporate staff. The nature of our business means that we have much less impact on the environment than most other companies of our size. All our business is conducted in local markets, and we have many locations close to both clients and candidates, greatly reducing the need for travel and the resulting CO_2 emissions. Despite this structurally minimal impact, we do what we can to reduce it still further.

We participated in 2010 for the third time in the Carbon Disclosure Project, which serves both as an effective tool for self-assessment and as a benchmark for performance. Our scores, published on the project's website at www.cdproject.net, reflect the significant efforts we have made to address environmental concerns.

We began using 100% green energy at our headquarters in 2009 through a procurement agreement with Greenchoice, a leading green energy supplier in the Netherlands, through which only energy wholly-generated through wind, water and solar power is supplied and used. This approach to energy supply is being investigated at the country level as well.

As an example of our impact on the environment we report on the resource usage and waste management at our headquarters, where all Dutch companies are located. Electricity decreased despite more intensive use, thanks to the replacement of fluorescent lighting with high frequency tube adopters in 2009. The use of energy increased due to severe weather in January and December 2010; the overall annual temperature was considerably lower than the long-term average.

In 2011, we will extend our commitment to green energy by installing a wind turbine on the roof of our headquarters. This will decrease the amount of electricity we consume from the national grid. This pilot also aims to explore future possibilities for further reductions.

All our companies recycle, re-use and limit resource and energy use wherever possible. Randstad Italy established the position of Energy Manager in 2010, who is responsible for optimizing energy consumption. Randstad UK instituted a low-emission company car policy and installed energy-saving movement sensor lighting at its headquarters.

2010
Randstad 50 tv campaign: 'everyone is connected to Randstad'

Resource usage and waste management Randstad headquarters

	2010	2009
Water (m^3)	14,000	14,000
Central heating (gJ)	6,600	6,000
Natural gas (m^3)	42,500	27,000
Electricity (mln. kWh)	3.4	3.5
Paper recycled (kg)	59,500	66,700
Cardboard recycled (kg)	12,300	14,430
Glass recycled (kg)	1,200	1,080
Chemical recycled (kg)	670	1,120

Car travel

We undertake efforts wherever possible to reduce our CO_2 emissions as a result of car travel. In the Netherlands, cost-containment measures permitted no orders for new vehicles until the last quarter of 2010. From that point on, only vehicles with A, B or C efficiency labels may be ordered. As a result of this policy, our Dutch fleet will consist solely of these vehicles by the end of 2013. Further information covering the Netherlands is provided below. As our largest country of operation in terms of FTEs, this information provides an indication of usage.

CO_2 car emissions Netherlands

	Gasoline	Diesel	LPG	Total
Fuel volume (ltr)	3,795,513	3,285,073	3,423	7,084,009
Fuel (%)	53.6	46.4	0.0	100.0
CO_2 (kg)	9,071,277	8,606,891	5,510	17,683,678

Efficiency label Dutch fleet

Total number of cars

	2010	2009
A	354	358
A Hybrid	119	97
B	1,436	1,504
C	1,104	1,289
D	436	617
E	52	56
F	9	12
G	1	1
	3,511	**3,934**

2006
Randstad becomes sponsor of the AT&T Williams Formula 1 team

risk and opportunity management

Introduction

Risk and opportunity management is firmly embedded in our strategy and is considered essential for achieving our targets as set out on page 20. We deliberately address risks and opportunities together, as we believe they go hand in hand. We actively stimulate entrepreneurship throughout the organization and encourage our people to identify and seize opportunities. At the same time, we recognize that the risks inherent in entrepreneurship must be assessed and controlled. It involves knowing when to accelerate, as well as knowing when to apply the brakes.

Risk appetite

We have defined our risk appetite on a number of internal and external factors including:

- business performance measures: an EBITA margin target of 5% to 6% on average through the cycle, with a minimum of 4% during normal downturns;
- financial strength in the long term, mainly defined through the maximum leverage ratio;
- access to liquidity in the short term for operational cash flow purposes;
- compliance with Randstad's business principles, policies and relevant laws;
- economic environment;
- reputation.

Risk and opportunity management - Risk appetite

amounts in millions of €

	Change	Impact	On	Assumption versus FY 2010
Revenue	+/-1%	+/- € 27 million	EBITDA	Flat gross margin and no change cost base
Revenue	+1%	+ € 13 million	EBITDA	Flat gross margin and target 50% conversion
Revenue	-1%	- € 9 million	EBITDA	Flat gross margin and target 65% recovery
Gross Margin	+/-0.1%	+/- € 14 million	EBITDA	Flat revenue and no change cost base
Gross Margin	+0.1%	+ € 7 million	EBITDA	Flat gross margin and target 50% conversion
Gross Margin	-0.1%	- € 5 million	EBITDA	Flat gross margin and target 65% recovery
Operating expenses	+/-1%	+/- € 21 million	EBITDA	
USD	+/-10%	+/- € 5 million	EBITDA	Stable revenue and margin in US
GBP	+/-10%	+/- € 1 million	EBITDA	Stable revenue and margin in UK
Interest rate	+/- 100 bp	+/- € 11 million	Financial charges	Average net debt 2010
Net debt	+/- € 100 million	+/- € 1 million	Financial charges	Stable interest rates versus year-end

Securing Randstad's 'in control' position

Our risk and opportunity analysis and risk appetite reflect a cocktail of potential risks and opportunities. We analyze combinations of potential risks and opportunities and use techniques to qualify and quantify risks to establish a direction for our key controls and insurance risk management. The likelihood of certain combinations is impossible to assess, however, and as the potential inherent false security is a risk in itself, we use the quantification of risks with great care.

The table overleaf provides a sensitivity analysis of the various factors that comprise our risk and opportunity analysis and risk appetite.

Risk & control framework

Randstad's risk & control framework is part of the 'excellent execution' building block that links our mission and objectives with the execution of strategy by the Group. It sets the standard for the way we manage risks and opportunities and is in line with the COSO-ERM framework (Committee of Sponsoring Organizations of the Treadway Commission).

The risk & control framework is designed to ensure:
- that the effectiveness of our strategy is carefully monitored; by regularly reassessing our strategic direction, we fully leverage our strategic strengths while ensuring strategy is well embedded in the organization and consistently executed;
- the company's continuity and sustainability, through a number of means including reliable and consistent financial reporting and compliance with laws and regulations;
- excellence in execution; we focus on the most efficient and effective way to conduct our business, enabling us to identify opportunities and avoid mistakes;
- that any material negative financial impact on the income statement and/or cash position is avoided.

The framework's core components are described below.

Tone at the top

Consistently maintaining the correct 'tone at the top' establishes the foundations for effective risk and opportunity management. The attitude and behavior of management, based on our core values as listed on page 3, serves as an excellent example for all Randstad employees to follow. The importance of internal controls to the business is understood and our business principles, which are based upon our core values, are communicated transparently (see also page 53) and published on our website.

In 2010, a 'Reconnecting Program' was launched to reinforce and promote our core values and business principles at all levels of the organization around the world. The business principles were explicitly accepted by all employees and are now an integral part of the induction program for each employee. Employees are encouraged to disclose any cases of inappropriate management behavior or relevant control failures and these are communicated internally to increase awareness and prevent their recurrence.

The Reconnecting Program also emphasized our mission of shaping the world of work. Employees learned about the significant impact the company has made through its history in demonstrating and promoting the benefits of flexibility in the workplace. With Randstad reaching its 50th anniversary, the underlying theme of the program was sustainability. Through raising awareness on key areas, such as the need to comply with competition law and the availability of the misconduct reporting procedures, managers and employees at all levels came to understand their role in creating a stronger and enduring company.

Strategy setting

Our strategy is firmly embedded in the operations. A planning and control cycle is in place to measure how well and consistently we execute our strategy and deliver on our strategic objectives. The planning and control cycle is derived from the strategic planning cycle, in which key performance indicators and milestones are defined to measure actual against planned performance. Typically, operating companies update their strategic plans for the coming years each summer. These plans are discussed with the executive board and are used for the Group's strategic plan. The executive board discusses this strategic plan with the strategy committee and the supervisory board. More information on performance management is included on page 26.

Monitor and control

The identification and analysis of risks and opportunities is an ongoing process that is, by its nature, a critical component of effective internal control. Based on these and combined with our risk appetite analysis, we have determined the key controls within our business processes and their effectiveness is continuously monitored.

A monthly reporting cycle is in place for both financial and non-financial information, and some key operational data are reported on a weekly basis. Every six months the management of all operating companies are required to sign off in-control statements in which adherence to policies and procedures is confirmed. Next to the in-control statement each company reports on their top risk and opportunity areas, including individual action plans and timeframes to respond to them. This report, and risk management in general, are discussed in the quarterly review meeting between the executive board and the management team of an operating company.
In conjunction with the risk appetite analysis, insurable risks are periodically assessed in order to determine which should be transferred to the insurance market. The credit ratings of our insurers and the insurance policy coverage are reviewed regularly.

Best practices, policies and processes

Strict corporate policies govern financial reporting, investment procedures, powers of attorney and authorization structures. Best practices, including control measures, are continuously identified and documented in blueprints, such as the contract to cash blueprint.
The contract to cash blueprint governs some of our most important processes. In 2010 we enhanced this blueprint and we are in the process of tightening controls over some of our main operational risks, such as contractual liability.
The new controls demand greater scrutiny and deeper analysis of liability clauses in client contracts and updated authorization levels for accepting liability. We strive to 'copy & paste' these best practices, policies and processes throughout the organization.

Clear authority structures and powers of attorney are implemented throughout the Group. Executive board approval is required for any non-compliance with the authorization structures and putting powers of attorney in place.

Audit and review activities

Internal and external teams periodically review the effectiveness of the risk & control framework. The Group's business risk and audit department works closely with corporate departments and the external auditors. In 2011, we will reinforce the collaboration of operating companies' audit teams through training programs and by formalizing reporting structures.
The annual internal audit plan includes activities that monitor and report on the effectiveness of key controls in business processes and ensures that identified weaknesses are properly addressed. Results are discussed in review meetings between local management, the executive board and the business risk and audit team. In 2010, for example, attention was given to the payment authorization process across the Group after audit findings revealed control weaknesses in some operating companies.

The risk advisory committee, chaired by the Group CFO, supports management by identifying risks and opportunities and monitors the follow-up of agreed actions. Members of the risk advisory committee include representatives of operations and corporate departments. The committee met five times in 2010. Topics discussed included contractual liability, competition law compliance, payment authorization processes, bribery and corruption and data protection.

The audit committee of the supervisory board is informed of audit results and monitors the risk management and control systems, the quality of the financial information, and the follow-up of recommendations of the external auditor.

Risk mapping

We identify and classify risks, both at Group and operating company level, by mapping risk impact and type of risk. Within risk impact, we distinguish between torpedo risks and latent risks. Torpedo risks can have an immediate financial impact or immediately threaten the continuity of the Group, while latent risks do not have an immediate impact, but could become torpedo risks if not properly managed.
The types of risk include strategic, operational, financial, and compliance risks. These risks have been discussed with the full supervisory board and the audit committee and are described below.

Risk mapping at Randstad

	Strategic	Operational	Financial	Compliance
Torpedo risks				
Latent risks				
Reputation risks				

Once a risk is identified, we address it by:
- estimating its significance;
- assessing the likelihood of its occurrence;
- assessing the effectiveness of internal controls;
- developing specific actions needed to reduce it to an acceptable level.

Management must assess how much risk is prudently acceptable and strive to maintain it within this level.
All relevant risks are analyzed and reviewed in a systematic way according to the risk & control framework. This process is an integral part of the business planning and control cycle.

Strategic risks

Our business is highly susceptible to macro-economic conditions and changes that result in revenue volatility risk. This is a strategic risk, as investing late in an upturn can lead to loss of market share while reacting late in a downturn will damage profitability.

2008
call center
employee from
'true value'
Benelux
tv campaign

We have a wide geographical spread and limited dependency on specific regions. We also offer services in segments that run in different economical cycles. Professional services tend to react later to economic changes than staffing for example, and we have exposure to HR Solutions such as outplacement, which can be countercyclical.

Although most markets improved considerably during 2010, we continue to closely manage actual performance, using weekly indicators and with a focus on quick reaction time. This is preferable to using macro data, which tend to lag data already available internally. This is part of our managing through the cycle policy, as described on page 21.

Operational risks

Our personnel represent a key asset for sustaining and further growing our business. Our commercial strength and future growth potential is maintained by carefully monitoring and managing unfavorable shifts in retention rates, especially regarding our consultants. We continued to identify and train future leaders, provide management development training for those with strong potential and fill management vacancies internally within an 80% rule. Stock purchase plans for all corporate employees and performance share plans for senior management are available. These plans create awareness of the Group's performance and enhance commitment. More information on 'best people' is included on page 16.

Other operational risks, for example in secondment, relate to idle time and flexworker sick leave and these risks are tightly controlled. We are also exposed to certain organizational risks such as possible fraud/theft incidents, complexity of integrating acquired companies and the adequacy of fall-back/crisis procedures. Key controls have been identified to mitigate these risks.

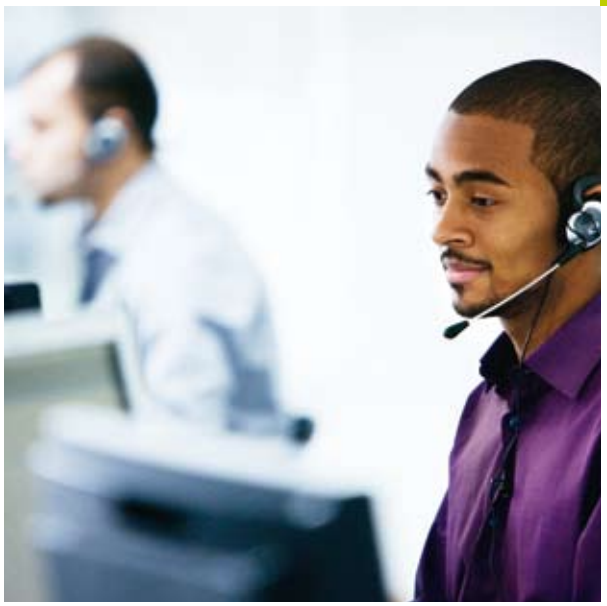
IT systems

IT is crucial to our operational continuity. Examples of our dependence on IT include the proper, timely payment to our staffing employees and accurate invoicing to clients. The profile of many of our staffing employees is such that timely (often weekly) payment is a key driver of their choice to work for us. The risks associated with IT are spread, as each country and/or operating company has its own IT system in place, including local payment systems.
To mitigate IT risks, external and internal auditors again paid specific attention to computer controls, the global disaster recovery policy was adhered to and intrusion tests on our local systems were performed in 2010.

Accounts receivable

The largest current asset on our balance sheet relates to the accounts receivable portfolio. The contract-to-cash blue print has been designed and implemented to limit and control credit risk.

Our credit risk exposure to our largest customer is slightly more than 1%. Doubtful receivables are fully provided for



and the moving average of DSO (days sales outstanding) improved from 58.1 days in 2009 to 54.6 days in 2010.

The income statement of the operating companies includes an operating working capital charge in order to increase awareness of the cost of capital. DSO is also included in the budgets and targets of senior management.

Financial risks

We are exposed to a variety of financial risks, specifically changes in foreign currency exchange rates, interest rates and liquidity risk. We manage these risks centrally via the Group treasury department under the direct supervision of the Group CFO.

Debt position

To ensure proper financing, our offer for Vedior was made partly in shares, with debt financing of the cash component arranged through a five-year syndicated loan facility, which originally had a maximum capacity of € 2.7 billion.
The net debt position at year-end was € 899.3 million, compared to € 1,014.7 million in 2009. The leverage ratio (net debt end of period divided by the EBITDA of the past 12 months) was at 1.5. The covenants of the syndicated facility allow for a leverage ratio of up to 3.5 x the EBITDA of the last four quarters.

On the basis of our strong cash generation, several mandatory repayments on our term loan were brought forward in 2009 and 2010. The term facility now amounts to € 375 million, while the revolving part still amounts to € 1,620 million, with the whole facility now totaling € 1,995 million. With no mandatory repayment until May 2012, and the revolving facility available until May 2013, financial flexibility is high.

Floating interest rates are considered a natural hedge against the development in operational results. We finance against floating interest rates since in an economic downturn, when our earnings may be under pressure, interest rates will normally trend downwards. During the most recent downturn, interest levels indeed followed this pattern. If we had hedged our floating rate at a fixed rate of 5% at the time of our acquisition of Vedior, our net financing costs in 2010 would have been approximately € 35 million higher.

Cash flow

For cash management and tax planning purposes, sufficient cash positions (€ 285.3 million) and credit lines are maintained with various banks. The Group treasury department regularly and carefully analyzes the credit risks associated with the cash balances and ensures that positions can be adjusted quickly.

The Dutch fiscal stimulus measure, allowing VAT payments on a quarterly rather than a monthly basis, is still in place but did not have significant impact on the cash position in 2010. Its introduction in 2009 had a positive one time impact of around € 80 million.

In August 2009 we launched a standby facility that offers us the opportunity to sell the accounts receivable of our Belgian entities up to a maximum of € 125 million. The facility, which we have not used, will mature in the first quarter of 2011.

Currency rates

Our exposure to foreign currency exchange risk is limited, as both income and expenses are mostly generated locally in the same currencies. As a portion of our consolidated cash flow is generated in currencies other than the euro, currency fluctuations can affect consolidated results. We hedge our cash flow exposure to the main non-euro currencies by borrowing similar percentages of our net debt position in those currencies. See page 115 for more details.

Compliance risks

Compliance risks arise from continuously evolving legal environments. Specific attention will be given in 2011 to a number of areas, including bribery and corruption, data protection and document retention. Group policies regarding various compliance topics are being developed and will be adopted and communicated throughout the Group to enhance the current compliance environment.

Competition law compliance

Given the importance of competition law compliance and the attention it has received in recent years, in 2010 the Group implemented an intensive training program as part of the Reconnecting Program. This was established to ensure all Randstad employees act and represent the company in a professional and responsible way. The training stressed the importance of obeying competition rules and reiterated the potential consequences of failure to comply with such laws.

Candidate screening

One of our primary concerns as a provider of human services materialized in 2009. It was discovered that essential screening checks on candidates at one of our operating companies had not been performed. This could have resulted in significant claims and damage to the Group's reputation.

In response to this finding, an extensive worldwide candidate screening review was launched at the end of 2009 and continued throughout 2010. All major operating companies of the Group have been audited, mostly with satisfactory results. Where areas of risk were detected, prompt action was taken to implement tighter controls and ensure compliance with local regulations and company quality standards. The process will be extended into 2011 to cover smaller companies and to follow up on previous reviews. These reviews have now become a permanent item in our risk control agenda.

Contractual liability

We aim to deliver our services according to our standard terms and conditions. In cases where we agree for specific reasons to deliver them according to non-standard terms, the local and/or corporate legal department is involved and maximum liability and financial exposures are specified as clearly as possible. Pricing levels should be high enough to absorb risk-related costs. Our goal is to balance the contractual risks accepted against the potential rewards obtained.

Tax

By the nature of our business, social security and payroll taxes are a substantial part of our income statement. In addition, corporate income tax and value added tax are equally important. Non-compliance with tax legislation would expose us to significant financial and reputational risks. We face challenges with respect to tax planning, as tax environments worldwide are changing increasingly rapidly, which requires close monitoring of the effectiveness of implemented tax structures and whether opportunities are being missed.

Tax risk management within the Group therefore predominantly focuses on how to identify and control uncertainties and related risks in the areas of tax compliance and tax planning. Considerable time and effort is spent by our Group tax department on creating tax awareness throughout the Group in order to identify and control tax risks.

2006
Randstad opens its first branch office in Turkey, Istanbul

Conclusion

The executive board is responsible for Randstad's internal risk management and control systems and for reviewing their effectiveness. These systems are designed to manage the risks that may prevent us from achieving our objectives. However, the systems cannot provide absolute assurance that material misstatements, fraud and violations of laws and regulations can be avoided. Future effectiveness of the systems are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Group's policies and procedures may deteriorate.

The executive board has reviewed and analyzed the strategic, operational, financial and compliance risks to which the Group is exposed, and continuously reviews the design and operational effectiveness of the Randstad internal control and risk management systems. The outcome of these reviews has been shared with the audit committee and the supervisory board, and has been discussed with our external auditor.

The risk management and control systems for financial reporting should ensure consistent and reliable financial reporting internally and externally. Actual performance is regularly measured against annual business plans and budgets approved by the executive board and discussed by them during review meetings with responsible management.

In accordance with best practice provision II.1.4 of the Dutch corporate governance code, Randstad has assessed the design and operational effectiveness of its internal risk management and control systems.

Based on the activities performed during 2010 and in accordance with best practice provision II.1.5, the executive board believes that the risk management and control systems regarding the financial reporting risks have worked properly during 2010, and provide reasonable assurance that the 2010 financial statements do not contain any errors of material importance.

In accordance with the Dutch Financial Supervision Act, section 5:25c, the executive board declares that, to the best of our knowledge:
- the financial statements for 2010 give, in accordance with IFRS as endorsed by the EU, a true and fair view of the assets, liabilities and financial position as of December 31, 2010, and of the income statement 2010 of Randstad Holding nv and its consolidated Group companies taken as a whole;
- the annual report gives a true and fair view of the situation per December 31, 2010, the state of affairs during the financial year 2010 of Randstad Holding nv and its consolidated Group companies taken as a whole, together with a description of the principle risks and uncertainties Randstad Holding nv faces.

Diemen, the Netherlands, February 15, 2011

The executive board,

Ben Noteboom
Robert-Jan van de Kraats
Jacques van den Broek
Leo Lindelauf
Greg Netland
Brian Wilkinson

Henri M.E.V. Giscard d'Estaing (1956, French)

- Member of the supervisory board since 2008
- Current term of office 2008 - 2012

Background
Henri Giscard d'Estaing has been chairman of the board and chief executive officer of Club Méditerranée S.A. since December 2002. Before joining Club Méditerranée in 1997, he held various management positions at Groupe Danone and Cofremca. He was formerly a member of the supervisory board of Vedior N.V. He is currently a member of the board of directors of Groupe Casino Guichard-Perrachon S.A. and Aéroports de Paris. He privately holds 451 ordinary shares in Randstad Holding nv.

Responsibilities
Henri Giscard d'Estaing is a member of the strategy committee.

Rob Zwartendijk (1939, Dutch)

- Member of the supervisory board since 1999
- Current and final term of office 2008 - 2012

Background
Rob Zwartendijk was formerly a member of the management board of Royal Ahold N.V. and president and CEO of Ahold USA. He is chairman of the supervisory boards of Nutreco Holding NV, Blokker Holding B.V. and SNS REAAL NV. He is also a member of the Mediq Foundation Preferred Shares.

Responsibilities
Rob Zwartendijk is a member of the strategy committee. As from 2011, he will be chairman of the strategy committee.

Fritz W. Fröhlich (1942, German), chairman of the supervisory board

- Member of the supervisory board since 2003
- Current term of office 2007 - 2011

Background
Fritz Fröhlich is the former chief financial officer and vice-chairman of the executive board of AkzoNobel nv. He is chairman of the supervisory board of Draka Holding nv (until February 2011) and a member of the supervisory boards of ASML Holding NV and Rexel SA. He is a member of the investment committee of ABP Vermogensbeheer.

Responsibilities
Fritz Fröhlich is chairman of the remuneration and nomination committee and a member of the audit committee.

Giovanna Kampouri Monnas (1955, Greek)

- Member of the supervisory board since 2006
- Current term of office 2010 - 2014

Background
Giovanna Kampouri Monnas is an independent consultant and the former president of the international division and member of the executive committee of Joh. Benckiser GmbH. She is a non-executive director of Belenes Puig S.L. and Aptar Group Inc. She is also a member of the International Academy of Management.

Responsibilities
Giovanna Kampouri Monnas is a member of the remuneration and nomination committee.

supervisory board

Frits J.D. Goldschmeding (1933, Dutch), vice-chairman of the supervisory board

- Member of the supervisory board since 1999
- Current and final term of office 2007 - 2011

Background
Frits Goldschmeding is the founder of Randstad and the former president and chief executive officer of Randstad Holding nv. He is chairman of the supervisory board of Instituut Stichting Maatschappij en Onderneming bv ('SMO') and member of the board of SMO. He is professor at the Centre for Entrepreneurship of the Nyenrode Business University. He privately holds 59,029,872 ordinary shares and 2,400,000 preference B shares in Randstad Holding nv.

Responsibilities
Frits Goldschmeding is chairman of the strategy committee and a member of the audit committee.

Beverley C. Hodson (1951, British)

- Member of the supervisory board since 2008
- Current term of office 2008 - 2012

Background
Beverley Hodson is a former managing director of WH Smith Group PLC, Sears PLC and Boots PLC. She was formerly a member of the supervisory board of Vedior N.V. She is currently a non-executive director of NFU Mutual Insurance and First Milk Limited, a member of the Council of Gloucestershire University and a Fellow of the Royal Society of Arts.

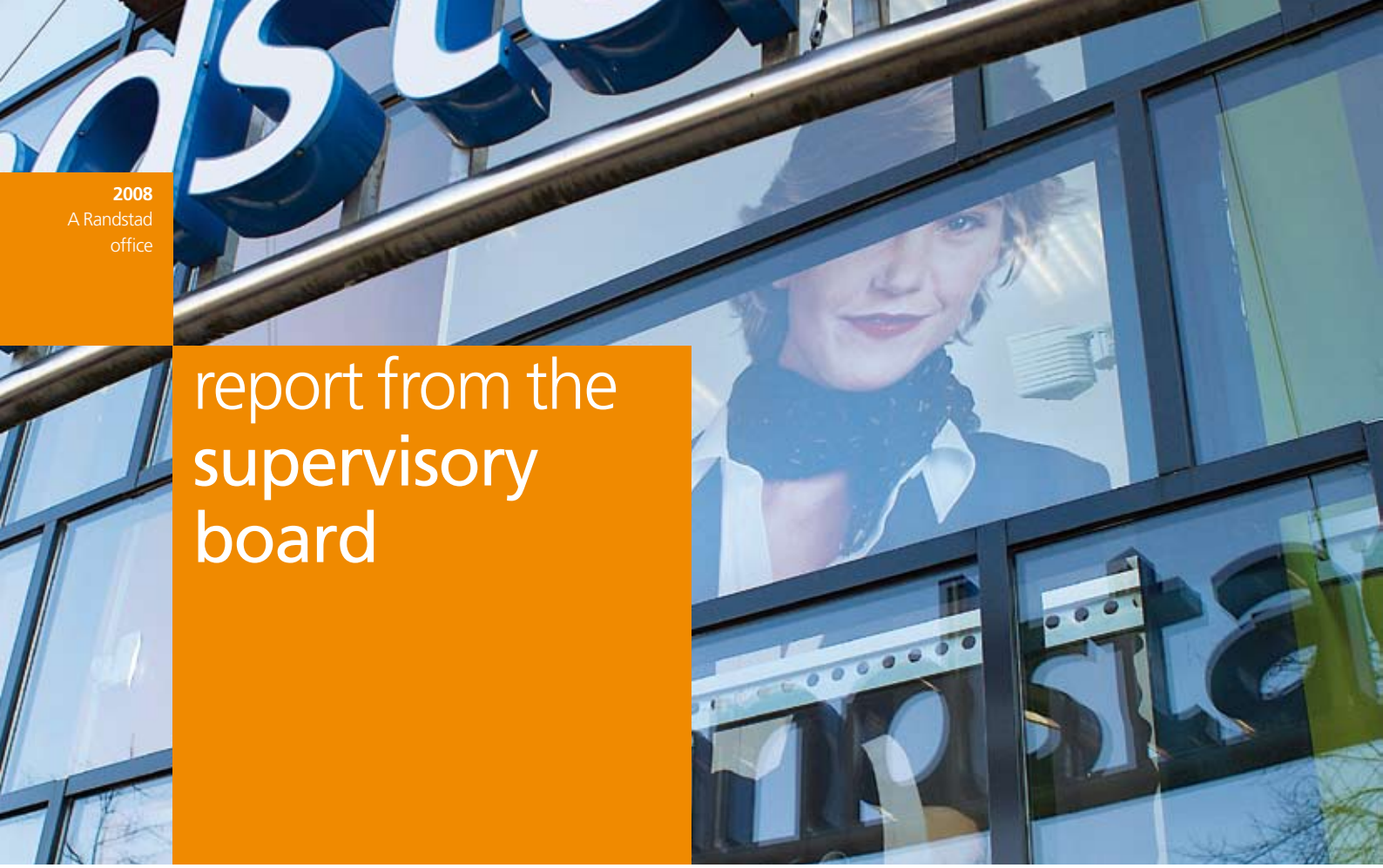
Responsibilities
Beverley Hodson is a member of the remuneration and nomination committee.

Leo M. van Wijk (1946, Dutch)

- Member of the supervisory board since 2002
- Current and final term of office 2010 - 2014

Background
Leo van Wijk is vice-chairman of the board of directors of Air France-KLM and chairman of Skyteam. He is also a member of the supervisory board of AEGON NV.

Responsibilities
Leo van Wijk is chairman of the audit committee and a member of the remuneration and nomination committee.
As from 2011, he will be vice-chairman of the supervisory board



2008
A Randstad office

report from the supervisory board

Composition, independence and self-assessment of the supervisory board

Each member of the supervisory board has a broad range of experience and expertise, and fits with the required profile of supervisory board members, as referred to on page 73. The supervisory board currently comprises seven members, whose biographies are listed on pages 62 and 63 of this annual report. At the next Annual General Meeting of shareholders on March 31, 2011, the third and final term of Frits Goldschmeding and the second term of Fritz Fröhlich will expire. The supervisory board proposes to reappoint Fritz Fröhlich for a final four-year period because of his valuable contribution to the supervisory board, especially since his appointment as its chairman. Frits Goldschmeding is the founder and former president & CEO of Randstad. Since his appointment to the supervisory board in 1999, he has made a significant and very valuable contribution. The supervisory board regrets that it can no longer share in his enormous expertise and experience, but feels strengthened by his continuing commitment to Randstad, most notably as Randstad's leading shareholder. Further information about the company's agreement with Frits Goldschmeding and his inheritors can be found on page 76 of this annual report.

The supervisory board attaches great importance to the independence of its members. As a rule, all members, with the exception of no more than one, should be independent in the meaning of article 1 of the by-laws of the supervisory board. With the exception of Randstad founder and former CEO Frits Goldschmeding, all supervisory board members are independent. The members of the supervisory board were not granted and do not possess any Randstad options or shares, with the exception of Frits Goldschmeding and Henri Giscard d'Estaing, who personally hold shares in the company (as stated on page 125).

During a separate meeting, the supervisory board extensively discussed its own performance, its composition and that of its three committees. In preparation for this annual self-assessment, each member of the supervisory board anonymously completed a questionnaire. Items assessed and discussed included: (i) the board's size, profile, mix of skills and experience; (ii) meeting frequency, decision-making, follow-up of and discussion during meetings; (iii) training, induction and performance; (iv) the relationship with the executive board and (v), the performance of the chairman. A summary by the company secretary of the main findings from the completed questionnaires was used as the basis for the self-assessment discussion. The supervisory board concluded that all of these items were unanimously assessed positively. Several suggestions for further improvement of the functioning of the supervisory board were extensively discussed and will be followed up during 2011. At year-end, the supervisory board chairman also conducted one-on-one meetings with each individual board member to discuss his or her own functioning and the functioning of the full board.

Supervision and advisory activities in 2010

The supervisory board met ten times during 2010. Six of these meetings were held jointly with the full executive board and four amongst the supervisory board members themselves, with participation from the chief executive officer in some of the items. These latter four meetings were held to discuss the

review of the remuneration policy, the remuneration of the executive board, senior talent management and succession planning, the assessment of the executive board and the above-mentioned self-assessment. The external auditor was involved in one joint meeting to discuss the 2009 annual report and accounts. None of the supervisory board members was regularly absent during the year.

The supervisory board is updated on a regular basis regarding market developments in the operating countries and in potentially interesting new markets. This generally includes the latest developments in labor relations, demographics and politics. Senior management of the operations in Germany, Poland and the United States joined a supervisory board meeting in 2010 to give an update on their respective countries, general economic and market trends and Randstad's position in their market. Each year, the supervisory board, jointly with the executive board, pays a two-day visit to the company's operations in a different country. The visit to Spain this year gave additional insight into the quality of local management, especially in managing the significant downturn the country has experienced. Incidentally, supervisory board members also visit country management or participate in country meetings on an individual basis as the opportunity arises. Senior functional management frequently join supervisory board meetings to provide updates on their respective fields of responsibility. In 2010 these included IT and HR-consultancy.

Strategy is a priority for the supervisory board. Considerable time was spent on an in-depth discussion with the executive board on the overall company strategy and the realization of the strategic targets, which have been successful in the past years, but require some fine-tuning regarding geographic and market coverage. Other related discussion topics included consolidation of the global staffing market, Randstad's own M&A activities, performance enhancement and productivity improvement, the strategy for the professionals segment and new business innovation initiatives. The strategy committee made extensive preparations for the discussion of these topics, which are described in more detail below.

As Randstad operates in a competitive environment, it is inappropriate to detail all of the other topics discussed and monitored by the supervisory board. However, the following provides an overview of such other topics and issues, which often recur throughout the year:

- the financial performance of the company as a whole, also compared to the main peers, and key issues per operating company. The company's balance sheet and net debt position were closely monitored with special attention to financing, receivables management, the allocation of goodwill and relating impairment analyses;
- corporate planning projects, including (potential) acquisitions and divestments, with special focus on the expansion in Japan;
- the auditor's quarterly reports and management letter;
- the assessment of the company's strategic, operational, financial and compliance risks as well as Randstad's approach regarding risk and opportunity management (see pages 56 – 61);
- compliance, with this year special attention to competition law compliance;
- the preparation, evaluation and follow-up of the Annual General Meeting of shareholders;
- topics related to sustainability relevant for Randstad (for further information please see pages 47 – 55);
- developments related to corporate governance;
- analyst and investor views, as well as developments in the shareholder structure and shareholder base;
- developments regarding branding and the position of managed services providers;
- social affairs and regulatory developments;
- the positive results of the annual people survey and the update on the 2010 company-wide reconnecting program, which is aimed at reinforcing the engagement of all employees and their awareness of Randstad's culture, identity and values as well as the key principles and policies which guide employee behavior.

To underline the importance of Randstad's business principles and the procedure for reporting misconduct, the supervisory board shares responsibility for these with the executive board. Further information can be found on our corporate website.

Supervisory board committee activities in 2010

The supervisory board has three standing committees: the audit committee, the remuneration & nomination committee and the strategy committee. Their roles are described in detail on pages 73 – 74. While the topics described above are discussed, monitored and supervised by the full board, the committees generate detailed information and prepare recommendations on their specific areas. Their main considerations and conclusions are shared with the full supervisory board, mostly during a meeting immediately following the relevant committee meeting.

Report of the audit committee

The audit committee currently comprises Leo van Wijk as chairman and Frits Goldschmeding and Fritz Fröhlich as members. Each member has relevant expertise in the area of financial management.

The audit committee held five meetings during the course of 2010, one of which was held in part without any members of the executive board present. As a rule, the chief executive officer and the chief financial officer join all audit committee meetings on behalf of the executive board. Senior management from the corporate financial departments and the external auditor's lead partner are also in attendance.

The main topics discussed at the meetings in 2010 included:
- the financial performance of the company and its major operating companies, which are discussed each quarter in detail with special focus on the quality of earnings, productivity, the balance sheet, financing, provisions and taxes, impairments and the outlook for each subsequent quarter;
- the auditors' reports for each quarter and the full year as well as the follow-up of their management letter, client service plan, audit planning and fees (for more information please refer to note 34 of the financial statements);
- the updated procedure for reporting misconduct, including the report from the central integrity officer;
- a review of fiscal, treasury (including financing policy) and legal developments, mostly provided by the responsible corporate managing director;
- the annual legal letter, listing material litigation (where potential liability exceeds € 1 million). Any cases with a potential liability exceeding € 2.5 million are promptly reported to the audit committee;
- the annual talent and performance review of the finance function and its key people, which focuses on the need for future leadership positions, identifying and developing talent and attracting high caliber people.

The audit committee extensively discussed various items relating to the company's business risk and audit, including the annual audit plan and the quarterly review of key strategic and operational risks. Due to its nature, company culture and business philosophy, Randstad's approach with regard to business audit and risk management is pragmatic, fully integrated in its businesses and operationally driven. The internal audit department is adequately embedded within the organization, also taking the involvement of local internal auditors at operating company level into account. With regard to the external audit, the audit committee reviewed the proposed audit strategy plan relating to its scope, approach and fees, and the independence of and non-audit services provided by the external auditor in conformity with the policy regarding its independence. The audit committee also extensively discussed the Authority for the Financial Markets' report on 'general findings on audit quality and control' as well as the external auditor's reaction to this report. The chairman of the audit committee verbally reported the main issues discussed to the supervisory board in its subsequent meetings. The supervisory board furthermore received a copy of the report of each audit committee meeting.

Report of the strategy committee

The strategy committee currently comprises Frits Goldschmeding as chairman and Henri Giscard d'Estaing and Rob Zwartendijk as members. Each member has his own specific and extensive experience in strategy development and related processes.

The strategy committee met twice during 2010. The full executive board participated in these meetings.

The main topics discussed at the meetings in 2010 included, amongst other items:
- the company's strategy and realization of the strategic targets;
- the consolidation of the global staffing market, M&A developments and Randstad's strategy for making acquisitions;
- the size and characteristics of the professionals market and Randstad's strategy for this segment;
- developments with regard to managed service providers and specifically Randstad's positioning in this area, most notably in the United States;
- the focus on organic growth and excellent execution by accelerating the drive for performance and productivity;
- new business innovation initiatives, in order to ensure alignment and to investigate and drive new and innovative projects.

Following its extensive assessment of these items, the committee contributed to the preparation of the strategy discussion by the full supervisory board in March and again in October 2010.

Report of the remuneration and nomination committee

The remuneration and nomination committee currently comprises Fritz Fröhlich as chairman and Beverley Hodson, Giovanna Kampouri Monnas and Leo van Wijk as members. Each committee member has specific expertise in the area of remuneration and HR-related issues.

The remuneration and nomination committee met five times during the course of 2010. The chief executive officer participated in part of the meetings.

On behalf of the supervisory board, the committee prepared the 2010 remuneration report, including an overview of the manner in which the remuneration policy was implemented in the year under review and an overview of the remuneration policy for the executive board members in subsequent years. A detailed remuneration report is published each year and is available on the Randstad corporate website. It is also summarized in this annual report on pages 68 – 71.

The committee prepared proposals to the supervisory board on the realization of the 2009 annual bonus targets, the targets for the 2010 annual bonus, the realization of the targets of the long-term incentive plan and the annual allocation of shares and options to the executive board.

The committee also prepared the evaluation of the remuneration policy for the executive board. Towers Watson was instructed to benchmark the executive board remuneration against the current labor market peer group and to make an overall assessment of the relevant developments related to remuneration in the Dutch market. Based on this benchmark and in line with the company's

remuneration policy, it was decided to increase the base salaries of the executive board by 10% as of September 1, 2010. In taking this decision, the committee, and subsequently the supervisory board, took into consideration that the executive board base salaries had not been increased since January 2008, despite the significant changes to the company's profile, size and complexity following the Vedior acquisition. In view of the economic circumstances at the time and the decision not to pay a dividend over the 2008 and 2009 financial years, the base salaries had not been increased in the past two and a half years. The improving trading conditions and the intent to pay a dividend again over the 2010 financial year allowed for a base salary adjustment. The committee also took the general pay differentials within Randstad, specifically within senior management, into account. The Committee decided to propose no amendments to the remuneration policy for the executive board at this stage.

The committee also evaluated the remuneration policy for members of the supervisory board. Based on a review provided by Towers Watson, it was concluded that the committee fees are at the lower end of a benchmark against the Dutch market. Therefore, a proposal will be submitted to shareholders at the next Annual General Meeting in 2011 to slightly increase the annual committee fees and install an attendance fee for cross border travel required to attend supervisory board meetings, as further specified on page 71.

The committee proposed the reappointment of Fritz Fröhlich as member of the supervisory board and to appoint Leo van Wijk as vice-chairman of the supervisory board and Rob Zwartendijk as chairman of the strategy committee.

At the end of 2010, the committee extensively discussed the annual senior management talent review, which shows very positive results in relation to talent development and succession planning, the assessment of the executive board and its individual members, and the self-assessment of the supervisory board.

Report of the Annual General Meeting of shareholders

At the Annual General Meeting of shareholders, held on March 25, 2010, the chief executive officer, Ben Noteboom, and the chief financial officer, Robert-Jan van de Kraats, gave presentations on the general state of affairs at Randstad and its financial performance in 2009. The meeting adopted the 2009 financial statements. The external auditors attended the meeting and their representatives were introduced at the start of the meeting. After extensive discussion, the meeting approved the proposal not to pay a dividend on the ordinary shares. This precautionary measure was proposed to further strengthen the balance sheet. The members of the executive board were granted discharge of liability for their management of Randstad and the members of the supervisory board for their supervision thereof. Giovanna Kampouri Monnas and Leo van Wijk were reappointed as members of the supervisory board. The meeting gave the executive board the authorization to issue ordinary shares, limited to a maximum of 3% of the ordinary issued share capital for a period of 18 months, and approved the performance-related remuneration of the executive board in performance shares and options for a three-year period.

The meeting was simultaneously transmitted by audio webcast via the corporate website. (Unanimous) voting instructions could be given to an independent third party in advance of the meeting. Within three months after the meeting, the draft minutes of the meeting were made available for comments during another period of three months and were subsequently adopted. All documents relating to the meeting were placed on the corporate website.

Financial statements 2010

The financial statements 2010 have been audited and provided with an unqualified opinion by PricewaterhouseCoopers Accountants N.V. (please see the auditor's report on page 132) and were extensively discussed with the auditors by the audit committee in the presence of the chief executive officer and chief financial officer. In addition, they were a topic of discussion by the supervisory board with the executive board in the presence of the auditors. The supervisory board is of the opinion that the financial statements 2010 meet all requirements for correctness and transparency and recommends that the Annual General Meeting of shareholders adopts the financial statements and the appropriation of net income proposed by the executive board.

The supervisory board endorses the executive board's decision to propose to the Annual General Meeting of shareholders to pay a cash dividend per ordinary share of € 1.18 for 2010 (none paid in 2009) and a cash dividend per cumulative preferred share of € 0.284 (2009: € 0.284).

The supervisory board proposes that the Annual General Meeting of shareholders grants discharge to the members of the executive board for their management and to the members of the supervisory board for their supervision in 2010.

Following two years of integration and managing the downturn, 2010 was a year of relative 'back to normal business', demonstrated by the strong performance and solid results, which allow Randstad to pay a dividend again. The supervisory board would like to thank the executive board and all employees of Randstad for their contribution and continuing dedication in 2010.

2007
Randstad
Professionals
campaign

remuneration report 2010

This is a summary of Randstad's remuneration policy and an overview of the actual remuneration of the members of the executive board and the supervisory board in 2010. The full remuneration policy and report is posted on the corporate website. Some of the information is detailed in the 2010 financial statements (from page 119).

Remuneration policy

The main objective of the remuneration policy, which was approved by the Annual General Meeting of shareholders held on May 8, 2007, is to attract, motivate and retain qualified senior executives of the highest caliber, with an international mindset and background essential for the successful leadership and effective management of a large global company. The members of the executive board are rewarded accordingly and the largest part of their remuneration is based on the performance of Randstad. The remuneration structure for the executive board is therefore designed to balance short-term operational performance with the long-term objectives of the company and value creation for its shareholders.

Remuneration levels are determined on the basis of a number of clear, transparent criteria and reflect general as well as specific individual responsibilities in an international context. They are benchmarked against an international labor market peer group regarding fixed salary levels and against an international performance peer group to establish relative performance:

- The international labor market peer group represents the market in which Randstad competes for senior management talent, and is used to benchmark fixed salary levels. It is composed of twelve international staffing and business outsourcing companies headquartered in five countries, reflecting Randstad's international orientation. They are: Adecco S.A., Rentokil Initial Plc, Cap Gemini S.A., Atos Origin SA, Robert Half International Inc., LogicaCMG Plc, Manpower Inc., Kelly Services Inc., SFN Group, Trueblue Inc., Volt Information Sciences Inc. and Michael Page International Plc.;
- The international performance peer group is used as a benchmark to establish relative performance in terms of Total Shareholder Return (TSR), as described below, for the payout of certain variable remuneration components. It reflects the market in which the company competes for shareholder preference. This group is comprised exclusively of staffing companies and can be characterized as 'sector-specific'. It consists of: Adecco S.A., Kelly Services Inc., Trueblue Inc., Manpower Inc., Robert Half International Inc., USG People N.V., SFN Group, Volt Information Sciences Inc. and Michael Page International Plc.

During the course of 2010, the supervisory board, on the advice of its remuneration and nomination committee, extensively reviewed the remuneration policy for the executive board. Towers Watson was instructed to benchmark the executive board remuneration against the current labor market peer group and to make an overall assessment of relevant developments related to remuneration in the Dutch market. After an extensive review, the supervisory board has concluded that it will not submit any amendments to Randstad's remuneration policy at the next Annual General Meeting of shareholders. However, where feasible and relevant, existing arrangements will be updated. The supervisory board continues to closely monitor related developments during the course of 2011.

Executive board remuneration in 2010

The remuneration of the executive board consists of three components:

1. Short-term compensation, consisting of base salary and annual cash bonus opportunity
2. Long-term compensation, consisting of performance shares and performance options
3. Pension and other benefits

The variable portion of the total remuneration package is performance-related. It consists of short and longer-term components. For on-target performance, approximately half of the total compensation of a member of the executive board is performance-linked. The supervisory board, upon recommendation from its remuneration and nomination committee, sets the targets prior to each performance period. Performance targets and conditions are derived from Randstad's strategy and annual business plans and market analysis. This strategy is extensively described in the annual report, from page 14. An overview of the 2010 and comparable 2009 remuneration amounts is included in the notes to the financial statements on pages 122 – 124.

Short-term compensation

Base salary

Based on the above-mentioned benchmark by Towers Watson and in line with the company's remuneration policy, it was decided to increase the base salaries of the executive board by 10% as of September 1, 2010. In taking this decision, the supervisory board took into consideration that the executive board base salaries had not been increased since January 2008, despite the significant changes to the company's profile, size and complexity following the Vedior acquisition. In view of the economic circumstances at the time and the decision not to pay a dividend over the 2008 and 2009 financial years, the base salaries had not been increased in the past two and a half years. The improving trading conditions and the intent to pay a dividend again over the 2010 financial year allowed for a base salary adjustment. The general pay differentials within the company, and specifically within senior management, were taken into account.

Annual cash bonus opportunity

The total annual cash bonus opportunity amounts to 70% of base salary for on-target performance and the maximum bonus level is 100% of base salary. If performance is below a pre-defined minimum level, no bonus will be paid out. In calculating the pro-rata bonus, a sliding scale between the minimum level and the maximum level is used. The supervisory board sets the targets at the beginning of each financial year.

The shared targets for 2010 were Group revenue performance (bonus opportunity ranges from 12.5% - 40%) and Group EBITA realization (bonus opportunity ranges from 12.5% - 40%), as well as the individual and discretionary targets (each max. 10%). The individual targets for 2010 related to the reduction in days sales outstanding (DSO) for the Group or the countries under the executive board member's responsibility. Actual targets are not disclosed, as these qualify as information that is commercially sensitive and potentially share price sensitive.

Based on the achievement of the shared and individual targets for 2010 and use of the discretionary space of the supervisory board, the bonus entitlement with regard to the performance in 2010 varied between 95% and 100% of annual base salary per executive board member.

If a variable remuneration component conditionally awarded in a previous year would, in the opinion of the supervisory board, produce an unfair result due to extraordinary circumstances during the performance period, the supervisory board has the power to adjust the value downwards or upwards. The supervisory board may also recover from the executive board any variable remuneration awarded on the basis of incorrect financial or other data.

Long-term compensation

In order to align their objectives with the value creation objectives of the shareholders, performance shares and performance options are granted to the members of the executive board on an annual basis. Due to their long-term nature, these performance shares and options are inherently and significantly more open to market uncertainties than short-term compensation elements. Shares and options can become unconditional (i.e. may vest) depending solely on Randstad's TSR performance compared to the performance peer group, measured over a three-year period starting from January 1 of the year they are granted. TSR reflects the return received by a shareholder and captures both the change in the company's share price and the value of dividend income, assuming dividends are reinvested in the company. The supervisory board considers TSR to be an appropriate measure, as it objectively measures the company's financial performance and assesses its long-term value creation as compared to other companies in the sector. TSR performance for the companies of the international, sector-specific performance peer group is calculated based on their 'home/primary listing'. During the three-year vesting period, the TSR data are compiled and reported by an external data provider. The remuneration and nomination committee advises the supervisory board on the percentage of performance shares that vest and performance options that can be exercised.

Performance shares and performance options are granted in the so-called open period following the publication of the Group's fourth quarter financial results in February. From then on, the exercise price of performance options will be determined based on the average prices of the Randstad shares over the three business days following the fifth business day after publication of the fourth quarter

results. The number of shares and options will be calculated based on the fair value of the Randstad share as per January 1. The option term is seven years. Options can only be exercised after the moment of vesting, taking into account the applicable regulations for transactions in securities. If employment ends before the vesting date, the options will lapse. The company offers no financing arrangements at grant or exercise of the options.

At the moment they are granted, the fair value of the shares assuming on-target performance is equal to an amount of 40% of base salary for all executive board members, while a similar amount of 40% of base salary is granted in options, also based on the fair value. The total medium and long-term consideration hence amounts to 80% of base salary – for all executive board members alike – which is in line with the median levels of the international labor market peer group at that time. Prior to the grant, and upon advice from the remuneration and nomination committee, the supervisory board analyzes the possible outcomes of the allocation.

Vesting is related to the company's ranking within the peer group, as follows:

Vesting, related to company's ranking within peer group

Position 1	250%	(of the number of shares and options initially granted)
Position 2	200%	
Position 3	150%	
Position 4	125%	
Position 5 (on-target)	100%	
Position 6	75%	
Position 7	50%	
Position * (threshold)	25%	
Position 9	0%	

On February 18, 2010 (the grant date under the relevant plan), a conditional grant of performance shares for on-target performance was effected, based on 40% of the annual base salary per executive board member as per January 1, 2010 and the fair value of the performance shares as per the same date of € 38.71 per share.

On March 3, 2010 (the grant date under the relevant plan), a conditional grant of performance stock options for on-target performance was effected, based on 40% of the annual base salary per executive board member as per January 1, 2010 and the fair value of the performance options as per the same date of € 21.04 per option. The options may vest and can be exercised three years after they are granted; the exercise price is the weighted average price of the Randstad shares on Euronext on February 26, 2010 up to and including March 2, 2010 (three business days following the fifth business day after publication of the 2009 results), which amounted to € 31.39 per share.

The conditional on-target 2010 awards are as follows:

Potential on-target awards

	Number of shares	Number of options
B.J. Noteboom	8,229	15,141
R.J. van de Kraats	5,843	10,751
L.J.M.V. Lindelauf	5,133	9,444
J.W. van den Broek	5,133	9,444
G.A. Netland	5,133	9,444
B. Wilkinson	5,133	9,444
	34,604	**63,668**

Pension and other benefits

Pension contribution

The pension arrangements for members of the executive board are based on defined contribution and are placed with an insurance company. Randstad provides an annual contribution of 27% of base salary to the schemes of executive board members; the board members themselves contribute 8.5%. The company has no specific early retirement arrangements in place for board members.

Other benefits

Additional arrangements include expense and relocation allowances, a company car or allowance and accident insurance.

Loans

The company has issued no loans or guarantees to executive board members.

Executive board remuneration in 2011

As mentioned above, no changes will be made to the remuneration policy for members of the executive board. In light of the increase, which was effective September 1, 2010 and in line with the existing remuneration policy, their base salary will not be increased again as per January 1, 2011.

Supervisory board remuneration in 2010

The Annual General Meeting of shareholders determines the remuneration of the supervisory board members, which may be reviewed annually. The remuneration of the members of the supervisory board consists of one component only, being a fixed annual payment. It is not linked to the financial results of the company. Members of the supervisory board do not receive any performance or equity-related compensation and do not accrue any pension rights with the company.

2003
A temporary employee at a car manufacturer

Randstad does not grant stock options or shares to members of the supervisory board. Members of the supervisory board who hold shares or derivatives of shares in the company are only allowed to hold such shares as long-term investments. They have adhered to the company's insider dealing rules. Randstad does not grant loans or guarantees to supervisory board members. As approved by the Annual General Meeting of shareholders held in May 2007, the annual allowances for the members of the supervisory board are set at median levels of the relevant benchmark:

Allowances supervisory board members

in €

		2010	2009
supervisory board			
chairman	F. Fröhlich	90,000	90,000
members		60,000	60,000
audit committee			
chairman	L. van Wijk	9,000	9,000
members		6,000	6,000
nomination & compensation committee			
chairman	F. Fröhlich	7,000	7,000
members		5,000	5,000
strategy committee			
chairman	F. Goldschmeding	7,000	7,000
members		5,000	5,000

Willem Vermeend received his supervisory board allowance until his resignation from the supervisory board effective March 25, 2010. He was appointed and continues to be a member of the supervisory board of the sub-holding of the Dutch operating companies, for which he receives an annual fee of € 12,000. Jan Hovers, a member of the supervisory board until March 2009, also receives an annual fee of € 12,000 as member of the supervisory board of the same sub-holding.

The total remuneration of the supervisory board members in 2010 amounted to € 526,500 (2009: € 593,000). The details per board member are specified in the notes to the financial statements, page 125.

The supervisory board members receive a fixed annual cost allowance related to supervisory board meetings: € 2,000 net for members and € 3,000 net for the chairman.

Supervisory board remuneration in 2011

During the course of 2010, the supervisory board also evaluated the remuneration policy for its own members. Towers Watson provided assistance in this review. Based on this review, it was concluded that the committee fees are at the lower end of a benchmark against the Dutch market. The following increased annual committee fees will therefore be proposed to shareholders at the next Annual General Meeting in 2011:

- Audit committee: € 12,000 for the chairman and € 8,000 for the members;
- Remuneration & nomination committee: € 9,000 for the chairman and € 7,000 for the members;
- Strategy committee: € 8,000 for the chairman and € 6,000 for the members.

Taking into consideration the significant effort and time for travel by non-Dutch members of the supervisory board, an attendance fee will also be proposed for cross border travel required to attend supervisory board meetings amounting to € 1,500 per meeting.

2000
Clipper Stad Amsterdam, co-initiated by Randstad

corporate governance

Principles

Sound corporate governance is a key component of our culture, behavior and management and is consistent with our core values, as described on page 3. Our corporate governance is supported by our strong focus on integrity, transparency and clear and timely communication. The business processes throughout the organization incorporate transparency for both external reporting and the management of activities around the world. Good governance and proper supervision are important prerequisites for generating and maintaining trust in Randstad and its management.

Randstad's governance structure is based on the requirements of Dutch legislation, the company's Articles of Association and the rules and regulations of Euronext, complemented by several internal policies and procedures. Given the worldwide exposure of Randstad and its businesses, the international context is of vital importance and both national and international developments are closely monitored.

Randstad has always sought to enhance and improve its governance in line with the Dutch corporate governance code ('the code', which can be found at www.commissiecorporategovernance.nl) and (international) best practices. Amendments made to the code by the Monitoring Committee entered into force on January 1, 2009. Randstad has implemented the required changes and additions, where feasible and relevant and, if required, by making amendments to the company's Articles of Association, by-laws and board profiles. Corporate governance was tabled as a separate agenda item for discussion with shareholders during the Annual General Meeting held on March 25, 2010. No questions or issues were raised by shareholders. Any substantial changes in Randstad's corporate governance structure and its compliance with the code will be submitted to the Annual General Meeting of shareholders.

Corporate governance declaration

The executive board and the supervisory board, which are jointly responsible for the corporate governance structure of Randstad, are of the opinion that the vast majority of the principles and best practice provisions of the code are being applied. We strongly believe that these principles and provisions are consistent with our core values and so compliance is not achieved by merely adopting a 'box ticking' approach. As the code is based on the 'apply or explain' principle, a number of deviations, which are deemed necessary in the interests of Randstad, have been explained to shareholders and are described in this report. This report also includes the information that needs to be disclosed in accordance with the corporate governance declaration as referred to in the relevant Dutch governmental decree.

Executive board

Tasked with the management of Randstad, the executive board is accountable for developing, driving, executing and achieving the approved strategy and strategic targets. The executive board is also responsible for the associated risk profile, sound business and financial controls, development of results and dealing with corporate responsibility issues, while simultaneously respecting policies that have been set. The responsibility for the management is vested collectively in the executive board.

Since 2005, new board members have been appointed for a maximum term of four years. The division of tasks between the board members requires the approval of the supervisory board. Any board position at another company requires the prior approval of the supervisory board. In any event, a member of the executive board may not be a member of the supervisory board of more than two listed companies or serve as chairman of the supervisory board of another listed company.

Supervisory board

The supervisory board, acting in the interests of the company, supervises and advises the executive board in performing its management tasks, sets the direction of the Randstad business and guides its general development, including the financial policies and corporate structure. It evaluates the strategy, development of results, operating model, internal control mechanisms and corporate social responsibility framework established under the executive board's management. Major management decisions, including those involving strategy, require the approval of the supervisory board. The supervisory board further supervises the structure and management of systems of internal business controls and the financial reporting process. It is empowered to recommend to the general meeting of shareholders persons to be appointed as members of the supervisory board and executive board. It determines the remuneration of the individual members of the executive board within the remuneration policy adopted by the Annual General Meeting of shareholders.

Appointments and reappointments to the supervisory board are considered on the basis of a profile, taking into account the nature of Randstad's business and activities as well as the desired background and expertise of candidates. Diversity is an important criterion in order to establish a balance in nationality, gender, age, experience and background of the individual members. A member of the supervisory board should limit the number of supervisory board memberships and other positions at listed and non-listed companies in such a way as to guarantee the proper performance of his or her duties and may not hold more than five supervisory board memberships in Dutch listed companies, with a chairmanship counted twice. Supervisory board remuneration is determined by the general meeting of shareholders and is not dependent on the company's results.

Randstad ensures that there are structured reporting lines to the supervisory board. Key departments and operating companies work according to reporting frameworks that facilitate monitoring by both the executive board and the supervisory board. The supervisory board meets regularly throughout the year, according to a pre-arranged schedule, both with and without the executive board and senior management. Outside this schedule, its members are available to the executive board at all times. By way of frequent informal consultation with and updates from the members of the executive board in between the meetings, the supervisory board remains well informed about the general state of affairs within Randstad and offers advice on various matters. At the end of each year, the supervisory board extensively assesses the composition, performance and functioning of the executive board and the supervisory board, as well as its individual members.

The chairman of the supervisory board ensures the proper functioning of the board and its committees and acts on behalf of the supervisory board as the main contact for the executive board. The vice-chairman replaces the chairman when required and acts as the contact for the other board members concerning the functioning of the chairman.

Supervisory board committees

While the supervisory board as a whole retains overall responsibility for its functions, it assigns some of its tasks to three permanent committees: the audit, the strategy and the remuneration & nomination committee. Their advice and recommendations support the full supervisory board's decision-making. The supervisory board appoints committee members from its own membership based on the relevance of their expertise and experience. All supervisory board members are in principle also members of at least one committee. The committees come together at fixed times during the year, according to a pre-determined schedule and when required. They report directly to the full supervisory board on a regular basis, usually directly following a committee meeting.

The audit committee assists the supervisory board in fulfilling its supervisory responsibilities for the integrity of the financial reporting process, the system of internal business controls and risk management, the external audit process, the external auditors' qualifications, independence and performance, as well as Randstad's process for monitoring compliance with laws and regulations. Throughout the year, the audit committee is tasked with the direct supervision of all matters relating to financial strategy and performance, including reporting, auditing and budgeting. The committee assesses audit strategy, the scope and approach of the external auditors, and monitors progress. The relationship with the external auditors is evaluated annually. With the executive board, the audit committee reviews quarterly and full-year financial statements, auditors' reports and the management letter. Discussion of the internal risk and control framework is a recurring topic. The committee appraises its own performance each year, and subsequently reports to the full supervisory board. The audit committee may opt to meet separately with the external auditors to discuss the quality of financial reporting and cooperation with the financial departments.

The strategy committee acts as sparring partner for the executive board and contributes in depth to the preparation of an annual, or if required semi-annual, strategy paper for

discussion with the full supervisory board. It works with the executive board on updates to strategic targets and monitors and evaluates growth criteria.

The remuneration and nomination committee is tasked with making recommendations with regard to the Randstad remuneration policy for the executive board and the supervisory board, for adoption by general meetings of shareholders. The approved policy then forms the basis for the fixed and variable remuneration of the executive board members. The committee is also tasked with advising on candidates to fill vacancies in the executive board and supervisory board, evaluating the performance of both boards and their members, reviewing the development of senior management, long-term succession planning and making recommendations on the composition of supervisory board committees.

Board compliance

Both boards, including the committees of the supervisory board, have their own by-laws, which set rules with regard to objectives, composition, duties, responsibilities and working methods. These regulations are available at the company's offices and are posted on the corporate website.

Any conflict of interest between Randstad and a board member should be avoided. A (potential) conflict of interest must be reported immediately to the other board members and/or the supervisory board chairman. Any shareholding in the company must be for the purpose of long-term investment. Board members must at all times comply with the provisions contained in the Randstad insider dealing rules. These rules include, amongst other items, a policy that Randstad share and option dealings by board members should normally be restricted to the two weeks following the publication of quarterly financial results, provided the person involved has no inside information at that time.

Annual General Meeting of shareholders

Important matters that require the approval of the (Annual) General Meeting of shareholders are:

- adoption of the annual accounts;
- adoption of profit appropriation and additions to reserves;
- dividends;
- significant changes to the company's corporate governance;
- remuneration policy;
- discharge from liability of the executive board for the management;
- discharge from liability of the supervisory board for the supervision of the management;
- appointment of the external auditor;
- appointment, suspension and dismissal of the members of the executive board and the supervisory board, based on non-binding recommendations from the supervisory board;
- remuneration of the supervisory board;
- authorization to purchase, issue or sell shares in the Group's capital;
- adoption of amendments to the Articles of Association.

Further details about the proposals that the executive board or the supervisory board can submit to the meeting, and the procedure according to which shareholders themselves (if representing at least 1% of the issued capital) can submit matters for consideration by the meeting, are specified in the company's Articles of Association. If such matters would result in a change of the company's strategy, the executive board shall be given the opportunity to stipulate a reasonable period (not exceeding 180 days) in which to deliberate, consult and respond.

The Annual General Meeting of shareholders, which is normally held at the end of March or early in April, is simultaneously transmitted by audio webcast via the corporate website. As specified in the notice for the meeting, (unanimous) voting instructions can be given to an independent third party in advance of the meeting. Within three months after the meeting, the draft report of the meeting is made available for three months for comments. The final report is posted on the corporate website.

Voting rights

The issued share capital of Randstad Holding nv currently consists of approximately 170.0 million ordinary shares and 25.2 million Type-B preferred financing shares. The ordinary shares have equal voting rights ('1 share, 1 vote'). As per December 31, 2010, the holders of approximately 95.4% of ordinary shares have been able to make unrestricted use of their voting rights at the Annual General Meeting of shareholders. The other 4.6% of ordinary shares has been converted into depository receipts. A foundation, Stichting Administratiekantoor Randstad Optiefonds, holds those shares to which the attached voting rights are vested. The depository receipts issued by Stichting Administratiekantoor Randstad Optiefonds are fully exchangeable into ordinary shares, and are held by Stichting Randstad Optiefonds. Frits Goldschmeding, the company's founder, is the sole board member of Stichting Administratiekantoor Randstad Optiefonds.

The foundation Stichting Administratiekantoor Preferente Aandelen Randstad Holding holds Type-B preferred financing shares. The voting rights attached to these shares are vested in this foundation. The board comprises Bas Kortmann, Bram Anbeek van der Meijden and Ton Risseeuw. The board members are fully independent of both the company's management and other shareholders. The foundation's Articles of Association were compiled in accordance with Annex X, Euronext Amsterdam Rule Book, Book II. Depository receipts issued by the foundation are held by ING Groep N.V., ASR N.V. and Randstad Beheer bv. The number of voting rights on the Type-B preferred financing shares is in line with the historical capital contribution. The total number of votes on these shares is 3.6 million.

Randstad Holding nv may issue Type-A preferred shares to a legal entity charged with safeguarding the company's interests and preventing influences that may threaten

2001
Randstad signing at Amsterdam Schiphol Airport

its continuity, independence or identity. Holders of such shares do not carry pre-emptive rights, but are entitled to a cumulative annual dividend calculated on the basis of the average statutory interest rate plus surcharge up to a maximum of 3%. In the event of the dissolution of the company, the holders of preference A shares will first be repaid from the balance the amount paid on their shares to be reduced by the dividend paid in the respective year. To date no such shares have been issued. Resolutions for such issue would require the cooperation of the Annual General Meeting of shareholders.

Auditor

The executive board ensures that the external auditors can properly perform their audit work and encourages both the external auditors and the company to properly pursue and perform the role and the policy of the company regarding the external auditor. The Annual General Meeting of shareholders charges the external auditors with the task of auditing Randstad's annual accounts.

Internal risk management and control systems

A detailed description of Randstad's risk & control framework, including a description of the most important risk management and control systems, can be found on pages 56 – 61.

Deviations from the (updated) Dutch corporate governance code

Randstad applies all relevant provisions of the (updated) Dutch corporate governance code, with the following deviations.

II.1.1 A management board member is appointed for a maximum period of four years.

The members of the executive board appointed before 2005 were appointed for an indefinite period. The members of the executive board appointed since 2005 have been appointed for a period of four years.

II.2.5 Shares granted to management board members without financial consideration shall be retained for a period of at least five years [...].

The long-term incentive for the executive board is paid in performance shares and options. These vest after three years. (Performance) shares need to be retained for at least two more years. We believe this five-year term sufficiently enhances shareholder alignment and is in line with the long-term nature of the incentive. However, Randstad also believes that share sales should be allowed earlier to the extent necessary to settle any related tax liabilities.

II.2.8 The maximum remuneration in the event of dismissal is one year's salary.

Given Randstad's shareholder structure, with its strong concentration of shares within the shareholder group, and to do justice to the seniority of board members, severance for members of the executive board is fixed at two annual base salaries plus one-twelfth of the same annual salary per year of service to a maximum of three annual salaries. This severance arrangement applies only to early termination of the employment contract when the cause of termination does not lie with the board member concerned, or in the case of a change in control.

III.5 If the supervisory board comprises more than four members, it should designate […], a remuneration committee and a selection & appointment committee.

As it was felt that issues related to the selection, appointment and remuneration are interlinked, the supervisory board decided to combine these activities in one committee: the remuneration and nomination committee.

III.5.11 The remuneration committee shall not be chaired by the chairman of the supervisory board [...].

Given the strategic importance of the selection and retention of senior management for the long-term success of the company, Randstad has opted for a combined remuneration and nomination committee. Randstad considers it vital that the chairman of the supervisory board is also closely involved in the attraction and retention of current and future senior management, as well as the longer-term succession planning for the executive board, which is reflected through his appointment as chairman of the remuneration and nomination committee.

Legal transparency obligations

Most of the information that needs to be disclosed under Article 10, Takeover Directive Decree and section 391, sub-section 5, book 2 of the Dutch Civil Code is available in various sections of our annual report. In this particular section, we provide additional information or indicate where the information can be found.

a Capital structure and attached rights and duties

An overview of the company's capital structure, voting rights and dividend policy is included on pages 45 of this annual report.

b Statutory or contractual restrictions on share transfers

About 16.9% of the total share capital (4.0% ordinary shares and 12.9% Type-B preferred shares) is converted into depository receipts (see Voting rights on page 74). The transfer of depositary receipts of Type-B preferred shares requires the approval of the executive board and supervisory board.

c Major shareholders

Major shareholders

	2010	2009
F.J.D. Goldschmeding	30-40%	30-40%
ING	10-15%	10-15%
ASR	5-10%	0-5%
Stichting Randstad Optiefonds	5-10%	0-5%
Alliance Bernstein	0-5%	5-10%

Shareholders are obliged to give notice of interests exceeding certain thresholds to the Netherlands Authority for the Financial Markets (AFM). Almost all the holdings listed above are a combination of (depositary receipts of) ordinary shares and (depositary receipts of) type-B preferred financing shares. All transactions between Randstad and holders of at least 10% of total shares are agreed on terms that are customary in the sector concerned. Please refer to the section on other related party transactions in the annual accounts on page 122. Best practice provision III.6.4 of the Dutch corporate governance code has therefore been observed.

d Special rights of control

The company has not issued special rights of control to specific shares or shareholders. Type-A preferred shares can be issued, but solely as approved by general meetings of shareholders.

e Control mechanisms relating to option plans and share purchase plans

The following share-based payment arrangements are in effect: a performance stock option plan for the executive board, two performance share plans (one for the executive board members and one for senior management) and a share purchase plan for all corporate employees. The relevant characteristics of these plans can be found in the remuneration section on pages 68 – 71 and in the notes to share-based payments on pages 119 – 121. The maximum number of options and shares to be granted is fixed; the actual granted number is linked to predetermined performance targets. The actual annual grant of performance shares and options will in principle not exceed 1% of the ordinary issued share capital. Depending on the realization of the related performance targets and the company's actual share price, however, the number of shares to be issued in relation to vesting of the performance shares and options might in a certain year exceed the 1% limit. For this reason, the annual maximum authorization is 3% of the ordinary issued share capital of the company. The share purchase plan for Randstad employees does not affect the share capital of the company.

f Voting limitations

Holders of ordinary share depository receipts and Type-B preferred share depository receipts have no voting rights.

g Agreements with shareholders that can limit the transfer of shares or voting rights

In 2007, the company finalized an agreement with Mr. Frits Goldschmeding, Randstad founder and leading shareholder, and his inheritors, on their shareholding. Frits Goldschmeding's objective remains explicitly to continue his position as a long-term shareholder through direct ownership or eventually through his inheritors. The leading ambition for all parties involved is to secure the company's continuity, strategic position and development, now and in the future. Such commitment justifies assigning one seat as member of the supervisory board. The main points of the agreement are as follows:

- Lock-up: in the event of Mr. Goldschmeding's passing, his inheritors will be bound to a lock-up of at least 12 months, meaning that during that year they will carry out no actions concerning their direct or indirect interests in Randstad Holding, nor will any changes take place in the strategy as it is pursued by Randstad Holding.
- Grace period: if the inheritors intend to divest all or part of the shares after the lock-up period, they shall give written notice of this intended divestment to the executive and supervisory boards six months in advance.
- Consultations: after receiving such notice, the boards will enter into consultation with the inheritors, and they can propose candidates or alternative candidates while taking account of the interests of the inheritors and the continuity of Randstad Holding nv. Such a proposal should be made within four months after receipt of the notification from the inheritors. This ruling only applies as long as the total interest of the inheritors amounts to more than 33 1/3% of all issued and outstanding ordinary shares in Randstad Holding nv.
- Supervisory board seat: Randstad Beheer (the investment vehicle through which the majority of family shares

is held) has the right to nominate one member of the supervisory board after Mr. Goldschmeding's third term in the supervisory board, or at an earlier stage in case his membership of the supervisory board is terminated before the Annual General Meeting in 2011. The person to be nominated should fulfill the qualities that are required of a supervisory executive of an international company and the nomination shall be submitted to the Annual General Meeting.

- These rights and obligations will cease to be applicable as soon as the interests of the inheritors fall below 25% of all issued and outstanding ordinary shares in Randstad Holding nv.

As far as the company is aware, this is the sole arrangement with a shareholder that can limit the transfer of (depository receipts of) shares or of voting rights.

h Regulations concerning the appointment and dismissal of board members and changes to the Articles of Association

Members of the executive board and supervisory board are appointed by, and may at any time be suspended or dismissed by, the Annual General Meeting. A supervisory board member is eligible for reappointment twice. Resolutions with respect to appointment and dismissal are passed by an absolute majority of the votes cast. When a proposal for the amendment of the Articles of Association is made to the Annual General Meeting, this is always stated in the convening notice for that meeting. A copy of the proposal, containing the verbatim text of the proposed amendment, is simultaneously deposited at the office of the company, for perusal by every shareholder and holder of depository receipts, until the end of the meeting. Copies are made available free of charge. Amendments to the Articles of Association involving changes to the special rights accruing to the holders of preference shares require the approval of the holders of preference shares concerned at the meeting.

i Authority of the executive board, especially to issue shares in the company

The executive board is authorized, subject to the approval of the supervisory board, to issue shares, grant subscription rights and restrict or exclude pre-emptive rights for holders of ordinary shares until October 25, 2011 for an annual maximum of 3% of the issued ordinary share capital of the company.

j Change of control arrangements

Change of control provisions have been included in the company's syndicated loan facility as well as the company's performance share and options plans for senior management and the share purchase plan for corporate employees.

k Agreements with board members or employees

In the event that a board member's employment contract is terminated because of a public offer, they will receive severance pay of two annual base salaries plus one-twelfth of the same annual salary per year of service to a maximum of three annual salaries.

Diemen, the Netherlands, February 15, 2011

The supervisory board,

Fritz Fröhlich, chairman
Frits Goldschmeding, vice-chairman
Henri Giscard d'Estaing
Beverley Hodson
Giovanna Kampouri Monnas
Leo van Wijk
Rob Zwartendijk

Rapid growth was suddenly reversed as the global recession of 2009 shook global economies with a force and speed almost no one had foreseen. The lessons we had learned earlier enabled Randstad to react in time. With growth returning to most of our markets, we began to prepare for the world of work of the next decade.

2010 rebranding of VediorBis into Randstad

today

a new world of work tomorrow

The integration of the Vedior companies ran well ahead of schedule during the downturn. Randstad's field steering model enabled us to swiftly and predictably do what was needed. Nevertheless, the pain associated with having to reduce the number of our employees will be remembered for quite some time. Our performance was much more stable than firms in many industries that were supposed to be far less sensitive to economic cycles.

Growth returned in the USA late in 2009, and some major European economies followed suit. While growth slowed in Asia, it did not stall. As growth returns, many patterns will change in ways that may well be more fundamental than we have seen before. Structural growth will be combined with a much greater appreciation of the benefits of flexibility, by both clients and candidates.

Randstad is now one of only three global firms in the HR services sector with sales well above € 10 billion. Those below them on the league table are all very much smaller. The responsibility for shaping the world of work of the next decade therefore lies squarely with the three leaders.

Key changes in how people will work in tomorrow's world are marked by the fact that now, for the first time ever, more than half the world's population lives in cities. In the original major markets for HR services, the population composition is changing, while the share of professionals working in the service sector is rising rapidly.

Technology is also having an increasing effect on the world of work. Having accelerated communications, the Internet then dominated the mass media. Now the rise of social networks is enabling a multitude of individual interactions that could be much more relevant for the work environment.

Other worldwide developments will impact the world of work in previously unseen ways. These include major changes in mobility, education, an aging European population and the emergence of a fast growing middle class in China, India and Brazil. Randstad is ready for those changes.

By fulfilling our mission, we will continue to add value to society in these changing conditions. Our employee base is young – the vast majority are female, highly educated and in their twenties. In many ways they are excellent role models for what the future will need. Together, we will enhance existing services and add new services that will help our clients meet the challenges of the coming decade. We will play a key role in getting more people employed where they can realize their potential. We will enable employers to create more efficient organizations with better-motivated employees. The dream on which we began working 50 years ago continues to inspire all of us at Randstad today. And it remains just as exciting to be shaping the world of work of the future.

2010 Randstad employees celebrating Randstad's 50th anniversary

2008
TV campaign
'the true value
of any business
is in its people'

financial statements

contents

consolidated statement of comprehensive income

The notes on pages 86 to 126 are an integral part of these consolidated financial statements.

in millions of €	note	2010	2009
Revenue	5	**14,179.3**	**12,399.9**
Cost of services	6	11,510.0	9,978.6
Gross profit	7	**2,669.3**	**2,421.3**
Selling expenses	8	1,471.1	1,497.2
Amortization and impairment acquisition-related intangible assets and goodwill	11	172.4	158.6
Other general and administrative expenses		684.6	695.2
General and administrative expenses	9	**857.0**	**853.8**
Total operating expenses	10	2,328.1	2,351.0
Other income	35	0.0	23.5
Operating profit	11	**341.2**	**93.8**
Finance income	12	20.6	20.2
Finance expenses	12	(44.4)	(69.1)
Net finance costs	12	(23.8)	(48.9)
Share of profit/(loss) of associates	22	0.6	(0.5)
Income before taxes		318.0	44.4
Taxes on income	13	(29.5)	23.2
Net income	14	**288.5**	**67.6**
Translation differences		*68.8*	*(1.4)*
Other comprehensive income		*0.2*	*-*
Other comprehensive income		***69.0***	***(1.4)***
Total comprehensive income		**357.5**	**66.2**
Net income attributable to:			
Ordinary equity holders of Randstad Holding nv		280.8	61.1
Preferred equity holders of Randstad Holding nv		7.2	7.2
Equity holders		**288.0**	**68.3**
Non-controlling interests		0.5	(0.7)
Net income		**288.5**	**67.6**
Earnings per share attributable to the ordinary shareholders of Randstad Holding nv (expressed in € per ordinary share)			
Basic earnings per ordinary share (€)	15	1.65	0.36
Diluted earnings per ordinary share (€)	15	1.63	0.36
Total comprehensive income attributable to:			
Ordinary equity holders of Randstad Holding nv		*349.5*	*59.5*
Preferred equity holders of Randstad Holding nv		*7.2*	*7.2*
Equity holders		***356.7***	***66.7***
Non-controlling interests		*0.8*	*(0.5)*
Total comprehensive income		***357.5***	***66.2***

consolidated **balance sheet** at December 31

The notes on pages 86 to 126 are an integral part of these consolidated financial statements.

in millions of €	note	2010	2009
ASSETS			
Property, plant and equipment	16	155.6	150.5
Goodwill	17	2,401.0	2,301.9
Acquisition-related intangible assets	18	707.9	791.2
Software	19	53.2	65.0
Intangible assets		**3,162.1**	**3,158.1**
Deferred income tax assets	20	520.4	465.3
Financial assets	21	74.4	65.3
Associates	22	1.1	17.9
Non-current assets		**3,913.6**	**3,857.1**
Trade and other receivables	23	2,788.3	2,266.3
Income tax receivables	20	51.7	64.6
Cash and cash equivalents	24	285.3	270.1
Current assets		**3,125.3**	**2,601.0**
TOTAL ASSETS	25	**7,038.9**	**6,458.1**
EQUITY AND LIABILITIES			
Issued capital		19.5	19.5
Share premium		2,031.3	2,014.3
Reserves		512.0	388.9
Net income for the year		288.0	68.3
Shareholders' equity	26	**2,850.8**	**2,491.0**
Non-controlling interests		1.6	1.5
Total equity		**2,852.4**	**2,492.5**
Borrowings	27	1,108.5	1,244.2
Deferred income tax liabilities	20	444.4	474.7
Employee benefit obligations	28	21.5	14.6
Provisions	29	57.5	58.0
Other liabilities	30	56.8	73.7
Non-current liabilities		**1,688.7**	**1,865.2**
Borrowings	27	76.1	40.6
Trade and other payables	31	2,261.0	1,869.9
Income tax liabilities	20	37.4	22.5
Provisions	29	76.5	112.3
Other liabilities	30	46.8	55.1
Current liabilities		**2,497.8**	**2,100.4**
Liabilities		**4,186.5**	**3,965.6**
TOTAL EQUITY AND LIABILITIES		**7,038.9**	**6,458.1**

consolidated **statement** of **cash flows**

The notes on pages 86 to 126 are an integral part of these consolidated financial statements.

in millions of €	note	2010	2009
Operating profit		341.2	93.8
Depreciation property, plant and equipment	11	55.6	66.5
Amortization and impairment software	11	29.7	27.1
Amortization and impairment acquisition-related intangible assets	11	172.4	158.6
Gain on disposal of subsidiaries	35	0.0	(23.5)
Share-based payments	38	9.3	14.4
Employee benefit obligations	37	(2.1)	(4.6)
Provisions	37	(44.0)	11.3
Loss/(Gain) on disposals of property, plant and equipment	16	0.6	(1.3)
Other non-cash items	37	3.5	5.8
Cash flow from operations before operating working capital and income taxes		**566.2**	**348.1**
Trade and other receivables	37	(409.0)	563.5
Trade and other payables	37	314.9	(254.5)
Operating working capital		**(94.1)**	**309.0**
Income taxes (paid)/received	20	(102.9)	85.6
Net cash flow from operating activities		**369.2**	**742.7**
Additions in property, plant and equipment	16	(39.3)	(33.9)
Additions in software	19	(21.4)	(14.6)
Acquisition of subsidiaries	35	(140.8)	(36.7)
Acquisition of associates	22	(2.6)	(5.6)
Held-to-maturity investments	21	(5.5)	(8.7)
Loans and receivables	21	0.6	2.4
Dividend received from associates	22	0.6	0.3
Disposals of property, plant and equipment	16	5.1	9.9
Disposals of subsidiaries	35	16.1	31.8
Net cash flow from investing activities		**(187.2)**	**(55.1)**
Issue of new ordinary shares	26	4.9	0.2
Drawings on non-current borrowings	27	3.4	-
Repayments of non-current borrowings	27	(190.8)	(1,176.1)
Net financing		**(182.5)**	**(1,175.9)**
Finance income received	12	11.2	8.5
Finance expenses paid	12	(28.5)	(49.2)
Dividend paid on preferred shares B	26	(7.2)	(7.2)
Dividend paid to non-controlling interests		-	(0.2)
Net reimbursement to financiers		**(24.5)**	**(48.1)**
Net cash flow from financing activities		**(207.0)**	**(1,224.0)**
Net decrease in cash, cash equivalents and current borrowings		**(25.0)**	**(536.4)**
Cash, cash equivalents and current borrowings at January 1	37	**229.5**	**760.9**
Net decrease in cash, cash equivalents and current borrowings		(25.0)	(536.4)
Translation gains		4.7	5.0
Cash, cash equivalents and current borrowings at December 31	37	**209.2**	**229.5**
Free cash flow	37	**309.3**	**698.1**

consolidated **statement** of **changes in equity**

The notes on pages 86 to 126 are an integral part of these consolidated financial statements.

in millions of €	Issued capital	Share premium	Reserves: Translation	Reserves: Share-based payments	Reserves: Retained earnings	Net income	Share-holders' equity	Non-controlling interests	Total equity
Balance at January 1, 2009	**19.5**	**2,013.9**	**(94.8)**	**30.4**	**429.7**	**18.2**	**2,416.9**	**4.0**	**2,420.9**
Net income 2009	-	-	-	-	-	68.3	68.3	(0.7)	67.6
Translation differences	-	-	(1.6)	-	-	-	(1.6)	0.2	(1.4)
Total other comprehensive income	**-**	**-**	**(1.6)**	**-**	**-**	**-**	**(1.6)**	**0.2**	**(1.4)**
Total comprehensive income 2009	**-**	**-**	**(1.6)**	**-**	**-**	**68.3**	**66.7**	**(0.5)**	**66.2**
Transactions with owners:									
Dividend 2008 on preferred shares	-	-	-	-	-	(7.2)	(7.2)	-	(7.2)
Transfer to retained earnings	-	-	-	-	11.0	(11.0)	-	-	-
Share-based payments:									
- fair value of vesting rights	-	-	-	14.4	-	-	14.4	-	14.4
- exercised stock options (on new issued shares)	0.0	0.3	-	(0.1)	0.0	-	0.2	-	0.2
- issued performance shares	0.0	0.1	-	(0.5)	0.4	-	0.0	-	0.0
Other:									
- disposal non-controlling interests	-	-	-	-	-	-	-	(1.8)	(1.8)
- dividend non-controlling interests	-	-	-	-	-	-	-	(0.2)	(0.2)
Total transactions with owners	**0.0**	**0.4**	**-**	**13.8**	**11.4**	**(18.2)**	**7.4**	**(2.0)**	**5.4**
Balance at December 31, 2009	**19.5**	**2,014.3**	**(96.4)**	**44.2**	**441.1**	**68.3**	**2,491.0**	**1.5**	**2,492.5**
Net income 2010	-	-	-	-	-	288.0	288.0	0.5	288.5
Translation differences	-	-	67.7	-	0.8	-	68.5	0.3	68.8
Other comprehensive income	-	-	-	-	0.2	-	0.2	-	0.2
Total other comprehensive income	**-**	**-**	**67.7**	**-**	**1.0**	**-**	**68.7**	**0.3**	**69.0**
Total comprehensive income 2010	**-**	**-**	**67.7**	**-**	**1.0**	**288.0**	**356.7**	**0.8**	**357.5**
Transactions with owners:									
Dividend 2009 on preferred shares	-	-	-	-	-	(7.2)	(7.2)	-	(7.2)
Transfer to retained earnings	-	-	-	-	61.1	(61.1)	-	-	-
Share-based payments:									
- fair value of vesting rights	-	-	-	9.3	-	-	9.3	-	9.3
- exercised stock options (on new issued shares)	0.0	4.5	-	(0.9)	(0.5)	-	3.1	-	3.1
- issued performance shares	0.0	12.5	-	(13.6)	2.9	-	1.8	-	1.8
Other:									
- addition/disposal non-controlling interests	-	-	-	-	(3.9)	-	(3.9)	(0.7)	(4.6)
- dividend non-controlling interests	-	-	-	-	-	-	-	-	-
Total transactions with owners	**0.0**	**17.0**	**-**	**(5.2)**	**59.6**	**(68.3)**	**3.1**	**(0.7)**	**2.4**
Balance at December 31, 2010	**19.5**	**2,031.3**	**(28.7)**	**39.0**	**501.7**	**288.0**	**2,850.8**	**1.6**	**2,852.4**

The sum of the various items included under 'Reserves' within shareholders' equity per December 31, 2010 amounts to € 512 million (December 31, 2009: € 388.9 million). Additional information with respect to equity is included in note 26.

notes to the consolidated **financial statements**

1. General information

Randstad Holding nv is a public limited liability company incorporated and domiciled in the Netherlands and listed on Euronext Amsterdam. The registered office of the company is in Amsterdam. The address of the company is:
Diemermere 25
1112 TC Diemen
The Netherlands

The consolidated financial statements of Randstad Holding nv include the company and its Group companies (together called the 'Group').

Activities
The main activities of the Group are temporary staffing, inhouse services, HR Solutions, the provision of temporary and seconded professionals and search and selection.

Date of authorization of issue
The financial statements were signed and authorized for issue by the executive board and supervisory board on February 15, 2011. The adoption of the financial statements and the adoption of the dividend are reserved for the shareholders in the Annual General Meeting of shareholders (AGM) on March 31, 2011.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and their interpretations issued by the International Accounting Standards Board (IASB), as adopted by the European Union (hereafter: IFRS).
These policies have been consistently applied to all periods presented, except for the changes in accounting policies and disclosures for business combinations as mentioned below.

New standards, amendments and interpretations to existing IFRS standards became effective in 2010. Of these IFRS 3R, 'Business combinations' and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates' and IAS 21 'The effects of changes in foreign exchange rates', are considered relevant for the Group.

From January 1, 2010, the Group has applied IFRS 3R, 'Business combinations', and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates' and, IAS 21 'The effects of changes in foreign exchange rates' in accounting for business combinations. The changes in accounting policies have been applied prospectively and have had no material impact on the earnings per share.
The revised standard applies the acquisition method to acquisitions and compared with the previous IFRS 3 has some different accounting policies. All acquisition-related costs are expensed (versus capitalized as part of the cost of the acquisition under the previous IFRS 3). Furthermore there is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All considerations transferred to acquire a business are recorded at fair value at the acquisition date; subsequent changes to the fair value of the contingent considerations classified as debt are recognized as expenses or income.
For all acquisitions in 2010, the Group has measured the non-controlling interest in the acquiree at the proportionate share of the acquiree's net assets. Furthermore, the revised standard requires goodwill to be determined only at the acquisition date rather than at the acquisition date and previous stages (step acquisitions). The determination of goodwill includes the previously held equity interest to be adjusted to fair value, with any gain or loss recorded in the statement of comprehensive income.
IAS 27 (revised) requires the effect of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will therefore no longer result in movements in goodwill or gains and losses in the statement of comprehensive income.

New standards, amendments and interpretations to existing IFRS standards have been published that only must be applied in accounting periods beginning on or after January 1, 2011. As far as these standards, amendments and interpretations are applicable to the Group, the Group has not opted for early adoption. These new standards, amendments and interpretations are expected to have no material impact on the valuation and classification of assets and liabilities of the Group, nor on its income statement or cash flows.

The financial statements are prepared under the historical cost convention, unless otherwise stated in this summary of significant accounting policies.

For both current (expected to be recovered or settled within 1 year) and non-current (expected to be recovered or settled after 1 year) assets and liabilities, the corresponding presentation is used on the face of the balance sheet. Current assets and liabilities are not discounted.

The preparation of financial statements requires the Group to make certain judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. The actual outcome may differ from these judgments, estimates and assumptions.
Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation, uncertainty and critical judgments made by management in applying

accounting policies that could have a significant effect on the financial statements are disclosed in note 4. With respect to the company income statement of Randstad Holding nv, the company makes use of the exception provided for in Article 402, Part 9, Book 2 of the Dutch Civil Code.

In these financial statements all amounts, unless otherwise stated, are presented in millions of euros.

2.2 Consolidation principles

The consolidated financial statements comprise the financial data of Randstad Holding nv and its subsidiaries.

Subsidiaries

Subsidiaries are companies where Randstad Holding nv has the power, directly or indirectly, to govern the financial and operational policies, generally accompanying a shareholding of more than 50% of the voting rights. Subsidiaries are consolidated from the date that control commences until the date that control ceases.

The group uses the acquisition method to account for the acquisition of subsidiaries.
Goodwill at acquisition date is measured as:

- the fair value of the consideration transferred, being the fair value of the assets given and liabilities incurred or assumed; plus
- the recognized amount of any non-controlling interests in the acquiree; plus
- the fair value of any previous equity interests in the acquiree (if the business combination is achieved in stages); less
- the fair value of the identifiable assets acquired and (contingent) liabilities assumed.

When this difference is negative ('negative goodwill'), this amount is recognized directly in operating expenses.

Intragroup balances and intragroup transactions are eliminated, as well as any unrealized gains from these transactions. Unrealized losses from intragroup transactions are also eliminated unless there is evidence of impairment of the assets transferred. Intercompany transactions take place on an arm's length basis.

See note 42 for an overview of the major subsidiaries.

Associates

Associates are companies where Randstad Holding nv has significant influence, but not control, over the financial and operational policies, generally accompanying a shareholding of between 20% and 50% of the voting rights.
Investments in associates are accounted for using the equity method and are initially recognized at cost. The Group's investment in associates includes goodwill on acquisition, net of any accumulated impairment losses.

The Group's share of the post-acquisition profits and losses of the associates is recognized in share of (loss)/profit of associates, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.
When the Group's share of losses in an associate equals or exceeds its interest in the associate, the carrying amount of that associate, including, if applicable, loans of which settlement is neither planned nor expected to occur in the foreseeable future, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has incurred obligations or made payments on behalf of the associate.
Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.
Results and other movements are based on the accounting policies adopted by the Group.

Non-controlling interests

Non-controlling interests represent the net assets not held by the Group and are presented within total equity in the consolidated balance sheet, separately from equity attributable to owners of the company.
Profit or loss and each component of other comprehensive income are attributed to the equity holders and to the non-controlling interests.
The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For acquisitions of non-controlling interests the difference between any consideration paid and the relevant share acquired of the carrying value of the net assets is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity as long as control of the subsidiary is maintained.

Changes in control or significant influence

When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognized in the statement of comprehensive income as part of net income. This fair value is the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate or financial asset.
When the Group acquires a controlling interest, any previously held interests in the entity are adjusted to fair value for the determination of goodwill. Any gain or loss resulting from this adjustment is recorded in the statement of comprehensive income as part of net income.
In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets and liabilities. This implies that amounts previously recognized in other comprehensive income are reclassified to the statement of comprehensive income as part of net income.

2.3 Foreign currencies

Functional and presentation currency
The Group operates in countries with different currencies. All companies have, as their functional currency, the local currency of the country in which they operate, which is their primary economic environment. The functional currency of the parent company, as well as of a major portion of its subsidiaries, is the euro. The presentation currency is the euro.

Transactions and balances in currencies other than the functional currency
Transactions in currencies other than the functional currency of the related company are converted at the foreign exchange rate at the date of the transaction.

Monetary balance sheet items in currencies other than the functional currency of the related company are converted at year-end exchange rates.
Exchange differences resulting from the settlement of such transactions, as well as from the conversion of monetary balance sheet items, are included in net finance costs for exchange differences on cash and cash equivalents and borrowings and in operating expenses for exchange differences on other monetary balance sheet items, except for exchange differences resulting from financial liabilities designated as a hedge of the net investment in a foreign operation; these are recognized in other comprehensive income.

Non-monetary balance sheet items that are measured in terms of historical cost in currencies other than the functional currency of the related company are converted at the foreign exchange rates at the date of transaction.
Non-monetary balance sheet items that are measured at fair value in currencies other than the functional currency of the related company are converted at the foreign exchange rates at the dates the fair values were determined.

Financial statements of Group companies
Upon translation of foreign activities, the assets and liabilities of operations in currencies other than the euro, including goodwill and fair value adjustments arising on consolidation, are translated to euros at the foreign exchange rates at the balance sheet date. The income statements of these operations in currencies other than the euro are translated to euros at average exchange rates.
Upon the acquisition of a subsidiary that has a currency other than the euro, balance sheet items are translated to euros at the foreign exchange rates at the acquisition date.

Net investment in subsidiaries that have a currency other than the euro
The net investment in subsidiaries that have a currency other than the euro includes the participation in the net assets of these subsidiaries, and, if applicable, loans to these subsidiaries, of which settlement is neither planned nor expected to occur in the foreseeable future.

Translation differences that occur upon consolidation, relating to the translation of the net investment in subsidiaries that have a currency other than the euro, are recognized in other comprehensive income and presented in the (foreign currency) translation reserve, a separate component within equity, as are translation differences of financial liabilities designated as hedges of such investments, to the extent that the hedge is effective. If the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation differences is allocated to the non-controlling interests.
These translation differences are released or charged to the statement of comprehensive income as part of the gain or loss on disposal, whenever a foreign operation is disposed.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.
When the Group acquires a controlling interest, any translation differences on previously held interests in the entity are reclassified to the statement of comprehensive income as part of net income.

Hedging activities
The Group is engaged in the hedging of net investments in foreign operations by designating financial liabilities as (net investment) hedges of such investments.
Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and presented in the (foreign currency) translation reserve, a separate component within equity. The gain or loss relating to the ineffective portion is recognized immediately in net finance costs.

2.4 Segment reporting

Segments are geographical areas and are reported in a manner consistent with internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the segments, has been identified as the board of management of the Group that makes strategic decisions. There are no sales or other transactions between the geographical areas.

'Corporate' is also included in the disclosures on segments, and represents the unallocated part of assets, liabilities, income and expenses of holding activities.

The information with regard to these geographical areas is included in the related various notes of these financial statements.

Revenue categories
Revenue categories are service concepts; three different service concepts are represented, being 'Staffing' (including HR Solutions), 'Inhouse services' and 'Professionals'.
All service concepts have activities in all parts of the world.

Only revenue information is provided for revenue categories. For a more detailed description of these service concepts, refer to the report of the executive board, on pages 15 to 16 of this annual report.

2.5 Impairment of assets

Non-financial assets
The carrying amounts of the Group's non-financial assets, with the exception of deferred tax assets and the plan assets in relation to defined benefit pension plans, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For assets that have an indefinite life, such as goodwill, testing for impairment is performed at least annually.

If there are such indications, the recoverable amount of the asset concerned is estimated. If this is not possible, the recoverable amount of the cash-generating unit to which the asset belongs is estimated. For purposes of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Goodwill is allocated to groups of cash-generating units for purposes of impairment testing.

If the recoverable amount of an asset or (a group of) cash-generating unit(s) is estimated to be less than its carrying amount, the carrying amount of the asset or (a group of) cash-generating unit(s) is reduced to its recoverable amount. The resulting impairment loss is recognized in operating expenses immediately.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The value in use is determined by means of the present value of estimated cash flow projections. The discount rates used in discounting the projected cash flows are based on interest rates, which align with the terms of the projections, and the specific risks of the asset or business, respectively.

Impairment losses recognized relating to a (group of) cash-generating unit(s) are first allocated to reduce the carrying amount of the goodwill of the related (group of) cash-generating unit(s), and then to reduce the carrying amount of the other assets of that (group of) cash-generating unit(s) on a pro rata basis.

Financial assets
The carrying amounts of the financial assets (held-to-maturity investments, loans and receivables, available-for-sale assets) of the Group are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount is impaired. If objective evidence exists that a financial asset or group of financial assets is impaired, the amount of the impairment loss is calculated as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). The resulting impairment loss is recognized in net finance costs immediately.

Reversals of impairment losses
An impairment loss with respect to goodwill is not reversed.

An impairment loss with respect to financial assets (held-to-maturity investments, loans and receivables, available-for-sale assets) is reversed if, in a subsequent period, the amount of the impairment loss decreases and this decrease can be related objectively to an event occurring after the impairment loss was recognized.

With respect to other assets, an impairment loss recognized in a prior period is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.6 Revenue
Revenue comprises the fair value of the consideration received or receivable for services rendered during the year to third parties. Revenue from rendered services is recognized in the income statement in proportion to the stage of completion of the contract as of the balance sheet date. Stage of completion is measured by reference to costs (mainly hours) incurred to date as a percentage of total estimated costs for each contract. When the outcome of the contract cannot be measured reliably, revenue is recognized only to the extent that expenses incurred are eligible to be recovered.
No revenue is recognized if there are significant uncertainties regarding recovery of the consideration.

Revenue from temporary placements includes the amounts received or receivable for the services of temporary staff including the salary and salary-related employment costs of those staff. These revenues are generally based on the number of hours worked by the temporary staff.
Revenue from permanent placements includes the fee received or receivable for the services provided; the fee generally being calculated as a percentage of the candidate's remuneration package. These permanent placement contracts are divided into '-retained assignments-', for which the revenue is recognized on the completion of certain pre-agreed stages of the service (and for which the fee is non-refundable), and '-other-', for which the revenue is recognized on completion of the total service.

2.7 Expenses
Cost of services comprises expenses directly attributable to revenue. These costs mainly include expenses related to staffing employees, such as wages, salaries and social charges.

Operating expenses are classified based on the functional model and are recognized in the year to which they relate.

Selling expenses comprise personnel and accommodation expenses in relation to operational activities at the outlets, advertising and marketing and other selling expenses.

General and administrative expenses comprise personnel and accommodation expenses in relation to the activities at the various head offices, IT expenses, other general and administrative expenses, as well as the amortization and impairment of acquisition-related intangible assets and goodwill.

2.8 Leasing

Lease contracts of which the majority of risks and rewards inherent to ownership do not lie with the Group are classified as operating leases. Expenses related to operating leases are included in operating expenses and/or cost of services on a straight-line basis over the term of the lease.

Lease contracts of which the majority of risks and rewards inherent to ownership lie with the Group are classified as finance leases. Upon initial recognition, the related assets are valued at the lower of the fair value of the asset and the discounted value of the minimum lease payments. These assets are depreciated based on the same term of depreciation for similar assets of the Group or the lease term, if shorter.
The lease terms to be paid are divided into a repayment and an interest portion, so as to achieve a constant rate on the finance balance outstanding. The liabilities arising from finance leases are included under non-current liabilities at an amount excluding the interest charges. The interest portion included in the periodic lease payments is included as interest expense in the income statement over the lease period.

2.9 Grants

Grants are recognized when there is reasonable assurance that they will be received and that the Group will comply with the conditions attached to them.
Grants that compensate for expenses incurred are credited to operating expenses and/or cost of services on a systematic basis in the same period in which the expenses are incurred. Grants that compensate for the cost of an asset are deducted from the capitalized value of the related asset and recognized as part of the depreciation and/or amortization charges.

2.10 Net finance costs

Net finance costs comprise interest expenses and interest income, as well as items similar to interest, exchange differences on cash, cash equivalents and borrowings. Interest expenses and income are recognized on a time-proportion basis in the income statement, using the effective interest method. Interest due to the passage of time of held-to-maturity investments, loans and receivables and deferred considerations, as well as in relation to the valuation of certain provisions and employee benefit obligations, are also included in net finance costs; changes in the value of the deferred considerations and differences upon settlement of these deferred considerations are also reported under net finance costs.

2.11 Income taxes, deferred tax assets and liabilities

Taxes on income
Taxes on income for the year comprise current taxes and the realization of deferred taxes. Income taxes are recognized in the income statement, except to the extent that these taxes relate to items recognized in other comprehensive income, in which case these taxes are also recognized in other comprehensive income.

Current taxes on income are the sum of taxes levied on the results before taxes, in the countries where those results were generated, based on local tax regulations and against tax rates of the applicable year. Tax-exempt income and expenses not deductible for tax purposes are taken into account in calculating taxes on income.

Deferred tax assets and liabilities
Deferred tax assets and liabilities are recognized, using the balance sheet liability method, to provide for temporary differences between the value of the assets and liabilities for financial reporting purposes and for tax purposes. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority.
Deferred tax assets, including those resulting from tax losses carry-forward, are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences, including tax losses carry-forward, can be utilized.

Deferred tax assets and liabilities are valued against tax rates enacted or substantially enacted at year-end that are expected to apply in the coming years when the assets and liabilities are expected to be realized or settled.

No deferred tax liability is created for the following temporary differences: the initial recognition of goodwill that is deductible for tax purposes, the initial recognition of assets and liabilities that affect neither accounting nor taxable profit and differences in relation to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

2.12 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition of the assets.
Subsequent expenditures are capitalized as a separate asset or in the asset's carrying amount, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part

is derecognized. All other expenditures are charged directly to operating expenses.

Land is not depreciated. Depreciation on other property, plant and equipment is charged to operating expenses and/or cost of services on a straight-line basis over their estimated useful lives, from the date they are available for use.
The residual values and useful lives are reviewed at each balance sheet date and adjusted, if appropriate.

Gains and losses arising on disposal are included in the income statement under general and administrative expenses.

The estimated useful lives for each category of property, plant and equipment are on average:

	Term
Buildings	33 years
Computer hardware	4 years
Leasehold improvements	5 years
Furniture and fixtures	4-5 years

Leasehold improvements are depreciated over the term of the initial lease, in the event that this term is shorter than 5 years.

2.13 Intangible assets

Goodwill
Goodwill on acquisitions of subsidiaries is included in intangible assets; goodwill on acquisitions of associates is included in investments in associates. For the measurement of goodwill at initial recognition, refer to note 2.2.

Goodwill upon acquisitions represents payments made by the Group in anticipation of future economic benefits from assets that cannot be identified individually and cannot be separately recognized. These relate, for example, to synergies expected from the combination and the workforce of the acquired companies.

Goodwill is stated at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity that is sold.

Goodwill is allocated to groups of cash-generating units for the purpose of impairment testing. The allocation is made to those groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Acquisition-related intangible assets
Acquisition-related intangible assets (customer relationships, brand names and candidate databases including flexworkers) that are acquired by the Group and have definite useful lives are stated at cost less accumulated amortization and impairment losses.

When an intangible asset is acquired in a business combination, its cost is the fair value at the date of its acquisition. This cost is determined on a basis that reflects the estimated amount that the entity would have paid for the asset in an arm's length transaction between knowledgeable and willing parties, based on the best information available. If the fair value cannot be measured reliably, the asset is not recognized as a separate intangible asset, but is included in goodwill.

Amortization of acquisition-related intangible assets is charged to operating expenses on a straight-line basis over their estimated useful lives, from the date they are available for use.

The residual values and useful lives are reviewed at each balance sheet date and adjusted, if appropriate.

The estimated useful lives for each category of acquisition-related intangible assets are:

	Term
Customer relationships	4-8 years
Brand names	1-5 years
Candidate databases	2-5 years

Software
Acquired software (licenses) and developed software are stated at cost less accumulated amortization and impairment losses.

Expenditures in relation to the development of identifiable and unique software products used by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets and amortized over their estimated useful lives. Capitalized costs include employee costs of software development and an appropriate portion of relevant overhead.
Expenditures associated with maintaining computer software programs are recognized as an expense when incurred.

Amortization of software applications is charged to operating expenses and/or cost of services on a straight-line basis over their estimated useful lives, from the date they are available for use.

The residual values and useful lives are reviewed at each balance sheet date and adjusted, if appropriate.

The estimated useful life for software is 3 to 5 years. Acquired computer software licenses are amortized, using the straight-line method, over their useful lives of 3 to 5 years or, if the license period is shorter than 3 years, over this shorter period.

2.14 Financial assets
Investments in liability instruments are divided into various categories. Classification of these investments depends on the purposes for which the investments have been acquired.

Management determines the classification at the time of the purchase and re-evaluates such designation at each subsequent balance sheet date.

Purchases and sales of all financial instruments are recognized on the settlement date, which is the date an asset is delivered to or by the Group. The cost of financial instruments includes transaction costs.

Held-to-maturity investments
Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturities that an entity has the positive intent and ability to hold to maturity. This category excludes originated loans. These financial assets are initially recognized at fair value and subsequently measured at amortized cost, using the effective interest method.

Loans and receivables
Loans and receivables (originated loans) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are initially recognized at fair value and subsequently measured at amortized cost, using the effective interest method.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any or the other categories.
Subsequent to initial recognition, they are measured at fair value and changes in this fair value, except for impairment losses, are included in comprehensive income. These assets are included in non-current assets unless the investment matures or management intends to dispose of these within 12 months of the end of the reporting year.

2.15 Trade and other receivables
Trade and other receivables are initially stated at fair value. Subsequent measurement is at amortized cost using the effective interest method less provision for impairment. A provision for impairment of trade and other receivables is established when it is more likely than not that the Group will not be able to collect the amounts receivable. The provision for impairment of trade receivables is based on the trade receivable portfolio experience of the various subsidiaries, as well as on individual assessments of expected non-recoverable receivables. Significant financial difficulties of the debtor, the probability that the debtor will enter into bankruptcy or financial reorganization and serious default or delinquency in payments, are considered indicators that the trade receivable is impaired. The amount of the provision is equal to the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance. Losses are charged to selling expenses.The impaired trade receivables are provided for excluding value-added taxes.

2.16 Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and at banks, as well as time deposits and other short-term highly liquid investments with original maturities of 3 months or less.

2.17 Equity
Ordinary and preferred shares are classified as equity. The distribution of the dividend on ordinary and preferred shares is recognized as a liability in the period in which these dividends are adopted by the company's shareholders.

At the issue of new shares or at the extension of the term of preferred shares outstanding, the proceeds less directly attributable costs are recognized in shareholders' equity within issued capital and, if applicable, within share premium.

At the purchase of own ordinary shares that are included in shareholders' equity, the consideration paid, including directly attributable costs, is recorded as a change in shareholders' equity. Purchased ordinary shares are classified as treasury shares and presented as a deduction from shareholders' equity under reserves.
At the sale (re-issue) of treasury shares, the proceeds less directly attributable costs are recognized under treasury shares for the original consideration paid; the remainder is recognized under retained earnings.

2.18 Share-based payments
The company has various share-based payment arrangements that are settled in ordinary shares. The fair value of these share-based payments, calculated on grant date, is based on valuation models. The fair value is included in personnel expenses in the vesting period during which the expected employee services are received. The same amount is credited to shareholders' equity.

At each balance sheet date, the company re-assesses its estimates of the vesting of these share-based payment arrangements. The impact of the revision on original estimates with respect to the past vesting period, if any, is recognized in personnel expenses immediately, with a corresponding adjustment to shareholders' equity.

2.19 Borrowings
Borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortized cost. Any difference between the proceeds and redemption value is recognized in net finance costs over the period of the borrowings using the effective interest method.

2.20 Other liabilities
Other liabilities mainly include the liabilities arising from arrangements the Group has entered into with the previous owners of acquired companies that still hold a non-controlling interest as well as a small part for deferred payments from other business combinations.
With respect to these arrangements, the Group has entered

into put and call options with the holders of these non-controlling interests. The put option gives the minority shareholder the right to sell its non-controlling interest to the Group. The call option gives the Group the right to purchase the non-controlling interest. The option exercise price is determined by a contractually agreed formula that is (mainly) based on the future results of the company involved.
The liability is stated initially at fair value. Subsequent measurement is at amortized cost, using the effective interest method. The value is determined by means of the present value of the expected cash outflows to settle the liability, based on projected results. The discount rate used in discounting the expected cash outflows is based on an interest rate that reflects the current market assessment of the time value of money, taking into account the expected settlement of these liabilities.
In line with the nature of the put option, the liability is classified as short term, except for the part that can only be exercised after one year.
Changes in the value of these liabilities (also including interest due to passage of time), as well as differences upon settlement between the actual cash outflow and the expected cash outflow, are accounted for in net finance costs. The companies acquired under these arrangements are fully consolidated, with no recognition of a non-controlling interest.

2.21 Pensions and other employee benefits

The Group has various pension schemes, in accordance with local conditions and practices in the countries in which it operates. Most of the pension schemes are defined contribution plans, which are funded through payments to independent entities. The Group has no legal or constructive obligations to pay further contributions if these separate entities do not hold sufficient assets to pay all employees the pension benefits relating to employee service in the current and prior periods.
The regular contributions constitute net periodic costs for the year in which they are due and are included within personnel expenses and/or costs of services.
A few pension plans are defined benefit plans. The liability recognized in the balance sheet with respect to defined benefit pension plans is the present value of the defined benefit obligation of the estimated amount of future benefits that employees have earned in return for their service in the current and prior years, less the fair value of plan assets. Independent actuaries calculate the defined benefit obligations based on factors such as age, years of service and compensation (projected unit credit method).

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

In calculating the Group's obligation with respect to defined benefit plans, that portion of actuarial gains and losses is recognized in personnel expenses and/or cost of services over the expected average remaining service years of the employees participating in the plan, to the extent that any cumulative unrecognized actuarial gain or loss exceeds 10% of the greater of the present value of the defined benefit obligation or the fair value of plan assets. Otherwise, the actuarial gain or loss is not recognized (corridor approach).
Past service costs are recognized immediately in personnel expenses and/or cost of services, unless changes to the pension plans are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

In accordance with applicable legal requirements, the Group recognizes liabilities for several termination indemnity and long service leave plans. These liabilities are based on calculations made by independent actuaries based on factors such as age, years of service and compensation (projected unit credit method).
Actuarial gains and losses related to these termination indemnity plans are recognized in personnel expenses and/or cost of services in the year they occur.

2.22 Provisions

Provisions are recognized for legally enforceable or constructive obligations as a result of a past event and for which the settlement is likely to require an outflow of resources and the extent of which can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at an interest rate that reflects the current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

Provisions for restructuring are recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. These restructuring provisions mainly comprise lease termination penalties for branches and severance payments for personnel. No provision is created for future operating losses.

Provisions for workers' compensation are based on claims for compensation and medical expenses (of both staffing and corporate employees) in relation to accidents during working hours, for which the Group is liable under applicable local laws. These provisions relate to the operations of the Group in North America and a part of Australia. These operations are responsible for payment of workers' compensation claims up to a maximum amount per claim, beyond which the costs are insured. An independent actuary calculates the amount of the provision.
Within other provisions, the Group has provided for obligations, if and as far as necessary, mainly in relation to:
- Onerous contracts if the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract; and
- Estimated amounts of claims from third parties.

2.23 Operating working capital

Operating working capital includes current assets, excluding cash and cash equivalents, current income tax receivables and the current part of held-to-maturity investments, minus current liabilities, excluding current borrowings, current income tax liabilities and the current part of provisions and other liabilities.

2.24 Net cash / debt

The net cash or net debt includes the balance of cash, cash equivalents and borrowings (both current and non-current).

2.25 Fair value estimation

Fair value estimations are included in these financial statements, mainly with respect to financial assets and financial liabilities.
As no financial assets and liabilities of the Group are traded in active markets, techniques such as estimated discounted cash flows are used to determine the fair value. The fair value of financial assets and liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Group for similar financial assets and liabilities.

3. Consolidated statement of cash flows

The statement of cash flows has been prepared applying the indirect method. Cash in the statement of cash flows comprises the balance sheet items cash and cash equivalents as well as current borrowings, because current borrowings form an integral part of the Group's cash management. Cash flows in foreign currencies have been translated at average exchange rates. Exchange differences concerning cash items are shown separately in the statement of cash flows. Income taxes paid/received are included in the cash flow from operating activities. Finance income received, finance expenses paid and dividends paid are included in the cash flow from financing activities.

The purchase price of acquisitions paid, as well as the selling price of disposed subsidiaries received, is included in cash flow from investing activities. This purchase price paid, as well as the selling price received, is included in the statement of cash flows net of cash acquired or disposed of, respectively. Changes in assets and liabilities resulting from the acquisition and disposal of subsidiaries are taken into account in the calculation of the consolidated cash flows.

4. Critical accounting estimates, assumptions and judgments

In the preparation of financial statements, the Group makes certain critical accounting estimates and assumptions concerning the future. The resulting reported amounts will, by definition, rarely equal the related actual outcome. Estimates and judgments are continually evaluated and are based on historical experience and various other factors, including expectations of future events, which are believed to be reasonable under the circumstances.

The following estimates, assumptions and judgments have an inherent significant risk of potentially causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

4.1 Impairment of intangible assets

The Group tests whether intangible assets have suffered any impairment, in case of triggering events and at least annually. The recoverable amounts of cash-generating units have been determined using, amongst other instruments, value-in-use calculations. These calculations require the use of estimates. Based on these impairment tests, impairment losses, if any, are identified. However, should the actual performance of these cash-generating units become materially worse compared to the performance based on the estimates, possible impairment losses could arise, or could deviate from the detected impairment losses. This impairment loss or deviation could have a material effect on the carrying amounts of the intangible assets. For the sensitivity of impairment testing of goodwill, refer to note 17.
For the accounting policies of intangible assets, refer to note 2.13.

4.2 Provisions

Due to the nature of provisions, a considerable part of their determination is based on estimates and/or judgments, including assumptions concerning the future.
The actual outcome of these uncertain factors may be materially different from the estimates, causing differences with the estimated provisions. Hence, the differences between actual outcomes and the recorded provisions can impact results over the periods involved.
The timing of outflow of resources to settle these obligations is subject to the same uncertain factors. For the sensitivity of employee benefit obligations and provisions refer to notes 28 and 29 respectively.

4.3 Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide deferred tax asset on, amongst other items, tax losses carry-forward and deferred tax liabilities. There are many uncertain factors that influence the amount of the tax losses carry-forward. The Group recognizes deferred tax assets on tax losses carry-forward based on their best estimates. When the actual results are different from the amounts that were initially estimated, such differences will impact the income tax in the income statement and the deferred tax assets and/or deferred tax liabilities in the period in which these deviations occur. For the sensitivity of assumptions in the determination of deferred taxes, refer to note 20.1.

notes to the consolidated **statement** of comprehensive income

(amounts in millions of €, unless otherwise indicated)

5. Revenue

Revenue by segment:

	2010	2009
Netherlands	2,826.7	2,962.9
France	3,067.3	2,691.6
Germany	1,728.6	1,320.7
Belgium & Luxembourg	1,327.8	1,191.4
United Kingdom	802.3	753.3
Iberia	861.0	796.4
Other European countries	761.4	603.5
North America	1,848.2	1,450.3
Rest of the world	956.0	629.8
	14,179.3	**12,399.9**

Revenue by revenue category:

	2010	2009
Staffing	9,582.1	8,614.7
Inhouse services	2,002.5	1,311.1
Professionals	2,594.7	2,474.1
	14,179.3	**12,399.9**

6. Cost of services

	2010	2009
Wages, salaries, social security and pension charges	11,053.8	9,516.5
Depreciation property, plant and equipment	0.9	1.1
Amortization software	0.4	0.7
Other cost of services	454.9	460.3
	11,510.0	**9,978.6**

For further information on wages, salaries, social security charges and pension charges included in cost of services, refer to note 38.

7. Gross profit

Gross profit by segment:

	2010	2009
Netherlands	656.3	731.7
France	434.6	363.7
Germany	369.1	287.8
Belgium & Luxembourg	269.9	248.3
United Kingdom	170.4	175.6
Iberia	110.5	108.2
Other European countries	126.4	103.9
North America	349.6	278.5
Rest of the world	182.5	123.6
	2,669.3	**2,421.3**

8. Selling expenses

Selling expenses include an amount of € 5.0 million (2009: € 13.9 million) related to impairment losses on trade receivables as well as debt collection costs.

9. General and administrative expenses

General and administrative expenses include:
- foreign exchange losses in the amount of € 0.6 million (2009: € 1.0 million);
- loss on the sale of property, plant and equipment in the amount of € 0.6 million (2009: profit of € 1.3 million);
- a book profit on the sale of subsidiaries in the amount of € 0.0 million (2009: € 23.5 million);
- acquisition-related expenses in the amount of € 2.8 million (2009: nil).

10. Total operating expenses

Total operating expenses by nature:

	2010	2009
Personnel expenses	1,515.8	1,471.6
Depreciation property, plant and equipment	54.7	65.4
Amortization software	29.3	26.4
Advertising and marketing	113.0	98.6
Accommodation	185.3	199.0
Other	257.6	331.4
Operating expenses	**2,155.7**	**2,192.4**
Amortization acquisition-related intangible assets	172.4	158.6
	2,328.1	**2,351.0**

For further information on personnel expenses, refer to note 38.

11. Operating profit

Operating profit by segment:

	2010	2009
Netherlands	168.0	164.6
France	48.7	(54.7)
Germany	93.6	47.6
Belgium & Luxembourg	52.1	41.9
United Kingdom	(24.3)	(23.6)
Iberia	8.3	(1.8)
Other European countries	11.0	(12.2)
North America	40.3	(4.9)
Rest of the world	(11.5)	(24.6)
Corporate	(45.0)	(38.5)
	341.2	**93.8**

11.1 Depreciation, amortization and impairment software

	2010	2009
Depreciation buildings	0.9	0.8
Depreciation computer hardware	17.0	20.6
Depreciation leasehold improvements and furniture and fixtures	37.7	45.1
Depreciation	**55.6**	**66.5**
Amortization software	29.7	27.1
Impairment software	-	-
	85.3	**93.6**

The total amount of depreciation, amortization and impairment software is included in the following categories:

	2010	2009
Cost of services	1.3	1.8
Selling expenses	28.2	30.3
General and administrative expenses	55.8	61.5
	85.3	**93.6**

Depreciation, amortization and impairment software by segment:

	2010	2009
Netherlands	21.7	25.5
France	13.8	13.5
Germany	8.2	9.2
Belgium & Luxembourg	11.2	12.1
United Kingdom	6.5	8.1
Iberia	2.7	3.1
Other European countries	4.6	4.5
North America	8.5	9.8
Rest of the world	8.1	7.8
Corporate	0.0	0.0
	85.3	**93.6**

11.2 Amortization and impairment acquisition-related intangible assets and goodwill

	2010	2009
Amortization acquisition-related intangible assets	172.4	158.6
Impairment acquisition-related intangible assets	-	-
Impairment goodwill	-	-
	172.4	**158.6**

Amortization and impairment acquisition-related intangible assets and goodwill by segment:

	2010	2009
Netherlands	20.7	20.7
France	39.7	40.3
Germany	12.9	13.3
Belgium & Luxembourg	9.5	10.0
United Kingdom	29.7	23.7
Iberia	9.7	10.1
Other European countries	8.2	8.3
North America	21.7	20.3
Rest of the world	20.3	11.9
	172.4	**158.6**

11.3 Operating leases

In operating profit, an amount of € 229.6 million (2009: € 253.6 million) is included for operating leases.

11.4 Grants

Grants included in operating profit amount to € 21.1 million (2009: € 14.2 million), of which € 20.9 million (2009: € 13.6 million) is reported under cost of services. Grants mainly relate to the (partial) compensation of the costs of education of staffing employees.

12. Net finance costs

	2010	2009
Finance income		
Interest and similar income	3.6	8.2
Foreign exchange gains	7.6	0.3
Changes in value other liabilities	6.5	9.0
Interest income due to passage of time:		
- 'held-to-maturity' investments, loans and receivables	2.9	2.7
	20.6	**20.2**
Finance expenses		
Interest and similar expenses on current borrowings	7.6	7.3
Interest and similar expenses on non-current borrowings	25.2	47.1
Dividend non-controlling interests classified as other liabilities	1.6	3.3
Interest expenses due to passage of time:		
- defined benefit pension plans and other employee benefits	2.9	2.5
- workers' compensation and other provisions	1.8	2.0
- other liabilities	5.3	6.9
	44.4	**69.1**
	23.8	**48.9**

Finance income and expenses have been adjusted for non-cash items (such as interest receivable/payable) to arrive at finance income received of € 11.2 million (2009: € 8.5 million) and finance expenses paid of € 28.5 million (2009: € 49.2 million) in the statement of cash flows.

13. Taxes on income

	2010	2009
Current tax expense / (income)	141.0	(11.0)
Deferred tax income	(111.5)	(12.2)
Expense / (income)	**29.5**	**(23.2)**

In 2010, the average effective tax rate on income before taxes is 9.3% (2009: minus 52.3%). The reconciliation between the income tax rate of the company's country of domicile and the average effective tax rate is as follows:

	2010	2009
Income tax rate of the company's country of domicile	25.5%	25.5%
Effect of income tax rates in other (non-domestic) jurisdictions	2.5%	(27.4%)
Weighted average applicable tax rate	**28.0%**	**(1.9%)**
Tax-exempt income	(2.0%)	(127.2%)
Changes in statutory applicable tax rates and effects prior years	(1.0%)	(4.5%)
Change in valuation of deferred tax assets and other	(15.7%)	81.3%
Average effective tax rate	**9.3%**	**(52.3%)**

As reported in the previous year, due to the composition of the income before taxes in 2009 (€ 44.4 million), the average effective tax rate for 2009 was strongly impacted by the amortization charges on acquisition-related intangibles (€ 158.6 million), with a weighted average applicable tax rate of 31.3%, on the one hand and 'other income' (€ 203.0 million), with a weighted average applicable tax rate of 24.1% , on the other.

The average effective tax rate for the year 2010 is strongly impacted by the effect of a change in French business tax ('taxe professionelle'), with the relating expenses, starting 2010, included in taxes on income, whereas in previous years these expenses were included in income before taxes.

To provide better insight into the average effective tax rate and as a better comparison between these rates in 2010 and 2009, the actual figures have been adjusted for the effects as mentioned above, which results in the following reconciliation between the income tax rate of the company's country of domicile and the average effective tax rate for these 'pro forma' figures:

	2010	2009
Income tax rate of the company's country of domicile	25.5%	25.5%
Effect of income tax rates in other (non-domestic) jurisdictions	3.6%	0.2%
Weighted average applicable tax rate	**29.1%**	**25.7%**
Tax-exempt income	(1.3%)	(12.8%)
Changes in statutory applicable tax rates and effects prior years	(0.6%)	(1.0%)
Change in valuation of deferred tax assets and other	(10.2%)	15.0%
Average effective tax rate	**17.0%**	**26.9%**

The change in the weighted average applicable tax rate in 2010 compared to 2009 is caused by a changed mix in results of subsidiaries in countries with different tax rates and the relative weight of positive and negative results. Countries with a tax rate higher than the weighted average had a relatively higher share in the results.

The effect of tax exempt income is lower than last year; last year the tax exempt income as a percentage of income before taxes was amongst others impacted as a result of incidental tax free gains on disposal of subsidiaries.
Due to the increase of this year's income before taxes the relative weight of tax synergies as a percentage of income before taxes decreased compared to last year.
A third element that caused the effect to be lower are changes in legislation in respect of non-tax deductible expenses.

Due to the more favorable business conditions and outlook for our company and industry in the USA, we expect to be able to recover more net operating losses resulting in a tax gain of € 60 million in 2010; this is reflected in the line 'change in valuation deferred tax assets and other'.

14. Net income, EBITA and EBITDA

Net income includes foreign exchange gains of € 7.0 million (2009: losses of € 0.7 million). For other items included in net income, refer to note 9.

The reconciliation between net income, EBITA and EBITDA is as follows:

	2010	2009
Net income	288.5	67.6
Taxes on income	29.5	(23.2)
Share of profit of associates	(0.6)	0.5
Net finance costs	23.8	48.9
Operating profit/(loss)	**341.2**	**93.8**
Amortization acquisition-related intangible assets	172.4	158.6
Operating profit before amortization and impairment acquisition-related intangible assets and goodwill (EBITA)	**513.6**	**252.4**
Depreciation	55.6	66.5
Amortization and impairment software	29.7	27.1
Operating profit before depreciation, amortization and impairments (EBITDA)	**598.9**	**346.0**

EBITA by segment:

	2010	2009
Netherlands	188.7	185.3
France	88.4	(14.4)
Germany	106.5	60.9
Belgium & Luxembourg	61.6	51.9
United Kingdom	5.4	0.1
Iberia	18.0	8.3
Other European countries	19.2	(3.9)
North America	62.0	15.4
Rest of the world	8.8	(12.7)
Corporate	(45.0)	(38.5)
	513.6	**252.4**

EBITDA by segment:

	2010	2009
Netherlands	210.4	210.8
France	102.2	(0.9)
Germany	114.7	70.1
Belgium & Luxembourg	72.8	64.0
United Kingdom	11.9	8.2
Iberia	20.7	11.4
Other European countries	23.8	0.6
North America	70.5	25.2
Rest of the world	16.9	(4.9)
Corporate	(45.0)	(38.5)
	598.9	**346.0**

15. Earnings per ordinary share

	2010	2009
Net income		
Net income attributable to ordinary shareholders	280.8	61.1
Amortization and impairment acquisition-related intangible assets and goodwill (after taxes)	118.4	108.9
Net income attributable to ordinary shareholders before amortization and impairment acquisition-related intangible assets and goodwill	**399.2**	**170.0**
Numbers of ordinary shares		
Weighted average number of ordinary shares outstanding (in millions)	169.9	169.6
Dilutive effect of share-based payments arrangements (in millions)	1.9	1.5
Weighted average number of diluted ordinary shares outstanding (in millions)	**171.8**	**171.1**
Earnings per ordinary share		
Basic earnings per ordinary share (€)	1.65	0.36
Diluted earnings per ordinary share (€)	1.63	0.36
Diluted earnings per ordinary share before amortization and impairment acquisition-related intangible assets and goodwill (€)	2.32	0.99

Basic earnings per ordinary share are calculated by dividing the net income attributable to the ordinary shareholders of Randstad Holding nv by the weighted average number of ordinary shares outstanding during the year, being issued ordinary share capital, adjusted for ordinary shares purchased by Randstad Holding nv and held as treasury shares.

Diluted earnings per ordinary share are calculated by adjusting the weighted average number of ordinary shares outstanding, assuming conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares arise from various share-based payment arrangements.

notes to the consolidated **balance sheet**

(amounts in millions of €, unless otherwise indicated)

16. Property, plant and equipment

	Buildings and land	Computer hardware	Leasehold improvements, furniture and fixtures	Total
Cost	55.5	194.8	386.7	637.0
Accumulated depreciation and impairment	29.3	149.8	267.4	446.5
Balance at January 1, 2009	**26.2**	**45.0**	**119.3**	**190.5**
Book value at January 1, 2009	26.2	45.0	119.3	190.5
Disposal of subsidiaries	-	(0.4)	(0.8)	(1.2)
Additions	-	10.7	23.2	33.9
Disposals	(1.6)	(3.3)	(3.7)	(8.6)
Depreciation	(0.8)	(20.6)	(45.1)	(66.5)
Translation differences	0.1	0.8	1.5	2.4
Balance at December 31, 2009	**23.9**	**32.2**	**94.4**	**150.5**
Cost	48.7	164.8	386.3	599.8
Accumulated depreciation and impairment	24.8	132.6	291.9	449.3
Balance at December 31, 2009	**23.9**	**32.2**	**94.4**	**150.5**
Book value at January 1, 2010	23.9	32.2	94.4	150.5
Acquisition of subsidiaries	19.7	0.0	3.4	23.1
Disposal of subsidiaries	0.0	(0.1)	(0.2)	(0.3)
Additions	0.0	11.5	27.8	39.3
Disposals	0.0	(1.9)	(3.8)	(5.7)
Depreciation	(0.9)	(17.0)	(37.7)	(55.6)
Translation differences	0.8	1.1	2.4	4.3
Balance at December 31, 2010	**43.5**	**25.8**	**86.3**	**155.6**
Cost	76.7	169.0	408.4	654.1
Accumulated depreciation and impairment	33.2	143.2	322.1	498.5
Balance at December 31, 2010	**43.5**	**25.8**	**86.3**	**155.6**

Property, plant and equipment by segment:

	2010	2009
Netherlands	45.2	53.7
France	27.2	24.3
Germany	6.9	8.4
Belgium & Luxembourg	11.6	18.0
United Kingdom	9.2	10.2
Iberia	4.1	4.6
Other European countries	8.1	8.7
North America	9.0	11.1
Rest of the world	34.3	11.5
	155.6	**150.5**

Based on appraisals made by independent and expert appraisers, the estimated fair value of buildings and land is € 30 million to € 35 million higher than the carrying amount.

In the consolidated statement of cash flows, proceeds from the sale of property, plant and equipment comprise:

	2010	2009
Net book value of disposals	5.7	8.6
(Loss)/gain on disposals	(0.6)	1.3
Disposals property, plant and equipment, statement of cash flows	**5.1**	**9.9**

17. Goodwill

	2010	2009
Cost	2,803.5	2,881.6
Accumulated impairment	501.6	555.8
Balance at January 1	**2,301.9**	**2,325.8**
Book value at January 1	2,301.9	2,325.8
Acquisition of subsidiaries	56.4	0.9
Disposal of subsidiaries	(10.7)	(13.6)
Adjustments to goodwill acquisitions prior years	-	9.3
Translation differences	53.4	(20.5)
Balance at December 31	**2,401.0**	**2,301.9**
Cost	2,930.9	2,803.5
Accumulated impairment	529.9	501.6
Balance at December 31	**2,401.0**	**2,301.9**

In 2010, the Group sold activities in France and in the Netherlands (2009: Dutch payrolling activities). The relating goodwill and accumulated impairment amounting to zero (2009: € 55.8 million) have been derecognized.

Carrying amount of goodwill by segment is:

	2010	2009
Netherlands	798.4	800.8
France	398.7	407.1
Germany	205.6	205.6
Belgium & Luxembourg	126.6	126.6
United Kingdom	313.6	304.5
Iberia	60.5	60.5
Other European countries	97.8	91.7
North America	217.0	198.4
Rest of the world	182.8	106.7
	2,401.0	**2,301.9**

Impairment testing

Determination of value in use

The recoverable amount of the various cash-generating units for which goodwill is capitalized is based on value in use. The value in use is determined by means of cash flow projections based on the actual operating results adjusted for non-cash items (mainly depreciation and amortization) and the expected future performance, which in turn is based on management's estimates and assumptions of revenue growth and developments of operating margins, assessed with external data, covering a period of, in principle, nine years (2009: nine years). Cash flow projections after this period are extrapolated by means of a growth percentage of 1% (2009: 1%) throughout the Group. The nine years' period of the projections reflects an estimated full business cycle of the industry and the long-term growth potential of high growth regions before reaching maturity.

Further key assumptions in the cash flow projections are:

- annual revenue growth of the Group: on average between 9% and 12% for the first three years and in the range of 1% to 5% for the following five years and 1% in the ninth year (Netherlands: 7% to 10%, 1% to 3% and 1% respectively);
- EBITA of the Group in the range of 4.4% to 5.6% of revenue (Netherlands: 7.4% to 8.9%);
- growth rate in revenue and EBITA percentages vary between segments in relatively limited terms and are dependent on the mix in revenue.

The cash flow projections are prepared in local currencies and discounted with pre-tax discount rates determined per currency involved. The pre-tax discount rates vary from 10.5% to 20.9%, weighted average is 14.9% (2009: average 14.7%). Netherlands: 13.0%.

Impairments

For 2010 and 2009, the calculation of the value in use of the various cash-generating units in comparison to the carrying amount resulted in no impairments.

Sensitivity

The determined values in use are sensitive to variations in estimates and assumptions. Based on the further improving market developments, variations in assumptions have limited impact on the risk of impairment of goodwill; however, due to lower growth rates compared to prior year caused by lagging economic developments in Iberia, goodwill allocated to this segment may be subject to impairment in the following cases:

- revenue growth: a 1% point lower growth rate would result in a € 17 million impairment charge (2% point: € 36 million);
- EBITA: a 0.25% point lower EBITA in percentage of revenue would imply a € 16 million impairment charge (0.5% point: € 35 million);
- discount rate: a 0.5% point higher discount rate would result in a € 11 million impairment charge (1% point: € 23 million).

Last year the segment Rest of the world was sensitive to variations in assumptions, and goodwill might have been subject to impairment in comparable ranges, as indicated above.

The segments France, UK, North America and Rest of the World have sufficient headroom available to cover these variations in assumptions. The segments Netherlands, Belgium & Luxembourg, Germany and Rest of Europe have substantial headroom available.

Other information goodwill

Additions goodwill due to acquisitions by segment:

	2010	2009
Other European countries	1.5	-
North America	-	0.7
Rest of the world	54.9	0.2
	56.4	**0.9**

18. Acquisition-related intangible assets

	Acquisition-related intangible assets		Total
	Customer relationships	Brand names and candidate databases	
Cost	993.4	87.7	1,081.1
Accumulated amortization and impairment	127.4	24.6	152.0
Balance at January 1, 2009	**866.0**	**63.1**	**929.1**
Book value at January 1, 2009	866.0	63.1	929.1
Amortization	(129.6)	(29.0)	(158.6)
Translation differences	13.6	7.1	20.7
Balance at December 31, 2009	**750.0**	**41.2**	**791.2**
Cost	984.9	94.7	1,079.6
Accumulated amortization and impairment	234.9	53.5	288.4
Balance at December 31, 2009	**750.0**	**41.2**	**791.2**
Book value at January 1, 2010	750.0	41.2	791.2
Acquisition of subsidiaries	58.4	11.6	70.0
Disposal of subsidiaries	(5.7)	-	(5.7)
Amortization	(134.2)	(38.2)	(172.4)
Translation differences	22.6	2.2	24.8
Balance at December 31, 2010	**691.1**	**16.8**	**707.9**
Cost	1,066.8	111.0	1,177.8
Accumulated amortization and impairment	375.7	94.2	469.9
Balance at December 31, 2010	**691.1**	**16.8**	**707.9**

Acquisition-related intangible assets by segment:

	2010	2009
Netherlands	97.4	118.9
France	175.7	220.1
Germany	31.7	44.7
Belgium & Luxembourg	43.4	52.8
United Kingdom	74.6	101.1
Iberia	48.9	58.7
Other European countries	34.9	40.6
North America	71.9	85.8
Rest of the world	129.4	68.5
	707.9	**791.2**

Additions acquisition-related intangible assets due to acquisitions by segment:

	2010	2009
Other European countries	1.3	-
Rest of the world	68.7	-
	70.0	**-**

19. Software

	2010	2009
Cost	210.9	212.6
Accumulated amortization and impairment	145.9	152.3
Balance at January 1	**65.0**	**60.3**
Book value at January 1	65.0	60.3
Acquisition of subsidiaries	1.1	-
Disposal of subsidiaries	(0.8)	(0.2)
Additions	15.8	31.1
Disposals	0.0	0.0
Amortization	(29.7)	(27.1)
Translation differences	1.8	0.9
Balance at December 31	**53.2**	**65.0**
Cost	217.8	210.9
Accumulated amortization and impairment	164.6	145.9
Balance at December 31	**53.2**	**65.0**

The difference between the amount included as additions in the software movement schedule (€ 15.8 million; 2009: € 31.1 million) and the amount included in the statement of cash flows (€ 21.4 million; 2009: € 14.6 million) represents the effect of deferred payments (and for 2009 prepayments).

Software by segment:

	2010	2009
Netherlands	9.8	13.4
France	9.8	13.4
Germany	4.4	6.0
Belgium & Luxembourg	10.1	12.1
United Kingdom	2.7	3.6
Iberia	1.6	1.9
Other European countries	3.1	2.7
North America	4.2	5.9
Rest of the world	7.5	6.0
	53.2	**65.0**

20. Deferred and current income taxes

20.1 Movements in total position taxes on income

	2010	2009
Assets / (liabilities) taxes on income		
Deferred tax assets	465.3	422.0
Current income tax receivables	64.6	67.7
Deferred tax liabilities	(474.7)	(341.9)
Current income tax liabilities	(22.5)	(41.6)
Balance at January 1	**32.7**	**106.2**
Movements during the year		
(Credited)debited to income statement	(29.5)	23.2
Net payments/(receipts)	102.9	(85.6)
Acquisition of subsidiaries' deferred taxes	(11.3)	-
Acquisition of subsidiaries' current taxes	(2.3)	-
Disposal of subsidiaries' deferred taxes	(0.2)	(2.2)
Disposal of subsidiaries' current taxes	-	(0.1)
Recognized in other comprehensive income	(13.8)	1.8
Translation differences	11.8	(10.6)
Total movements	**57.6**	**(73.5)**
Assets / (liabilities) taxes on income		
Deferred tax assets	520.4	465.3
Current income tax receivables	51.7	64.6
Deferred tax liabilities	(444.4)	(474.7)
Current income tax liabilities	(37.4)	(22.5)
Balance at December 31	**90.3**	**32.7**

20.2 Movements in deferred taxes

	Goodwill	Tax losses carry forward	Temporary differences	Recapture obligations	Total 2010	Total 2009
Deferred tax assets	79.6	172.2	213.5	-	465.3	422.0
Deferred tax liabilities	-	-	(273.7)	(201.0)	(474.7)	(341.9)
Balance at January 1	**79.6**	**172.2**	**(60.2)**	**(201.0)**	**(9.4)**	**80.1**
Movements during the year						
Acquisition of subsidiaries	-	-	(11.3)	-	(11.3)	-
Disposal of subsidiaries	-	-	(0.2)	-	(0.2)	(2.2)
Income statement	0.3	56.3	54.2	0.7	111.5	12.2
Other movements	(19.7)	6.0	(45.5)	33.8	(25.4)	(87.9)
Translation differences	3.9	9.0	(2.1)	-	10.8	(11.6)
Total movements	**(15.5)**	**71.3**	**(4.9)**	**34.5**	**85.4**	**(89.5)**
Deferred tax assets	64.1	243.5	212.8	-	520.4	465.3
Deferred tax liabilities	-	-	(277.9)	(166.5)	(444.4)	474.7
Balance at December 31	**64.1**	**243.5**	**(65.1)**	**(166.5)**	**76.0**	**(9.4)**

20.3 Deferred income tax assets

Deferred tax assets are attributable to the following:

	2010	2009
Goodwill	64.1	79.6
Tax losses carry-forward	243.5	172.2
Temporary differences	212.8	213.5
	520.4	**465.3**

Deferred tax assets in relation to goodwill comprise the tax effects arising from goodwill that has been directly charged to shareholders' equity at acquisition date, based on (Dutch) accounting principles prevalent at that time and in accordance with the exemptions offered by IFRS 1 at the date of transition to IFRS (January 1, 2004).
Deferred tax assets in relation to tax losses carry-forward comprise an amount of € 242 million (2009: € 171 million) in receivables originating from subsidiaries that showed (tax) losses in the current or preceding year.
Deferred tax assets in relation to temporary differences originate from differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The composition of deferred tax assets in relation to temporary differences is as follows:

	2010	2009
Property, plant, equipment and intangible assets	48.2	51.9
Other receivables/other payables	136.2	139.3
Provisions	28.4	22.3
	212.8	**213.5**

The recoverability of deferred tax assets resulting from net operating losses and temporary differences is reviewed and assessed annually, using forecasts that are based on the actual operating results and the expected future performance based on management's estimates and assumptions of revenue growth and development of operating margins of the Group companies concerned, assessed with external data. Significant judgment is required. Deviations from these estimates and assumptions can affect the value of deferred tax assets and may, in that case, have a material impact on the effective tax rate. The actual outcome may differ significantly from the outcome estimated by management.

These projections are based on internal projections and strategic plans and are assessed with a number of scenarios to cover reasonable changes in the assumptions of the projections. These changes mainly relate to variations in revenue growth percentages and operating margin percentages. The deferred tax assets are only recognized to the extent that it is considered probable that future taxable profits will be available against which these deferred tax assets can be utilized. The several scenarios give potential outcomes that deviate from the carrying amount within a range of up to € 20 million – € 40 million, upwards or downwards.

Certain deferred tax assets, the recoverability of which is considered not probable, are valued at nil. These comprise deferred tax assets relating to goodwill of approximately € 3 million (2009: approximately € 3 million), deferred tax assets in relation to tax losses carry-forward of approximately € 73 million (2009: approximately € 121 million) and deferred tax assets relating to other temporary differences of approximately € 17 million (2009: approximately € 12 million). The majority of the unrecognized tax losses will expire between 2022 and 2028.

The part of deferred tax assets that is expected to be recovered within one year is estimated at € 19 million (2009: € 12 million).

20.4 Deferred income tax liabilities

Deferred income tax liabilities are attributable to the following:

	2010	2009
Recapture obligations and other	166.5	201.0
Temporary differences	277.9	273.7
	444.4	**474.7**

The deferred tax liability with respect to recapture obligations and other includes the effects from incorporation in the Netherlands of tax losses incurred by subsidiaries (2010 and 2009: Germany only) as well as a liability in relation to a decrease in the value of certain non-Dutch subsidiaries that was taken into account for Dutch tax purposes (2010: € 131 million; 2009: € 151 million). If and as far as the latter value of these non-Dutch subsidiaries increases, a corresponding taxable income must be taken into account; the amount will ultimately be paid back in 2012. The obligation relating to tax losses incurred in Germany will materialize if and as far as taxable income is realized by the German subsidiaries.

These obligations do not affect the effective tax rate.

In prior years recapture obligations arising from the USA (€ 206 million) have been credited to income. The Group considers it highly unlikely that these have to be repaid in the future. As soon as this obligation is expected to materialize in the future, this will lead to a tax liability and an increase in the effective tax rate.

The deferred tax liability for temporary differences originates from differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. An amount of € 212.6 million (2009: € 234.3 million) is included in temporary differences in relation to the valuation of acquisition-related intangible assets upon acquisition.
The part of deferred tax liabilities that is expected to be settled within one year is estimated at € 67 million (2009: € 48 million).

21. Financial assets

	2010	2009
Held-to-maturity investments	64.5	60.8
Loans and receivables	4.1	4.5
Available-for-sale financial assets	5.8	-
	74.4	**65.3**

The held-to-maturity investments, loans and receivables and available-for-sale financial assets are neither past due nor impaired. These financial assets mainly have counterparties such as (semi-)governmental bodies or insurance companies.

Held-to-maturity investments represent loans that are granted interest-free by the French subsidiaries annually in relation to legal arrangements for payment of certain social security charges. These annual loans have a repayment term of 20 years each. These investments have an average remaining term of 12 years (2009: 12 years) and an effective interest rate of 4.6% (2009: 4.7%). The nominal value of held-to-maturity investments amounts to € 113 million (2009: € 109 million) and represents best the maximum exposure to credit risk. The carrying amount of held-to-maturity investments approximates the fair value as of January 1; as of December 31, the fair value is approximately € 8 million higher than the carrying amount.

The loans and receivables do not have a fixed maturity date; the average effective interest rate is 2.3% (2009: 3.5%). The carrying amount of loans and receivables approximates the fair value as of January 1 and December 31, 2010, and represents best the maximum exposure to credit risk.

Available-for-sale financial assets comprise of equity securities. The carrying amount of available-for-sale financial assets approximates the fair value as of December 31, 2010, and represents best the maximum exposure to credit risk.

The Group does not hold any collateral as security.

21.1 Held-to-maturity investments

	2010	2009
Balance at January 1	**62.0**	**56.4**
Disposals of subsidiaries	(0.6)	-
Additions at face value	6.8	10.4
Recognition to fair value	(3.5)	(5.8)
Redemptions	(1.3)	(1.7)
Interest due to passage of time	2.9	2.7
Balance at December 31	**66.3**	**62.0**
Non-current portion	64.5	60.8
Current portion	1.8	1.2
	66.3	**62.0**

The recognition to fair value in the amount of € 3.5 million (2009: € 5.8 million) is included in cost of services.

21.2 Loans and receivables

	2010	2009
Balance at January 1	**4.5**	**6.7**
Acquisitions of subsidiaries	0.2	-
Additions	-	0.1
Redemptions	(0.6)	(2.5)
Translation differences	0.0	0.2
Balance at December 31	**4.1**	**4.5**

The loans and receivables are expected to be non-current in full.

21.3 Available-for-sale financial assets

	2010	2009
Balance at January 1	**-**	**-**
Acquisitions of subsidiaries	5.3	-
Recognition to fair value	0.2	-
Translation differences	0.3	-
Balance at December 31	**5.8**	**-**

The available-for-sale financial assets are expected to be non-current in full.

22. Associates

	2010	2009
Balance at January 1	**17.9**	**2.0**
Reclassifications from investments	-	12.6
Acquisitions	2.6	5.6
Disposals	-	0.0
Dividend received	(0.6)	(0.3)
Share of profit/(loss)	0.6	(0.5)
Fair value adjustments	(1.0)	-
Accounted for as a consolidated subsidiary	(21.0)	-
Translation differences	2.6	(1.5)
Balance at December 31	**1.1**	**17.9**

During the year 2010 the Group acquired the majority of the shares in one of its associates, FujiStaff Holdings Inc., Japan (see note 35 business combinations for further information). The carrying amount of the associate at the moment of acquisition of the majority of the shares, including any fair value adjustments, is included as part of the consideration for this subsidiary. The fair value adjustment at the moment of the acquisition of the majority of the shares resulted in a loss of € 1.0 million that is recognized under net finance costs, in combination with a recycled positive translation amount of

also € 1.0 million that initially had been recognized through other comprehensive income.

As at December 31, 2010, the Group has investments in associates, amounting in total to € 1.1 million (2009: € 1.6 million after the associate FujiStaff Holdings Inc. in the amount of € 16.3 million). The total assets and total liabilities of these associates amount to approximately € 13 million (2009: € 14 million) and € 4 million (2009: € 3 million) respectively. Total revenue in 2010 amounted to € 8 million (2009: € 8 million).
Our share in net income of all associates was € 0.6 million (2009: minus € 0.5 million).

23. Trade and other receivables

	2010	2009
Trade receivables	2,438.2	2,036.7
Less: provision for impairment	54.1	71.5
Trade receivables, net of provision for impairment	**2,384.1**	**1,965.2**
Other receivables	331.2	244.3
Prepayments	71.2	55.6
Held-to-maturity investments	1.8	1.2
	2,788.3	**2,266.3**

Refer to note 36 for the movement in the provision for impairment of trade receivables.

The book value of these receivables equals the fair value.

The Group does not hold any collateral as security.

24. Cash and cash equivalents

	2010	2009
Time deposits	20.5	79.7
Cash on hand and at banks	264.8	190.4
	285.3	**270.1**

The time deposits fall due within a one-month average. The average interest rate for the time deposits is 1% (2009: 0.3%). An amount of € 275.0 million out of € 285.3 million (2009: € 255.6 million out of € 270.1 million) is available upon demand.

25. Total assets

Assets by segment include all assets with the exception of deferred tax assets, current income tax receivables and cash and cash equivalents.

	2010	2009
Total assets	7,038.9	6,458.1
Less:		
- deferred tax assets	520.4	465.3
- current income tax receivables	51.7	64.6
- cash and cash equivalents	285.3	270.1
Assets by segment	**6,181.5**	**5,658.1**

Assets by segment are:

	2010	2009
Netherlands	1,392.1	1,401.2
France	1,387.8	1,325.7
Germany	533.3	475.3
Belgium & Luxembourg	458.9	429.9
United Kingdom	558.6	565.7
Iberia	351.5	340.4
Other European countries	299.5	264.9
North America	569.5	508.3
Rest of the world	632.9	340.0
Corporate	10.8	52.3
Eliminations	(13.4)	(45.6)
	6,181.5	**5,658.1**

26. Equity and dividends per share

26.1 Shareholders' equity

Authorized and issued capital
Authorized capital is € 75 million (2009: € 75 million) and consists of 325,000,000 (2009: 325,000,000) ordinary shares with a nominal value of € 0.10, a further 75,000 (2009: 75,000) type-A preferred shares with a nominal value of € 500 and 50,000,000 (2009: 50,000,000) type-B preferred shares with a nominal value of € 0.10.
Issued share capital consists of 170,048,755 ordinary shares (2009: 169,559,691) and 25,200,000 type-B preferred shares (2009: 25,200,000) at year-end. For information regarding the rights, preferences and restrictions on each type of share, please refer to Voting rights, in the corporate governance section on page 74.

The current conditions of the preferred shares are such that the holders of the preferred shares receive a dividend at the company's discretion, that dividend is preferred and cumulative, and that the voting rights are 1 vote per 7 preferred shares.
The dividend on preferred shares is reviewed every seven years. The last review took place in November 2005 and the dividend has been set at € 0.284 per preferred share. The next review of the dividend will take place in November 2012. Only the executive board can propose to the Annual General Meeting of shareholders to decide that the preferred shares be repaid.

Number of outstanding ordinary and preferred shares:

	2010		2009	
	Ordinary shares	Preferred shares	Ordinary shares	Preferred shares
Outstanding at January 1	**169,559,691**	**25,200,000**	**169,543,025**	**25,200,000**
From share-based payment arrangements	489,064	-	16,666	-
Outstanding at December 31	**170,048,755**	**25,200,000**	**169,559,691**	**25,200,000**

Share premium
Share premium consists of € 1,868.0 million share premium on ordinary shares (2009: € 1,851.0 million) and € 163.3 million share premium on preferred shares (2009: € 163.3 million) at year-end.

Translation reserve
The translation reserve comprises all translation differences arising from the translation of the net investment in activities in currencies other than the euro, as well as translation differences of financial liabilities designated as hedges of such investments, to the extent that the hedge is effective. Such translation differences are recognized initially in other comprehensive income and presented in this seperate component of shareholders' equity and recognized in the statement of comprehensive income on disposal of the net investment. The translation reserve also includes the tax effect on translation differences.

Share-based payments reserve
The share-based payments reserve comprises the value of vested rights in respect of share-based payments arrangements as far as stock options have not been exercised or performance shares have not been allocated.

The company has various share-based payment arrangements. Additional information with regard to these arrangements is included in note 40. Included in the income statement is an amount of € 9.3 million (2009: € 14.4 million) for share-based payments.
At year-end 2010, 3.6 million stock options and performance shares (2009: 3.9 million) are outstanding, which upon exercise will lead to the issuance of the same number of new ordinary shares.

Other information
Refer to note 5 of the company financial statements for the restrictions on the distribution of dividends and the repayment of capital.

At December 31, 2010 and 2009, the company held no treasury shares.

Additional information about shareholders' equity is included in the consolidated statement of changes in equity.

26.2 Dividends on ordinary and preferred shares
No dividend has been paid on ordinary shares in 2010 and 2009. Dividends paid in 2010 on preferred shares amounted to € 7.2 million (2009: € 7.2 million) or € 0.284 per preferred share (2009: € 0.284 per preferred share).

At the Annual General Meeting of shareholders to be held on March 31, 2011, it will be proposed by the executive board with the approval of the supervisory board that a dividend be paid on ordinary shares for the year 2010 in the amount of € 1.18 per ordinary share; for preferred shares it will be proposed by the executive board with the approval of the supervisory board that a dividend of € 7.2 million be paid. The dividend proposal has not been included as a liability in these financial statements.
Dividends on ordinary and preferred shares during recent years are:

	Dividend related to		
	2010	2009	2008
Ordinary shares			
- dividend paid during 2009			-
- dividend paid during 2010		-	
- dividend 2010 proposed	200.7		
Preferred shares			
- dividend paid during 2009			7.2
- dividend paid during 2010		7.2	
- dividend 2010 proposed	7.2		

26.3 Non-controlling interests
In 2010, transactions took place with non-controlling interests with no change in control. This resulted in an amount of € 3.9 million directly debited in equity.

27. Borrowings

	2010	2009
Non-current borrowings comprising drawings on multi-currency syndicated revolving credit facility	1,086.2	1,244.2
Other non-current borrowings	22.3	-
Non-current borrowings	**1,108.5**	**1,244.2**
Current borrowings	**76.1**	**40.6**
	1,184.6	**1,284.8**

Movements in non-current borrowings are:

	2010	2009
Balance at January 1	**1,244.2**	**2,401.9**
Acquisition of subsidiaries	18.0	-
Repayments of syndicated loan, net	(190.8)	(1,167.0)
Drawings on / (repayments of) other non-current borrowings, net	3.4	(9.1)
Amortization of transaction costs	5.2	10.0
Translation differences	28.5	8.4
Balance at December 31	**1,108.5**	**1,244.2**

Syndicated loan
At December 31, 2010, the company has a € 1,995 million (originally € 2,700 million) multi-currency syndicated revolving credit facility at its disposal, consisting of a remaining four-year amortizing term senior multi-currency credit facility ('Term facility') of € 375 million (originally € 1,080 million) and a four-year revolving senior multi-currency credit facility ('Revolving facility') of € 1,620 million. In 2010, € 300 million was repaid on the Term facility, of which a € 270 million repayment had initially been scheduled for 2011, and € 30 million had been scheduled for 2012. There is no pre-arranged repayment schedule for the Revolving facility; this facility will mature in 2013. See note 36.2.2 for the net debt to EBITDA ratio covenant.

The total drawings at the end of 2010 are the net amount of drawings on the above-mentioned facilities amounting to € 1,095.1 million (2009: € 1,258.3 million) and of transaction costs directly attributable to these drawings in the amount of € 8.9 million (2009: € 14.1 million).
The credit facility has an interest rate that is based each time on the term of the drawings, increased with a margin above the applicable Euribor or Libor rates. This margin is variable and depends on the (senior) net debt leverage ratio. The average interest rates at year-end are 1.41% for drawings in euros, 0.86% for drawings in US dollars, 1.19% for drawings in UK pounds sterling, 5.45% for drawings in Australian dollars and 0.73% for drawings in Japanese yen, for a term shorter than one month, and are also the effective interest rates because the interest rate on the credit facility fluctuates with market trends.
These non-current borrowings are mainly denominated in euros, except for US dollars (€ 145 million), UK pounds sterling (€ 53 million), Australian dollars (€ 38 million) and Japanese yen (€ 126 million). All amounts denominated in currencies other than the euro are designated as hedges of the net investment in the Group's subsidiaries in the USA, the UK, Australia and Japan. These net-investment hedges are all considered effective.

Other borrowings
At December 31, 2010, the company has other non-current borrowings of € 22.3 million consisting of bank loans of € 17.7 million and a € 4.6 million debenture bond, all denominated in Japanese yen. These non-current borrowings will contractually mature in 2012 and 2013. The average interest rate for the other non-current borrowings is 1.2% and is also considered the effective interest rate. The carrying amount of other non-current borrowings approximates the fair value at December 31, 2010.

Current borrowings are denominated in various currencies. As per December 31, 2010 an amount of € 5 million was denominated in US dollars, € 10 million in Argentine pesos, € 1 million in Indian rupees, € 24 million in Japanese yen, € 3 million in Australian dollars and an amount of € 5 million was denominated in Chilean pesos.
Since the interest rates on the current borrowings fluctuate with the market, the effective interest rates are considered equal to the actual rates.

Negative pledges have been issued for the purposes of bank overdraft facilities and 'pari passu' clauses apply.
At year-end, the Group has no outstanding interest rate or currency derivatives.

The total amount of committed credit facilities is € 1,995 million (2009: € 2,295 million).

Furthermore the Group launched a standby facility in 2009 with a bank for the securitization of accounts receivable. This facility offers the Group the opportunity to sell accounts receivable of its Belgian entities to a maximum of € 125 million and will expire in March 2011.

28. Employee benefit obligations

	2010	2009
Pensions	16.5	10.0
Other employee benefits	5.0	4.6
	21.5	**14.6**

The obligations for employee benefits are considered non-current.

28.1 Pensions
The obligations for pensions relate to the following items:

	2010	2009
Defined benefit plan, corporate employees Belgium	(1.1)	(1.5)
Defined benefit plan, staffing and corporate employees Switzerland	2.2	1.6
Defined benefit plan, corporate employees Germany	8.8	8.8
Defined benefit plan, corporate employees the Netherlands	0.9	1.1
Defined benefit plan, corporate employees Japan	5.7	-
	16.5	**10.0**

The breakdown of the obligations for the defined benefit pension plans is:

	2010	2009
Present value of funded obligations	66.2	48.0
Present value of unfunded obligations	0.9	1.1
Total present value of obligations	**67.1**	**49.1**
Fair value of plan assets	(47.8)	(33.5)
	19.3	**15.6**
Unrecognized actuarial losses	(2.8)	(5.6)
Liability in the balance sheet	**16.5**	**10.0**

The amounts recognized in operating profit and net finance costs are:

	2010	2009
Current service costs, employer	5.3	3.6
Amortization of gains and losses	0.4	0.7
Curtailment gain	-	(0.7)
Effect of asset ceiling test	-	0.8
Expected return on plan assets	(1.9)	(1.5)
Charged to operating result	**3.8**	**2.9**
Interest expenses due to passage of time	2.6	2.4
Total charges	**6.4**	**5.3**

Movements in the present value of the defined benefit pension plan obligations are:

	2010	2009
Balance at January 1	**49.1**	**61.5**
Acquisition of subsidiaries	5.4	-
Disposal of subsidiaries	-	(0.3)
Current service costs, total	8.0	5.8
Interest expenses due to passage of time	2.6	2.4
Benefits paid	(3.6)	(12.5)
Plan settlement	-	(3.9)
Curtailment	-	(1.2)
Unrecognized actuarial results, net	1.6	(2.6)
Translation differences	4.0	(0.1)
Balance at December 31	**67.1**	**49.1**

Movements in the fair value of the plan assets with respect to defined benefit pension plans are:

	2010	2009
Balance at January 1	**33.5**	**48.5**
Expected return on plan assets	1.9	1.5
Contributions, employees	2.7	2.2
Contributions, employers	5.2	4.6
Benefits paid	(3.0)	(11.3)
Unrecognized actuarial results, net	4.0	(8.0)
Plan settlement	-	(3.9)
Translation differences	3.5	(0.1)
Balance at December 31	**47.8**	**33.5**

The major categories of plan assets as a percentage of the fair value of total plan assets are:

	2010	2009
Cash	0.0%	6.6%
Bonds	46.1%	50.0%
Equity instruments	42.1%	36.2%
Real estate	7.1%	6.0%
Other	4.7%	1.2%
	100.0%	**100.0%**

The overall expected rate of return on plan assets is determined by considering the expected market returns available on the assets underlying the current investment policy, supported by rates of returns experienced in the respective markets.

The actual return on plan assets was € 2.6 million (2009: € 4.7 million).

The principal actuarial assumptions used for defined benefit plans are:

	2010	2009
Discount rate	0.8 - 5.8%	3.6 - 6.2%
Expected return on plan assets	2.4 - 5.9%	2.5 - 6.3%
Expected salary increases	1.0 - 8.4%	1.1 - 8.2%
Expected pension increases	0.1 - 1.5%	0.1 - 1.5%

The average life expectancy in years of an individual retiring at the age of 65 on the balance sheet date is:

	2010	2009
Male	17.9 - 22.0	17.3 - 22.0
Female	21.2 - 25.8	20.4 - 25.8

The assumptions regarding future mortality are based on published statistics and mortality tables in each territory.

The Group expects the 2011 contributions to be paid for defined benefit plans to be approximately € 6.6 million, excluding the impact of acquisitions and disposals.

Changes in the assumptions for the provision for pensions are believed to have no material effects on the consolidated figures.

28.2 Provisions for other employee benefits

The obligations for other employee benefits relate to several termination indemnity and long service leave plans.

Movements in the obligations for other employee benefits are:

	2010	2009
Balance at January 1	**4.6**	**6.0**
Current service costs	0.1	(0.1)
Interest expenses due to passage of time	0.3	0.1
Benefits paid	(0.2)	(1.6)
Translation differences	0.2	0.2
Balance at December 31	**5.0**	**4.6**

The average effective interest rate used in the calculation of the obligations for other employment benefits amounts to 5.2% (2009: 5.1%).

The obligations regarding other employee benefits are unfunded.

Changes in the assumptions for the provision for other employee benefits are believed to have no material effects on the consolidated figures.

28.3 Historical information

An overview for the current and prior periods for the total of defined benefit pension plans and other employee benefit plans is:

	2010	2009	2008	2007	2006
Present value of defined benefit obligations	72.1	53.7	67.5	48.3	40.3
Fair value of plan assets	47.8	33.5	48.5	30.6	22.9
Deficit	**24.3**	**20.2**	**19.0**	**17.7**	**17.4**

The experience adjustments of defined benefit pension plans in recent years are:

	2010	2009	2008	2007	2006
Experience adjustments arising on plan liabilities, losses/(gains)	3.7	(0.2)	(1.3)	0.7	(0.4)
Experience adjustments arising on plan assets, (gains)/losses	(0.7)	(3.3)	9.2	1.3	(0.6)

29. Provisions

	Restructuring	Workers' compensation	Other	Total
Non-current provisions	4.3	28.6	19.7	52.6
Current provisions	42.5	11.7	50.3	104.5
Balance at January 1, 2009	**46.8**	**40.3**	**70.0**	**157.1**
Charged to income statement	70.1	19.5	9.2	98.8
Interest due to passage of time	-	1.8	0.2	2.0
Released to income statement	(5.6)	-	(2.8)	(8.4)
Withdrawals	(51.2)	(22.2)	(5.7)	(79.1)
Translation differences	0.7	(0.9)	0.1	(0.1)
Balance at December 31, 2009	**60.8**	**38.5**	**71.0**	**170.3**
Non-current provisions	7.0	14.5	36.5	58.0
Current provisions	53.8	24.0	34.5	112.3
Balance at December 31, 2009	**60.8**	**38.5**	**71.0**	**170.3**
Acquisition of subsidiaries	-	-	1.1	1.1
Disposal of subsidiaries	-	-	(0.5)	(0.5)
Charged to income statement	15.3	21.2	13.9	50.4
Interest due to passage of time	-	1.6	0.2	1.8
Released to income statement	(2.9)	-	(15.8)	(18.7)
Withdrawals	(46.0)	(24.0)	(5.7)	(75.7)
Translation differences	1.0	3.2	1.1	5.3
Balance at December 31, 2010	**28.2**	**40.5**	**65.3**	**134.0**
Non-current provisions	6.9	15.6	35.0	57.5
Current provisions	21.3	24.9	30.3	76.5
Balance at December 31, 2010	**28.2**	**40.5**	**65.3**	**134.0**

The restructuring provision comprises the costs of restructuring measures taken at several subsidiaries.

The effective interest rate that is used in the calculation of the provision for workers' compensation is in a range of 4.0% to 5.0% (2009: range of 2.5% to 4.0%). The effect of the change in the effective interest rate from range 2.5% to 4.0% to a range of 4.0% to 5.0% amounts to € 0.2 million and is included in the charge to the income statement of € 21.2 million.

Other provisions consist primarily of provisions for claims of third parties.

The non-current part of these provisions is for the major part expected to be settled within three years after the balance sheet date.

With respect to provisions, the provision for workers' compensation is sensitive to changes in the interest rate. Should the interest rate deviate by 1%-point, with all other variables held constant, the amount of the provision would deviate in a range of € 1 million to € 2 million.

30. Other liabilities

Other liabilities include those with respect to put options from shareholders of non-controlling interests as well as a small part for deferred payments from other business combinations (together: € 103.6 million; 2009: € 116.9 million). As of December 31, 2009, it also included a deferred payment in relation to software in the amount of € 11.9 million.

	2010	2009
Balance at January 1	**128.8**	**165.3**
Acquisition of subsidiaries	8.1	-
Additions	0.0	11.9
Payments regarding liability software	(5.6)	-
Acquisitions non-controlling interests	(21.0)	(35.8)
Disposals majority interests	(3.1)	(14.1)
Changes in value	(6.5)	(9.0)
Transfer to current liabilities	(6.3)	-
Interest due to passage of time	5.3	6.9
Translation differences	3.9	3.6
Balance at December 31	**103.6**	**128.8**
Non-current portion	56.8	73.7
Current portion	46.8	55.1
	103.6	**128.8**

The effective interest rate amounts to 5.0% (2009: 5.0%).

31. Trade and other payables

	2010	2009
Trade payables	128.3	110.2
Other taxes and social security premiums	941.4	824.1
Pension contributions	10.7	9.5
Wages, salaries and other personnel costs	870.5	673.9
Other accruals	286.4	228.9
Deferred income	23.7	23.3
	2,261.0	**1,869.9**

32. Operating working capital

Operating working capital as calculated below excludes the current part of held-to-maturity investments, as well as the current part of other liabilities and provisions.

	2010	2009
Working capital	627.5	500.6
Adjusted for:		
- Cash and cash equivalents	(285.3)	(270.1)
- Current income tax receivables	(51.7)	(64.6)
- Current part held-to-maturity investments	(1.8)	(1.2)
- Current income tax liabilities	37.4	22.5
- Current borrowings	76.1	40.6
- Current other liabilities	46.8	55.1
- Current provisions	76.5	112.3
Operating working capital	**525.5**	**395.2**

Operating working capital by segment:

	2010	2009
Netherlands	(53.8)	(78.6)
France	45.2	(4.2)
Germany	3.6	5.1
Belgium & Luxembourg	57.2	12.5
United Kingdom	81.1	76.3
Iberia	126.4	120.6
Other European countries	31.4	27.1
North America	141.3	113.6
Rest of the world	78.4	46.1
Corporate	14.7	76.7
	525.5	**395.2**

33. Commitments

	2010	2009
Commitments less than 1 year	156	182
Commitments more than 1 year, less than 5 years	229	268
Commitments more than 5 years	30	72
	415	**522**

Commitments comprise, almost exclusively, lease contracts for branches and lease contracts for IT equipment and automobiles.

No guarantees have been issued other than those in relation to commitments from rent and leases, and those in relation to liabilities that are included in the balance sheet.

34. Auditors' fees

The following auditors' fees were expensed in the income statement in the reporting period:

	2010	2009
Audit of the financial statements[1]	4.2	4.4
Audit of the financial statements by other audit firms	0.2	0.3
Subtotal for audit of the financial statements[2]	4.4	4.7
Other audit procedures[1]	0.4	0.5
Tax services[1]	2.0	0.2
Other non-audit services[1]	0.0	0.0
Total	**6.8**	**5.4**

1 The fees listed above relate to the procedures applied to the company and its consolidated Group entities by PricewaterhouseCoopers Accountants N.V. as the external auditor referred to in Section 1(1) of the Dutch Accounting Firms Oversight Act (Wta) (€ 1.1 million), as well as by the PricewaterhouseCoopers network.

2 Including the audit fees with respect to the local statutory financial statements.

35. Business combinations

Information about acquisitions
During 2010 and 2009 the following companies were acquired:

Company	Acquired % of shares	Acquisition date	Earnout/ put-call arrange-ments
2010			
ProfiPower Kft (Hungary)	100	September 30, 2010	Yes
FujiStaff Holdings Inc (Japan)	75	October 20, 2010	No
2009			
Vedior Career Inc (Japan)	(remaining) 40	June 3, 2009	No
Flandr' Invest SAS (France)	100	November 2, 2009	No

The main activities of these companies are temporary and contract staffing, including search and selection activities. The put-call arrangements generally comprise agreements with the previous owners of acquired companies that still hold a non-controlling interest (see also note 2.20).

In October 2010, the Group acquired an additional 75% of the shares of FujiStaff Holdings Inc., a company mainly based in Japan, following a public offer. The Group holds 95% of the shares at December 31, 2010.
As of December 31, 2010, the Group is engaged in procedures to acquire the remaining shares. Based on this, the Group has included in other liabilities an amount of € 7.6 million for the obligation; a non-controlling interest therefore does not exist anymore at year-end.
The FujiStaff Group is consolidated from October 20, 2010.
As per October 13, 2010, the Group acquired an additional 15% in Talent Shanghai Co, Ltd, China, increasing its shareholding from 70% to 85%.

The assets and liabilities arising from the acquisition in 2010, as well as the breakdown of the total amount of goodwill based on a provisional purchase price allocation, are:

	2010	
	Carrying amount	Fair value purchase price
Property, plant & equipment and software	38.3	24.2
Acquisition-related intangible assets	2.5	70.0
Deferred tax assets	7.5	17.6
Financial assets	7.4	5.5
Total non-current assets	**55.7**	**117.3**
Working capital	29.4	22.1
Borrowings	(18.0)	(18.0)
Deferred income tax liabilities	-	(28.9)
Provisions	(6.8)	(6.5)
Total non-current liabilities	**(24.8)**	**(53.4)**
Net assets	60.3	86.0
Non-controlling interests	-	(4.0)
Net assets acquired	**60.3**	**82.0**
Goodwill		56.4
Total consideration		**138.4**

Goodwill is mainly attributable to the synergies expected to arise after the Group's acquisition of these companies and to the workforce of the acquired businesses.

Goodwill is based on the expected costs of the acquisition, amounting to € 138.4 million (2009: € 0.9 million). The remaining expected costs of acquisitions are (to be) paid in cash. No acquisition-related costs are included in the total amount of goodwill for the acquisitions during 2010.

In 2010, the newly acquired companies contributed € 105.2 million to the Group's revenue (for acquisitions in 2009: nil) and € 5.4 million to the Group's EBITA (for acquisitions in 2009: nil).
If these acquisitions had occurred on January 1, 2010, their contribution to Group revenue and EBITA would have been approximately € 472 million and € 19 million respectively (for acquisitions in 2009: nil).

The reconciliation of the amount of acquisitions of subsidiaries in the statement of cash flows is as follows:

	2010	2009
Total consideration	138.4	0.9
Less: associate at fair value	(21.0)	-
Less: Deferred consideration	(0.5)	-
Consideration paid	**116.9**	**0.9**
Net debt of subsidiaries acquired, included in working capital	1.9	-
Consideration paid, adjusted for net debt acquired for acquisitions during the year	**118.8**	**0.9**
Consideration paid buyout non-controlling interests	1.0	-
Consideration paid in respect of acquisitions in preceding years	21.0	35.8
Acquisition of subsidiaries, statement of cash flows	**140.8**	**36.7**

Information about disposals
In 2010 the group disposed of activities in the Netherlands, France and Oman with a cash consideration of € 22.9 million and a net value of assets and liabilities of € 23.4 million.
In 2009 the Group disposed of activities in the Netherlands, the UK, Japan, Eastern Europe and Belgium, with a cash consideration of € 40.0 million and a net value of assets and liabilities of € 16.5 million.

The reconciliation of the amount of disposals of subsidiaries and activities in the statement of cash flows is as follows:

	2010	2009
Property, plant and equipment and software	1.1	1.4
Acquisition related intangibles	5.7	-
Goodwill	10.7	13.6
Deferred tax	0.2	2.2
Financial fixed assets	0.6	-
Working capital	8.7	15.5
Provisions	(0.5)	(0.3)
Other liabilities	(3.1)	(14.1)
	23.4	**18.3**
Minority shareholders	-	(1.8)
Net assets and liabilities	**23.4**	**16.5**
Book profit	0.0	23.5
Total consideration	**23.4**	**40.0**
Deferred receipt	(0.5)	-
Consideration received in respect of the disposal of subsidiaries	**22.9**	**40.0**
Net cash of disposed subsidiaries	(6.8)	(8.2)
Disposal of subsidiaries, statement of cash flows	**16.1**	**31.8**

36. Capital and financial risk management

36.1. Capital Management

Randstad Holding's policy is to maintain a strong capital base. We aim to be perceived as investment grade at all times. We believe this is important in order to maintain candidate, client, creditor and investor confidence and to sustain the future development of our business.
We aim to safeguard the Group's ability to continue as a going concern in order to provide returns for our shareholders and maintain an optimal capital structure to optimize the cost of capital.

We monitor the geographic spread of shareholders as well as the concentration of shareholdings, including stakes in the share capital of above 5%. We aim to maintain a good balance between stability and liquidity of the shares. The contract Randstad signed with its leading shareholder (for details please refer to page 76 of this annual report) is in line with the aim of achieving continuity. To ensure a good geographic spread we include many different countries in our roadshow programs, while we aim to include all investor types in these schedules as well as to ensure liquidity.

In 2007 we reviewed our capital structure. Randstad maintains its long-term and conservative view on its balance sheet. We target a leverage ratio (net debt/EBITDA) of between 0 and 2, independent of the size of the company. This range is in line with our aim to be perceived as investment grade.

Randstad updated its dividend policy as from 2007. We aim for a floor of € 1.25 in the dividend and consistent dividend growth through the cycle, based on a flexible pay-out ratio of 30% to 60% of net profit adjusted for amortization of acquisition-related intangible assets. The policy is in line with the cash flow trends, which usually show a more gradual development than earnings trends. In severe market circumstances the leverage ratio target prevails over the dividend policy and Randstad therefore did not pay a dividend over 2009 and 2008.

36.2 Financial risk management

The Group's activities expose it to a variety of financial risks, including credit risk, liquidity risk, foreign currency exchange risk and interest rate risk. One of the objectives of the Group's risk & control framework is to minimize potential adverse effects on the financial performance of the Group.

Risk management procedures are carried out under policies that have been approved by the executive board. Risk management procedures, as well as the actual financial risks, are also the subject of discussion in the audit committee of the supervisory board. Our risk & control framework is in place to ensure that risks are detected, measured and reported properly.

36.2.1 Credit risk

Credit risk within the Group arises from the possibility that customers and other counterparties may not be able to settle their obligations towards the Group as agreed.

Credit control departments of the operating companies manage the credit risk arising from operations. Credit control policies are included in our blueprints. To manage this risk, credit checks are performed up front for new customers. For high-risk customers, credit limits are put in place based on internal and/or external ratings. The risks included in trade receivables are monitored on a day-to-day basis.
The Group has no significant concentrations of credit risk, as the Group has very many customers in a large number of industries and countries.

The Group has established a provision for impairment of trade receivables.

Movements in the provision for impairment of trade receivables are:

	2010	2009
Balance at January 1	**71.5**	**83.5**
Acquisition of subsidiaries	1.6	-
Disposal of subsidiaries	(0.7)	(0.3)
Charged to income statement	1.5	7.9
Receivables written off as uncollectable	(20.8)	(21.1)
Translation differences	1.0	1.5
Balance at December 31	**54.1**	**71.5**

In the provision for impairment of trade receivables an amount of € 34.9 million (2009: € 46.6 million) is included for individually-impaired receivables.

The charge to the income statement has been included in selling expenses.

Amounts charged to the provision for impairment of trade receivables are generally written off when there is no expectation of recovering additional cash.

The aging of trade receivables, based on invoice date, is:

	2010 amount	%	2009 amount	%
0-4 weeks	1,363.8	55.9	1,141.1	56.0
5-16 weeks	986.3	40.5	780.5	38.3
17-26 weeks	25.4	1.0	32.0	1.6
Not impaired	2,375.5		1,953.6	
Impaired	62.7	2.6	83.1	4.1
	2,438.2	**100.0**	**2,036.7**	**100.0**

The trade receivables that are neither past due nor impaired amount to € 1,621 million (2009: € 1,328 million); an amount of € 754 million (2009: € 626 million) is past due, but not impaired.
The impaired trade receivables are provided for excluding value-added taxes.

The information with regard to aging categories is – in line with internal management reporting and credit control procedures – based upon invoice date, since management considers that the risk of non-payment starts as from this date.

The Group's (excess) cash positions are invested with its preferred financial partners, which are considered to be high quality financial institutions with sound credit ratings, or in highly rated liquidity funds. The Group has policies in place that limit the amount of credit exposure to any one financial institution.

36.2.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to liquidity risk is to ensure, as far as possible, that it will always have sufficient funds available to meet its liabilities when due, under both normal and stressed conditions. This risk is managed by having sufficient availability of cash and committed and uncommitted credit lines, both at Group and local level, while optimizing the short-term interest results and other related expenses. Cash flow forecasts and manual and automated cash concentration techniques are used in this respect.

The expected/contractual maturities of financial liabilities, including interest payments are:

December 31, 2010	carrying amount	0 - 90 days	91 - 365 days	2 - 5 years	more than 5 years
Non-current borrowings [1]	1,108.5	1,096.5	0.2	22.5	-
Current borrowings [2]	76.1	76.1	-	-	-
Trade and other payables [3]	2,237.3	1,895.6	341.7	-	-
Other liabilities [4]	103.6	7.6	9.7	0.8	109.5
	3,525.5	**3,075.8**	**351.6**	**23.3**	**109.5**

December 31, 2009	carrying amount	0 - 90 days	91 - 365 days	2 - 5 years	more than 5 years
Non-current borrowings [1]	1,244.2	1,263.2	-	-	-
Current borrowings [2]	40.6	40.6	-	-	-
Trade and other payables [3]	1,846.6	1,544.2	302.4	-	-
Other liabilities [4]	128.8	3.7	13.0	19.0	101.4
	3,260.2	**2,851.7**	**315.4**	**19.0**	**101.4**

1 Drawings on the syndicated loan contractually mature in January of the subsequent year (see note 27); most likely to be extended by new drawings.

2 No interest included, since current borrowings are considered repayable upon demand.

3 Excluding deferred income.

4 Other liabilities based upon the estimated maturities, due to the nature of put options.

The Group has a € 1,995 million multi-currency syndicated revolving credit facility at its disposal. The facility agreement contains a covenant with respect to the net debt to EBITDA ratio (leverage ratio) as well as a paragraph on material adverse changes. The net debt to EBITDA ratio has a limit of 3.5 as per the contractual arrangements and is calculated based on the results of the Group on a 12-month basis. The actual net debt to EBITDA ratio at December 31, 2010, is safely within the limits of the facility agreement.

Cash, borrowings and net debt

	2010	2009
Non-current borrowings	(1,108.5)	(1,244.2)
Current borrowings	(76.1)	(40.6)
Total borrowings	**(1,184.6)**	**(1,284.8)**
Cash and cash equivalents	285.3	270.1
Net debt	**(899.3)**	**(1,014.7)**

36.2.3 Foreign currency exchange risk

The Group is exposed to foreign currency exchange risk because it operates businesses in Asia, Australia, Europe, North America and Latin America. The Group uses the euro as its reporting currency. Currencies other than the euro that are of primary importance for the Group are the US dollar, the UK pound sterling, the Australian dollar, the Canadian dollar and the Japanese yen.

The following main exchange rates to the euro apply for 2010 and 2009 (averages on annual basis):

	2010		2009	
	Average	At year-end	Average	At year-end
Australian dollar	0.69	0.76	0.57	0.62
Canadian dollar	0.73	0.75	0.63	0.66
UK pound sterling	1.17	1.16	1.12	1.13
US dollar	0.76	0.75	0.72	0.69
Japanese yen	0.00862	0.00919	0.00770	0.00752

The foreign currency exchange risk of the Group with respect to transactions is limited, because for the most part operating companies generate both revenues and expenses locally and therefore in the same currency.

All other foreign exchange transactions that mostly consist of intercompany financial flows (equity increases, dividends, intercompany loans and interests) are executed on a more or less spot basis. The Group has a policy to match, within certain preset boundaries, the currencies in the net debt positions with the mix in the cash flow generation of the currencies. This also reduces the effect of volatility on the leverage ratio (which is a covenant in the financing arrangement). In practice this is only done for currencies that are at least 5% of the total EBITDA of the Group. The currency mix of the debt can easily be adjusted, as the € 1,995 million syndicated revolving credit facility is a multi-currency facility. Therefore the use of derivatives is in principle unnecessary.

Currency fluctuations can, however, affect the consolidated results, due to the translation of local results into the Group reporting currency.
Translation effects from consolidation may also impact shareholders' equity. The Group has a number of net investments in foreign subsidiaries whose assets and liabilities are exposed to currency translation risk that is accounted for, through comprehensive income, in equity. Currency exposures arising from the net assets of the Group's foreign operations are monitored and, when considered necessary, primarily controlled through borrowings denominated in the relevant foreign currencies. These borrowings can be classified as a net investment hedge; translation differences on borrowings classified as such are included, through comprehensive income, in equity.

If the euro had weakened 10% on average during 2010 against the currencies mentioned above, with all other variables held constant, EBITA for the year 2010 would have been higher in the range of € 0 – € 5 million per currency. The effect on shareholders' equity would have been the same (before tax effects) (2009: range of € 0 – € 3 million per currency).

36.2.4 Interest rate risk
As we believe the staffing industry has a natural hedge to interest rate changes (EBITDA levels usually move up and down more or less in line with interest rate levels), and since the Group is cash generating, the general policy towards interest rate risk is to keep interest rates on net debt floating as much as possible. We also believe this adds value for the shareholders in the long term, as over time the short interest rates are on average significantly lower than the longer interest rates.

Group Treasury also manages the interest risk by assessing the risk of interest rates being able to cause a breach in any financing covenant.

If the interest rate had been 1%-point higher on average during 2010, with all other variables held constant, net interest expenses for the year would have been € 11 million higher, due to the net effect of the increase of interest income on cash positions and interest expenses on floating rate borrowings (2009: € 14 million higher).

notes to the consolidated **statement** of **cash flows**

(amounts in millions of €, unless otherwise indicated)

37. Notes to the consolidated statement of cash flows

The majority of the items in the consolidated statement of cash flows are cross-referenced to the relevant notes to the consolidated income statement and balance sheet on an individual basis. For the remainder of the material items, the reconciliation between amounts as included in the consolidated statement of cash flows and related amounts in the statement of comprehensive income and balance sheet is shown below.

37.1 Cash

Cash includes cash, cash equivalents and current borrowings, for purposes of the statement of cash flows:

	2010	2009
Cash and cash equivalents	285.3	270.1
Current borrowings	(76.1)	(40.6)
	209.2	**229.5**

37.2 Trade and other receivables

Trade and other receivables as calculated below, exclude the short-term part of the held-to-maturity investments.

	2010	2009
Balance at January 1	**2,265.1**	**2,818.7**
Acquisition of subsidiaries	82.2	0.1
Disposal of subsidiaries	(20.5)	(10.4)
Prepayment software	0.0	(4.6)
Translation gains and other	50.7	24.8
Statement of cash flows	409.0	(563.5)
Balance at December 31	**2,786.5**	**2,265.1**

37.3 Trade and other payables

	2010	2009
Balance at January 1	**1,869.9**	**2,107.2**
Acquisition of subsidiaries	55.9	0.1
Effects from adjustments to acquisitions in prior years	0.0	9.3
Disposal of subsidiaries	(19.1)	(3.2)
Interest	0.7	(1.5)
Transfer from other liabilities	6.3	-
Translation losses and other	32.4	12.5
Statement of cash flows	314.9	(254.5)
Balance at December 31	**2,261.0**	**1,869.9**

37.4 Employee benefit obligations

	2010	2009
Balance at January 1	**14.6**	**16.8**
Acquisition of subsidiaries	5.4	-
Disposal of subsidiaries	-	(0.3)
Interest due to passage of time	2.9	2.5
Translation losses and other	0.7	0.2
Statement of cash flows	(2.1)	(4.6)
Balance at December 31	**21.5**	**14.6**

37.5 Provisions

	2010	2009
Balance at January 1	**170.3**	**157.1**
Acquisition of subsidiaries	1.1	-
Disposal of subsidiaries	(0.5)	-
Interest due to passage of time	1.8	2.0
Translation losses / (gains) and other	5.3	(0.1)
Statement of cash flows	(44.0)	11.3
Balance at December 31	**134.0**	**170.3**

37.6 Other non-cash items

	2010	2009
Held-to-maturity investments	3.5	5.8
Statement of cash flows	**3.5**	**5.8**

37.7 Free cash flow

Free cash flow comprises net cash from operating and investing activities, excluding the acquisition and disposal of subsidiaries and associates:

	2010	2009
Net cash from operating activities	369.2	742.7
Net cash from investing activities	(187.2)	(55.1)
	182.0	**687.6**
Acquisition of subsidiaries and associates	143.4	42.3
Disposal of subsidiaries and associates	(16.1)	(31.8)
Free cash flow	**309.3**	**698.1**

notes to **personnel expenses** and **employee numbers**

(amounts in millions of €, unless otherwise indicated)

38. Wages and salaries, social security charges and pension charges

Wages, salaries, social security charges and pension charges are included in cost of services for staffing employees and in personnel expenses for corporate employees. The details for cost of services and personnel expenses, as well as the totals for wages, salaries, social security charges and pension charges are as follows:

38.1 Cost of services

Cost of services include the expenses of staffing employees:

	2010	2009
Wages and salaries	9,183.4	7,907.6
Social security charges	1,804.9	1,549.3
Pension charges - defined contribution plans	63.7	58.0
Pension charges - defined benefit plans	1.8	1.6
Wages, salaries, social security and pension charges	**11,053.8**	**9,516.5**
Other cost of services	456.2	462.1
	11,510.0	**9,978.6**

38.2 Personnel expenses

Personnel expenses of corporate employees are included in total operating expenses and amount to:

	2010	2009
Wages and salaries	1,121.3	1,090.7
Social security charges	191.0	185.2
Pension charges - defined contribution plans	26.7	27.2
Pension charges - defined benefit plans	2.0	1.3
Share-based payments	9.3	14.4
Wages, salaries, social security and pension charges	1,350.3	1,318.8
Other personnel expenses	165.5	152.8
	1,515.8	**1,471.6**

38.3 Wages and salaries, social security charges and pension charges

Total wages and salaries, social security charges and pension charges included in operating profit are:

	2010	2009
Wages and salaries	10,304.7	8,998.3
Social security charges	1,995.9	1,734.5
Pension charges - defined contribution plans	90.4	85.2
Pension charges - defined benefit plans	3.8	2.9
Share-based payments	9.3	14.4
	12,404.1	**10,835.3**

39. Employee numbers (average)

	2010	2009
Staffing employees	521,300	465,600
Corporate employees	25,680	27,640
	546,980	**493,240**

Employee numbers by segment:

	Staffing		Corporate	
	2010	2009	**2010**	2009
Netherlands	86,400	92,100	5,250	6,120
France	86,700	77,800	3,900	4,310
Germany	51,800	37,300	2,620	2,420
Belgium & Luxembourg	44,900	40,600	2,090	2,040
United Kingdom	23,400	20,700	2,040	2,380
Iberia	50,800	48,900	1,460	1,580
Other European countries	33,600	27,700	1,560	1,640
North America	54,100	44,500	2,880	3,120
Rest of the world	89,600	76,000	3,730	3,880
Corporate	-	-	150	150
	521,300	**465,600**	**25,680**	**27,640**

notes to **share-based payments**

(amounts in millions of €, unless otherwise indicated)

40. Share-based payments

Within the Group a number of share-based payment arrangements are in effect: stock option plans and performance share plans for executive board members and senior management, and a share purchase plan for all corporate employees.
The actual annual grant of performance shares and options will in principle not exceed 1% of the ordinary issued capital. However, depending on the realization of related performance targets and the company's actual share price, the number of shares to be issued in relation to vesting of the performance shares and options might in a certain year exceed the 1% limit. For more details, please refer to the summary of the remuneration report in this annual report on pages 68 – 71.

40.1 Stock option plans

Executive board stock option plan
The executive board stock option plan was implemented in 2001; during 2007 the last grants based on these plans were realized. The options have an exercise price that is not lower than the share price at granting date. The options have a term of seven years and are exercisable as from three years after granting, without performance conditions or other restrictions. Should a board member resign from the Group within three years after granting, a reduction mechanism on potential profits on options is in place.

Senior management stock option plan
From 2003 until 2007, options were granted annually to a limited group of senior management. The exercise price, term and other conditions are identical to the executive board stock option plan.

Executive board performance stock option plan
From 2007, conditional performance stock options are granted annually to the executive board members; as from 2008, the options have an exercise price equal to the average trading price of the Randstad shares during three business days before granting date. The options have a term of seven years, and are exercisable as from three years after granting. The number of options that will vest depends on the company's 'total shareholder return' (TSR) performance compared with a peer group of ten companies measured over a three-year period starting on January 1 of the year of granting the options. Options granted to a board member who resigns from the Group within the three-year vesting period, will be forfeited.

All stock option plans are equity-settled. The fair value of share-based payments is determined per the date of each grant. For stock options this is based on a binomial valuation model, and for performance stock options it is based on a combination of a Monte Carlo simulation model and a Black & Scholes valuation model. The following parameters are used:

	2010	2009	2008
Share price at grant date	€ 32.47	€ 10.50	€ 26.39
Average exercise price	€ 31.39	€ 9.88	€ 26.39
Option life	7 years	7 years	7 years
Expected volatility [1]	52%	45%	33%
Expected dividend yield	0%	4%	2%
Risk-free interest rate	2.13%	2.90%	4.5%
Vesting of performance stock options	December 31, 2012	December 31, 2011	December 31, 2010
Stock options are exercisable as from	3 years after grant date	3 years after grant date	3 years after grant date
Exercise multiple	2	2	2
Attrition rates	2.5% in first and 3.5% in the following years	2.5% in first and 3.5% in the following years	2.5% in first and 3.5% in the following years

1 Expected volatility is measured at the standard deviation of expected share price returns of daily share prices.

Year of grant	Life in years	Number of participants	Number of options (x 1,000) January 1, 2010	Granted	Lapsed	Exercised	December 31, 2010	Exercisable	Share price (in €)	Average Exercise price (in €)	Fair value at grant date (x € 1 million)	Expenses (x € 1 million) 2010	2009
2004	7	114	152		-	73	79	79	20.90	22.64	3.0	-	-
2005	7	145	459		-	52	407	407	28.70	28.87	3.9	-	-
2006	7	201	334		-	-	334	334	53.70	53.70	6.0	-	0.0
2007	7	200	393		12	-	381	381	57.40	57.40	7.9	0.0	1.2
2008	7	6	172		-	-	172	-	26.39	26.39	1.6	0.6	0.6
2009	7	6	255		-	-	255	-	10.50	9.88	2.3	0.8	0.7
2010	7	6	-	64	-	-	64	-	32.47	31.39	1.3	0.4	-
Total			**1,765**	**64**	**12**	**125**	**1,692**	**1,201**				**1.8**	**2.5**

The fair value of the stock options and the performance stock options is charged to the income statement over the vesting period.
At each balance sheet date the assumed attrition is reassessed; any adjustment is charged to the income statement. On exercise of options, the company issues new shares.

The details are specified in the table above.

The performance stock options 2007 vested early in 2010 based on the TSR performance over the period January 1, 2007 – December 31, 2009. The performance resulted in 75% or 35,968 of the options being vested (share price: € 32.35), compared to the on-target award of 47,959; 11,991 conditional options lapsed.

40.2. Performance share plans

Executive board performance share plan
As from 2007, conditional performance shares are granted annually to the members of the executive board. The plan has a term of three years. The number of shares that will vest depends on the company's TSR performance compared to a peer group of ten companies measured over a three-year period starting on January 1 of the year of grant.
In 2007 a one-time additional grant was made; these shares vest in three tranches (33.3% after one year, 33.3% after two years and the remaining 33.3% after three years).
The number of shares to vest per tranche depends on the company's TSR performance.
The shares yet to be vested of a board member who resigns from the Group within the three-year vesting period will be forfeited.

Senior management performance share plan
As from 2007 conditional performance shares are granted annually to a limited group of senior management. The terms and conditions are identical to the executive board conditional performance share plan, with the addition that the number of shares that will vest under the share plans up to 2009 not only depends on the company's TSR performance, but also on the personal performance of each participating manager during the vesting periods; as from the plan 2010 the number of shares to vest depends only on the company's TSR performance.
Performance shares were granted to a small group of senior management mid-2008; the plan has a term of two years. The number of shares vested was based on personal performance conditions related to the integration of Randstad and former-Vedior group companies and synergies achieved; performance was measured over a two-year period, starting July 1, 2008.

All performance share plans are equity-settled. The fair value of the performance shares is based on a Monte Carlo simulation model; the parameters, in the table below are used:

	Performance share plans 2010	Performance share plans 2009	Performance share plans 2008
Share price at grant reference date	January 1, 2010: € 34.92	January 1, 2009: € 14.55	January 1, 2008: € 27.02 July 1, 2008: € 22.20
Expected volatility based on historical prices over the three-year period to the valuation date	52%	45%	30% - 35%
Expected dividends	0%	4%	2%
Risk-free interest rate (yield on Dutch Government bonds)	2.13%	2.90%	4.5%
Expected forfeiture	2.5% - 3.5%	2.5% - 3.5%	2.5% - 3.5%

Volatility of the shares of the peer companies, as well as the pair-wise correlation between all 10 shares, is estimated on the basis of historical daily prices over three years. Estimated dividends of the peer companies are based on current and past dividends.

At each balance sheet date the non-market conditions (attrition and personal performance) are reassessed; any adjustment is charged to the income statement. On final allocation, the company issues new shares.

The details are specified in the table below.

			Number of shares (x 1,000) on target						Expenses (x € 1 million)	
Year of grant	Life in years	Number of participants	January 1, 2010	Granted	Lapsed	Vested in 2010	December 31, 2010	Fair value at grant date (x € 1 million)	2010	2009
2007	3	270	201	-	75	126	-	13.5	(1.1)	2.4
2008	3	305	515	-	51	-	464	14.3	0.4	3.6
2008	2	125	242	-	2	240	-	4.1	(0.1)	1.6
2009	3	470	1,146	-	137	-	1,009	14.5	2.7	4.3
2010	3	498	-	480	15	-	465	17.9	5.6	-
Total			**2,104**	**480**	**280**	**366**	**1,938**		**7.5**	**11.9**

The second of three tranches of the additional grant of performance shares 2007 vested early in 2009 based on the TSR performance over the period January 1, 2006 – December 31, 2008. The performance resulted in 8,137 shares being vested (share price: € 11.96), compared to an on-target award of 15,929 shares.

The last tranche of three tranches of the additional grant of performance shares 2007 and the performance shares 2007 vested early in 2010 based on the TSR performance of the company and the personal performance of the participants over the period January 1, 2007 – December 31, 2009, resulting in 126,000 shares being vested (share price € 32.35), compared to an on-target award of 115,000 shares.
The 2-year plan realized mid-2008 vested mid-2010; 240,490 shares being vested (share price € 35.38).

40.3 Share purchase plan corporate employees

Under the share purchase plan, participating corporate employees may purchase shares from Stichting Randstad Optiefonds twice a year. The maximum amount to be spent within the plan is set annually at 5% of the participant's fixed annual salary. If employees retain the purchased shares for a period of six months (under the condition that they are still an employee of the Group), they receive a number of bonus shares equal to a fixed percentage of the number of shares purchased. The bonus is expensed by the company per granting date (2010: € 2.2 million; 2009: € 2.4 million).
Due to the short vesting period of six months, the fair value of the bonus shares granted to participating employees is fixed at the share price at balance sheet date or date of award, respectively.

notes to **related-party transactions**

(amounts in millions of €, unless otherwise indicated)

41. Related-party transactions

41.1 Remuneration of the members of the executive board

The totals of the remuneration of the members of the executive board included in the income statement are as follows:

	Fixed compensation				Variable compensation					Other benefits		Total	
	Base salary		Pension charge		Short-term cash bonus Expensed in 2010			Share-based payments					
x € 1,000	2010	2009	2010	2009	re 2010	re 2009	2009	2010	2009	2010	2009	2010	2009
B.J. Noteboom	823	796	219	212	782	119	-	763	974	26	25	2,732	2,007
R.J. van de Kraats	584	565	154	149	555	85	-	542	690	21	20	1,941	1,424
J.W. van den Broek	513	497	135	131	488	99	-	476	606	19	19	1,730	1,253
L.J.M.V. Lindelauf	513	497	135	131	488	75	-	476	606	17	20	1,704	1,254
G.A. Netland	529	525	119	121	529	60	-	447	321	26	33	1,710	1,000
B. Wilkinson	404	420	110	124	383	39	-	447	321	49	45	1,432	910
Total	**3,366**	**3,300**	**872**	**868**	**3,225**	**477**	**-**	**3,151**	**3,518**	**158**	**162**	**11,249**	**7,848**

The total remuneration of the executive board members G.A. Netland and B. Wilkinson is partly paid in euros and partly in US dollars for Mr. Netland (2010: € 691,000 and $ 1,349,000; 2009: € 479,000 and $ 724,000) and partly in euros and partly in UK pounds sterling for Mr. Wilkinson (2010: € 570,000 and £ 738,000; 2009: € 269,000 and £ 569,000).
The short-term cash bonus expensed in 2010 relates to an amount of in total € 477,000 to the cash bonus on the realized performance of the executive board in 2009, payment of which was subject to certain conditions; these conditions were fulfilled in 2010. An amount of in total € 3,177,000 relates to the bonus on the performance of the executive board in 2010; refer to pages 68 – 71 of the summary of the remuneration report in this annual report.
In the income statement 2010 and 2009, no expenses have been included for former members of the executive board.
The expenses for performance shares and stock options refer to the fair value of share-based payments charged to the income statement for the year 2010 and 2009, respectively.

The numbers of stock options and performance shares outstanding in the financial year are as follows:

Stock options	Year of granting	Option price (in €)	January 1, 2010	Granted in 2010	Lapsed in 2010	Exercised in 2010	Share price at exercise	December 31, 2010	Exercise period ends in
Stock options (based on performance previous years):									
B.J. Noteboom	2005	28.70	32,320					32,320	May 2012
	2006	53.70	22,471					22,471	May 2013
	2007	57.40	23,124					23,124	May 2014
R.J. van de Kraats	2005	28.70	24,170					24,170	May 2012
	2006	53.70	15,500					15,500	May 2013
	2007	57.40	15,950					15,950	May 2014
J.W. van den Broek	2005	28.70	22,155					22,155	May 2012
	2006	53.70	13,616					13,616	May 2013
	2007	57.40	14,012					14,012	May 2014
L.J.M.V. Lindelauf	2005	28.70	22,155					22,155	May 2012
	2006	53.70	13,616					13,616	May 2013
	2007	57.40	14,012					14,012	May 2014
Performance stock options (adjusted plan from 2007 and onward):									
B.J. Noteboom	2007	57.40	16,215		(4,054)			12,161	May 2014
	2008	26.39	42,082					42,082	February 2015
	2009	9.88	60,562					60,562	February 2016
	2010	31.39		15,141				15,141	February 2017
R.J. van de Kraats	2007	57.40	11,514		(2,878)			8,636	May 2014
	2008	26.39	29,880					29,880	February 2015
	2009	9.88	43,003					43,003	February 2016
	2010	31.39		10,751				10,751	February 2017
J.W. van den Broek	2007	57.40	10,115		(2,529)			7,586	May 2014
	2008	26.39	26,248					26,248	February 2015
	2009	9.88	37,776					37,776	February 2016
	2010	31.39		9,444				9,444	February 2017
L.J.M.V. Lindelauf	2007	57.40	10,115		(2,529)			7,586	May 2014
	2008	26.39	26,248					26,248	February 2015
	2009	9.88	37,776					37,776	February 2016
	2010	31.39		9,444				9,444	February 2017
G.A. Netland	2008	26.39	24,000					24,000	February 2015
	2009	9.88	37,776					37,776	February 2016
	2010	31.39		9,444				9,444	February 2017
B. Wilkinson	2008	26.39	24,000					24,000	February 2015
	2009	9.88	37,776					37,776	February 2016
	2010	31.39		9,444				9,444	February 2017
Total			**708,187**	**63,668**	**(11,990)**	**-**		**759,865**	

The performance stock options 2007 vested early in 2010 based on the TSR performance over the period January 1, 2007 – December 31, 2009. The performance resulted in 75% or 35,969 of the options being vested (share price: € 32.35), compared to the on-target award of 47,959; 11,990 conditional options lapsed.

Performance shares	Year of award		January 1, 2010	On target award in 2010	Vested in February 2010	Lapsed in February 2010	December 31, 2010	Final allocation in
B.J. Noteboom	2007		5,979		4,484	1,495	-	
	2007	Additional	3,987		2,990	997	-	
	2008		15,547				15,547	February 2011
	2009		24,373				24,373	February 2012
	2010			8,229			8,229	February 2013
R.J. van de Kraats	2007		4,246		3,185	1,061	-	
	2007	Additional	2,831		2,123	708	-	
	2008		11,039				11,039	February 2011
	2009		17,306				17,306	February 2012
	2010			5,843			5,843	February 2013
J.W. van den Broek	2007		3,730		2,798	932	-	
	2007	Additional	2,487		1,865	622	-	
	2008		9,697				9,697	February 2011
	2009		15,203				15,203	February 2012
	2010			5,133			5,133	February 2013
L.J.M.V. Lindelauf	2007		3,730		2,798	932	-	
	2007	Additional	2,487		1,865	622	-	
	2008		9,697				9,697	February 2011
	2009		15,203				15,203	February 2012
	2010			5,133			5,133	February 2013
G.A. Netland	2008		9,000				9,000	February 2011
	2009		15,203				15,203	February 2012
	2010			5,133			5,133	February 2013
B. Wilkinson	2008		9,000				9,000	February 2011
	2009		15,203				15,203	February 2012
	2010			5,133			5,133	February 2013
			195,948	**34,604**	**22,108**	**7,369**	**201,075**	

The third of three tranches of the additional grant of performance shares 2007 and the performance shares 2007 vested early in 2010, based on the TSR performance over the period January 1, 2007 – December 31, 2009. The performance resulted in 75% or 22,108 of the shares being vested (share price: € 32.35), compared to the on-target award of 29,477; 7,369 conditional shares lapsed.
For the conditions and criteria governing the granting and exercise of stock options and performance shares, please refer to note 40.

As per December 31, 2010 and 2009, no stock options granted to former members of the executive board are outstanding.

The number of ordinary shares in Randstad Holding nv held by the members of the executive board per December 31, 2010 was as follows:

			Locked up	
	Total	**Free shares**	Number	Until
B.J. Noteboom	43,896	38,539	1,199	February 2011
			4,158	February 2012
R.J. van de Kraats	32,559	28,755	851	February 2011
			2,953	February 2012
J.W. van den Broek	30,608	27,266	748	February 2011
			2,594	February 2012
L.J.M.V. Lindelauf	26,730	23,388	748	February 2011
			2,594	February 2012
G.A. Netland	2,721	2,721	-	
B. Wilkinson	51,626	51,626	-	

41.2. Remuneration of the members of the supervisory board

The amounts of the remuneration of the members of the supervisory board included in the income statement are as follows:

	2010	2009
F.W. Fröhlich	103,000	103,000
F.J.D. Goldschmeding	73,000	73,000
H.M.E.V. Giscard d'Estaing	65,000	65,000
B.C. Hodson	65,000	65,000
J.C.M. Hovers	-	17,000
G. Kampouri Monnas	65,000	65,000
W.A.F.G. Vermeend	16,500	66,000
L.M. van Wijk	74,000	74,000
R. Zwartendijk	65,000	65,000
Total	**526,500**	**593,000**

Jan Hovers and Willem Vermeend received their supervisory board allowance until their resignation from the supervisory board effective March 31, 2009, and March 31, 2010, respectively. Mr. Hovers continues to be a member of the supervisory board of the sub-holding of the Dutch operating companies, Randstad Groep Nederland bv; Mr. Vermeend was appointed as member of the same supervisory board. In this position they receive an annual allowance of € 12,000; Willem Vermeend received in 2010 € 9,000 as from the date of his appointment.
Mr. H.M.E.V. Giscard d'Estaing holds 451 ordinary shares in Randstad Holding nv per December 31, 2010 and 2009.

41.3 Other related-party transactions

One member of the supervisory board has an interest in a legal entity, which, based on the 'Wet financieel toezicht' (Act on Financial Supervision'), is registered as a shareholder in Randstad Holding nv in the 30% – 40% category. The same member is a member of the board of management of Stichting Randstad Optiefonds.

There were no transactions with this related party, other than the rental of a ship, Clipper Stad Amsterdam, for promotional activities at approximately € 1.4 million rent annually (2009: € 1.4 million).

In 1988, the founder of Randstad established Stichting Randstad Optiefonds to provide options to corporate employees of the Group. Up to 2003, options were granted to these employees. The options were granted on (depository receipts for) ordinary shares, available in the foundation; per December 31, 2010, no options are outstanding. Since 2004 the foundation operates, in cooperation with the company, a share purchase plan for corporate employees of the Group. The foundation holds the shares purchased by the employees; per December 31, 2010, employees own 1.4 million of shares. This number includes the depository receipts that were exchanged into shares, for shares purchased by employees under the former option plans. The board of management of the foundation consists of three members, of which two are fully independent from the Group; the chairman of the foundation is the founder of Randstad.

overview of **major subsidiaries**

42. Overview of major subsidiaries

Europe

Randstad Uitzendbureau bv	Amsterdam
Tempo-Team Uitzenden bv	Amsterdam
Tempo-Team Inhouse Services bv	Amsterdam
Uitzendbureau Otter-Westelaken bv	Veghel
Yacht bv	Amsterdam
Randstad Belgium nv	Brussels
Randstad Professionals nv	Brussels
Tempo-Team nv	Brussels
Randstad Interim sa	Luxembourg
Randstad A/S	Copenhagen
Randstad Deutschland GmbH & Co KG	Eschborn
Randstad SAS	Saint-Denis
Randstad Inhouse SASU	Saint-Denis
Randstad Schweiz AG	Zurich
Randstad Empleo, Empresa De Trabajo Temporal S.A.Sociedad Unipersonal	Madrid
Randstad Recursos Humanos, Empresa de Trabalho Temporario S.A.	Lisbon
Randstad Employment Bureau Ltd.	Luton
Martin Ward Anderson Ltd.	Luton
Randstad Care Ltd.	Luton
Randstad CPE Ltd.	Luton
Randstad Education Ltd.	Luton
Randstad Italia SPA	Milan
Randstad Polska Sp. z o.o.	Warsaw
Randstad AB	Stockholm
Randstad Norway AS	Oslo
Randstad Hungary Kft	Budapest
Randstad Hellas AE	Athens
Randstad Work Solutions Istihdam ve Insan Kaynaklary Limited Sirketi	Istanbul

North America

Randstad North America LP	Atlanta
Randstad Inhouse Services LP	Atlanta
Randstad Professionals US LP	Boston
Randstad Intérim Inc.	Montreal

Rest of world

Sesa International S.A.	Rosario
Top Personnel S. de R.L. de CV	Mexico City
RH Internacional Ltda (51%)	Sao Paolo
Best Select Chili S.A.	Santiago
Sesa Select Uruguay	Montevideo
Randstad Pty Ltd.	Sydney
Randstad Consulting Shanghai Company Ltd	Shanghai
Talent Shanghai Co. Ltd. (85%)	Shanghai
Ma Foi Management Consultants Ltd.	Chennai
Randstad KK	Tokyo
FujiStaff Holdings Inc. (95%)	Tokyo
Randstad Hongkong Ltd.	Hong Kong

Other subsidiaries

Randstad Groep Nederland bv	Amsterdam
e-bridge bv	Amsterdam
I-bridge bv	Amsterdam
Diemermere Beheer bv	Amsterdam
Randstad Financial Services nv	Brussels
Randstad Finance GmbH	Zurich

A list of all subsidiaries has been filed at the Chamber of Commerce in Amsterdam (Kamer van Koophandel, Amsterdam). Randstad Holding nv has, directly or indirectly, a 100% interest in all subsidiaries (by way of legal ownership of the shares or by way of economic (put-call option arrangements) ownership of the shares for a limited number of companies), unless otherwise stated.

company financial statements

(before profit appropriation for ordinary shares, in millions of €)

Income statement

in millions of €	note	2010	2009
Income from subsidiaries after taxes		299.7	145.4
Other income after taxes		(11.7)	(77.1)
Net income		**288.0**	**68.3**

Balance sheet at December 31

in millions of €	note	2010	2009
ASSETS			
Subsidiaries	2	4,896.9	4,431.8
Financial fixed assets		**4,896.9**	**4,431.8**
Non-current assets		**4,896.9**	**4,431.8**
Trade and other receivables	3	318.6	649.6
Income tax receivables		0.1	3.0
		318.7	**652.6**
Cash and cash equivalents	4	21.6	25.5
Current assets		**340.3**	**678.1**
TOTAL ASSETS		**5,237.2**	**5,109.9**
EQUITY AND LIABILITIES			
Issued capital		19.5	19.5
Share premium		2,031.3	2,014.3
Other reserves		512.0	388.9
Net income for the year		288.0	68.3
Shareholders' equity	5	**2,850.8**	**2,491.0**
Provisions - deferred tax liabilities	8	**131.1**	**151.1**
Long-term debt	6	**1,086.2**	**1,494.2**
Trade and other payables	7	1,138.5	973.6
Borrowings	6	30.6	-
Current liabilities		**1,169.1**	**973.6**
Total liabilities		**2,386.4**	**2,618.9**
TOTAL EQUITY AND LIABILITIES		**5,237.2**	**5,109.9**

notes to the company financial statements

(amounts in millions of €, unless otherwise indicated)

1. Accounting policies for the company financial statements

The company financial statements of Randstad Holding nv are prepared in accordance with the legal requirements of Part 9, Book 2 of the Dutch Civil Code. The company made use of the possibility based on article 362, paragraph 8, Part 9, Book 2 of the Dutch Civil Code to prepare company financial statements based on the accounting policies used for the consolidated financial statements.

The subsidiaries are stated at net value of assets and liabilities, based upon accounting policies used in the consolidated financial statements.

A summary of the significant accounting policies and a summary of the critical accounting estimates, assumptions and judgments are included respectively in notes 2 and 4 of the notes to the consolidated financial statements.

With respect to the company income statement of Randstad Holding nv, the company makes use of the exception provided for in Article 402, Part 9, Book 2 of the Dutch Civil Code.

2. Subsidiaries

Movements in the net value of assets and liabilities of subsidiaries are:

	2010	2009
Balance at January 1	**4,431.8**	**4,888.3**
Capital contributions	84.9	35.7
Net income	299.7	145.4
Disposals	(0.1)	(0.9)
Capital repayments	-	(650.0)
Share-based payments, subsidiaries	(7.4)	9.0
Disposal of non-controlling interests	(3.9)	-
Other	0.2	-
Translation differences	91.7	4.3
Balance at December 31	**4,896.9**	**4,431.8**

The net value of assets and liabilities of subsidiaries includes allocated goodwill.

The capital repayments in 2009 were mainly due to further restructurings in the Group after the acquisition of Vedior N.V. in 2008.

See note 42 of the notes to the consolidated financial statements for an overview of major subsidiaries.

3. Trade and other receivables

	2010	2009
Receivables from subsidiaries	316.2	648.3
Other receivables	2.4	1.3
	318.6	**649.6**

4. Cash and cash equivalents

Cash includes solely bank balances of € 21.6 million (2009: € 25.5 million).

5. Shareholders' equity

Additional information with respect to shareholders' equity is included in the consolidated statement of changes in total equity and in note 26 of the notes to the consolidated balance sheet.

Other reserves includes an amount of € 28.7 million negative with respect to a legal reserve for currency translations (2009: € 96.4 million negative) and a legal reserve of € 22.6 million (2009: € 25.1 million) for the capitalized costs of development of software by subsidiaries. As of December 31, 2010, the legal reserve for the share of profit of associates is zero (2009: € 0.2 million).

6. Borrowings

	2010	2009
Non-current borrowings comprising drawings on multi-currency syndicated revolving credit facility	1,086.2	1,244.2
Loan to subsidiary	-	250.0
Current borrowings	30.6	-
	1,116.8	**1,494.2**

Movements in borrowings are:

	2010	2009
Balance at January 1	**1,494.2**	**2,397.0**
Drawings	30.6	250.0
Repayments	(440.8)	(1,171.2)
Amortization of transaction costs	5.2	10.0
Translation differences	27.6	8.4
Balance at December 31	**1,116.8**	**1,494.2**

Additional information with respect to borrowings is included in note 27 of the consolidated balance sheet.

The loan to subsidiary had a floating interest rate based upon Euribor plus margin.

7. Trade and other payables

	2010	2009
Trade payables	0.5	0.3
Payables to subsidiaries	1,113.9	948.6
Other taxes and social security premiums	1.3	0.8
Pension contributions	0.2	0.1
Wages, salaries and other personnel costs	5.9	2.5
Accruals and deferred income	16.7	21.3
Balance at December 31	**1,138.5**	**973.6**

8. Deferred tax liabilities

The deferred tax liability is a liability in relation to a decrease in the value of certain non-Dutch subsidiaries that was taken into account for Dutch tax purposes. If and as far as the value of these non-Dutch subsidiaries increases, a corresponding taxable income must be taken into account; the amount will ultimately be repaid in 2012.

9. Employee numbers (average)

In 2010, the company employed an average of 143 employees (2009: 145).

10. Remuneration

Refer to note 41 of the notes to the consolidated financial statements.

11. Related parties

All companies within the Group are considered to be related parties.

See also notes 40, 41 and 42 of the notes to the consolidated financial statements.

12. Guarantees and commitments not included in the balance sheet

The company bears joint and several liability for drawings by subsidiaries under the multi-currency syndicated revolving credit facility and under bank overdraft and guarantee facilities, in the amount of € 378 million (2009: € 559 million).

The company has issued guarantees on behalf of subsidiaries as at December 31, 2010, in the amount of € 2.2 million (2009: € 2.7 million).

The company's commitments for the period shorter than one year amount to € 0.7 million (2009: € 0.9 million) and for the period between one to five years € 0.2 million (2009: € 0.7 million) with respect to lease contracts for automobiles.

The company is part of fiscal unities for corporate income taxes, as well as for value-added taxes. As a consequence, the company bears joint and several liability for the debts with respect to corporate income taxes and value-added taxes of the fiscal unities. The company settles corporate income taxes, based on the results before taxes of the subsidiaries belonging to the fiscal unity.
The company has issued joint and several liability statements in agreement with Section 403, Part 9, Book 2 of the Dutch Civil Code for a limited number of its Dutch subsidiary companies, mainly serving as sub-holding companies.

Diemen, the Netherlands, February 15, 2011

The executive board
Ben Noteboom (chairman)
Robert-Jan van de Kraats (vice-chairman)
Jacques van den Broek
Leo Lindelauf
Greg Netland
Brian Wilkinson

The supervisory board
Fritz Fröhlich (chairman)
Frits Goldschmeding (vice-chairman)
Henri Giscard d'Estaing
Beverley Hodson
Giovanna Kampouri Monnas
Leo van Wijk
Rob Zwartendijk

other information

Events after balance sheet date

Subsequent to the date of the balance sheet, no events – material to the Group as a whole – occurred that require disclosure in this note.

Provisions of the articles of association concerning profit appropriation

The following is a summary of the most important stipulations of article 28 of the Articles of Association concerning profit appropriation.

Subsection 1.
Any such amounts from the profits as will be fixed by the executive board with the approval of the supervisory board will be allocated to reserves. As far as possible, from the remaining profits (hereinafter also called the total profits):

a. A dividend will first be distributed to the holders of preference A shares on the amount paid on said shares, of which the percentage will be equal to the average of the statutory interest – in the event of a change in the meantime to the respective percentages – during the financial year for which the distribution is made. This percentage will be increased by a surcharge fixed by the executive board subject to the approval of the supervisory board amounting to a maximum of three percent (3%). If, in any year, the profit distribution on preference A shares cannot be made or can only be made partially, the overdue dividend on the shares will be distributed in the subsequent years before any other dividend distribution is made.

b.1 A dividend will subsequently be distributed per series to holders of preference B shares (equal to the basic percentage to be mentioned under b.2) of the sum of the nominal amount and the amount in share premium which was paid upon the first issue of the shares of said series, which percentage will be increased upon said issue by a surcharge, fixed by the executive board subject to approval of the supervisory board, of a maximum of one hundred and seventy-five base points. If the share premium reserve has not shown the same balance for the whole financial year, the dividend shall be calculated on the time-weighted average balance for that financial year.

b.2 The basic percentage referred to under b.1 will be the arithmetic average of the effective yield on the government bonds issued by the Kingdom of the Netherlands with a (remaining) term of six to seven years. For the first time on the date that the preference B shares (of a series) have been outstanding for seven years, and subsequently each period of seven years after this, the basic percentage of the preference B shares (of the series concerned) will be adjusted to the yield then effective of the state loans referred to in the above-mentioned provisions.

b.3 The executive board is authorized, subject to the approval of the supervisory board, to resolve that dividend on the preference B shares of any series shall not be distributed but reserved instead in order to be distributed at a later date following a resolution to this effect by the executive board, subject to the approval of the supervisory board.

b.4 If and insofar as the profit is not sufficient to fully make the distribution referred to hereinbefore on preference B shares, the executive board may resolve, subject to the approval of the supervisory board, to make these distributions from the freely distributable reserves, with the exception of the share premium reserves referred to in Article 4, paragraph 4 under b.

b.5 If and insofar as in any financial year no distribution can be made or it is resolved not to make a distribution on preference B shares, from the profit realized in the subsequent years after allocation to reserves and reduction of the amounts accruing to holders of preference A shares in accordance with the provisions in paragraph 1 subparagraph a of Article 28, following a resolution to that effect by the executive board subject to the approval of the supervisory board, such distribution will be made to the holders of preference B shares or reserved that the deficit will have been fully made good before the provisions laid down hereinbefore can be applied.

b.6 If preference B shares have been issued in the course of any financial year, the dividend on the shares concerned for said financial year will be reduced proportionately until the first day of issue.

Subsection 2.
The balance then remaining will be available to the General Meeting, subject to the proviso that (i) no distribution will be made as long as not all the profit distributions have been made in accordance with paragraph 1 under b.1, b.4 and b.5 above of this Article 28 and the reserves are distributed on preference B shares as referred to in paragraph 1 under b.3 in conjunction with paragraph 6 of this Article 28 and (ii) no further distribution will be made on preference shares, nor will any amounts be reserved for this purpose.

Subsection 4.
Subject to the approval of the supervisory board, the executive board may pass a resolution for distribution of an interim dividend, to be deducted from the dividend expected for the financial year concerned, if the requirement of the preceding paragraph has been fulfilled, as will be evident from an interim specification of equity and all the distributions on preference B shares have been made. Said specification of equity will relate to the position of the equity at the earliest on the first day of the third month prior to the month in which the resolution for distribution will be announced. It will be drawn up with due observance of the valuation methods deemed acceptable in society.

The specification of equity will include the amounts to be allocated to the reserves by virtue of the law. It will be signed by the members of the executive board. In the event that the signature(s) of one or more of them should be lacking, the reason thereof will be stated. The company will deposit the specification of equity at the office of the Trade Register within eight days after the date on which the resolution for distribution will be announced. A resolution for distribution of an interim dividend may be limited to a distribution of an interim dividend exclusively to shareholders of a particular class, without prejudice to the rights of shareholders of other classes.

Subsection 5.
Subject to the approval of the supervisory board, the General Meeting may pass a resolution that the distribution of dividend will not be made, or will not entirely be made, in cash, but entirely or partly in the form of shares in the company.

Subsection 6.
Resolutions for the complete or partial cancellation of reserves as stated in paragraph 1 of this Article may only be passed by the General Meeting on a proposal of the executive board approved by the supervisory board, with the exception of distributions from reserved dividend on preference B shares, which shall be resolved upon by the executive board subject to the approval of the supervisory board. Resolutions of the General Meeting for the complete or partial cancellation of a share premium reserve as stated in Article 4, paragraph 4b. will require the prior approval of the meeting of holders of shares of the class and series concerned, without prejudice to the provisions in Article 4, paragraph 5, under b.1. Only holders of ordinary shares will be entitled to distributions deducted from allocations to reserves other than those mentioned in the preceding sentence. However, without prejudice to the amounts that would accrue to holders of preference B shares in accordance with the provisions in Article 28, paragraph 1b.4. and Article 34, paragraph 4.

Proposed profit appropriation

Pursuant to Article 28 of the Articles of Association, it is proposed that out of the net income 2010 for equity holders amounting to € 288.0 million, a dividend of € 7.2 million be paid on the type-B preferred shares and that a dividend of € 200.7 million be paid on the ordinary shares. It is proposed that € 80.1 million be added to retained earnings.

Independent auditor's report

To the General Meeting of shareholders of Randstad Holding nv.

Report on the financial statements

We have audited the accompanying financial statements 2010 of Randstad Holding nv, Amsterdam as set out on pages 82 – 129. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2010, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended and the notes, comprising a summary of significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at 31 December 2010, the company income statement for the year then ended and the notes, comprising a summary of accounting policies and other explanatory information.

The executive board's responsibility

The executive board is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the report from the executive board in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the executive board is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the executive board, as well as evaluating the overall presentation of the financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Randstad Holding nv as at 31 December 2010, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Randstad Holding nv as at 31 December 2010, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2: 393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the report from the executive board, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2: 392 sub 1 at b-h has been annexed. Further we report that the report from the executive board, to the extent we can assess, is consistent with the financial statements as required by Section 2: 391 sub 4 of the Dutch Civil Code.

Amsterdam, 15 February 2011
PricewaterhouseCoopers Accountants N.V.

Original has been signed by M. de Ridder RA

quarterly summary **income statement 2010**

Unaudited (amounts in millions of €, unless otherwise indicated)

	First quarter	Second quarter	Third quarter	Fourth quarter	**Year 2010**
Revenue	**3,039.0**	**3,468.2**	**3,781.0**	**3,891.1**	**14,179.3**
Cost of services	2,464.0	2,808.5	3,083.1	3,154.4	11,510.0
Gross profit	**575.0**	**659.7**	**697.9**	**736.7**	**2,669.3**
Selling expenses	343.9	363.2	369.1	394.9	1,471.1
General and aministrative expenses	155.7	172.8	175.8	180.3	684.6
Amortization and impairment acquisition-related intangible assets and goodwill	40.1	38.6	45.3	48.4	172.4
Total operating expenses	539.7	574.6	590.2	623.6	2,328.1
Other income	-	-	0.0	-	0.0
Operating profit	**35.3**	**85.1**	**107.7**	**113.1**	**341.2**
Net finance costs	(5.6)	(8.0)	(7.6)	(2.6)	(23.8)
Share of profit of associates	0.2	0.4	0.0	0.0	0.6
Income before taxes	29.9	77.5	100.1	110.5	318.0
Taxes on income	(8.1)	(21.6)	(27.8)	28.0	(29.5)
Net income	**21.8**	**55.9**	**72.3**	**138.5**	**288.5**
Calculation earnings per ordinary share					
Net income for ordinary shareholders	20.0	54.0	70.2	136.6	280.8
Amortization and impairment acquisition-related intangible assets and goodwill	40.1	38.6	45.3	48.4	172.4
Integration costs	-	-	-	-	-
One-offs	-	(4.0)	-	(60.0)	(64.0)
Tax-effect on amortization and impairment acquisition-related intangible assets and goodwill, integration costs and one-offs	(12.5)	(11.4)	(13.9)	(15.5)	(53.3)
Net income for ordinary shareholders before amortization and impairment acquisition-related intangible assets and goodwill, integration costs and one-offs	47.6	77.2	101.6	109.5	335.9
Basic earnings (€)	0.12	0.32	0.41	0.80	1.65
Diluted earnings €)	0.12	0.31	0.41	0.79	1.63
Diluted earnings before amortization and impairment acquisition-related intangible assets and goodwill, integration costs and one-offs (€)	0.28	0.45	0.59	0.64	1.96
Average number of ordinary shares outstanding (in millions)	169.6	169.7	169.9	170.0	169.9
Average number of diluted ordinary shares outstanding (in millions)	171.5	171.7	171.6	172.0	171.8

quarterly summary **statement** of cash flows 2010

Unaudited (amounts in millions of €, unless otherwise indicated)

	First quarter	Second quarter	Third quarter	Fourth quarter	**Year 2010**
Operating profit	**35.3**	**85.1**	**107.7**	**113.1**	**341.2**
Depreciation, amortization and impairment	61.4	60.1	66.4	69.8	257.7
Share-based payments	2.0	3.9	1.1	2.3	9.3
Provisions and employee benefit obligations	(10.9)	(8.6)	(13.8)	(12.8)	(46.1)
Other	0.1	0.1	0.1	3.8	4.1
Cash flow from operations before operating working capital and income taxes	**87.9**	**140.6**	**161.5**	**176.2**	**566.2**
Operating working capital	(56.8)	(193.5)	61.7	94.5	(94.1)
Income taxes received/(paid)	19.6	(42.8)	(33.3)	(46.4)	(102.9)
Net cash flow from operating activities	**50.7**	**(95.7)**	**189.9**	**224.3**	**369.2**
Net additions in property, plant, equipment and software	(11.7)	(10.7)	(16.8)	(16.4)	(55.6)
Acquisition and disposal of subsidiaries and associates	(5.1)	(8.6)	10.7	(124.3)	(127.3)
Other	0.0	1.0	0.0	(5.3)	(4.3)
Net cash flow from investing activities	**(16.8)**	**(18.3)**	**(6.1)**	**(146.0)**	**(187.2)**
Net cash flow from financing activities	**6.8**	**(99.2)**	**(103.5)**	**(11.1)**	**(207.0)**
Net increase/(decrease) in cash, cash equivalents and current borrowings	**40.7**	**(213.2)**	**80.3**	**67.2**	**(25.0)**
Cash, cash equivalents and current borrowings at beginning of period	**229.5**	**270.8**	**58.5**	**139.2**	**229.5**
Net increase/(decrease) in cash, cash equivalents and current borrowings	40.7	(213.2)	80.3	67.2	(25.0)
Translation gains/(losses)	0.6	0.9	0.4	2.8	4.7
Cash, cash equivalents and current borrowings at end of period	**270.8**	**58.5**	**139.2**	**209.2**	**209.2**
Free cash flow	**39.0**	**(105.4)**	**173.1**	**202.6**	**309.3**

ten years of Randstad

The figures are based on IFRS since 2004. Comparative figures for other years have not been adjusted.

amounts in millions of €, unless otherwise indicated	2010	2009	2008
Revenue	14,179.3	12,399.9	14,038.4
Growth %	14.4%	(11.7)%	52.6%
Gross profit	2,669.3	2,421.3	2,972.3
EBITDA	598.9	346.0	744.0
EBITA	513.6	252.4	644.0
Operating profit/(loss)	341.2	93.8	(34.7)
Net income attributable to ordinary shares before amortization and impairment acquisition-related intangible assets and goodwill [1]	399.2	170.0	652.5
Growth %	134.8%	(73.9)%	65.2%
Net income [2]	288.5	67.6	18.4
Growth %	326.8%	267.4%	(95.2)%
Net cash flow from operations	369.2	742.7	760.1
Free cash flow	309.3	698.1	672.7
Depreciation property, plant and equipment and amortization/impairment software	85.3	93.6	100.0
Investments in property, plant and equipment and software	55.1	65.0	92.0
Amortization and impairment acquisition-related intangible assets and goodwill	172.4	158.6	678.7
Shareholders' equity	2,850.8	2,491.0	2,416.9
(Net debt) / net cash	(899.3)	(1,014.7)	(1,641.0)
Operating working capital	525.5	395.2	711.5
Average number of staffing employees	521,300	465,600	555,600
Average number of corporate employees	25,680	27,640	28,230
Number of branches, year-end	3,085	3,182	4,146
Number of inhouse locations, year-end	1,110	947	1,087
Market capitalization, year-end	6,716.9	5,917.6	2,466.9
Number of ordinary shares outstanding (average in millions)	169.9	169.6	148.6
Closing price (in €)	39.50	34.90	14.55
Ratios in % of revenue			
Gross profit	18.8%	19.5%	21.2%
EBITDA	4.2%	2.8%	5.3%
EBITA	3.6%	2.0%	4.6%
Operating profit	2.4%	0.8%	(0.2)%
Net income before amortization and impairment acquisition-related intangibles and goodwill	2.8%	1.4%	4.6%
Net income	2.0%	0.5%	0.1%
Basic earnings per ordinary share (€)	1.65	0.36	0.07
Diluted earnings per ordinary share (€) [1]	1.63	0.36	0.07
Diluted earnings per ordinary share before amortization and impairment acquisition-related intangible assets and goodwill (€) [1]	2.32	0.99	4.38
Dividend per ordinary share (€)	1.18	-	-
Payout per ordinary share in % [1, 3]	60%	-	-

1 For the year 2001 excluding extraordinary income after taxes of € 13.0 million.

2 For the years 2005, 2006 and 2007, net income includes dividend on preferred shares as financial expenses under net finance costs.

3 Starting 2008: on basic earnings per ordinary share, adjusted for the net effect of amortization and impairment acquisition-related intangible assets and goodwill and one-offs.

				non-IFRS		
2007	2006	2005	2004	2003	2002	2001
9,197.0	8,186.1	6,638.5	5,764.2	5,257.4	5,443.8	5,818.4
12.3%	23.3%	15.2%	9.6%	(3.4)%	(6.4)%	(5.7)%
2,029.7	1,730.6	1,405.2	1,218.2	1,088.9	1,193.4	1,339.4
605.6	484.2	339.2	267.8	174.2	166.2	175.7
554.4	436.1	299.1	226.4	120.8	100.1	103.8
539.6	423.6	290.9	225.6	118.2	98.3	102.6
395.0	368.9	249.1	203.3	79.6	58.6	48.3
7.1%	48.1%	22.5%	155.4%	35.8%	21.3%	(68.2)%
384.9	360.3	241.9	202.7	77.1	56.8	60.1
6.8%	48.9%	19.3%	162.9%	35.7%	(5.5)%	(71.0)%
401.4	409.6	238.2	264.7	223.6	196.4	197.5
328.4	350.0	180.3	230.3	231.4	224.4	107.4
51.2	48.1	40.1	41.4	53.4	66.1	62.8
74.4	61.8	62.0	43.8	34.7	30.0	113.4
14.8	12.5	8.2	0.8	2.6	1.8	1.2
1,021.6	790.3	536.2	507.1	353.8	334.5	350.0
(144.2)	250.3	206.0	149.0	(18.3)	(207.5)	(405.3)
409.5	354.5	398.7	303.0	248.0	311.8	381.0
369,200	312,300	254,400	224,600	202,500	207,800	217,800
17,570	15,380	13,430	12,260	12,280	13,040	14,500
1,889	1,827	1,708	1,633	1,600	1,685	1,769
997	843	703	687	642	582	489
3,150.7	6,083.4	4,243.9	3,347.2	2,223.4	988.5	1,727.3
116.4	115.8	115.4	115.3	115.3	115.4	115.6
27.02	52.40	36.69	28.95	19.23	8.55	14.94
22.1%	21.1%	21.2%	21.1%	20.7%	21.9%	23.0%
6.6%	5.9%	5.1%	4.6%	3.3%	3.1%	3.0%
6.0%	5.3%	4.5%	3.9%	2.3%	1.8%	1.8%
5.9%	5.2%	4.4%	3.9%	2.2%	1.8%	1.8%
4.3%	4.5%	3.8%	3.5%	1.5%	1.1%	0.8%
4.2%	4.4%	3.6%	3.5%	1.5%	1.0%	1.0%
3.31	3.11	2.10	1.68	0.59	0.42	0.45
3.30	3.10	2.09	1.68	0.59	0.42	0.34
3.38	3.17	2.15	1.68	0.62	0.43	0.34
1.25	1.25	0.84	0.66	0.25	0.17	0.14
38%	40%	40%	39%	42%	40%	41%

key people

(situation as of February, 2011)

holding

Fred van Haasteren, EVP Group public affairs and chairman of the board of Randstad Groep Nederland

Frans Cornelis, MD Group marketing & communications
James King, MD Group legal
Margriet Koldijk, MD global client solutions
Cor Versteeg, MD Group consultancy
Han Kolff, MD Group control, strategy and M&A
Hans van der Kroon, MD Group tax
John van de Luijtgaarden, MD Group accounting
Hans Wanders, MD Group CIO, Group business concept development & innovation & shared services Netherlands
Robbin Brugman, MD Group professional concepts

major operating companies

France

Randstad Group France
François Béharel, managing director

The Netherlands

Randstad
Chris Heutink, managing director

Tempo-Team
Kees Stroomer, managing director

Yacht
Peter Hulsbos, managing director

Funktie Mediair Group
Ronald Simons, managing director

Mailprofs
Theo Das, managing director

Otter-Westelaken
Gerard de Kock, managing director

Germany

Randstad staffing and professionals
Eckard Gatzke, managing director

Team BS
Uwe Beyer, managing director

Gulp
Michael Moser, managing director

Yacht Teccon
Stephanie Vonden, managing director

United Kingdom

Randstad Staffing/Education/Care
Diane Martyn, managing director

Randstad CPE/Middle-East
Mark Bull, managing director

Randstad Financial & Professional
Tara Ricks, managing director

Randstad Managed Services
Kelly Quirk, managing director

Randstad Technologies/Interim Management Group
Rod Jackson, managing director

Digby Morgan
John Maxted, managing director

Major Players
Jack Gratton, managing director

Pareto Law
Jonathan Fitchew, managing director
Andrew Sawer, managing director

Belgium & Luxembourg

Randstad and Tempo-Team Belgium & Luxembourg
Herman Nijns, managing director

Tempo-Team Belgium
Marc de Braekeleer, managing director

Tempo-Team Luxembourg
Marios Paras, managing director

Iberia

Randstad Spain
Rodrigo Martín Velayos, managing director

Randstad and Tempo-Team Portugal
Mário Costa, managing director

Other European countries

Randstad Italy
Marco Ceresa, managing director

Randstad Poland
Kajetan Slonina, managing director

Randstad Switzerland
Simone Nijsen, managing director

Nordics & Eastern Europe
Paul van de Kerkhof, managing director

Jeroen Tiel, managing director Randstad Denmark & Sweden
Oyvind Sandvik, executive officer Randstad Norway
Altug Yaka, managing director Randstad Turkey
Ilona Jankovich, general manager Randstad Hungary
Agniezka Nordbo, general manager Randstad Czech & Slovakia
Leigh Ostergard, managing director Randstad Greece

North America

USA

Randstad Staffing
Linda Galipeau, president

Randstad Professionals
Dan Foley, president

Steve McMahan, president Accountants International
Brad Elster, president B2B Workforce
Cynthia Kinnas, president Clinical One
Julian Brown, president Compliance
Greg Coir, president Delta
Teresa Creech, executive vice president HR Solutions
Daniel Burg, president Locum Medical
Bob Dickey, president Sapphire Technologies
John Piazza, president Randstad Managed Services
Richard Zambacca, president Think Resources, Inc.

Canada
Jan Hein Bax, president

Mike Winterfield, president Randstad Engineering
Marc Etienne, president Randstad Staffing
Sergio Mateus, president Sapphire Technologies

Rest of the world

Latin America

Randstad Mexico
Alejandro Alvarez Blanco, managing director

RH Internacional Brazil
James Hutchinson, managing director

Randstad Chile
Pedro Lacerda, managing director

Sesa International Argentina
Andrea Avila, managing director

Asia Pacific
Deb Loveridge, managing director

Randstad Australia and New Zealand
Fred van der Tang, CEO

Randstad Singapore & Malaysia
Karin Clarke, regional director

Randstad India
E. Balaji, managing director

Randstad China
George Wang, general manager

Randstad/FujiStaff Japan
Marcel Wiggers, managing director
Mamoru Inoue, president & COO

financial calendar

Annual General Meeting of Shareholders
March 31, 2011

Publication Q1 2011 results (pre-market)
April 28, 2011

Analyst conference call Q1 2011 results
April 28, 2011

Publication Q2 2011 results (pre-market)
July 28, 2011

Press conference and analyst presentation Q2 2011 results
July 28, 2011

Publication Q3 2011 results (pre-market)
October 27, 2011

Analyst conference call Q3 2011 results
October 27, 2011

Publication Q4 2011 and annual results 2011 (pre-market)
February 16, 2012

Press conference and analyst presentation annual results 2011
February 16, 2012

Annual General Meeting of Shareholders
March 29, 2012

colophon

design concept
Design Bridge

design and dtp
Cascade - visuele communicatie bv

photography boards
Carin Verbruggen

other photography and illustrations
Photography and illustrations originate from the Randstad Holding nv collection and those that were created for Randstad over the years by many national and international advertisement agencies and design bureaus, except for:

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Page 23, 46	Tjeerd Frederikse
Page 38, 42	Frits Goldschmeding, private archive
Page 43	ANP
Page 44	WFA/Capital Photos
Page 47	Gert IJszenga
Page 78	Dom Garcia
Page 80	Vincent Kruijt

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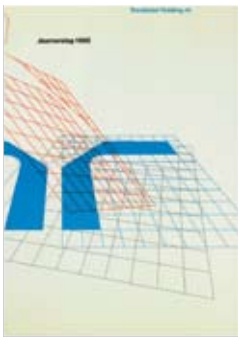

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