2008 annual report

usg people

STAYING ON TRACK. The entrepreneurial spirit of employees and the responsibility taken by each and every operating company provide USG People with a strong basis in turbulent times. Freedom of movement gives them space for entrepreneurship and the space to take initiative and be innovative within the strategic boundaries set by the Executive Board. The clear division of roles between head office and the operating companies as well as the way they are interconnected sets USG People apart and helps the company stay on track.

This vision has been incorporated visually in this annual report. Every dot you see at the top of each page is an entity of its own and at the same time part of the bigger picture - USG People is the result of the sum of the parts. Every colleague and every operating company contributes to the direction we all are heading. This is illustrated in the photos by the arrows shown by the people interviewed. Vision, passion and the experiences of employees have been given a prominent place in the annual report.

usg people

FORWARD-LOOKING STATEMENT. This annual report contains certain forward-looking statements regarding the financial situation and results of USG People N.V., as well as a number of associated plans and objectives. Forward-looking statements by their nature can provide no guarantee for the future. As a result of various factors actual results may differ from current expectations. These factors may include changes in tax rates, mergers and acquisitions, economic developments and changes in labour legislation. The forward-looking statements in this annual report are current at the time the report was adopted and provide no guarantees for the future. The annual report is available in Dutch and English. In the event of ambiguities, the Dutch text shall prevail.

STAYING ON TRACK

PREFACE

RON ICKE

CEO

usg people

PREFACE TO THE READER. The year 2008 is one we will not quickly forget. The credit crisis and the subsequent downturn of the European economy caused a great deal of uncertainty for companies. In the course of 2007 a decline in growth was seen in every staffing market in which USG People operates. The economic downturn was exacerbated by unrest in the financial markets. In anticipation of this we put measures in place as early as 2007, thus bolstering our company early on. In the course of 2008, we took measures tailored to each specific operating company in our mix of early-cyclical and late-cyclical staffing companies. This is of crucial importance as not all companies are affected equally by the economic crisis. Restructuring plans for the countries were already in place and in some cases partly implemented before the start of the fourth quarter of 2008.

The measures we have taken are substantial. All our decisions are aimed at maintaining the quality of our services and network. The spearheads are location, sector, structural profitability and the role of the network for key accounts. In addition to direct measures to lower the costs of our network and head offices, we have launched a stringent cost control programme that includes freezing large marketing campaigns and reducing the costs of our fleet of cars. Operational costs have been lowered across the board with a focus on maintaining our cash flow and profitability. The set of measures that has been implemented costs around 25 million euros and will result in annual savings of about 30 million euros.

Opportunities are also created by such market conditions. At times of rising unemployment it is important to keep people connected to the labour market. This is a major social objective at this time of economic crisis, even more so in view of future structural shortages as a result of the ageing population. It calls for a close relationship between the government and staffing organisations, and for the two to draw up joint plans. In light of this, USG People is currently setting up mobility centres that see to it that practical measures are taken, such as intercompany worker exchanges, subsidised jobs and job mediation. This is not a new concept in the Netherlands and an excellent fit with the area of expertise of Start People and USG Restart. We also want to set up such mobility centres in other countries and the knowledge and experience that Start People has gained in the Netherlands will be indispensable to this process.

Pressure on the labour market has also led to the private outsourcing of reintegration projects in France. Start People has reinforced its position by expanding its interests in this market. Thanks to its success in securing contracts and above all finding jobs for unemployed people, Start People is viewed as one of the top three reintegration companies in France.

“FOR IT IS MAINLY THE ENTREPRENEURIAL SPIRIT AND SENSE OF RESPONSIBILITY OF OUR EMPLOYEES THAT HELP KEEP USG PEOPLE ON TRACK.” - Ron Icke -

The rapid economic downturn has resulted in a sharp decline in the shortage of candidates. As a result we are increasing our focus on clients. Our operating companies have always been keenly focused on this and so have built strong customer relationships. This will give us an edge in the market.

Our strategic objectives are being somewhat slowed down by the changing market. It goes without saying that our overall strategy remains unchanged. That means that maintaining our position as the most profitable player in Europe continues to be a key strategic objective. We will also further strengthen our multibrand strategy which allows us to serve different market segments with a variety of brands. The pace at which we are expanding our specialist activities in the countries outside the Benelux will be adjusted, as will the pace of revenue growth through acquisitions outside the Benelux, particularly in countries such as Germany and Italy.

Naturally, attracting the best candidates for our clients remains a key objective. At the same time, the processes focused on innovating our services and developing new products and ways to operate in the market will also continue. We will have to remain extra vigilant in 2009 and adjust our cost structure further if necessary. We are seeing to it that our organisation is ready when the market picks up so that USG People emerges from this recession stronger than even.

To achieve this, USG People needs the unfailing support of everyone involved in the company. We would like to thank our clients and shareholders for their loyalty and trust, both in the past and in the future.

But most all we would like to thank our flex workers and regular staff - as well as those who are no longer a part of our company as a result of the measures we have taken - for their commitment and their great contribution to the success of our company.

In this annual report we will introduce you to the various environments and developments at USG People. Employees from head office and operating companies in various countries share their thoughts about what motivates them and talk about the innovative methods they use to approach flex workers. For it is mainly the entrepreneurial spirit and sense of responsibility of our employees that help keep USG People on track.

Ron Icke, Chief Executive Officer

key figures

In thousands of euros unless otherwise stated	2008	2007
Net revenue	4,024,965	3,887,681
EBITA	209,294	260,067
Operating income	116,665	243,859
Amortisation and impairment of intangible assets	32,018	21,102
Depreciation of property, plant and equipment	20,368	18,766
Operating cash flow	276,510	201,389
Net income	16,885	140,011
Dividend	37,688	51,581
Equity	669,777	684,684
Investment in intangible assets	13,579	12,043
Investment in property, plant and equipment	23,756	31,326
Stock market value at year-end	599,117	1,181,896
Total number of shares issued	64,980,130	63,679,719
Average number of employees		
- indirect personnel	9,209	8,685
- direct personnel	111,822	112,341
Number of branches	1,665	1,595
Ratios expressed as percentages		
EBITA / net revenue	5.2%	6.7%
Operating income / net revenue	2.9%	6.3%
Net income / net revenue	0.4%	3.6%
Profit distributed / net profit	223.2%	36.8%
Equity / total assets	34.0%	34.9%
Per share in euros		
(based on total number of shares outstanding at year-end)		
Net income	0.26	2.20
Operating cash flow	4.26	3.16
Dividend	0.58	0.81
Equity	10.31	10.75
Share price at year-end	9.22	18.56
Highest share price	18.79	37.10
Lowest share price	9.22	15.77

21 April 2009
Publication of first-quarter 2009 results
(before market opens)
Analysts' conference call on first-quarter results
Annual General Meeting of Shareholders

Determination of stock dividend exchange ratio'

23 April 2009
USG People share quoted ex-dividend 2008

27 April 2009
Dividend record date

15 May 2009
Dividend payable

24 July 2009
Publication of second-quarter 2009 results
(before market opens)
Analysts' meeting and press conference
on second-quarter results

28 October 2009
Publication of third-quarter 2009 results
(before market opens)
Analysts' meeting and press conference
on third-quarter results

3 March 2010
Publication of fourth-quarter and 2009 annual results
(before market opens)
Analysts' meeting and press conference
on annual results

21 April 2010
Publication of first-quarter 2010 results
(before market opens)
Analysts' conference call on first-quarter results
Annual General Meeting of Shareholders

CONTACT INVESTOR RELATIONS
Rob Zandbergen
Chief Financial Officer
+31 (0)36 529 95 07
rzandbergen@usgpeople.com

General information on the share and financial calendar

STOCK MARKET LISTING. The ordinary shares of USG People are listed on NYSE Euronext Amsterdam where options on the shares are also traded. USG People has been part of the Amsterdam Midcap Index since 3 March 2009. In September 2008 USG People joined the AEX Index, the main indicator of the Amsterdam stock exchange. Prior to entering the AEX Index, USG People shares were part of the Amsterdam Midcap Index (AMX).

SHARE CAPITAL. At the end of 2008 the number of USG People ordinary shares outstanding was 64,980,130. In 2008 the number of shares outstanding rose by 1,300,411 due to the distribution of a stock dividend and the issue of employee share options. In 2008 no bonds were presented for conversion on the outstanding convertible bond. In addition, shares were issued for a performance-based share bonus plan in 2008. These shares were first bought back by the company which meant that there was no increase in the number of shares issued.

Outstanding shares	Number	Nominal value (€)
31 December 2007		
Ordinary shares	63,679,719	0.50
Option rights granted to employees	83,176	0.50
Conversion rights attached to bond	6,419,146	0.50
Changes in 2008		
Distributed stock dividend	1,273,211	0.50
Issued for employee share options	27,200	0.50
31 December 2008		
Ordinary shares	64,980,130	0.50
Option rights granted to employees	50,848	0.50
Conversion rights attached to bond	6,419,146	0.50

Mr. A.D. Mulder, founder of USG People, expanded his interest in USG People by 1,889,015 shares in 2008. As a result, Mulder's shareholding rose to 19.9% (12.9 million shares). All 100% of the shares are in free-float.

ISSUE OF SHARES. Every year the General Meeting of Shareholders is requested to extend the period for which the Executive Board is designated as the body authorised to take decisions - subject to the approval of the Supervisory Board and in accordance with the stipulations of the Articles of Association and legal provisions - regarding the issue of shares and the limitation or exclusion of legal preferential rights for a period of 18 months from the date of the General Meeting of Shareholders.
The request for extension of the period for which the Executive Board is designated as the authorised body as stated above is a possibility which is expressly provided by law and is enshrined in the Articles of Association. The Executive Board may only exercise this authority with the approval of the Supervisory Board and shall only do so where this is in the best interests of the company. This authority relates to a maximum of 10% of all shares of the issued capital of the company at the time of issue.

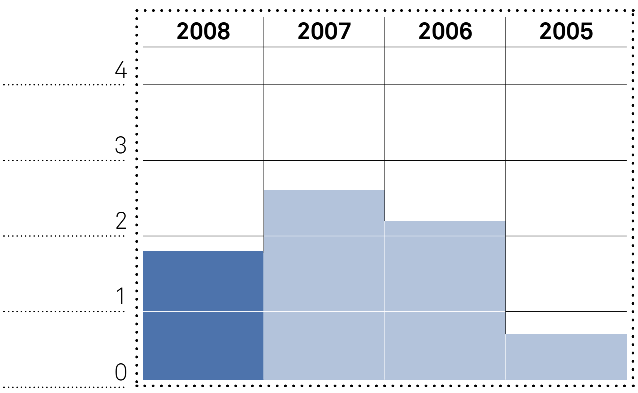
The Extraordinary General Meeting of Shareholders held on 23 December 2008 authorised the Executive Board to decide on the issuance of protective preference shares or to grant a foundation yet to be established (Stichting Preferente Aandelen USG People) the right to obtain protective preference shares, up to a maximum equal to 100% of issued capital, other than preference shares, at the time of issue of the preference shares.

As provided for in its Articles of Association, Stichting Preferente Aandelen USG People shall endeavour to serve the best interests of USG People, its associated business and all parties connected to it, warding off as much as possible any influences that conflict with these interests and threaten to undermine the continuity, independence and identity of the company. These influences may result from a (considerable) interest in USG People built up by a third party, the announcement of a public offer or other concentration of control or any other form of unreasonable pressure exercised on the company to amend the (strategic) policies of USG People. Stichting Preferente Aandelen USG People shall operate completely independently of USG People. The board of the foundation consists of Messrs. J.F. van Duyne, R. Pieterse and M.W. den Boogert. Stichting Preferente Aandelen USG People shall also be granted authority to file an application for inquiry proceedings with the Enterprise Chamber of the District Court of Amsterdam. The importance of such an inquiry lies in situations in which the foundation does not use its right to obtain preference shares but which, in the opinion of the foundation, justify legal intervention in view of the objectives stated in its Articles of Association.

EARNINGS PER SHARE. Earnings per share is calculated on the basis of net income before amortisation and valuation effects on derivatives as we believe this provides an appropriate view of the operational results and a good comparison with previous years. Earnings per share is calculated on the basis of the average number of shares outstanding. In 2008 underlying earnings per share amounted to € 1.79.

2008	2007	2006	2005
€ 1.79	€ 2.38	€ 2.12	€ 0.56

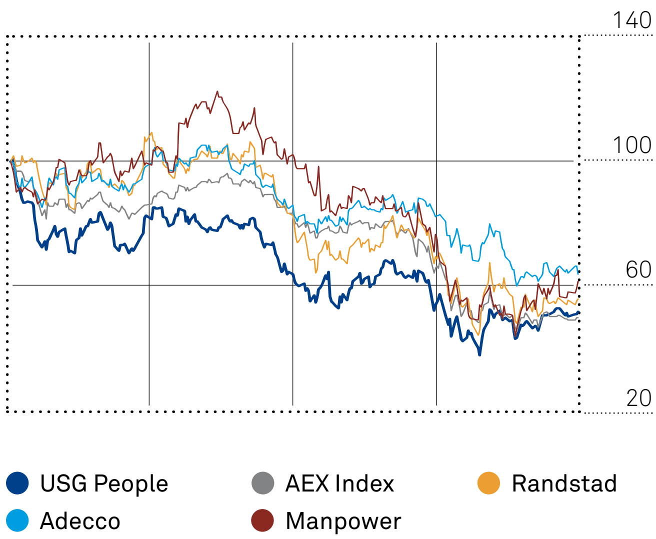
EARNINGS BEFORE AMORTISATION AND VALUATION EFFECTS ON DERIVATIVES PER SHARE



SHARE PRICE AND VOLUME DEVELOPMENT. The AEX Index fell 50% in 2008, with the share prices of banks and insurers in particular being hit hard as a result of the credit crisis. Confidence in the economy was at a low due in part to the credit crisis which in turn led to a rapid reduction in economic momentum. Shares of cyclical companies were out of favour and the prices of shares in the staffing sector continued the downward trend started in 2007. With respect to USG People shares, the sudden economic decline and announcements of large-scale job cuts provided investors with reasons to adopt a wait-and-see attitude which led to further drops in the share price.

SHARE PRICE DEVELOPMENT OF USG PEOPLE IN 2008

compared to the AEX Index and peers



USG People shares recorded their highest closing price of € 18.79 in early January, after which the price fell as a result of lowered forecasts for both the economy and European staffing markets. The share price hit a low of € 6.49 at the end of October but later regained some ground to reach a closing price of € 9.22 at the end of the year.

Trading volumes fell in 2008 compared to 2007. The number of shares traded rose by 10 million compared to 2007, but trading volumes dropped to € 2.1 billion due to the lower share price.

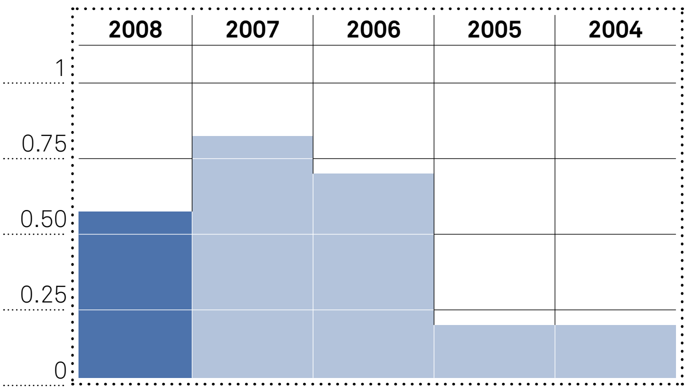
Trading volumes	2008	2007	2006	2005
Number of shares in millions	178	168	114	54
Trading volumes in million euro	2,140	4,410	3,255	695

Due to the lower trading volumes in 2008, USG People shares will once again be included in the Midcap Index from 3 March 2009.

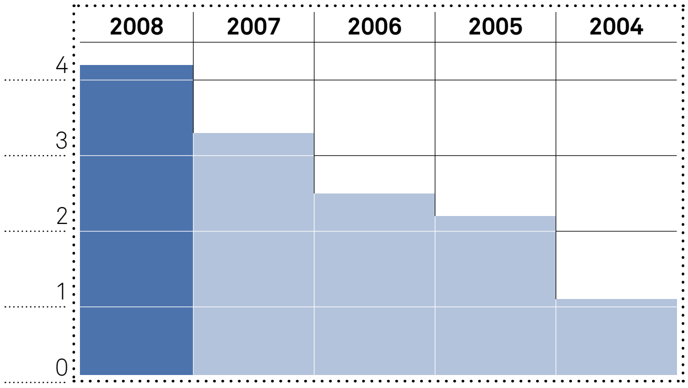
Information per share based on average number of shares.

	2008	2007	2006	2005	2004
Operating cash flow	€ 4.26	€ 3.18	€ 2.50	€ 2.31	€ 1.04
Net income	€ 0.26	€ 2.21	€ 1.76	€ 0.33	€ 0.54
Dividend	€ 0.58	€ 0.81	€ 0.72	€ 0.20	€ 0.20
Dividend / net income (%)	223%	37%	41%	61%	37%

DIVIDEND PER SHARE.



OPERATING CASH FLOW PER SHARE.



DISCLOSURE OF MAJOR HOLDINGS. Under the Dutch Act on the Disclosure of Major Holdings in Listed Companies, the following interests were declared:

Amerborgh International N.V.	19.9%
Franklin Resources Inc.	5.1%

SHAREHOLDINGS OF EXECUTIVE BOARD MEMBERS

Ron Icke

Shares	85,000

Rob Zandbergen

Shares	36,000

SHAREHOLDINGS OF SUPERVISORY BOARD MEMBERS

Alex Mulder

Shares	12,907,613
Options	20,000

Christian Dumolin

Shares	125,676

DIVIDEND POLICY. The objective of the dividend policy is a dividend payout of approximately one-third of net profit before amortisation, adjusted for tax. In determining the dividend for 2008, net income has been adjusted for non-cash valuation effects on derivatives. It is established annually whether the dividend will be offered in cash or fully in shares chargeable to the share premium reserve or to other reserves.

INVESTOR RELATIONS. USG People seeks to enhance transparency and be accessible to both shareholders and institutional and retail investors. The objective is to enable investors to make as fair an assumption as possible of the value of the company and the attractiveness of the share.

These investor relations efforts are aimed at increasing the visibility and active interest in the USG People share for a broad group of investors. This has contributed to a strong growth in trading in USG People shares in recent years. USG People aims to achieve an effective spread of its shares, and to be an attractive partner to both institutional and retail investors.

Meetings and roadshows are organised to promote clear communication to investors, analysts and the financial media. Nearly every quarter the publication of earnings is accompanied by an analysts' meeting or conference call and a press conference, and the members of the Executive Board take part in conferences and roadshows a few times a year. These gatherings provide an opportunity to meet investors and complement our communication through the website and other media.

In 2008 four analysts' meetings were held to expand on the 2007 annual results and the results achieved in the first three quarters of 2008. These gatherings were also accessible via webcasting on the USG People website.
To enhance direct contact with shareholders and investors in 2008, roadshows and conferences were organised in the Benelux, United Kingdom, Ireland, France, Germany, Italy, Switzerland, Austria, Scandinavia, the United States and Canada.

The number of media contacts and analysts covering our company continued to grow in 2008. USG People is currently followed covered by more than 15 analysts representing most major brokers and brokerage firms.

x 1 million euros

AUSTRIA
Revenue: € 44
Branches: 13

BELGIUM
Revenue: € 808
Branches: 212

CZECH REPUBLIC
Revenue: € 10
Branches: 16

FRANCE
Revenue: € 545
Branches: 216

GERMANY
Revenue: € 310
Branches: 177

ITALY
Revenue: € 153
Branches: 91

LUXEMBOURG
Revenue: € 19
Branches: 7

POLAND
Revenue: € 37
Branches: 39

SLOVAKIA
Revenue: € 2
Branches: 7

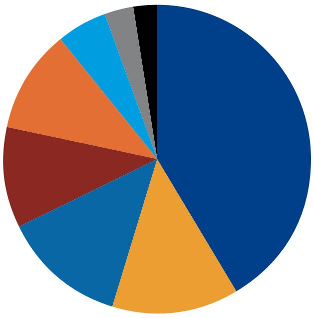
SPAIN & PORTUGAL
Revenue: € 340
Vestigingen: 179

SWITZERLAND
Revenue: € 29
Vestigingen: 15

THE NETHERLANDS
Revenue: € 1.727
Branches: 693

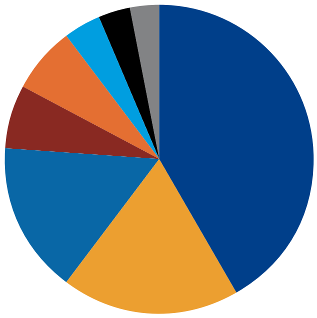
	AUSTRIA	BELGIUM	CZECH REPUBLIC	FRANCE	GERMANY	ITALY	LUXEMBOURG	POLAND	SLOVAKIA	SPAIN & PORTUGAL	SWITZERLAND	THE NETHERLANDS
GENERAL STAFFING												
Anders Gruppe					●							
Esterbauer & Windisch					●							
IHD					●							
IP					●							
IPM					●							
Manus					●							
Personal Team					●							
Procur Personaldienstleistungen					●							
Proflex												●
Start People	●	●	●	●		●	●	●	●	●	●	●
Tiempo Gruppe					●							
Quick Office					●							
SPECIALIST STAFFING												
Abetec					●							
Ad Rem Young Professionals												●
ASA Student												●
Content												●
Creyf's												●
Express Medical		●										
Geko Zeitarbeit					●							
Receptel		●								●		●
Secretary Plus	●	●		●	●					●		●
StarJob												●
SYS & Onesys				●						●		
Technicum												●
Unique		●			●	●				●		●
PROFESSIONALS												
Legal Forces		●										
USG Capacity												●
USG Energy												●
USG Financial Forces/USG Multicompta		●		●			●					
USG HR Forces		●					●			●		
USG Innotiv		●		●			●					●
USG Juristen												●
USG Restart				●								●
OTHER SERVICES												
Call -IT		●										●

NUMBER OF BRANCHES BY REGION



693	The Netherlands
219	Belgium & Luxembourg
216	France
179	Spain & Portugal
177	Germany
91	Italy
51	Other countries
39	Poland

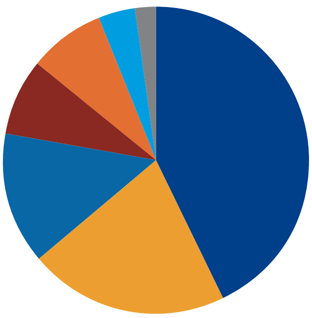
NUMBER OF FLEX WORKERS BY REGION



x 1.000

74	The Netherlands
33	Belgium & Luxembourg
28	France
12	Spain & Portugal
12	Germany
7	Italy
6	Poland
5	Other countries

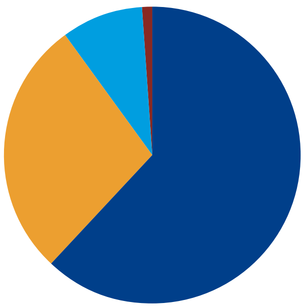
REVENUE BY REGION



%

43	The Netherlands
21	Belgium & Luxembourg
14	France
8	Spain & Portugal
8	Germany
4	Italy
2	Other countries

REVENUE BY SEGMENT



%

62	General staffing
28	Specialist staffing
9	Professionals
1	Other services


usg people

USG People is active through a large number of strong brands that jointly provide one-stop solutions in the field of staffing, secondment and HR and customer care services. With annual revenue exceeding € 4 billion, USG People ranks fourth in Europe in HR services. Headquartered in the Dutch city of Almere, the group is active in a large number of European countries including the Netherlands, Belgium, Luxembourg, Germany, Austria, Switzerland, the Czech Republic, Slovakia, Poland, France, Italy and Spain.

The brand portfolio of USG People comprises Proflex and Start People (General staffing) - Ad Rem Young Professionals, ASA Student, Content, Creyf's, Express Medical, Geko Zeitarbeit, Receptel, Secretary Plus, StarJob, Technicum and Unique (Specialist staffing) - Legal Forces, USG Capacity, USG Energy, USG Financial Forces, USG HR Forces, USG Innotiv, USG Juristen and USG Restart (Professionals) - Call-IT (Other services).

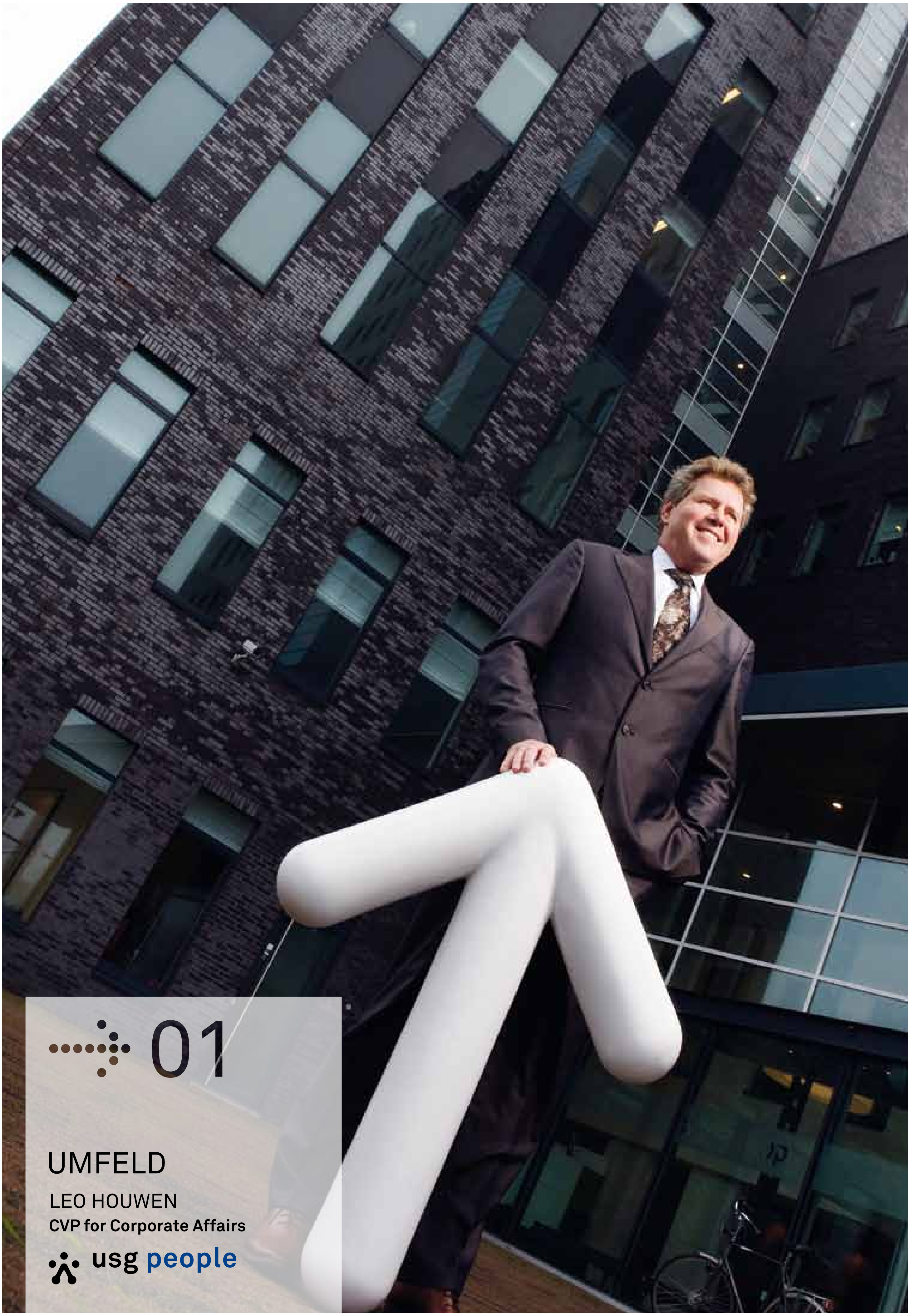
USG People shares have been listed on the Amsterdam Midkap Index since 3 March 2009 after having been a component of the Amsterdam Exchange Index (AEX) from 1 September 2008.

MISSION. USG People is a provider of all types of flexible employment solutions and a wide range of services in the field of human resources and customer care. This wide array of services meets the demand for diversity in the services we provide. As a provider of knowledge and capacity, USG People is focused on quality, growth and profitability.

VISION. With people at the heart of our organisation, USG People aims to get the right talent in the right place. This is the driving force for all the group's employees - the reason why they give their very best. Our ability to stand out as an organisation is largely determined by the creativity, efforts and commitment of our employees.

STRATEGIC OBJECTIVES. USG People strives to be the most profitable player in the European temporary staffing and secondment market. Our main strategic objectives are:

- Strengthening of our multibrand strategy, with a healthy balance between general and specialist staffing services;
- Further revenue growth, both organic and through acquisitions. The main emphasis for takeovers in the Benelux will be on specialist services, elsewhere it will also be on acquiring scale;
- A constant focus on attracting and retaining the best candidates for our clients;
- The ongoing development of new technologies aimed at enhancing the services we provide and optimising distribution channels;
- The ongoing professionalisation of our internal organisation with a clear focus on staff.



01

UMFELD

LEO HOUWEN
CVP for Corporate Affairs

usg people

OPENING UP THE MARKET

The European staffing market will grow in the medium term due to the removal of barriers for temporary employment. The prospects look good. Brussels and a growing number of countries are coming to realise that the staffing sector has a positive effect on the labour market and is important for a flexible and vital economy.

There is currently no real single European staffing market. A quick look at the statistics on the level of penetration of temporary staffing reveals large differences - there is the traditional leading group consisting of countries such as the United Kingdom, the Netherlands, Belgium and France; a group in the middle including Germany, Spain, Italy and Austria; and Greece and Poland lagging behind. "In most countries there is a direct correlation between the level of penetration, the degree of social acceptance, and existing restrictions on temporary staffing," says Leo Houwen, Corporate Vice President for Corporate Affairs at USG People. "And these restrictions often have to do with having cold feet when it comes to the sector."

This fear was also present for years in the so-called leading group. "The Netherlands was one of the countries where the sector started developing first, but you must not forget that it was not made easy for us. In the sixties and seventies unions and the government were not exactly advocates of flexible labour. Unions were afraid that temporary jobs would take the place of permanent jobs. At the time the Dutch Ministry of Social Affairs feared that flexible labour would disrupt the way the labour market operates. The big turnaround happened during the crisis in the eighties, when the sector helped large numbers of unemployed people get work. You can say that from then on the staffing sector became more accepted, both politically and in society. It also helped that the sector was always well-organised. The collective labour agreement for temporary staff is now one of the largest in the Netherlands."

A similar emancipation took place in other countries, although this certainly does not mean that there are now no restrictions for the sector. For example, in countries like Spain, Belgium and France it is extremely difficult or prohibited to work for government bodies, while in Germany and Spain restrictions exist in the construction sector.

01

UMFELD

LIEVE VERELST
Regional manager of Unique Belgium

"UNIQUE IS IN THE STARTING BLOCKS"

"Not so long ago I was at a symposium where I met an HR manager from the Ministry of Finance. She told me that the ministry has a staff of about 13,000 and that there was a need for more flexible employees. This provides enormous opportunities for Unique, which specialises in administrative staff. It is a known fact that the Belgian government will be opening its doors more to flexible labour. And it will only be a matter of time before we know just what this means and how it will be executed. But we are already prepared for it. Our Unique Public specialisation has taken the first steps and made initial contact. We are in the starting blocks."

In addition there are various discriminating national rules that deter temporary staffing companies from competing with other forms of flexible labour on a level playing field.

Intensive lobbying by the European umbrella organisation representing the interests of the staffing sector, Eurociett, has thankfully been fruitful and important news emerged from Brussels mid-2008. After years of negotiations the European ministers for Social Affairs and Employment reached agreement on the Working Time Directive and the Agency Work Directive. And the European Parliament voted in favour. The directives are of massive importance to the around 8 million temporary agency workers in Europe because it means that their pay must be equal to that of permanent workers of the 'user company' who perform the same job.

The impact of this measure on the sector will be mainly positive. Eurociett has mapped out what the removal of unnecessary restrictions means for the six most important temporary staffing markets in the European Union (France, the United Kingdom, the Netherlands, Germany, Belgium and Spain). The removal of restrictions is expected to directly lead to the creation of 570,000 jobs by 2012. Particularly people who are far removed from the labour market – the long-term unemployed, younger workers with low qualifications and older workers – will benefit from this. And importantly, Eurociett concluded that the financial benefit for member states will be about € 12.5 billion as a result of lower unemployment benefits and higher tax income.

While it will take some time for the agreement reached in Brussels to produce any tangible results, the measure has another - possibly even more important - effect. "The social acceptance of temporary staffing will increase significantly," says Houwen. "This will help the market grow considerably in various countries." Take Germany, traditionally a market where a large number of restrictions applied. For years the level of penetration was low and there were barely any temporary workers. "In the years following German reunification, temporary staffing organisations played a positive role by finding a few hundred thousand unemployed people a job. This really boosted the sector's image for governments and unions alike. It is now no longer a big deal saying you are a temp." With more than half a million temporary workers, Germany is already one of the biggest markets while the 1.3 per cent (source: Eurociett) level of penetration shows that significant growth can still be expected.

"IT IS NOW NO LONGER A BIG DEAL SAYING YOU ARE A TEMP" - Leo Houwen -

While the staffing sector is being hit by the credit crisis, it also provides opportunities. "Companies and institutions with temporary staff are better equipped to take the blows," says Houwen. "That is because a part of the risks to companies is taken over by the staffing sector. By removing barriers you create a more flexible and vital economy with a proven drop in illegal labour. Times of crisis make employers more conscious of this. Once demand starts picking up again, they will be less hesitant to use flexible labour. Furthermore, temporary staffing companies are better at helping unemployed people get a job than semi-governmental organisations. That became clear during past periods of low economic activity. This also provides the sector with opportunities to show what we are capable of."

02

MULTIBRAND

ANNEKE VAN DER WILT

Corporate Director of Marketing & Communication

usg people

COHERENCE

In recent years the number of brands and house styles at USG People has been scaled back significantly. There is now once again coherence between the remaining brands, each of which has its own clear identity. And the name recognition of USG People is also benefiting from the rebranding efforts.

"As soon as you think you are done, you can start all over again. That just happens to be the fate of a multibrand organisation," says Anneke van der Wilt, Corporate Director of Marketing & Communication, with a smile on her face. In practice USG People's multibrand strategy means that there is always something to do. The strategy has, of course, been determined, but the way it is implemented is a different story. "Take our activities in Germany. The acquisition of Allgeier DL last year meant that we inherited a number of brands which, at the moment, are not included in the current brand architecture. The German organisation will look different after the rebranding. That is how we keep moving forward. And that is a good thing."

The company that started as Unique Uitzendburo in 1972 with in effect one well-known brand and a number of associated brands has for more than the past decade been a group of companies with many faces. "You could actually say that we have been a multibrand organisation since Unique International went public in 1997," CEO Ron Icke recalls. "Since then we have been operating in the market with various brands. At the time this was certainly not prevalent in the temporary staffing sector. Most competitors operated with a single brand and I must admit that we also considered doing this. Multibranding just so happens to demand more attention from management. In 2003 we commissioned a study to determine the best option for us: multibrand or monobrand. There was only one possible conclusion: we had to continue with various brands and not just with the Unique brand. Back then temporary staffing was often thought to be linked to low-skilled jobs and the study showed that highly-educated specialists and engineers, executive secretaries and legal professionals did not want to be associated with it. So we often elected to engage these specialists through companies with which they felt comfortable. And we do not regret taking that decision."

This does, however, require a great deal of attention from head office in Almere. A glance at the group's brand overview since the merger with Solvus in 2005 illustrates this. Each of the companies had quite a large number of brands of its own and together they became a colourful collection of logos. "There needed to be a clear connection between the brands and a visible link to the parent company. And there needed to be more clarity in various markets about role which company was playing. In addition, there was an opportunity to make more of an impact by combining marketing budgets. Smaller brands were unable to sufficiently build up a position of

“THE NEW ORGANISATION BOOSTS COOPERATION SIGNIFICANTLY”

“I joined the shared service center in 2006. At the time it was an organisation with only one Payroll & Invoicing department for all the Dutch operating companies. This was not an ideal situation because of the organisation’s rapid growth and the emergence of new brands and operating companies. Our employees did not know their counterparts at the operating companies. And branches did not really know who to approach if they had any questions. In 2008 we launched Transaction Services according to the chain model, grouping employees in teams focused where possible on a single operating company. That means that the operating company always contacts the same team for all our services. And that boosts cooperation significantly.”

authority in their specialist field. The conclusion was that USG People and its brands needed to exploit their full potential more. Everyone agreed that there had to be a plan of action. In 2004 United Services Group had already formulated a portfolio strategy to achieve cohesion throughout the company. "After the acquisition of Solvus the decision was taken to integrate the Solvus brands in the same coherent brand architechture."

A radical rebranding operation followed in 2006 and 2007. All activities in the field of general staffing were combined under the Start People flag. The Start People name and logo refer to the parent company and at the same time there is clear distinction to emphasise the company's own identity. The specialist brands were given a logo which incorporated the USG People symbol.

spontaneously applying for jobs. This has increased significantly," says Icke, referring to the Incompany 500 annual study which ranks companies, governments and organisations operating in the Dutch market according to reputation. First ranked number 332 in 2006, USG People rose to number 78 last year. A comparative study by Dutch periodical Management Team into the reputation of HR services providers even ranked USG People second. Icke: "We can still improve considerably when it comes to name recognition but studies like these prove that our rebranding efforts are working as the substantial reduction in the number of brands has resulted in greater recognition."

At the same time USG People knows better than anyone that maintaining an unambiguous brand strategy

"THERE IS A VISIBLE CONNECTION BETWEEN COMPANIES IN THE SAME CLUSTER." - Anneke van der Wilt -

In doing this, the visual link to the strength and size of the parent company strengthens the market position of the individual companies. And this applies to an even larger extent to professionals - the companies that focus on highly-skilled employees such as marketing professionals, financial specialists and legal professionals. These companies were given the symbol of USG People in their logo and the name USG in front of their own name. For example, United Capacity became USG Capacity. "The brands have since been clustered logically," says Van der Wilt. "The greater the degree of specialisation, the greater the endorsement from USG People. There is a visible connection between companies in the same cluster. And the operating companies have their own identity, while at the same time being associated as brands under the USG People umbrella. This creates advantages for both the operating company and the parent company."

One of the advantages is the strong rise in USG People's name recognition since the rebranding operation. "This is visible in various ways, such as the number of people

demands constant attention. Another critical review of the number of brands will take place in 2009. That is not to say that the number is going to be reduced in a heavy-handed way. "We are a services provider and we do not make consumer goods. Cutting brands from a brand portfolio is more commonplace in the world of fast-moving consumer goods. There is more emotion in our line of business. Employees are attached to their brand or company. And that is a good thing," says Icke. At the same time the market knows without fail which company to go to for which type of employee. "Companies that need a highly-skilled secretary go to Secretary Plus, while experienced professionals for a communications or technical position can be found at USG Capacity or USG Innotiv. It goes to show that good specialist brands have earned their place."

TAILOR-MADE

After the acquisition of Solvus in 2005, USG People had a lot of brands. Then known as United Services Group, it had 35 main corporate and underlying brands of its own, and with the acquisition of Solvus came another 12 brands. After the acquisition the parent company - named USG People - had to reposition itself by means of an endorsement strategy. A radical portfolio change was implemented in 2004 to reduce the number of brands and reposition them in recognisable groups: General staffing, Specialist staffing and Professionals.

USG PEOPLE N.V.

Open, involved and putting people first. Our logo symbolises the principles and ambitions of our company. It consists of a stylised impression of these principles and ambitions combined with the name 'USG People'.

usg people

GENERAL STAFFING

All European operations in the area of general staffing have been brought together under the Start People brand - not only due to cost considerations and to be more visible, but mainly because clients in the general staffing segment needed to get the same support in every country they are located. The decision was taken to add the word People to Start to emphasise the relationship with USG People. The general staffing units have a variation of the USG People symbol placed in front of the brand name.

startpeople

SPECIALIST STAFFING

Another consideration applied to the brands that deal with specialist staffing and secondment activities. These brands mainly operate in nationally orientated market segments where clients are more interested in tailor-made solutions than European coverage. The market position achieved is therefore mostly associated with an existing brand name. To emphasise the relationship with the parent company the USG People symbol is placed in front of the brand name as part of the logo.

unique

secretary plus

PROFESSIONALS

A clearly recognisable link with the parent company is considered essential for the market proposition with respect to the brand names that fall under USG People Professionals. These brands operate in specialist market units that are much smaller compared to other segments. These brands are able to compete better by showing that they belong to a group that covers all labour market services and therefore offers economies of scale and synergy benefits. The USG name is placed in front of the existing brand name.

usg innotiv

usg capacity

03

INNOVATION

MARCO VAN HURNE
Managing Director
IKKI the Netherlands

de wereld van ikki®

WEBCRUITING

At USG People innovation is visible in various forms - in communities for Spanish speaking secretaries, for the 'generation 2.0' in portals for SMEs and much more. "Standing still is just not an option in this world. You can never stop innovating."

"Consider it a meeting place for Spanish-speaking secretaries," says Elena Gómez, general manager of Profesionalia. "A place where secretaries, office managers and personal assistants can exchange information and get ideas. Where they can swap news and experiences with fellow professionals. And it all happens online."

Spanish secretaries have no trouble finding Secretariaplus.com, as the community is called. It attracts an average of 180,000 unique visits a month and 103,000 secretaries have already registered. So what is the reason for its success? "When we launched Secretariaplus.com in 2000, it was the first secretarial community in Spain. It is important not to view a community as a marketing instrument. Members have to be able to find what they are looking for. So the site is constantly expanding what's on offer. Secretariaplus.com is still a meeting place, but now we also team up with training institutes to offer courses, we organise annual seminars in Barcelona and Madrid and we help secretaries and employers find each other. The online and offline worlds cross over at Secretariaplus.com."

Gómez and her team continue to expand and adapt the services of Secretariaplus.com to suit the secretaries' wishes. "You have to stay alert and never stop innovating. Standing still is just not an option in this world."

Innovation is visible in various forms at USG People - both online and offline. One thing is for sure - waiting around for a candidate or client to come strolling in is asking for trouble. You have to be constantly visible to the client and flex worker, on the street but also on the internet. It is all about having bricks and clicks, i.e. the combination of branches and an online presence. After all, both clients and flex workers get orientated from behind their computers and then make an appointment in person to discuss a vacancy, job or career.

Content knows this all too well. The company has a network of a hundred branches covering the Netherlands and a strong online presence that was boosted by the launch of HRContent.nl in October 2008. At HRContent.nl employers can find and download up-to-date information free of charge - essential information on what may not always seem to be the most inspiring subjects: labour agreements, parental leave, lease arrangements and much, much more. In addition, HRContent.nl keeps a close eye on changes in legislation, which is a valuable service for people who do not have the time to do so themselves.

The site is a tool aimed at serving - and therefore recruiting - clients in the SME segment. "We know from experience that many companies with less than 100 employees often struggle with all the obligations involved in HR management," says Jeannine Peek, general manager of Content. "These are often companies that do not

03

INNOVATION

ANNABEL CAMPO
Secretarial Coordinator at Cuatrecasas Spain

+ secretary plus

“GOOD SECRETARIES ARE HARD TO FIND IN SPAIN”

“Cuatrecasas has grown rapidly in the past few years to become one of the largest law firms in Spain. We make high demands on all our people. The kind of secretaries we are looking for are hard to come by: they have to speak their languages, work with a high degree of accuracy, be representative and have an interest in law. We first started using Secretariaplus.com five years ago. Our secretaries were already familiar with them through the community, but since then they have also helped us recruit staff. The advantage is that their site gives them nationwide coverage, which has enabled us to find people for our offices all over Spain. Other, more general staffing agencies are often unable to find secretaries of the calibre we require. Secretariaplus.com always manages it.”

have an HR consultant or department." The initial results have been promising. After just two months HRContent.nl had 1,800 registered users - professionals who consult the site often more than once a month.

So what's in it for Content? Peek: "It is an additional instrument that our consultants can use to show clients that HR know-how is one of our specialties. As a result companies are more inclined to place their vacancies with us. Our figures provide clear evidence of this as the number of vacancies has increased considerably. A study shows that the rise is partly due to HRContent.nl."

Whether it is a community for Spanish-speaking secretaries or an online tool for SME customers, the key to successful innovation lies in the extent to which the company taking the initiative is able to increase its understanding of the target group. "With all due respect, most innovations are thought up in collaboration," Marco van Hurne, managing director of IKKI, says with a smile. "Luckily USG People realises this. Innovative methods of job mediation can count on receiving full support and attention, but always at arm's length."

So innovation takes place at various USG People operating companies. Such as Profesionalia in Spain, and ASA Student which navigates the world of students via Studenten.net. Or rather: mixes with students. And such as Content, which designed MentalityMatch in 2008 so people looking for a job could determine their social and cultural profile online. Content then tries to find the employer who best fits this profile. Because let's face it, a Cosmopolitan works better with a different group of people than a Post-modern hedonist. This approach provides a better match of flex worker and employer.

"THE ONLINE AND OFFLINE WORLDS CROSS OVER AT SECRETARIAPLUS.COM" - Elena Gómez -

In June 2008 Van Hurne and his team introduced IKKI, an online meeting place for top talent and employers. "IKKI was created in the conviction that young professionals view the phenomenon of 'work' in a completely different way. In the past it was simple: employees were hired and stayed loyal to the company until they retired. The generation that is now entering the job force has a totally different take on life. These people, known as generation Y or generation 2.0, simply say: I'll be giving you my employment for this part of my life. This is in effect the mentality of an employer. At the same time they want to put their heart, soul and mind in their job. If you want to get these people to work for you, you have to recruit in a completely different way. It's an upside-down world where the employers are the ones applying for talent."

The IKKI community has been set up in such a way that it brings together the same type of young professionals. "That should not be taken literally," Van Hurne explains. "The thought behind this is that many people get itchy at around 30. They have a nice job but wonder if that's it. They want a job that gives them a sense of satisfaction. At IKKI they can quickly figure out what makes them tick. We do this with psychological tests, but they can also learn from others who preceded them. For instance, a designer can easily see how the careers of other designers evolved. And get in touch with them and learn things like having a mortgage does not necessarily mean you have to have the same job for the rest of your life."

This upside-down world of IKKI, as Van Hurne calls it, is open to employers. They can post their profile on the community. If they do this well, they will be able to secure top talent. If they are less good at it, they can always call in the help of IKKI consultants for online recruitment, or 'webcruiting'. And people can meet face-to-face at events. For people are not machines and IKKI knows it.

04

DIVERSITY

EVAMARIA DE BOER

CVP for Human Resources

usg people

SUM OF THE PARTS

Anyone who thinks there is one identical culture at USG People could not be more mistaken. So many brands, so many identities. The power of USG People is that it respects other cultures in order to make the entire company even stronger.

Diversity can be expressed in various ways - in nicely formulated policy documents with measurable targets and neatly grouped statistics for instance. "There is nothing wrong with such a conventional approach. Barometers like these can be good instruments to gauge the development of staff," says Evamaria de Boer, responsible for the staffing policy of USG People in her capacity as Corporate Vice President of Human Resources. "It just does not say much about the culture within USG People. This culture is difficult to express in tables. We believe that diversity is the result of a certain culture. The culture at USG People is inherently diverse. It is the key to our success."

The difference between the new StarJob head office in Amsterdam and the Geko Zeitarbeit headquarters in Bochum could not be bigger. While the former exudes the business-like professionalism that goes with top-notch secretaries, the German office is characterised by a soberness that appeals to technical specialists. "Our market approach is based on the strength of being different. It is in fact these differences that make us stronger as a whole," says De Boer. The basis of this market approach is the multibrand strategy, which is geared towards making sure that operating companies have their own strong identity and position. This makes them attractive to candidates and clients in a specific market segment. Support services have been combined in order to operate efficiently. That means that it is not a supertanker crossing a single ocean, but a fleet of ships navigating various seas.

That is the strength of being different, although it does not mean that operating companies can completely determine their own course. "The degree of involvement, creativity and entrepreneurial spirit of the employees largely determine the success of USG People. That is why we consciously give employees the space to develop their own personal entrepreneurial spirit and sense

04

DIVERSITY

REIN BERKERS
Coördinator Diversity
Start People Belgium

startpeople

“PEOPLE HAVE CERTAIN PREJUDICES BY NATURE”

“People have certain prejudices by nature, but they are not always aware of it. That is why they exclude people. It is immoral and in our line of business it is also not commercially wise. At the end of 2007 we started training employees at Start People in Belgium to be more aware of the fact that diversity strengthens an organisation. You want to have employees with the right credentials, but at the same time you want to be a reflection of society. This initiative is working and in 2008 we helped considerably more older workers and people from different ethnic backgrounds find jobs. This is a good result and I am sure it is just the beginning. We try to be a good example. Only one of our four board members is a man and no, he is not the general manager.”

of innovation. But it does not mean that we aspire to an individualistic mentality. It only works if recognisable common goals and principles have been formulated that are clear to all. That is what connects Geko Zeitarbeit in Bochum with StarJob in Amsterdam and Start People in Antwerp with Unique in Milan."

Our core values of respect, learning, passion, involvement and commitment to results have been laid down in USG People's business principles. These principles have been defined further in consultation with the various operating companies. They serve as guidelines for everyone in the way that USG People works. "The ultimate objective is for these core principles to be integrated in our corporate philosophy, reflected in our work attitude and for them to contribute to our success," says De Boer. "But these values are not really new. Alex Mulder laid the foundation for them years ago. He wanted employees to take responsibility with integrity. And we have been building on this culture since the creation of Unique in 1972."

The subject of 'culture' continues to demand a great deal of attention even though the boundaries have been laid down in business principles. "I have to admit that we have not made it easy on ourselves. It is a lot easier for companies that have a monoculture. But that is different at USG People where the culture is difficult to define but is based on a mutual respect for other cultures."

A good example is the acquisition of Geko in Germany. The company had already existed for 25 years when it was acquired in 2007. "It is a sound and successful family business with a strong culture and tradition. This is something you have to take advantage of. The company will be repositioned as an intermediary for technical specialists and will be recognisable as a part of USG People but based on Geko's DNA."

Experience has taught De Boer that this approach calls for a certain type of employee. "The idea of executives flying in from head office to quickly sort out the activities in a certain country is not how we work. Every situation calls for a different approach. You have to have an eye for detail and above all be patient. Empathy, flexibility and a real sense of curiosity are important traits if you want to be successful at a company with a multibrand strategy. You have to be able to accept that a company has its own way of approaching its own specific market."

At the same time it is important to respect the differences between national cultures. You need people who really know the Spanish and Austrian markets and their customers when operating on these markets."

A diverse culture requires the attention of management. It means that you must keep the lines of communication open with each other. That is why the 'company style course' was introduced. During these two-day meetings the Executive Board of USG People meets eight directors from various operating companies and countries. They are intensive sessions where everyone is encouraged to share their opinions in order to match their personal ambitions with the company's goals. "And we have many enterprising people with clear opinions working here so that is exactly what happens," says De Boer.

This is exactly the mentality that makes USG People stronger. "I recently visited a very successful branch. The branch manager jokingly said that the building should have his name on it. Call it arrogant or misplaced, but it typifies his sense of responsibility. If he sees that the work coming in is dropping, he immediately takes action rather than wait for a memo from head office. These are the people who make the difference in times of economic downturn."

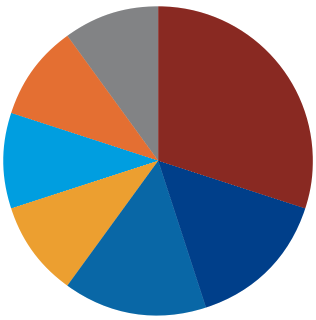
"THE CULTURE AT USG PEOPLE IS INHERENTLY DIVERSE. IT IS THE KEY TO OUR SUCCESS" - Evamaria de Boer -

Diversity and culture are difficult to express in figures but there is one table De Boer is not dissatisfied with. “At USG People there are a lot of women in management positions. And women are the general managers at various operating companies.”

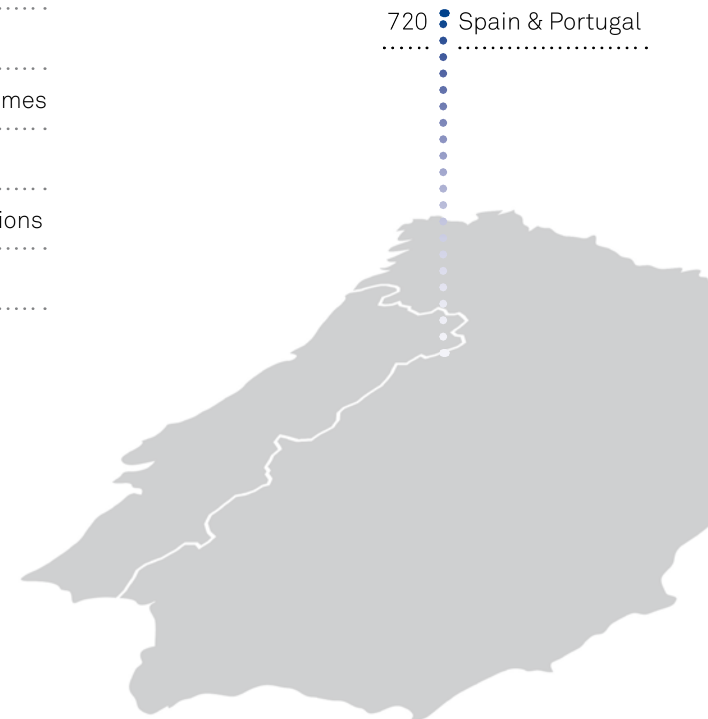
De Boer is also optimistic when it comes to the number of employees from different ethnic backgrounds at USG People. “There is a clear emancipation taking place. Many students from different ethnic backgrounds are graduating from universities and vocational higher education institutions. They too go on to work for us.

We do not record their ethnic background but I see it all around me. It will only be a matter of time before these people work their way up to management positions. Like I said, our culture is inherently diverse. And the diversity that comes from this culture will strengthen our culture even more.”

COURSES WITHIN USG PEOPLE

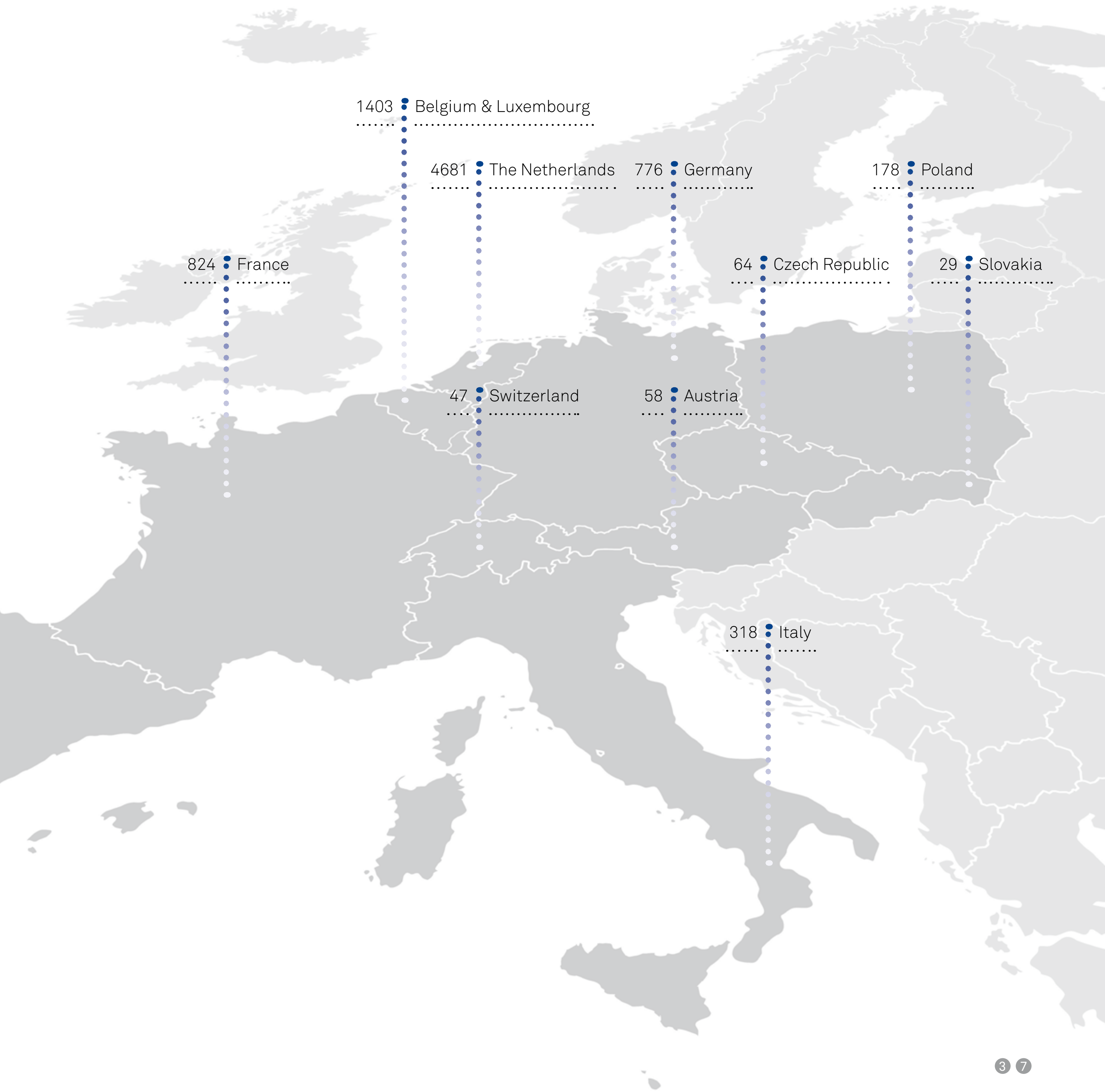


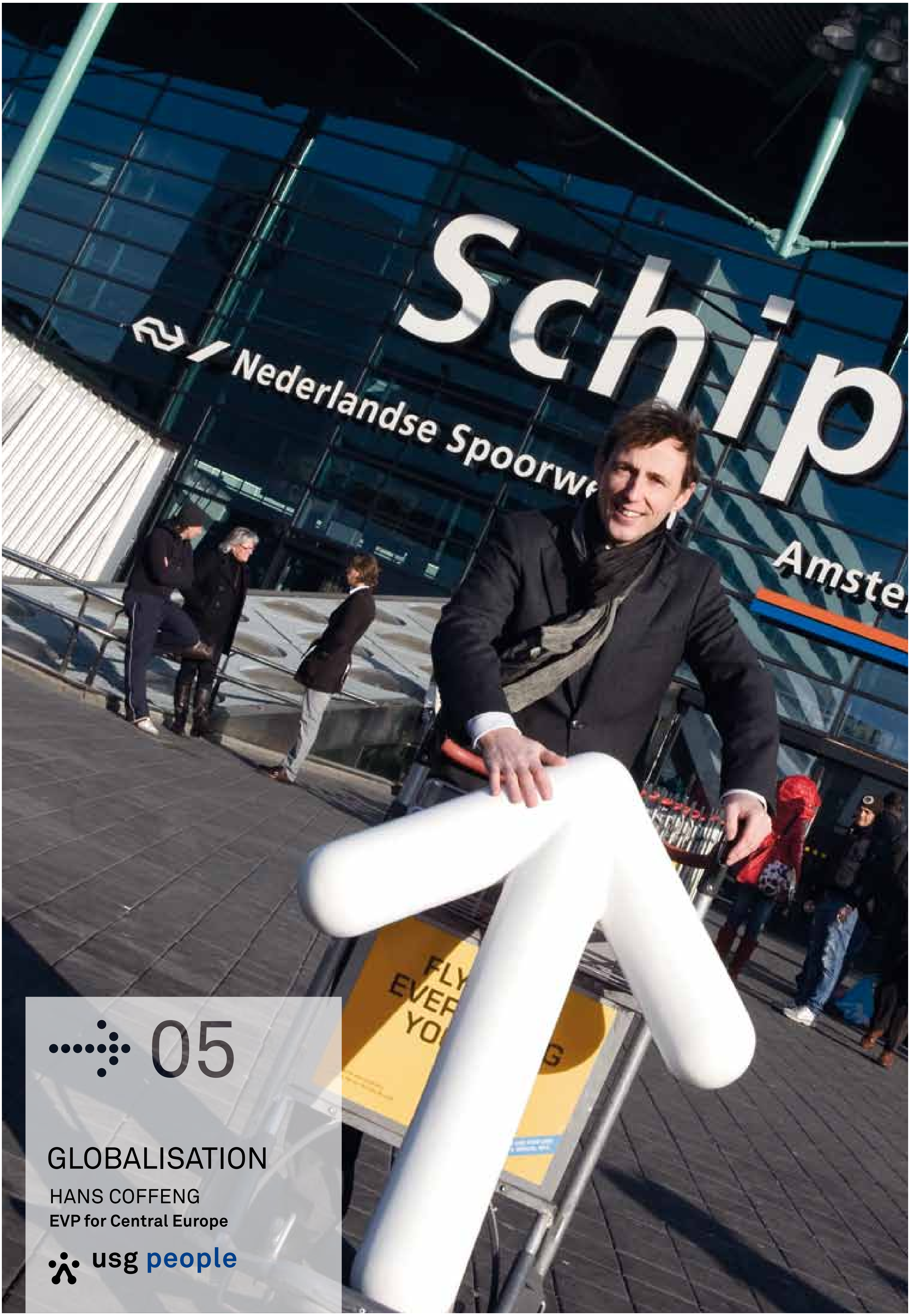
%	
30	Basic course
15	Management course
15	Senior management MD programmes
10	Talent management programmes
10	Course on legislation and regulations
10	Commercial training courses
10	Communication training courses



NUMBER OF PERMANENT EMPLOYEES PER COUNTRY

Total number of employees: 9,098 (Total as at 31 December 2008)





05

GLOBALISATION

HANS COFFENG

EVP for Central Europe

usg people

STEP BY STEP

The German staffing market is quickly becoming one of the largest in Europe. USG People continues to steadily build the ideal organisation in this market and is preparing to grow further when the economic downturn ends.

2008 was an exceptional year for USG People in Germany. "The acquisition of Allgeier DL really helped us strengthen our position on the German market," says Hans Coffeng, Executive Vice President for Central Europe. Allgeier is a top 10 player in Germany with its vast network of more than 6,000 customers and a hundred offices with a staff of around 400 employees and some 8,000 flex workers. The acquisition is helping USG People reach its desired top five ranking. "In Germany you need to have critical mass," explains Coffeng. "The market is fragmented. To really be a player you have to be a big organisation and the acquisition of Allgeier has really given us a boost."

As one of the biggest economies in the world, Germany has been the place to be for temporary staffing companies for years. A quick look at the numbers tells the whole story. For years the level of penetration of temporary staffing was under 1 per cent, far behind more professionalised markets like the United Kingdom, France and the Netherlands. The level of penetration has since risen to 1.3 percent. This is still considerably less than the countries mentioned, but with more than half a million temporary workers on an annual basis, Germany is already one of the largest markets in Europe in absolute numbers.

This level of penetration is expected to rise further and the sector's image is certainly contributing to this. Temporary staffing always used to face opposition from unions and governments but the sector's image has improved considerably. The big breakthrough came when a collective labour agreement was reached for the staffing sector in 2005. Ever since, temporary workers have largely had the same rights as their colleagues with a permanent contract. Coffeng: "The level of appreciation has improved considerably." The profile of the temporary worker is also changing. Just a few years ago only

05

GLOBALISATION

JESSICA EHMKE

Marketing Communication Manager at Unique Germany

unique

“MY JOB AS A MARKETING MANAGER IS NEVER BORING”

“As a marketing manager for USG People I can say that my job is never boring. I joined Creyf’s at the end of 2006, having previously worked for Sky Radio where I gained experience in building brands. This experience came in handy as Creyf’s in Germany merged with Unique at the beginning of 2008. The merger had to be prepared and communicated in three months - first internally and then externally. The entire operation made Unique bigger and more visible in Germany. Next up is Allgeier, which is a lot bigger than Unique. In 2010 we will lay the groundwork for the repositioning of Allgeier, which is scheduled to take place a year later. This is a great challenge.”

low-qualified workers would sign up to work for a temporary staffing agency. Now nearly half of the temporary workers are qualified technical workers and office workers. “The office segment is also developing strongly.”

So the giant has woken up. And at a time that economic activity is stagnating. “Certain sectors of the German economy are being hit hard, particularly the automotive sector. It must be said though that there is still demand for qualified skilled workers who are often quickly re-employed in other sectors. While the temporary staffing sector may not be able to find work for everyone, this period is proving that a strong staffing sector makes an economy more flexible and vital. This also applies to Germany. Do not underestimate the size of the German economy. If the level of penetration were to rise to 2 per cent or more, that would mean a huge increase in the number of temporary staff available to us.”

USG People will use this period of economic downturn to optimise its German organisation. This is happening step by step. “Working with temporary staff means working with people,” says Coffeng.

In 2010 preparations will be made for a radical rebranding that will come into effect a year later. At that point there will have to be an organisation in place similar to the USG People organisations operating in other large countries with clearly recognisable labels for general staffing and specialist staffing.

The shared service center located in Munich will increasingly support the German operating companies. “We still have a fair bit of work to do, but we will then have a well-positioned and even more professionalised organisation. Every unit will then be visible as part of the same group. In addition USG People will be visible to all as one of the bigger players in Germany with branches spread out all over the country. This makes us more attractive to people looking for jobs and companies looking for staff.”

The only incomplete segment will be the Professionals segment. “That is right. A company offering technical know-how and capacity would be a good fit. Other segments are also interesting, but we cannot do everything at once.”

A sound German organisation will help USG People reach its objective of achieving a substantial part of group results from the Central European region.
Other countries in the region will also contribute to this objective. The Austrian and Swiss temporary staffing markets are comparable to Germany despite their much smaller size. “We are looking to achieve higher volumes here in order to become less vulnerable and to be able to benefit from expected market growth more quickly.”

“IN GERMANY YOU NEED TO HAVE CRITICAL MASS, THE MARKET IS FRAGMENTED” - Hans Coffeng -

USG People has already achieved a top five position in Poland. “Even though the rapid growth witnessed in recent years has ended, Poland remains an extremely attractive market. We are well represented with 30 offices and 10 in-house branches and we have created a solid basis in the country.”

The same applies to Italy, a young staffing market with a great deal of potential. In the past few years a stable and successful company has been built that specifically focuses on the SME market. The objective is to expand on this position in the coming years.

06

CSR

JOHN HERFKENS
General Manager
USG Restart the Netherlands

usg restart

NOT WITHOUT A CHANCE

Helping people far removed from the job market find a job. USG People considers it one of its responsibilities to use its knowledge and capabilities to help these people too. This is good for the person concerned and society, as well as for the USG People companies involved.

Not so long ago it was unheard of for a private commercial company to play a role in the mediation of the long-term unemployed in France. But that all changed when French president Sarkozy announced his large-scale 'Plan Banlieues' to rejuvenate troubled suburbs by intensively helping many tens of thousands of young people look for proper education, internships and jobs.

And it just so happens that helping people far removed from the job market find jobs is what USG Restart is specialised in. In 2006 Assedic, the French benefits payments administrator, selected USG Restart for a project in the department of Val d'Oise. The objective was to help 4,400 unemployed people secure a job within two years and the successful approach did not go unnoticed.
In 2008 employment agency ANPE directed another 4,300 unemployed people in the Ile-de-France and Picardie regions to USG Restart.

And last year USG Restart was also awarded a leading role in the intermediation of 3,800 young people from the troubled suburbs that Sarkozy is targeting. The objective is to improve the willingness to work and position in the job market of young people from various districts in France by making them sign a contract to prove their commitment and by arranging practical training courses and assisting them intensively along the way. The contract is a breakthrough for USG Restart, a name which has since become widely known by French civil servants.

"Doing business in a socially responsible way is often still confused with charity," says John Herfkens, general manager of USG Restart in the Netherlands. "In our eyes it is not about sending a cheque to some charity project in Africa. In essence it is about setting up business in such a way that you are not doing any unnecessary harm to society or, better yet, that you are using your company's means in such a way that you are making a positive and structural contribution to society. USG People is good at employment mediation. We do that for instance for highly skilled people with great job opportunities, so why not also do it for people who are far removed from the job market? After all, we can do that too. I would go so far as to say that we could even make a difference for those people. At the same time we are talking about a healthy business; otherwise it would not be called doing business in a socially responsible way."

Herfkens' findings about the role of the staffing sector are underlined by Eurociett, the European organisation representing the interests of the staffing organisations. A Eurociett study of the job markets in the six biggest staffing markets in the European Union showed that staffing organisations play a large role in promoting social cohesion. They provide outsiders with an opportunity to access the job market, which in turn promotes labour participation and diversity. This is mainly due to their easy access as you do not have to have a network to go to a staffing agency. So for many people a staffing agency is how they initially get acquainted with the job market. In France, for instance, no less than 87 per cent of temporary workers did not have a job before working for a staffing agency.

Eurociett statistics on the six countries show that people far removed from the job market are well-represented in the files of staffing agencies. Some 28 per cent of the labour force with a disability, 26 per cent of older workers and 23 per cent of the working population from different ethnic backgrounds found a job through a staffing agency.

Content in The Hague knows why workers from different ethnic backgrounds are quick to approach staffing agencies. The company opened a branch in the city's Schilderswijk neighbourhood at the beginning of 2008, convinced that many highly skilled people from different ethnic backgrounds would be available to work for some of the company's large and prestigious clients. Content knows that the level of education of this target group is often not a problem. Instead, they often lack a network, job references and presentation skills. That is why Content arranges job interview training to enable candidates to make a better impression on potential employers. This benefits candidates by increasing their chances of getting a job, as well as Content in that it is able to place the candidate.

So it is not charity but business. That is also the reason why USG Restart is the force behind the 'Wajongeren' campaign in the Netherlands aimed at helping to improve the image of young people with a disability who have been declared partly or fully unable to work. "We have substituted the somewhat negative term 'Wajong' with 'G force' and the campaign shows that these G forces are driven and motivated workers. The campaign is aimed at building up the confidence of these young people and encouraging employers to hire more of them. Most companies with 20 or more employees have room for a 'Wajongeren' employee," says Herfkens. The USG Restart coaches assist both the employer and employee and are paid a fee for this service. The campaign's objective is to place a thousand 'Wajongeren' in a number of months and USG Restart will be responsible for a substantial part of this.

"I WOULD GO SO FAR AS TO SAY THAT WE COULD EVEN MAKE A DIFFERENCE FOR THOSE PEOPLE" - John Herfkens -

Another project supported by the company that should not be considered charity is the Dutch Homeless Cup, a football competition for homeless people. The project uses football as a means to promote re-integration. "These people do have some kind of roof over their heads so we are not talking about drifters who sleep in

“PEOPLE REALLY APPRECIATE IT THAT YOU’RE THERE”

“I divorced my husband about four years ago and ended up on the streets with my son Peter, who was 16 at the time. We usually stayed the night with friends, and slept in the car every once in a while. Occasionally I worked as a cleaner in the tropical swimming pool here in the area. My son would help out too. When I finally got a new place last year, social services referred me to USG Restart. They looked into what I would be good at and arranged a job for me in homecare. It is very rewarding work and the people really appreciate it that you’re there. USG Restart also helped my son find a job at a car cleaning company. Both of us are definitely on the right track.”

the park," says Herfkens. "They are, however, people who struggle with various problems at the same time – major issues like debt repayment, psychiatric complaints or a drug history. So does that mean that they should be written off? I don't think so."

Recently USG Restart assumed responsibility for re-integration activities for the Dutch Homeless Cup and the initial results have been promising. Around 50 of the 150 football players who took part in the 2008 competition are currently being re-integrated into the workforce, assisted by USG Restart coaches. Various participants have already found a job, like Johnny from the Dutch city of Den Bosch. "He is a salesman in a sporting goods shop and lives on his own. It is a success story that is really encouraging other participants." The objective is to help re-integrate 100 football players in the second season.

USG People CEO Ron Icke signed a contract with Vakcollege in the Netherlands in 2008. This educational initiative was set up by the technical education system and employers in response to the need for a smoother transition from pre-vocational secondary education to vocational secondary education, and from these forms of education to the job market. And this leads to a large number young people not fitting in and dropping out. The contribution of founding partner USG People - in the form of expertise and funds - has provided a solid basis for the thirteen schools linked to Vakcollege to provide good education in the first year. In the meantime more schools have joined, other sponsors signed up and subsidies have been granted. This is helping to improve the learning material and accelerate the growth of the initiative. Within a few years more than 10,000 students will be getting an education at Vakcollege and the number of drop-outs is expected to have fallen considerably.

In the Netherlands, Start People is also making a substantial contribution through the job-learning positions it provides to flex workers. In 2008 3,800 flex workers followed this path. At vocational secondary schools Start People has set up job-learning centres in cooperation with the schools themselves under the name 'Leer-werkplaza'. These centres help students find job-learning positions and if necessary orientate them more about the job market. It is a win-win situation as far as Start People is concerned. It provides the participating schools with an additional tool to reduce the number of drop-outs and gives Start People access to a large group of potential skilled workers and middle managers.
And last but not least, the job-learning positions contribute to Start People's ambition of playing an important role in society.

SUPPORTING CHARITABLE ORGANISATIONS

In an effort to give back to society, USG People's operating companies support a variety of non-governmental organisations and social projects. In 2008, a total of 17 operating companies committed to 24 organisations and projects in six European countries. These good causes included Unicef, AMREF Flying Doctors, Oxfam, the Red Cross and Les Messagers du Coeur. Various initiatives have been summarised in the following table.

GOEDE DOEL	BIJDRAGE	WERKMAATSCHAPPIJ	COUNTRY
Belgian CF Association	MUCO is a Belgian foundation devoted to helping people who suffer from cystic fibrosis, an as yet incurable disease which affects the lungs and digestive system. The foundation aims to improve the quality of life of sufferers and their families with the support of donations from individuals and companies such as USG Innotiv.	usg innotiv	Belgium
Cruz Roja Española	Start People in Spain supports the Spanish Red Cross by raising funds from sources including its own staff. In cooperation with the Red Cross, Start People also provides training courses to underprivileged young people and the homeless with the aim of improving their chances in the labour market.	startpeople	Spain
KiKa kinderenkankervrij	The staff and management of Unique in the Netherlands support KiKa, an organisation that raises funds for children's cancer centres in the Netherlands and, in doing so, contributes to research into better treatment and cures for child cancer.	unique	The Netherlands
Gered Gereedschap	Technicum has supported Stichting Gered Gereedschap since 2004. This voluntary organisation has branches throughout the Netherlands that act as collection points for old tools, with the proceeds going to development projects. In addition, Technicum recruits volunteers and donors amongst present and former employees, associates and clients.	technicum	The Netherlands
The Hunger Project Nederland	ASA Student supports The Hunger Project, an organisation committed to ending chronic world hunger. The vision behind this initiative is that people are able to put an end to their own hunger if they are given help. The Hunger Project helps by investing in the development of people - primarily women. The volunteers empower people to become self-reliant.	asa student	The Netherlands

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EUROPEAN SALES APPROACH

MICHAEL AMMERLAAN
VP Sales & Business Development

usg people

MAKING STRIDES

USG People's new International Account & Sales Department aims to forge partnerships with clients. The starting point is using temporary staff as efficiently as possible. "You have to be willing to let each other take a look behind the scenes."

"Champions League quality" is how Michael Ammerlaan, Vice President of Sales & Business Development at USG People, describes his team. "Each and every person is well educated, men and women with a wealth of sales experience who speak various languages." As one would expect from a modern European top club, the team consists of a colourful mix of nationalities. "We work with an international focus so that we are able to operate in every European country."

Ammerlaan has no problem whatsoever explaining the added value of the team. "We were recently confronted with problems with a client in Poland. A company with a lot of flex workers, a big player in the automotive industry and a good client of Start People. Our costs had to be brought down because production was falling, so something had to give. Together with our Polish colleagues we came up with a proposal that caught them completely off-guard. We let the company take a look at our books and showed them where we were incurring costs and how we could cooperate more efficiently. The result was that we have swapped our own branches near the client for in-house branches. This cuts costs considerably. In addition, it helps us get much closer to the client so we can anticipate the ups and downs in the production process better. It is a lot harder finding 100 assembly workers in just two days than it would be if you had a month. The client is happy because costs have been cut and we have been able to further improve our returns."

Coming up with solutions like this was the reason why USG People set up the International Account & Sales Department in February 2008. "USG People has grown strongly in recent years. Our task is to ensure that the group's strength and size are fully exploited. We still have big strides to make in professionalising our entire sales organisation. The team is also responsible for business development, for instance in the field of in-house solutions."

And they now know all about it at Deutsche Post World Net. The German logistics group, which includes companies like Deutsche Post and DHL, has been employing flex workers from USG People for many years. The local Deutsche Post World Net units used to do this through USG People operating companies in their own countries. "We were really able to make good strides in

07

EUROPEAN SALES APPROACH

BART VAN CAUWENBERGE
International Account Manager

usg people

"OUR TALKS ARE NOW MUCH MORE ENJOYABLE"

"It's all about being knowledgeable enough about a sector to be able to provide added value to a customer. I myself am responsible for logistics, and Deutsche Post World Net is one of the main accounts. It's not a traditional relationship in the sense that we provide flex workers and they pay the invoice. We use our expertise to help DPWN arrange its HR management as efficiently as possible. That's when you create a real partnership. Our talks no longer focus solely on conversion factors and cost cuts. Our talks are now much more enjoyable."

this area," says Bart Van Cauwenberge, responsible for logistics clients in his capacity as International Account Manager. "Companies this big spend hundreds of millions of euros a year on flexible labour. They actually see it as a commodity, just like a fleet of vehicles or company uniforms. To prevent our services from being treated like some sort of bulk product, we decided to sit down and talk with each other. We told them that we were willing to invest in the relationship if they were - and not just willing to negotiate over price. They were."

These talks have resulted in a framework agreement under which the conditions of the partnership have been worked out by both parties. Negotiations are no longer held by separate country units or operating companies, but centrally from Antwerp. The starting point is the objective to use temporary workers as efficiently as possible. Van Cauwenberge: "This is only possible if you are willing to let each other take a look behind the scenes. For instance, we place temporary staff in a large DHL distribution centre that only works for companies in the fashion industry. This centre has extremely busy seasons that require a lot of staff. By giving our people an insight into their order systems, we are able to plan much more efficiently. That cuts costs, both for us and for Deutsche Post World Net."

"YOU HAVE TO BE WILLING TO LET EACH OTHER TAKE A LOOK BEHIND THE SCENES"

- Bart van Cauwenberge -

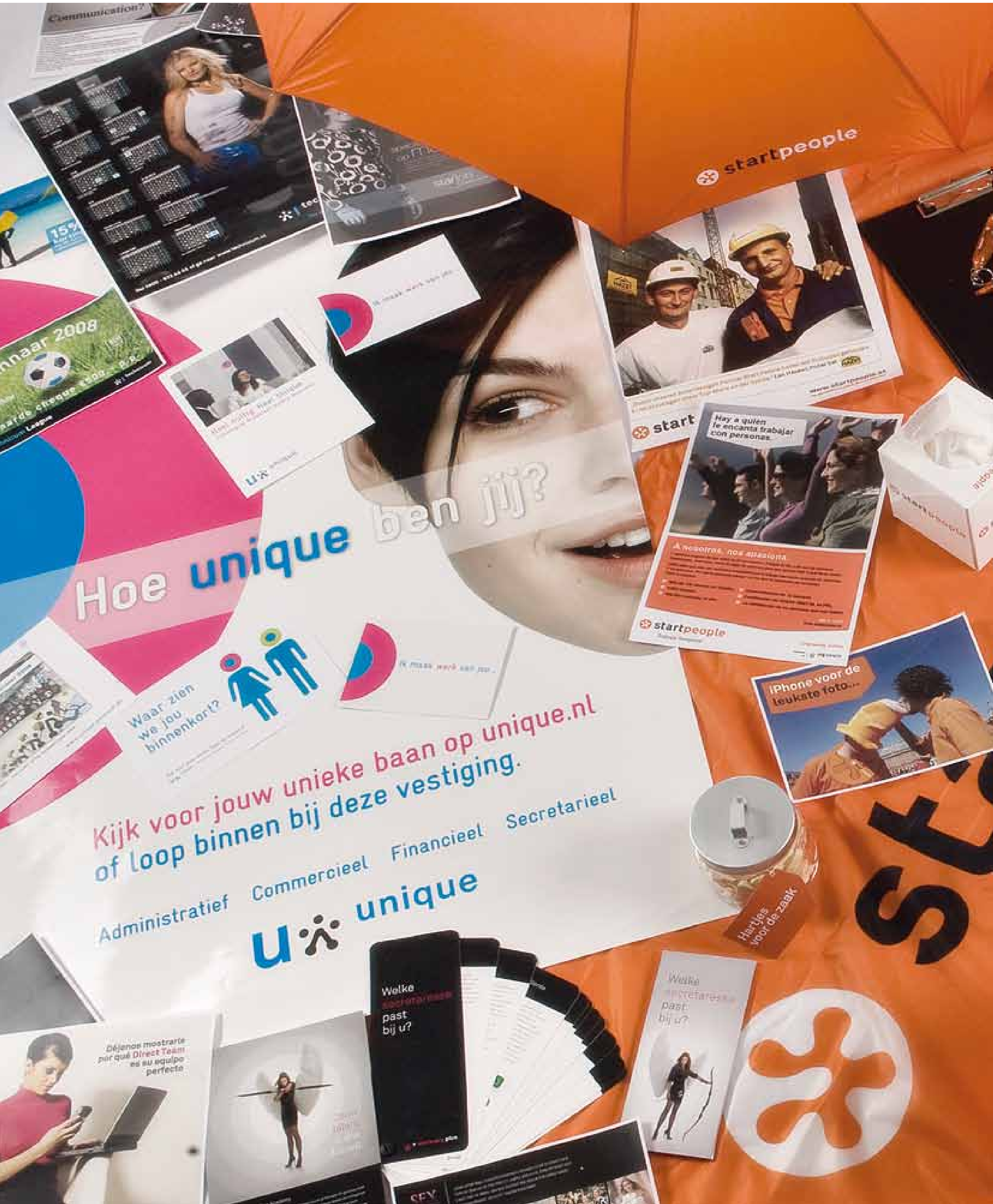
This strategic form of cooperation has been so successful that both parties are looking into how to shape their partnership further. "We have to stop negotiating based on conversion factors. The idea is that you have to utilise each other's strengths as much as possible to meet the challenges our clients present us with. That is how you create added value," says Ammerlaan.

This is a new way of working. "It is more focused on the business. The classic business model in the temporary staffing sector is simple: number of hours multiplied by rate. This model is based on the total cost of ownership, which means that we analyse where the costs are made in order to work as efficiently as possible. This is good for the client and good for USG People."

The International Account & Sales team is focused on the industrial, logistics and services sectors. Sector knowledge is gathered and made available to all the commercial staff at USG People to prevent the need to reinvent the wheel.

It has become evident that not every client wants to work this way. This approach is mainly of interest to bigger companies. "In recent years multinationals in particular have invested a lot in procurement departments. These people observe and analyse everything that happens in a company - and that includes temporary labour. In addition, large companies possess the information systems needed to gather the data of units in a country unit and to process it on an international level."

That does not mean that this way of working is restricted to mature staffing markets. Ammerlaan: "This is a misconception. In markets like Belgium, the Netherlands and France we are often dealing with the same clients as in Poland or the Czech Republic. These clients do not want to see a difference in service. So we have to be able to perform at the same level everywhere."



DISTINCTIVE. USG People's operating companies are clearly recognisable by their distinctive, high-visibility campaigns. For example, as an official partner of the Dutch premier football league Eredivisie, Start People in the Netherlands gets great exposure on and around football grounds almost every week. And Unique in Spain introduced Alejandra, the virtual consultant. Unique in the Netherlands launched a

distinctive campaign to put its dot in the public spotlight. Content, on the other hand, uses an integrated Mentality Match campaign to try to match corporate culture with employee mentality, while Unique in the Netherlands has clearly associated itself with music by teaming up with pop artist Roel van Velzen. So each operating company puts itself in the picture with its own style of campaign.

REPORT

The year 2008 was a turbulent one for USG People. Although the first signs of a slowdown in growth already started to appear in 2007, 2008 can be described as the year in which the shift to a clear downward trend became evident. USG People faced a sharp decline in demand for flex workers in practically every market in which it operates.

This downturn called for and still calls for an even prompter response than normal to day-to-day developments. Direct measures were taken where necessary and made-to-measure adjustments were made. While we had to take measures which were difficult at times, this situation also presents opportunities for USG People. It is good to be able to fall back on a sound strategy.

As prescribed by the Articles of Association, the Supervisory Board submits the annual accounts as drawn up by the Executive Board to the General Meeting of Shareholders for adoption. The annual accounts have been audited and received an unqualified auditor's report. The report as provided by PricewaterhouseCoopers Accountants N.V. is included on page 160.

The Executive Board proposes a dividend of € 0.58 per share, payable in stock. Details of the proposal can be found on page 67. The Supervisory Board backs this proposal.

The Supervisory Board proposes that the annual accounts and the dividend proposal be approved by the General Meeting of Shareholders. The Board also proposes the discharge of the members of the Executive Board in respect of their management activities, and the discharge of the Supervisory Board in respect of their supervision of these management activities.

STRUCTURE. In 2008 the Supervisory Board consisted of five members: Cor Brakel (chairman), Christian Dumolin, Joost van Heyningen Nanninga, Marike van Lier Lels and Alex Mulder. It is the duty of the Supervisory Board is to monitor the policies executed by the Executive Board. More specifically, it advises on strategic matters, company objectives and earnings, both on request and on own initiative. In 2008 the Supervisory Board met nine times, including once by telephone. All members attended each meeting and made a positive contribution to decision making. The external auditor attended one of the meetings. The CEO and CFO attended all meetings of the Supervisory Board except the meeting that discussed the functioning of Executive Board.

Subjects discussed during the meetings held in the 2008 year under review include:

- the strategy;
- financing;

- acquisitions and divestments;
- the branch network;
- the annual accounts and annual report;
- the auditor's report;
- the share plan for internal employees;
- the corporate budget and results;
- the IT landscape;
- the reorganisation of the Dutch back-office activities;
- budget matters;
- impairment matters;
- protectionist measures and the foundation 'Stichting Preferente Aandelen USG People N.V.';
- the remuneration of the Executive Board and the members of the Executive Committee;
- the functioning of the Executive Board and the Supervisory Board;
- the distribution of dividend;
- the management structure;
- contacts with the Central Works Council.

In these turbulent times, special attention was paid to profitability and margins, both now and throughout the economic cycle.

The Supervisory Board has two internal committees: the audit committee and the remuneration and appointments committee. Each committee is subject to its own internal regulations which specify its duties, responsibilities and procedures. These regulations - along with the Supervisory Board regulations - can be found on the company website.

REPORT OF THE AUDIT COMMITTEE. The tasks of the audit committee include monitoring the Executive Board with respect to the operation of internal risk management and control systems, including compliance with the relevant laws and regulations and monitoring compliance with codes of conduct. The committee's tasks also include fiscal planning policy, the control and evaluation of the company's financial reporting process and the application of information and communication technology. The audit committee consists of Christian Dumolin (chairman), Marike van Lier Lels and Alex Mulder.

The audit committee met three times in 2008. In addition to the committee's three members, the CFO and the Corporate Internal Audit Director also attended all meetings. The CEO attended one meeting. PricewaterhouseCoopers Accountants N.V. also attended the meetings. The chairman of the committee reports the main findings to the Supervisory Board.

The audit committee made an important contribution to the risk section on page 74 of this annual report. For a description of the main risks, please refer to that section.

At one of the meetings the committee evaluated its own performance and the performance of the individual mem-bers of the audit committee. It also evaluated the performance of the external auditor. It concluded that it plays a valuable and positive role with respect to the duties it has been assigned. In its opinion, its contacts with the Internal Audit department, the Executive Board and the external auditos of PricewaterhouseCoopers Accountants N.V. have been pleasant, professional and constructive.

REPORT OF THE REMUNERATION AND APPOINTMENTS COMMITTEE. The duties of the remuneration and appointments committee concern the remuneration structure, the amount of remuneration of the individual members of the Executive Board, the functioning of the individual members of the Supervisory Board and Executive Board and assessing the size and composition of the Supervisory Board. The committee is also responsible for drawing up job profiles for the members of the Supervisory Board and nominating members for the Executive Board.

The remuneration policy and any material amendments to it are subject to approval by the General Meeting of Shareholders. Individual remuneration policy matters, including the exact level of remuneration for members of the Executive Board and other individual policy matters, are the responsibility of the Supervisory Board, subject to the approved terms of the policy.

The remuneration and appointments committee consists of Joost van Heyningen Nanninga (chairman) and Cor Brakel.

PRINCIPAL FEATURES OF THE 2008 REMUNERATION POLICY. The remuneration policy aims to attract and retain good management for a publicly listed, internationally operating company. Policy is formulated on the basis of what is considered to be in line with the market and to determine this the remuneration packages of other directors in the peer group, companies listed in the AMX and a number of AEX companies were reviewed.
In the opinion of USG People, the level of remuneration is meant to ensure that experienced directors are attracted and kept motivated to perform at a level that adds value to USG People. There should be a balance between the operating results in the short term and sustainable value for the company over the long term. This clearly involves a commitment to enhance shareholder value. Furthermore, the remuneration of the Executive Board should be in the right proportion to the rest of senior management of USG People.

EXECUTIVE BOARD. The remuneration of the Executive Board consists of four components:

a) Fixed salary

b) Variable short-term bonus. USG People uses a variable bonus system for the remuneration of senior management and also elsewhere in the organisation. This variable bonus is calculated by means of a matrix which includes revenue, EBITA and DSO.

For the Executive Board this bonus amounts to a maximum of 0.2 per cent of the company's operating result before amortisation, up to a maximum of one year's salary. This 0.2 per cent is divided into two components: 0.1 per cent is calculated over the company's operating result before amortisation (EBITA) and 0.1 per cent is linked to the targets set in the budget for the year in question. The targets relating to EBITA are set annually by the Supervisory Board.

The short-term bonus allocated to Ron Icke represented 62 per cent of the theoretically attainable 100 per cent in 2007 and around 43 per cent in 2008. The short-term bonus allocated to Rob Zandbergen represented 89 per cent and around 57 per cent of the theoretically attainable 100 per cent in 2007 and 2008, respectively.
The above shows that the short-term bonus system sets challenging targets.

c) Pension contribution. The members of the Executive Board receive a pension contribution of 20 per cent of their fixed salary, which is not subject to a maximum.

d) Variable long-term bonus, Unique Share Plan. In 2008 the Supervisory Board decided to retain the Unique Share Plan, as approved by the Shareholders in 2005. The remuneration policy under the Unique Share Plan is set for a period of three years (2008, 2009 and 2010). The targets that need to be met will be established annually by the Supervisory Board using a separate matrix. The determining factors in this matrix for calculating the number of shares to be conditionally allocated are revenue, revenue growth and targeted EBITA.

The matrix for 2008 contains a spread in revenue growth of 15% and in target EBITA of 1,5% - 2%. If the annual targets are met, the shares are conditionally allocated. If the director concerned is still employed by the company after three years have elapsed, the shares are unconditionally allocated and released to them. As in the previous system, a bonus of 25 per cent is awarded if the shares allocated under this share plan after three years are held until the end of 2013 and the recipient is still employed by the company at that time. The purpose of this last provision is to emphasise director's commitment to the company.

The above results in the following proposed remuneration for the members of the Executive Board:

	Fixed salary	Variable short -term bonus	Contribution to pension	Variable long-term bonus (USP), conditional
R. Icke				
2008	670,000	285,000	134,000	8,000 shares
2007	650,000	405,000	97,000	20.000 shares
R. Zandbergen				
2008	502,500	285,000	100,500	6,000 shares
2007	455,000	405,000	68,000	12.000 shares

NOTE TO 2007 VARIABLE LONG-TERM BONUS UNDER THE UNIQUE SHARE PLAN. The performance criteria of the Unique Share Plan for the 2005 (pro forma), 2006 and 2007 financial years are as follows:

a) The average revenue growth of USG People N.V. over the period as a whole should be 12.5 per cent.
b) The company's EBITA at the end of 2007 should amount to not less than 6.5 per cent of revenue.
c) Payment will only be made if both criteria (a and b) are met.

OPTION RIGHTS. Until 1 January 2005, option rights on shares of USG People N.V. were allocated to members of the Executive Board with an exercise period of five years.

In 2004 Ron Icke received 20,000 employee share options. The expiration date of these options was 10 May 2009. The options were converted into shares by Ron Icke on 4 April 2008. The shares were not sold and were still held by Ron Icke on 31 December 2008. The number of employee share options yet to be exercised was therefore zero at year-end 2008.

APPOINTMENT. The members of the Executive Board are appointed by the Supervisory Board. Best-practice provision II.1.1. of the Corporate Governance Code (hereinafter: 'the Code') states that directors should be appointed for a term of four years. According to the Code, reappointment on each occasion can be for a maximum period of four years. The General Meeting of Shareholders of 2006 approved the proposal of USG People to deviate from the Code on this point. The possibility was also left open to deviate from this provision in future cases. The grounds for doing so lie in the fact that at USG People, the members of the Executive Board often come from within the company, and long-term employment relationships with the company are commonplace. By offering the members of the Executive Board a term of appointment of only four years, the company incurs the risk that potential Board members will not wish to accept the position, which would adversely affect the company's interests. In future appointments of members of the Executive Board, the General Meeting of Shareholders will naturally be notified regarding the term of the appointment or the method of the appointment as applicable.

NOTICE AND DISMISSAL. A notice period of six months has been agreed with the members of the Executive Board. The payment on termination of the employment agreement will not exceed the amount of one year's salary, calculated on the fixed component of the remuneration. USG People considers it desirable to allow for the possibility of allocating an additional payment in the amount of the six-month notice period. If the maximum of the annual salary for a member of the Executive Board dismissed during the first term of their appointment is clearly unreasonable, the person becomes eligible for a termination payment of not more than twice their annual salary. No arrangement has been made regarding the early retirement of members of the Executive Board, nor have any change of power arrangements been made.

LOANS. No loans have been provided to members of the Executive Board.

THE SUPERVISORY BOARD. The remuneration of the chairman and members of the Supervisory Board, respectively, is set at € 50,000 and € 35,000 per year. The persons chairing the internal committees receive € 5,000 per year for the performance of their duties. Members of the internal committees receive € 3,000 per year. All members of the Supervisory Board receive an additional annual reimbursement of expenses of € 2,000.

The individual remuneration of members of the Supervisory Board for 2008 was proposed and approved as follows:

	2008	2007
Periodic remuneration (including reimbursement of expenses)		
Cor Brakel (chairman)	55,000	55,000
Christian Dumolin	42,000	42,000
Joost van Heyningen Nanninga	42,000	42,000
Marike van Lier Lels	40,000	40,000
Alex Mulder	40,000	40,000

No share options are held by members of the Supervisory Board, with the exception of Alex Mulder, who still holds 20,000 employee share options.

No loans, advances or related guarantees have been granted to members of the Supervisory Board.

RESIGNATION ROTA. The Supervisory Board consists of five members appointed according to the following resignation rota:

	Appointed until	First appointment
Cor Brakel (chairman)	2010	1998
Christian Dumolin	2012	2006
Joost van Heyningen Nanninga	2009	2001
Marike van Lier Lels	2012	2002
Alex Mulder	2010	2006

The term of appointment of Joost van Heyningen Nanninga comes to an end in 2009. Joost van Heyningen Nanninga has made it known that he will gladly continue sharing his expertise in the field of personnel and organisation as a member of the Supervisory Board of USG People. The Supervisory Board is pleased that Joost van Heyningen Nanninga wishes to continue as a member of the Supervisory Board, as well as chairman of the remuneration and appointments committee.

The Supervisory Board will therefore propose to the General Meeting of Shareholders in April 2009 that Joost van Heyningen Nanninga be reappointed for a period of four years.

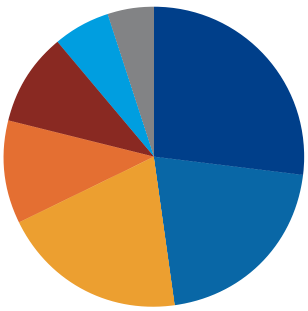
IN CONCLUSION. To conclude, the Supervisory Board wishes to stress that contacts with the Executive Board during the 2008 year under review were both open and constructive. The Supervisory Board wishes to thank the Executive Board and all USG People employees for their efforts and commitment. This year once again proved that it is people who make the difference: let's keep the world working!

Almere, 3 March 2009

The Supervisory Board
Cor Brakel, chairman
Christian Dumolin
Joost van Heyningen Nanninga
Marike van Lier Lels
Alex Mulder

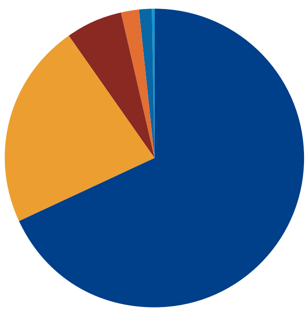
Operational overview and market developments

GEOGRAPHICAL SPREAD GENERAL STAFFING



%	
27	The Netherlands
21	France
20	Belgium & Luxembourg
11	Germany
10	Spain & Portugal
6	Italy
5	Other countries

GEOGRAPHICAL SPREAD SPECIALIST SERVICES

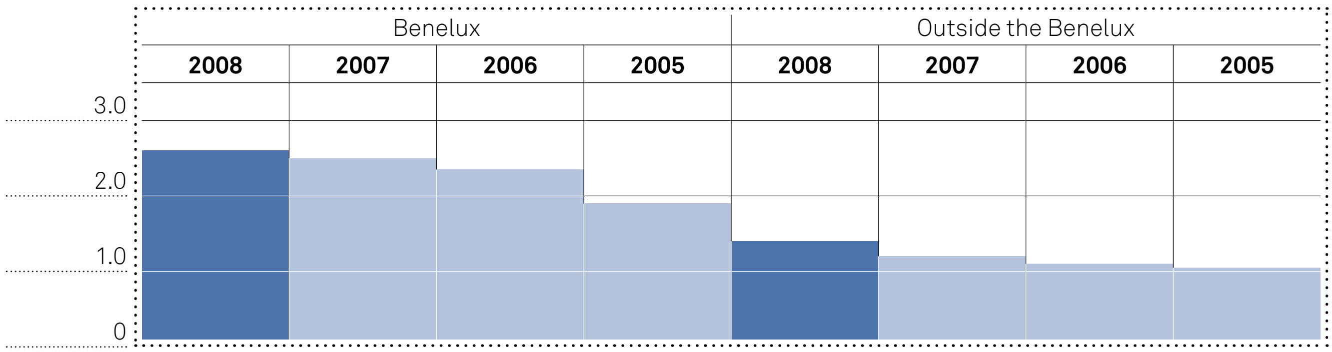


%	
68	The Netherlands
22	Belgium & Luxembourg
6	Spain & Portugal
2	Germany
1	France
1	Italy

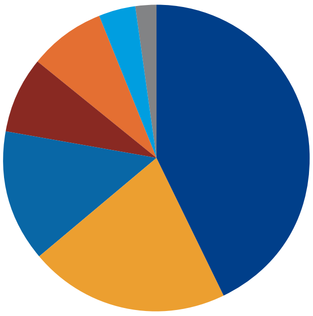
- In 2008 USG People strengthened its position in the European markets through targeted acquisitions, on the one hand, and specialist greenfield activities in a number of countries, on the other.
- In 2007 and 2008 USG People launched specialist activities in Italy, France and Spain, meaning that USG People now operates specialist brands alongside general staffing services in all its primary countries.
- USG People's specialist brand Unique opened its first branches in Italy in 2008. The highly successful international specialist brands Unique and Secretary Plus are now active in five countries. Together they form the basis from which operations outside the Netherlands and Belgium can grow further into a balanced and distinctive USG People mix of profitable general and specialist services in all countries.

REVENUE

x 1 billion euros

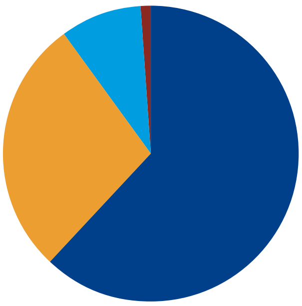


REVENUE BY REGION



%	
43	The Netherlands
21	Belgium & Luxembourg
14	France
8	Spain & Portugal
8	Germany
4	Italy
2	Other countries

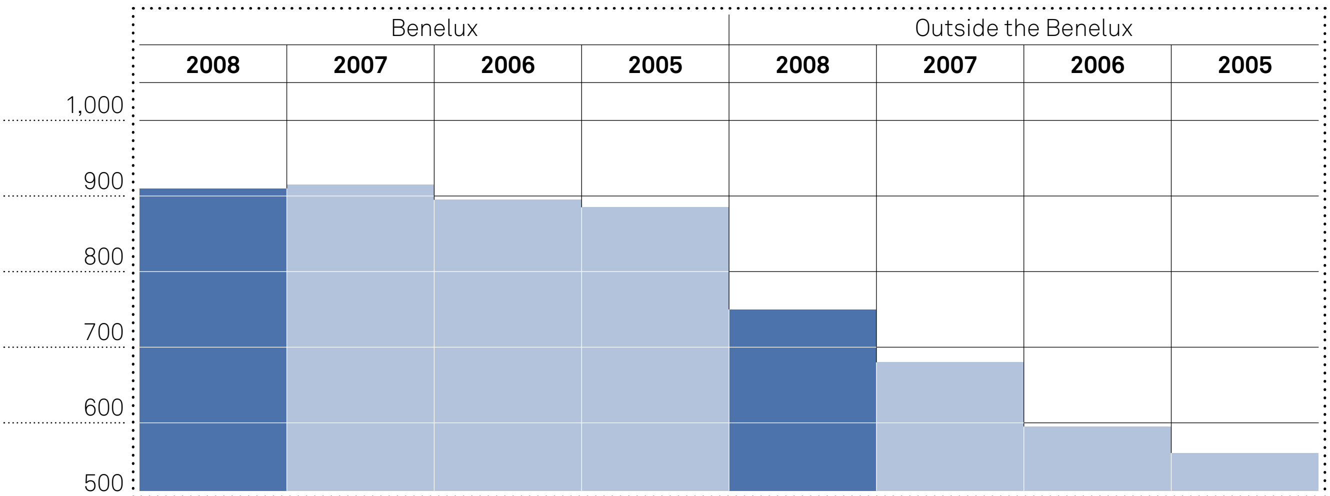
REVENUE BY SEGMENT



%	
62	General staffing
28	Specialist staffing
9	Professionals
1	Other services

- In 2008 64% of group revenue was generated in the Benelux.
- The scale of USG People's activities in Germany tripled as a result of acquisitions in 2007 and 2008. Germany is an important potential growth market for USG People with structural growth expected.
- The results for 2008 prove yet again that the multi-brand strategy is a solid foundation for USG People. This mutlibrand approach provides a wide spread and degree of specialisation, particularly in more developed markets, thus reducing risks linked to economic cycles. In addition to its spread across various services and industries, USG People is strongly positioned in the SME segment and in the public sector.
- The longer-term outlook for the European staffing sector is positive. The new European directive is good news for the sector, paving the way for structural growth of the activities. With the exception of the Netherlands, the level of temporary staffing is very low in continental European countries and the degree of specialisation is low in most countries. This land-scape provides opportunities for USG People.

NUMBER OF BRANCHES



Financial developments

In 2008 revenue exceeded € 4 billion for the first time in USG People's history. This represented a 4 per cent increase on the year before. The growth in revenue is largely attributable to substantial expansion in Germany. At the beginning of the year USG People acquired the temping activities of Allgeier DL. Germany is seen as one of the most promising growth markets in Europe and as such is one of USG People's strategic growth regions. As a result of recent acquisitions, group revenue tripled in the country. The geographic spread of the activities improved due to this strengthened position in Germany, further reducing the dependence on the Benelux in terms of revenue and income.

In 2008 the European economy was hit by the effects of the credit crisis. The banking and insurance sectors announced restructuring initiatives and credit lending for corporate investments and mortgages came to a near standstill. Consequently, many investments were put on hold and housing sales dropped for the first time in a long while. Particularly the construction sector and industries like the automotive and metal industries were confronted with a sharp drop in demand as a result. This led to job cuts in these sectors, with externally hired staff being the first to go. For the temporary staffing sector this translated into a rapid deterioration of volumes, particularly in countries with a large construction sector and industries. In the second half of 2008 staffing volumes in these countries deteriorated at an exceptional rate. The economic situation resulted in a shift in market focus from growth to solvency. The debt position, operating cash flow and financing facilities are therefore important areas of attention.

USG People is adapting to this situation by optimising its branch network and reducing its staff base. These measures are aimed at maintaining the level of profitability. The market position in the Benelux, where USG People's market share exceeds 20 per cent, provides a strong foundation. The group's activities in these markets are broadly spread, due in part to the multi-brand strategy.

REVENUE. In 2008 revenue rose 4 per cent from the year before. The acquisition in Germany contributed 5 per cent to growth, while revenue was down 1 per cent organically. The acquisitions made in 2007 and 2008 meant that the share of revenue from countries outside the Benelux grew the strongest. Growth in the Benelux was 1 per cent compared to revenue growth of 8 per cent on balance outside the region.

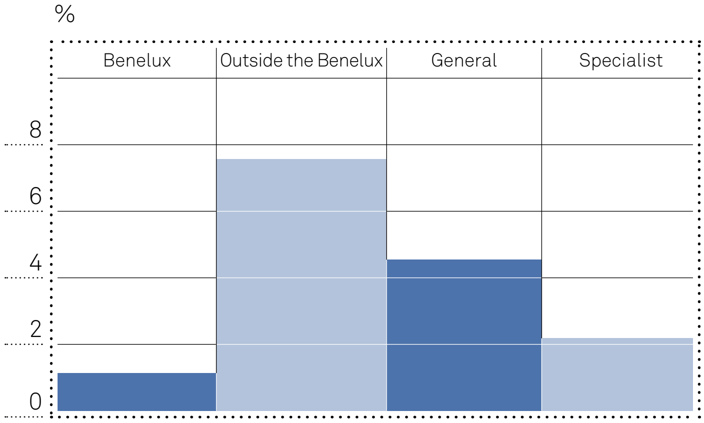
Excluding acquisitions, revenue declined in the countries outside the Benelux in 2008. Revenue in these countries was down 7 per cent on an organic basis.

CONSOLIDATED RESULTS

(amounts in € million)

	2008	2007	Growth
Revenue	4,025	3,888	4%
Gross profit	993	968	3%
Operating costs	756	681	11%
Depreciation	28	27	4%
EBITA	209	260	-20%
Amortisation of goodwill	92	16	475%
EBIT	117	244	-52%
Net income	17	140	-88%
Net income before amortisation	103	156	-34%
Gross margin	24.7%	24.9%	-0.2
EBITA margin	5.2%	6.7%	-1.5

2008 REVENUE GROWTH COMPARED TO 2007

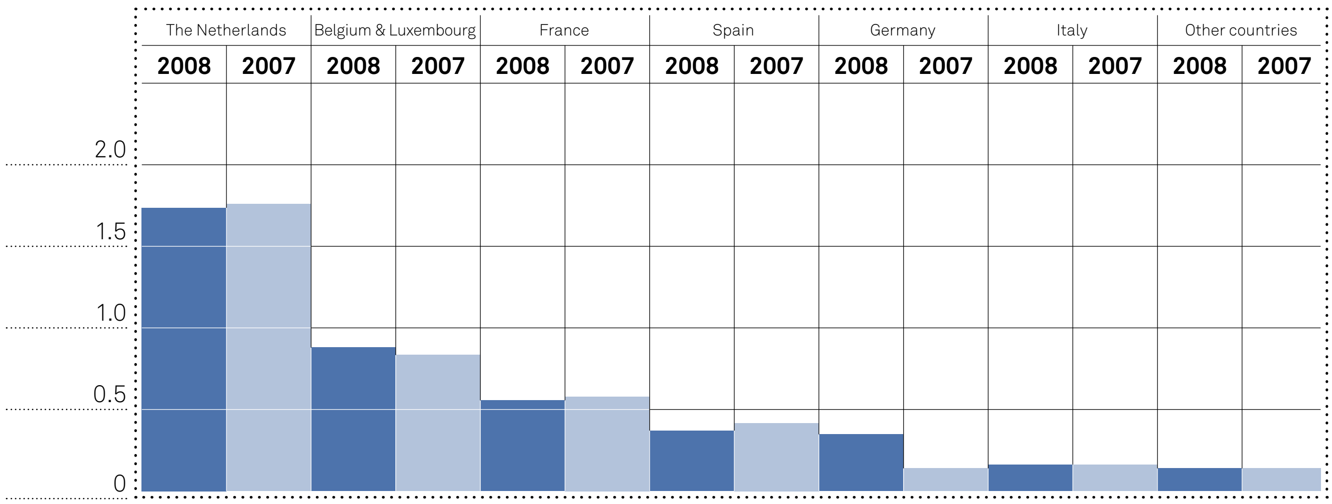


GROWTH TRENDS. During the year volumes declined in all countries compared with a year earlier. The sharpest drops were recorded in France and Spain, where the labour markets rapidly deteriorated as a result of the credit crisis. Compared to a year earlier, growth in the Netherlands gradually decreased in the course of the year, resulting in a slight 1 per cent drop in revenue for the year as a whole. Due to USG People's broad spread of activities in the Netherlands, this was better than the market which was down 3 per cent for the year. In Belgium group revenue grew 6 per cent on an annual basis while the Belgian market declined slightly. Here too growth was down in the second half of the year. In the countries outside the Benelux, revenue was down in both France and Spain while revenue in Germany was up due to acquisitions, rising from € 124 million in 2007 to € 310 million in 2008. In Italy and the other countries revenue rose slightly. On balance, the share of revenue from countries outside the Benelux was up slightly in 2008.

The General staffing segment grew 5 per cent in 2008. This growth was partly due to acquisitions in this segment. Revenue of the specialist activities, including Specialist staffing, Professionals and Other services, rose a combined 2 per cent and accounted for 38 per cent of group revenue in 2008.

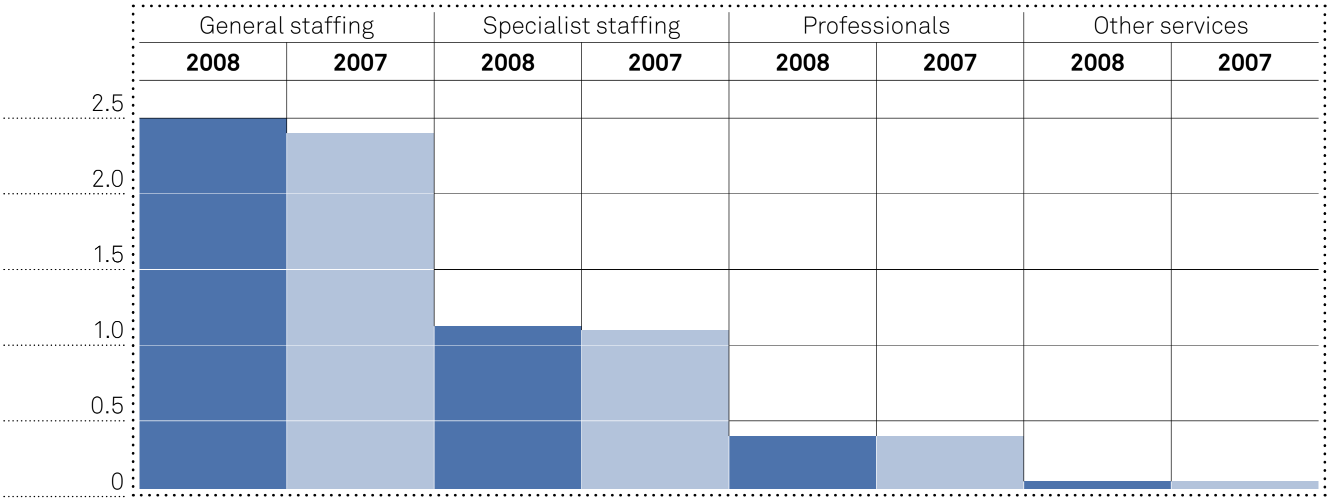
2008 REVENUE COMPARED TO 2007

x 1 billion euros



REVENUE BY ACTIVITY

x 1 billion euro



GROSS PROFIT. Gross profit totalled € 993 million, up 3 per cent from 2007 when gross profit was € 968 million. As a percentage of sales, the gross margin was 24.7 per cent, down 0.2 percentage point from 24.9 per cent in 2007. The slight decline in the gross margin was due to a drop in demand for flex workers in the course of the year as a result of the economic slowdown. The drop in demand followed a period of short supply of candidates for flexible work – a period which generally provides higher gross margins. In 2007 this was mainly the case in the Netherlands and Belgium, which led to a rise in gross margins.

Demand for recruitment and selection, which generate a high gross margin, remained virtually the same as in 2007. There was, however, a drop in demand for recruitment and selection in the second half of the year due to the economic downturn.

One-time subsidies on employer contributions for flex workers in France had a positive effect on the gross margin in both 2007 and 2008. The subsidy in 2008 related to a recalculation for 2005 amounting to € 8 million. In 2007 a subsidy of € 12 million was received. Excluding these one-time subsidies, the gross margin was 24.5 per cent compared to 24.6 per cent in 2007.

OPERATING COSTS. On balance, USG People's branch network grew by 69 branches in 2008. The network was expanded by 107 branches as a result of acquisitions while 19 new branches were opened, mainly in Italy and Poland. The existing network was scaled back by 53 branches, with many of the activities being transferred to other branches in the vicinity. The network was mainly scaled back in Spain and France.

The indirect FTE headcount at year-end was up by 107 on balance compared to 2007 as a result of additions through acquisitions. Excluding acquisitions, the number of employees was down by 379 FTEs. Again, a large part of the FTE headcount reduction took place in Spain and France.

Excluding acquisitions en reorganisatievoorzieningen, underlying operating costs rose by € 16 million from the year before. This equated to a 2 per cent rise in costs compared with operating costs in 2007. In addition, a one-time amount of € 25 million was included in the fourth quarter for previously announced cost saving measures. The addition of acquisitions increased costs by another € 34 million. Including acquisitions and one-time costs, operating costs rose by € 75 million to € 756 million.

AMORTISATION OF INTANGIBLE ASSETS. Amortisation of intangible assets relates to the impairment of goodwill and depreciation of intangible assets with regard to brand rights, client portfolios and candidate databases which are allocated with acquisitions. These intangible assets are included in the balance sheet after an acquisition and are amortised over a fixed period of time. Total amortisation amounted to € 92 million compared to € 16 million in 2007. This amount consists of a goodwill impairment of € 68 million and € 24 million for the amortisation of intangible assets. The impairment mainly relates to a value depreciation of activities in countries where economic conditions are rapidly deteriorating, like Spain and France. The near-term prospects for these countries have worsened due to the effects of the credit crisis. The amount of € 24 million for amortisation of intangible assets was higher than last year due to acquisitions made in 2007 and 2008.

FINANCIAL EXPENSES. Financial expenses excluding derivatives rose from € 35 million in 2007 to € 38 million in 2008. The debt position was higher in the first and second quarter as a result of the acquisition of Allgeier DL, which increased interest expenses. Financial expenses also include a non-cash IFRS valuation effect on derivatives. These non-cash valuation adjustments for accounting purposes had a negative effect of € 15 million in 2008 and a positive effect of € 2 million in 2007. Financial expenses including derivative valuations amounted to € 53 million in 2008 compared with € 33 million in 2007.

TAX BURDEN. The effective tax rate for 2008 was substantially higher than the calculated average nominal rate of 34 per cent. This was mainly due to a non-tax-deductable impairment of goodwill of € 68 million. Excluding the impairment of goodwill, the tax rate came to 35 per cent. This is 1 per cent above the average tax rate and is caused by non-deductible expenses and a write-off of non-deductable losses for deferred taxes. Tax-free revenues from the exempted treasury centre in Belgium had a positive effect on the tax burden.

NET INCOME. On balance, net income was lower in 2008 as a result of one-time items. Excluding these items, net income amounted to € 118 million compared to € 140 million in 2007. In 2008 net income was reduced by € 101 million due to the effect of a goodwill impairment, an unrealised downward value adjustment to interest-rate derivatives, one-off restructuring charges and subsidies. Furthermore non-refundable losses were written off, resulting in a higher tax burden. Including these items net income totalled € 17 million in 2008. The one-time items are included in the overview below.

SUMMARY OF NET INCOME

x 1 million euros

	2008	2007
Underlying net income	118	149
Impairment of goodwill	-68	-1
Net value adjustment to derivatives	-15	2
One-time net income	-17	-
One-time tax effects	-1	-10
Net income	17	140

BALANCE SHEET AND CASH FLOW

Summarised balance sheet	**31-12-08**	**31-12-07**
Goodwill	923	861
Other non-current assets	227	186
Deferred tax assets	51	41
Working capital	91	216
Balance sheet total	1,967	1,959
Shareholders' equity	671	686
Subordinated borrowings	163	172
Net borrowings from financial institutions	388	398
Provisions	19	9
Deferred tax liabilities	51	39

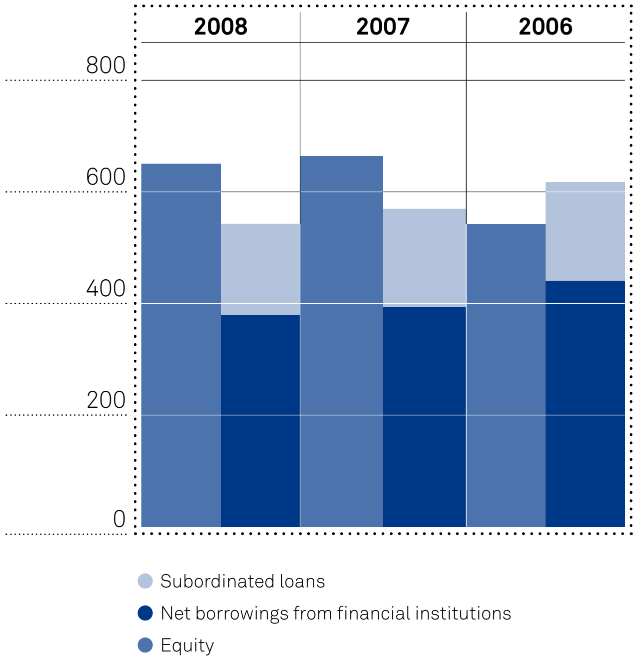
In 2008 the balance sheet total rose by € 8 million to € 1,967 million due to the inclusion of the acquisition of Allgeier DL in 2008. The acquisition increased the non-current assets including goodwill. Working capital fell from € 216 million to € 91 million in 2008.

Summarised cash flow statement	**2008**	**2007**
Operating cash flow	277	201
Acquisitions	-151	-54
Investments	-37	-42
Dividends paid	-33	-29
Interest paid	-37	-26
Change in net debt position	19	50

Due to a very strong operating cash flow the net debt position decreased by € 19 million compared with 2007 to € 551 million, despite the acquisition of Allgeier DL which was financed entirely from current facilities. On balance, shareholders' equity fell € 15 million, resulting in a solvency rate of 34%.

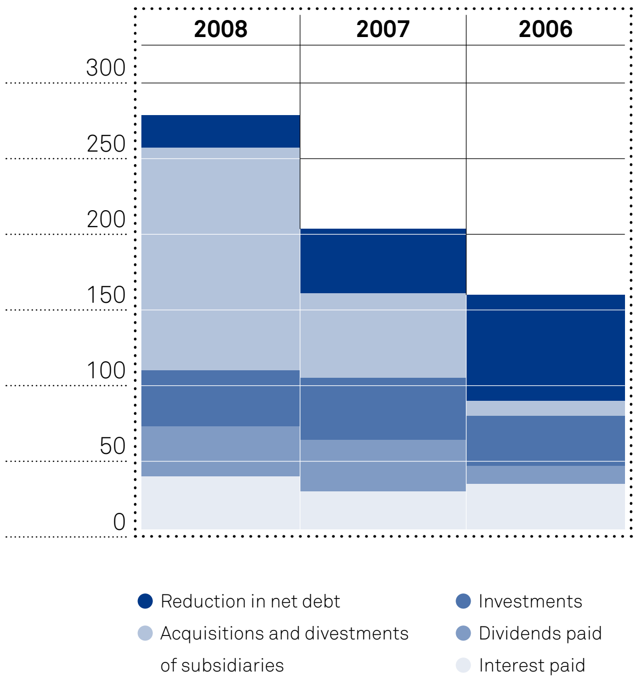
EQUITY AND NET DEBT

x 1 million euros



OPERATING CASH FLOW

x 1 million euros



GOODWILL. In 2008 USG People acquired the staffing activities of Allgeier DL in Germany which led to an increase in goodwill on the balance sheet. The German acquisition boosted goodwill by € 129 million. At the same time there was a write-off for an extraordinary downward value adjustment of € 68 million. On balance, goodwill on the balance sheet rose by € 61 million.

INVESTMENTS. Investments in 2008 totalled € 37 million compared to € 42 million in 2007. The drop in investments was due to changed market circumstances which led to lower investment in expansion. The number of branches also dropped in 2008 after having expanded in 2007. Investment as a percentage of revenue was also slightly lower than a year earlier, down 0.9 per cent.

SHAREHOLDERS' EQUITY. On balance, shareholders' equity decreased by € 15 million to € 671 million in 2008. The main changes were the inclusion of the net income of € 17 million and the payment of dividend totalling € 33 million to shareholders. In addition, there were a few small adjustments due to employee share options and an employee share bonus plan. No new issues took place in 2008 and the acquisition in Germany was financed from current facilities.

FINANCING. The net debt-to-equity ratio stood at 0.8 at the end of 2008, unchanged from the end of 2007. The acquisition in 2008 was fully financed from the operating cash flow. No bond was offered for conversion out of the outstanding subordinated convertible bond in 2008, meaning that the nominal value of the loan remained unchanged at € 115 million. An amount of € 22 million was repaid on existing loans in 2008.
A third annual repayment of € 12 million was made on the subordinated private loan in line with the repayment schedule, leaving a balance of € 63 million. The net debt to financial institutions declined from € 398 million to € 388 million at the end of 2008. The operating cash flow totalled € 277 million in 2008 compared to € 201 million in 2007. Total net debt on the balance sheet amounted to € 551 million at 31 December 2008 compared to € 570 million at the end of 2007.

	2008	2007
Shareholders' equity	671	686
Subordinated convertible bond	100	97
Subordinated private loan	63	75
Net debt to financial institutions	388	398

PROVISIONS. Provisions rose from € 17 to € 40 million in 2008. The largest adjustment was made to the reorganisation provision. This provision was increased in view of the already ongoing network streamlining and restructuring operations aimed at maintaining the level of profitability in these currently worsened economic times.
The other provisions mainly concern a pension provision and a provision to cover legal claims.

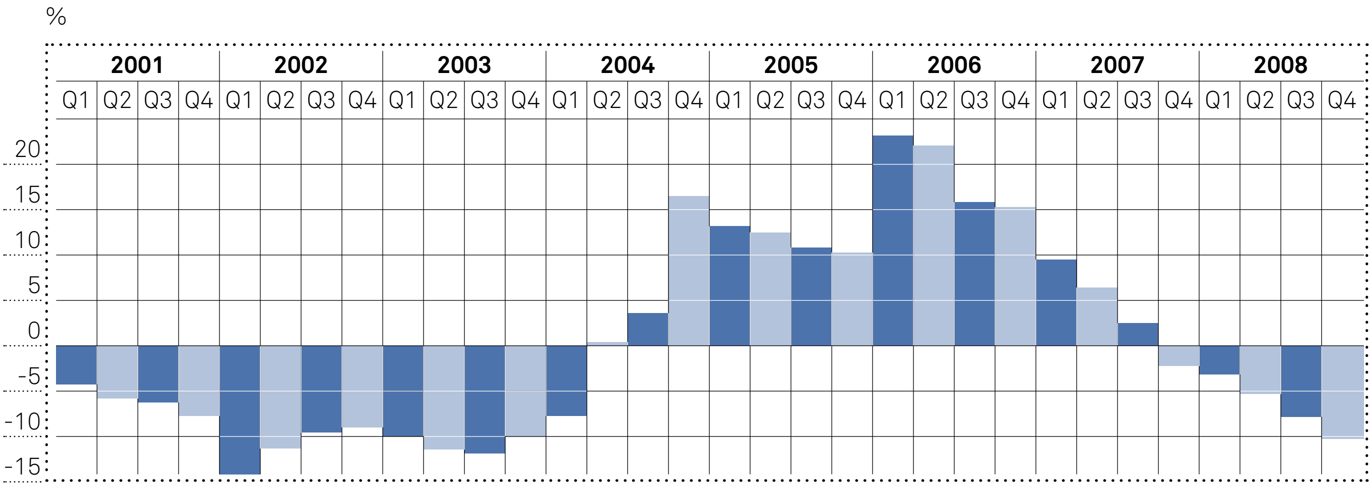
DIVIDEND. The multi-year dividend policy is based on the assumption that one-third of net income before amortisation of goodwill and goodwill-related assets is paid out in dividends. In 2008 there was also a one-time non-cash valuation result from interest rate derivatives, of which the effect on net income is adjusted before the determination of dividends. The basis for the calculation of dividends is therefore a net income of € 17 million plus a net amount of € 86 million for amortisation and an IFRS valuation effect on derivatives of € 11 million. The total of € 114 million forms the basis for the determination of dividend payments, calculated as one-third of this amount, or € 38 million. Based on a total of 65 million shares outstanding, the dividend for 2008 equals € 0.58 per share.

Developments by country

THE NETHERLANDS. USG People holds the number two position in the Netherlands with a market share of more than 20 per cent. Our group boasts a strong position in the Human Resources market with a wide variety of activities. USG People operates a number of distinctive brands, including Start People, Content, Creyf's and Unique. These companies offer a wide array of services in both the industrial and services segments. The activities are spread across the various sectors and USG People is also strongly positioned with the Dutch government. In addition to the aforementioned full-range service companies, USG People provides flexible solutions to higher-educated and specialised staff. Specialist brands are used to serve specific markets, such as engineering, IT, secretarial and students. The specialist services are divided into three segments: Specialist staffing, Professionals and Other services. This multibrand approach gives USG People a wide spread and degree of specialisation in the highly-developed Dutch market.

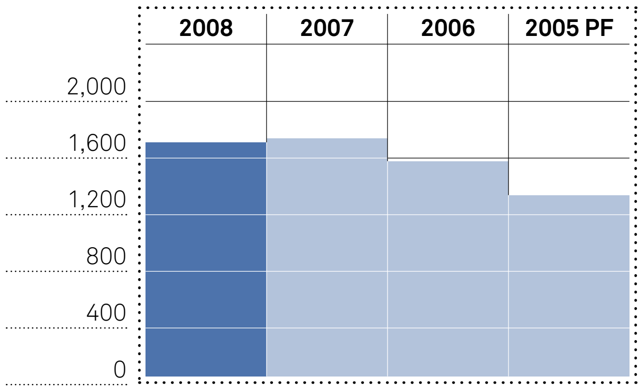
In 2008 there was a downward trend in the Dutch mar-

GROWTH IN NUMBER OF HOURS SOLD IN THE DUTCH MARKET (ABU/NIPO)



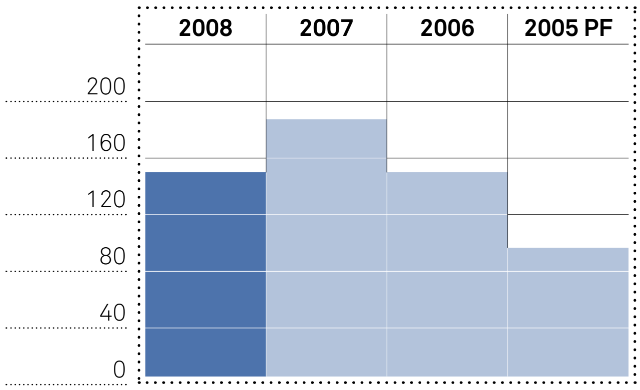
REVENUE THE NETHERLANDS

x 1 million euros



EBITA THE NETHERLANDS

x 1 million euros

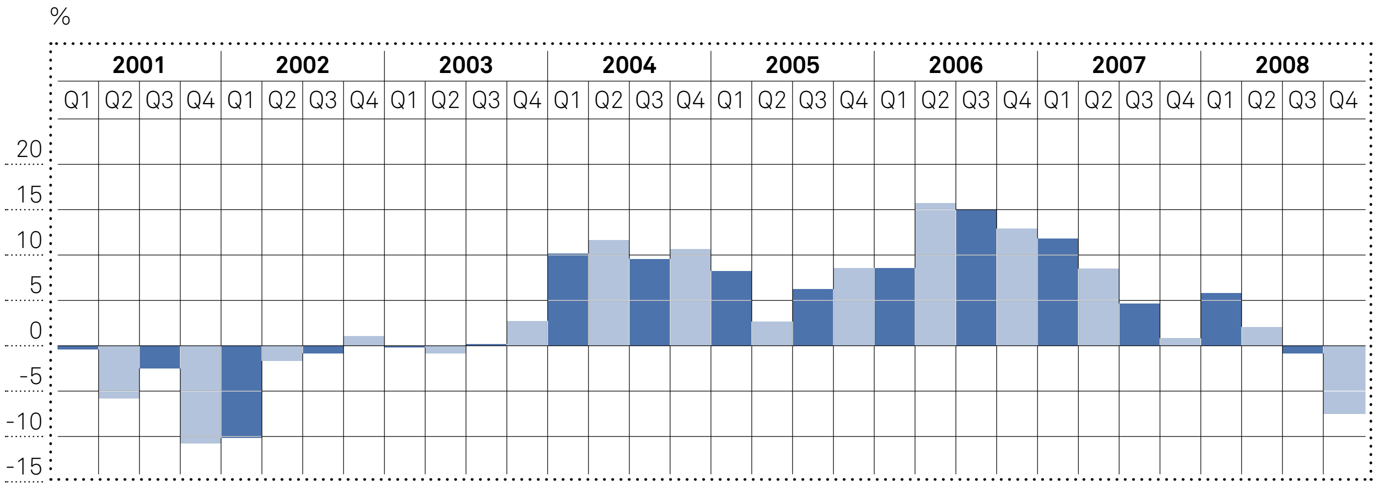


ket in terms of volume growth. In the course of the year volume growth gradually declined further compared to a year earlier. For the year as a whole this resulted in a 7 per cent drop in the number of hours sold. In terms of revenue there was a 3 per cent drop in the market compared to 2007. Mainly due to its wide spread of activities, USG People outperformed the market with a slight 1 per cent drop in revenue. While demand was lower at the large operating companies, revenue achieved from the services in various niche markets in the SME segment was higher.

The category Other services saw revenue from the call center services grow 14 per cent in 2008. Other brands that grew in 2008 were USG Juristen, Secretary Plus and Starjob (secretarial), USG Capacity (marketing and communication), ASA Student, USG Energy and Technicum.

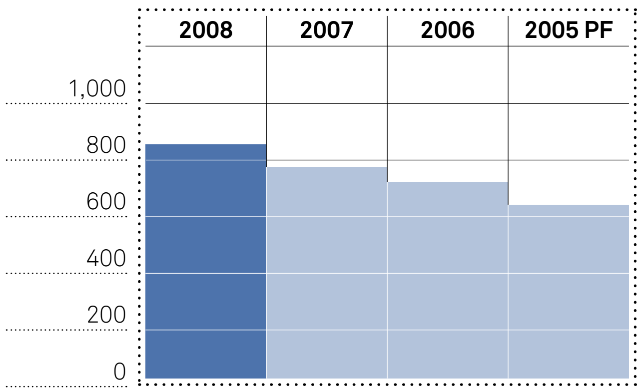
BELGIUM AND LUXEMBOURG. As in the Netherlands, USG People holds the number two position in Belgium with a market share of around 20 per cent. Belgium is USG People's second market, both in terms of revenue and degree of specialisation. In 2008 Belgium and

GROWTH IN NUMBER OF HOURS SOLD IN THE BELGIAN MARKET (FEDERGON DATA)



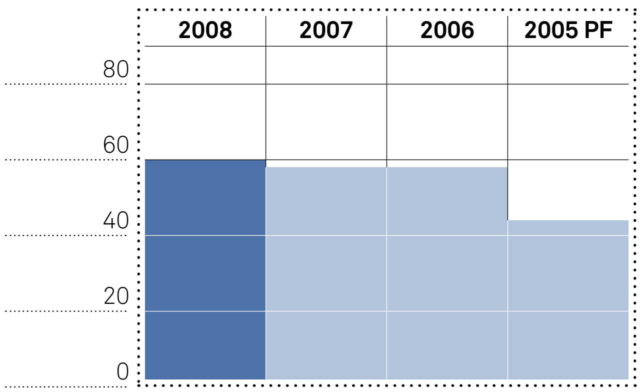
REVENUE BELGIUM & LUXEMBOURG

x 1 million euros



EBITA BELGIUM & LUXEMBOURG

x 1 million euros



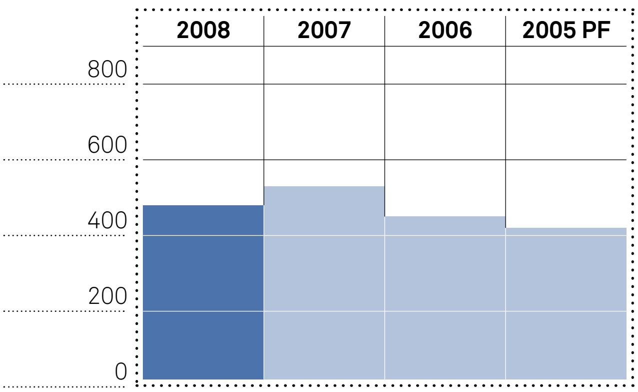
Luxembourg accounted for 21 per cent of total USG People group revenue. Some 40 per cent of revenue in Belgium and Luxembourg was generated by specialist activities. Looking at the larger companies, Start People operates in the general segment and Unique in Specialist staffing. Both companies provide one-stop solutions in the flexible labour market, with Start People traditionally more focused on the industrial segment and Unique standing out in the services sector. The activities of both companies are widely spread across the various segments. Since Creyf's was rebranded to Start People in 2007, the share of volume from the services sector has grown strongly compared to the industrial sector. Structural growth in the services sector ensures a better spread of revenue and reduces the impact of the economic cycle on group results. On top of these larger companies which cater to a wide market, USG People has very successful specialist brands in Belgium and Luxembourg. Belonging to the Specialist staffing and Professionals segments, these brands focus on specific markets and are active in the following staffing segments: secretarial, reception, legal, medical, IT, engineering, financial and Human Resources services. The mix of volume and specialisation ensures high profitability in the well-developed Belgian and Luxembourg markets.

In the Belgian market, declining volume growth turned into a drop in the final two quarters. For the year as a whole, the market volume in hours was down 4 per cent compared to 2007, while the market remained virtually unchanged in terms of revenue. USG People outperformed the market considerably with revenue growth of 6 per cent. Revenue at Start People in Belgium and Luxembourg was up 9 per cent in 2008 and the specialist activities grew 1 per cent. Revenue at USG People achieved in the services sector was up, while revenue from the industrial sector was down. In 2008 Secretary Plus and Receptel (reception services) grew strongly, while Legal Forces and Express Medical (healthcare) also grew. USG HR Forces (recruitment and selection) and USG Financial Forces saw demand decline in the course of the year, resulting in lower revenue than in 2007.

FRANCE. USG People has expanded its activities in France in the past few years. The volume of Start People rose by a third in the 2006 - 2007 period. The branch network was also expanded in this period. In addition, specialist activities in the financial, IT and secretarial sectors were launched from 2007 as the very successful Secretary Plus and USG Financial Forces formulas were rolled out outside the Benelux. This specialist position grew with the acquisition of Multicompta, a specialist in

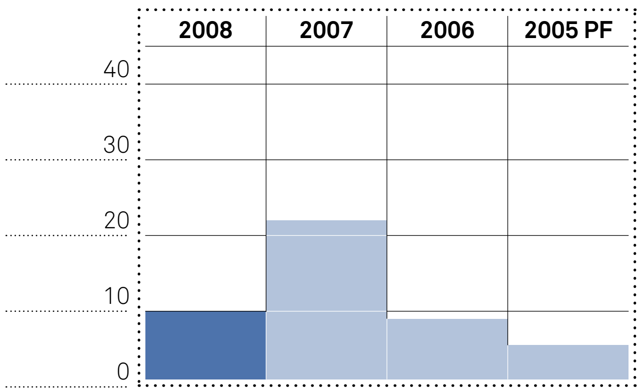
REVENUE FRANCE

x 1 million euros



EBITA FRANCE

x 1 million euros



the field of financial services. The French staffing market is a mature market in the industrial segment, but the level of specialisation is still quite low. That means that this market holds growth potential for USG People.

The state of the French economy deteriorated rapidly in 2008 as a result of the credit crisis. The crisis has an impact on the French market due to the large industries in the country, such as the automobile industry, and due to the construction industry's large contribution to gross domestic product. These sectors were hit hard in the second half of the year, resulting in a rapid slowdown in production. This is clearly detrimental to the staffing market and led to lower volumes particularly in the second half of the year. In 2008 revenue at Start People fell 5 per cent compared to the year before. Due to changed market circumstances, the focus for the short term switched from expansion and volume growth to optimisation of the existing network. The costs of the planned optimisation operation have been included in and deducted from the 2008 result. Revenue from the specialist activities was up 30 per cent in 2008, due in part to the acquisition of Multicompta in 2007 which was included in results for the whole of 2008. After a startup year in 2007, the specialist activities continued to operate from their existing locations in 2008.

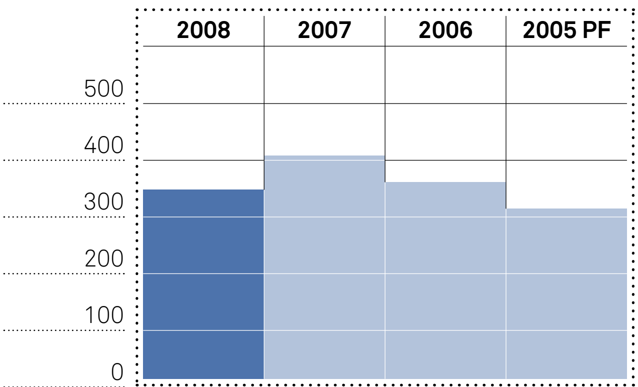
SPAIN AND PORTUGAL. USG People holds the number three position in the Spanish staffing market and is active in both the general and specialist staffing segments. The decision was taken to discontinue the activities in Portugal which contribute less than 2 per cent of the revenue to the region of Spain and Portugal. The activities in Portugal were sold in the beginning of 2009.

Start People and Unique cater to the entire Spanish market and are active in the services, industrial, transport, logistics, agriculture and hospitality segments. Start People focuses on the general staffing segment while Unique is active in specialist staffing. The Spanish construction industry and public sector are still not open to temporary staffing. In Spain USG People also focuses on specific markets including secretarial services and outsourcing. The specialist activities were further expanded in 2008 with the introduction of Receptel. Spanish restrictions to temporary staffing are to be lifted in the coming three years after the introduction of the European Agency Work Directive. This offers good structural long-term growth perspectives for the Spanish market.

Following a long period of expansion and growth in previous years, the Spanish and Portuguese staffing

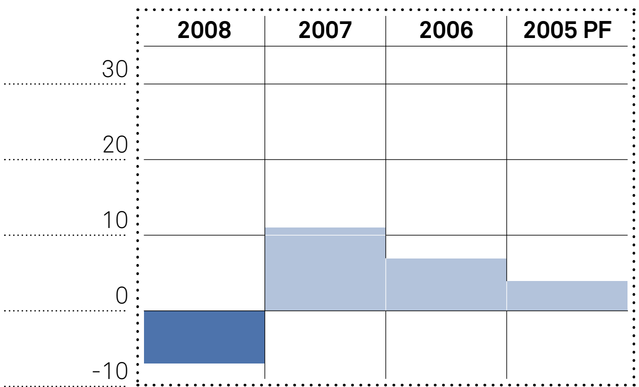
REVENUE SPAIN & PORTUGAL

x 1 million euros



EBITA SPAIN & PORTUGAL

x 1 million euros



market deteriorated sharply in 2008 as a result of the credit crisis. The focus on growth switched to streamlining the organisation and strengthening regional positions. The optimisation in Spain started in 2008 and less profitable branches were closed or merged, also reducing the number of employees. Furthermore, a provision was taken in the final quarter for restructuring the organisation. A drop in revenue in Spain and the extra costs of the optimisation resulted in a negative result.

GERMANY. The activities of USG People in Germany were significantly expanded in 2008 through the acquisition of Allgeier DL. Acquisitions made in 2007 and 2008 trebled USG People's revenue in Germany as the network consisting of 60 branches in 2006 grew to 177 branches in 2008. Furthermore, the existing activities of Creyf's Personalservice and Unique Personal were merged in 2008.

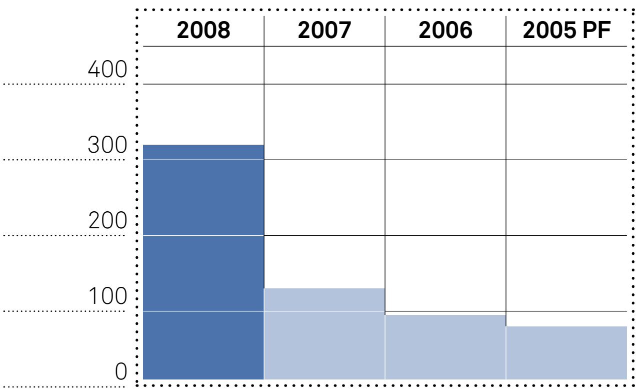
The short-term outlook for the German economy and staffing market worsened in the course of 2008. As in other countries, this situation has been caused by the weakening global economy. Exports fell and industrial production dropped sharply, while the services sector has also been contracting since the fourth quarter. As a result, the staffing sector also saw revenue fall in the second half of 2008 compared to a year earlier, with Allgeier DL, Unique and Geko Zeitarbeit posting lower revenue. Specialist player Secretary Plus bucked the trend, reporting double-digit revenue growth.

ITALY. Italy is an important growth market for USG People both volume-wise and for the introduction of specialist services. Before 2008 USG People only offered general staffing services in Italy under its international General staffing brand name Start People. Specialist activities were added early 2008 when Unique was launched. Throughout the year Unique opened four new branches. Unique is mainly focused on the higher segments of the services sector. Start People's network was also further expanded in 2008. The launch of Unique in Italy means that USG People now has specialist activities in all six large countries. This forms the basis for the optimisation and further growth of the group's services into an effective multibrand portfolio in these countries.

In 2008 USG People's revenue in Italy grew by 4 per cent, with a notable downward trend becoming visible in the final months of the year. As in other European countries, we expect the economy in Italy to deteriorate in the short term, while the long-term outlook for this market is very good.

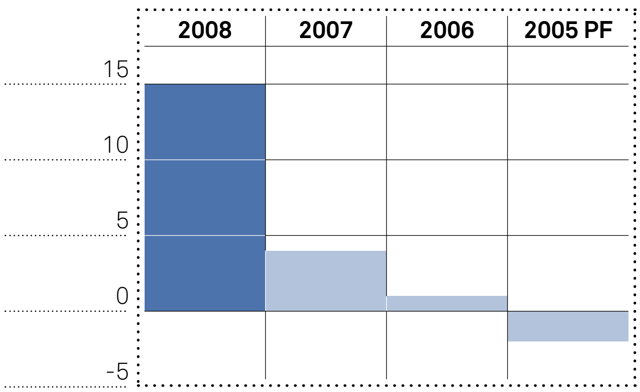
REVENUE GERMANY

x 1 million euros



EBITA DUITSLAND

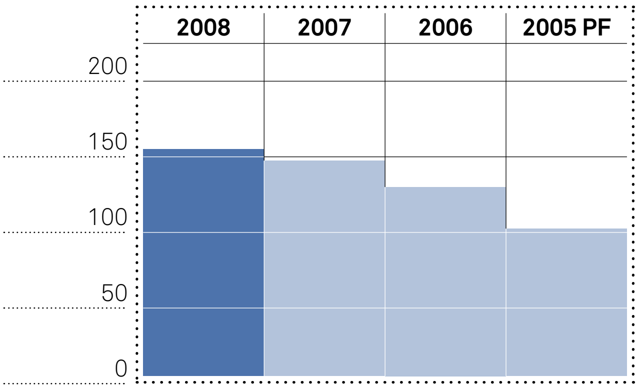
x 1 million euros



AUSTRIA, SWITZERLAND, POLAND, CZECH REPUBLIC AND SLOVAKIA. USG People provides general staffing services in these countries, spread over a wide range of sectors. Together the countries contributed 3 per cent to group revenue. On balance, the revenue of the countries was the same as last year. There were, however, large differences between the countries. In Austria revenue at Start People grew strongly. The specialist activities of Secretary Plus that were launched in 2007 also showed satisfactory growth. On the other hand, revenue in neighbouring Switzerland was down. The downward trend that started in 2007 persisted in 2008 but stabilised somewhat in the course of the year. Poland posted slight growth for the year as a whole, while demand from large industries clearly fell in the final months of the year. As a result, revenue was down in the final months of the year. Compared to 2007, revenue was also lower in the Czech Republic and Slovakia. The revenue trend worsened in all countries throughout the year as a result of the economic deterioration in Europe.

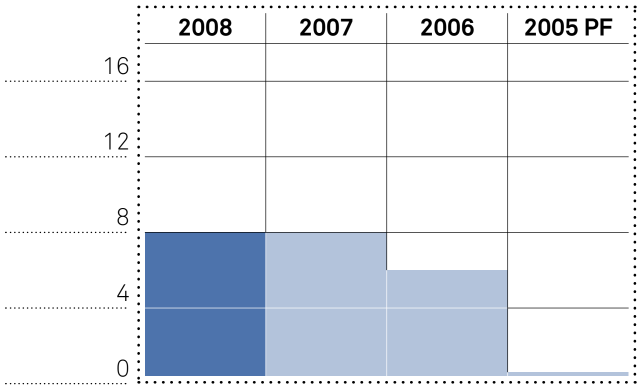
REVENUE ITALY

x 1 million euros



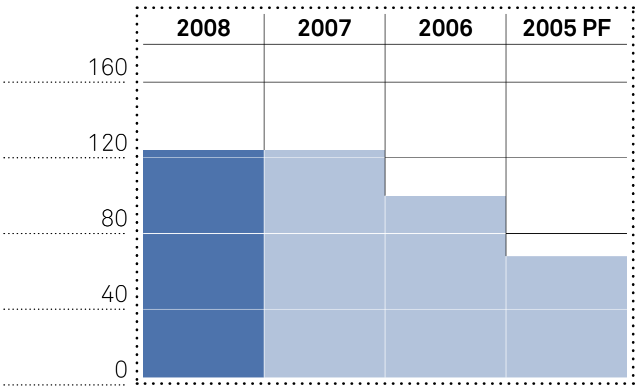
EBITA ITALY

x 1 million euros



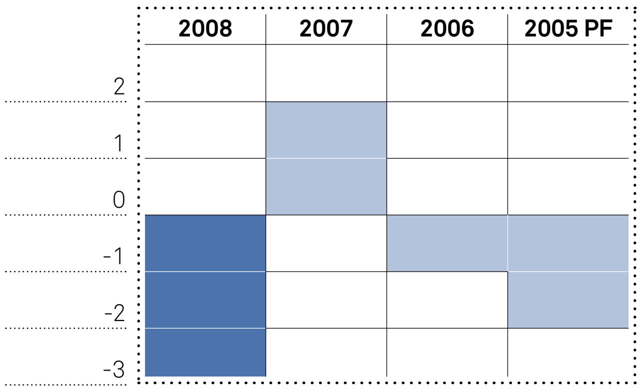
REVENUE OTHER COUNTRIES

x 1 million euros



EBITA OTHER COUNTRIES

x 1 million euros



Risk section

INTRODUCTION. In the current economic climate it has proved to be even more important to know the risks facing a company's business activities and how to handle them. It is therefore good to see that the risk management systems in place at USG People were further improved in 2008.

USG People's policy is aimed at taking calculated risks without endangering the going concern and while achieving a healthy balance between risks and returns.

RISK FACTORS. Like any organisation, USG People is exposed to various kinds of risks. This subsection describes the risk factors that can have a material impact on USG People's business in general, its operational results, compliance with legislation and regulations, financial results, prospects and the actual outcome of forward-looking statements contained in this annual report.

For the sake of clarity, the risks have been grouped into the following categories:

1. Risks related to USG People's strategy.
2. Risks related to the company's business activities and compliance with legislation and regulations.
3. Risks related to corporate finance and reporting.

The risk factors as presented have been discussed with the audit committee and the Supervisory Board. It cannot be ruled out that in the future this summary will prove to be incomplete. There may be additional risks of which we are currently unaware, or risks which are currently classified as immaterial but which may, in the future, turn out to be of influence. The following overview clarifies what USG People understands the various risks to mean.

1. Risks related to our strategic objectives. Factors which could have a negative impact on USG People's ability to achieve its strategic objectives in the European temporary staffing market include:

- Decline in client demand and gross margin (margin pressure). This can differ per country or sector, with greater staffing risks in the less mature markets.
- Unsuccessful strategic change processes. A number of improvement processes are of strategic importance. Examples include the project to restructure the IT landscape in the Netherlands and Belgium, as well as leveraging the economies of scale and synergies in Germany after the acquisition of Allgeier DL which was acquired in 2008. An inability to achieve the desired outcome of these projects increases the risk that organisational objectives are not met.
- Relative high dependence on the Netherlands and Belgium for revenue and EBITA. About 63% and 90% of the revenue and EBITA of USG People are generated in the Netherlands and Belgium, respectively. This carries risks if both countries are disproportionately impacted by the economic crisis.

2. Risks related to the company's business activities and compliance with legislation and regulations. If the control measures surrounding the business processes do not function properly, risks can arise which may or may not be (directly) related to compliance with legislation and regulations.

Examples of risks related to the business operations are:

- Inadequate functioning of the company's operations: examples include the late or incorrect payment of salaries to flex workers and non-compliance with client agreements regarding services and invoicing.
- Dependency on external IT suppliers: as a result of (partial) outsourcing USG People is partly dependent on IT service providers for the performance of its activities in a number of countries, including Italy, the Netherlands, Germany and Spain.
- Reduction in subsidies: subsidies received in recent years have had a relatively large impact on returns in a number of countries (Belgium and France). A number of subsidies were no longer granted in 2008 as a result of changed legislation.
- Insufficient market growth potential: if hurdles for newcomers were lowered in some European countries, this would increase the risk of competition.

Examples of risks related to compliance with legislation and regulations are fines and the possible loss of staffing licences. After all, non-compliance with the often complex tax and social legislation and regulations, working conditions acts and collective labour agreements relating to specific sectors and clients in the various countries can lead to fines and a possible loss of staffing licenses.

3. Risks related to financial accountability and reporting. Corporate finance and financial reporting are important aspects of USG People's risk management and control systems, due in part to their specific risk profile. Examples of such risks are:

- Increase in the number of late or non-paying debtors: the number of expected bankruptcies in 2009 and an easing of the payment terms are exponents of this. This risk is exacerbated by the fact that credit insurance companies are refusing to insure a growing number of suppliers or are lowering the amount insured.
- Impairment of goodwill: an impairment of 68 million euro was already taken in 2008, pertaining particularly to Spain and France. If the economic situation fails to improve or the situation worsens, it will have to be determined whether a further impairment of goodwill will be required.
- Deterioration of financing options: a drop in earnings could result in USG People no longer being able to operate within the terms and conditions of the bank covenants, resulting in a rise in financing costs.

USG People has structured its risk management and control systems in such a way that the risks are managed sometimes by a single measure but usually by a combination of measures. The following subsection describes the systems of (a combination of) control measures designed to manage the aforementioned risks. For a description of the risks surrounding the financial instruments and how they are controlled, please refer to the explanatory notes on the annual accounts.

INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS. The USG People framework for internal risk management and control systems is based on the Enterprise Risk Management framework devised up by the Committee of Sponsoring Organisations (COSO) of the Treadway Commission. The Executive Board and Board of Management are responsible for the functioning of these systems at USG People.

The internal risk management and control systems within USG People aim to:

- limit the risks connected to our strategy and strategic objectives;
- guarantee that business processes are effective and efficient;
- ensure that relevant (internal and external) legislation and regulations are complied with; and
- ensure that reliable bookkeeping and financial procedures are in place.

The USG People framework comprises five elements: the control framework, risk assessment, control measures, information and communication systems, and monitoring. A brief description of each follows below. In the year under review changes were made to the systems to improve internal control. A number of these changes are mentioned below.

1. Control framework. The control framework provides the general framework for the risk management and control systems. It is also a reflection of the general attitude and awareness of the various layers of management with respect to the importance of internal control. It also contains the generic agreements upon which our internal control structure is based. Key elements of the control framework are the:

- management structure;
- code of conduct;
- corporate guidelines;
- business principles;
- management regulations;
- whistleblower procedure;

- human resources policy;
- insider trading regulations.

In countries where USG People operates several brands, the administrative activities are handled by a shared service center. This structure creates economies of scale and enables an effective and efficient segregation of technical control duties and implementation of internal control measures.

In 2008 the control framework was updated further and upgraded by strengthening IT governance and ensuring more central control and decision-making.

2. Risk assessment. At USG People risk assessment is understood to mean the identification and analysis of risks that jeopardise the organisation's ability to achieve objectives. All managers conduct risk assessments as part of their job. USG People also uses risk workshops to allow managers to conduct risk analyses outside their day-to-day activities and determine the appropriate action to take. As a structural measure risk reviews were introduced in 2008 with regard to the internal 'Letter of representation' (LOR) which is drafted every quarter.

In addition, a number of more specific analyses were conducted in 2008. For example, the Southwest region of Europe conducted a portfolio and margin analysis at operating company level. In Germany and Italy risk assessments were held with the management teams to identify the main risks to (local) strategy.

3. Control measures. The control measures are the guidelines and procedures used by (local) management to control processes and systems. Examples of control measures are:

- measures to determine margin policy for each brand and segment;
- measures to determine policy aimed at preventing the loss of employees;
- IT management, which is central to the continuity, reliability and integrity of the provision of information and its impact on the operating and financial processes.

  IT management comprises operating/tactical system management, back-up and recovery systems, network and system redundancy, ensuring the availability of alternatives and the presence of security systems (firewalls, intrusion detection, etc).
- financial measures including:
  - careful monitoring of bank covenants by the central treasury department;
  - having a credit insurance contract limiting collection risks;
  - using financial derivatives to hedge part of the interest-rate risk.
- various process-wide control measures, built in to guarantee internal control of USG People's critical processes and systems. These include context checks and the division of control tasks, as well as the use of approval matrices.

Improvements made in 2008 include:

- tightening cost control by introducing a USG People-wide contract management system to get a better grip on procurement contracts;
- creating a chain structure in the Netherlands to better align activities in the front and back office.

4. Information and communication systems. The information and communication systems support the recording and exchange of information, enabling everyone to present their work properly. The following systems are examples of this:

- the central or integrated personnel, salary, revenue, and financial administration in all countries;
- a corporate consolidation system used to prepare external reporting and which is applied by all operating companies;
- a single commercial information system for each country which gives an overview of planned activities;
- training sessions and information meetings on legislation and regulations specific to each country and/or operating company.

An additional activity in 2008 was a series of sessions aimed at safeguarding our values (business principles) and critical success factors. The sessions were led by the Executive Board and held with management in the various countries.

5. Monitoring. In 2008 continual and periodic monitoring took place to make sure that the risk management and control systems were still well-devised and functioning properly. Examples of monitoring are:

- the business planning and control process for financial and non-financial performance;
- the Letter of Representation (LOR), a declaration including statements on the correctness and completeness of financial reporting as presented, and the correct application of USG People's code of conduct. The LORs are presented periodically by the directors of the operating companies;
- the Internal Audit system, aimed at evaluating the control system;
- the audit committee, whose responsibilities include monitoring and evaluating the financial reporting process and evaluating the internal risk management and control environment.

OUR POSITION ON RISKS IN 2009 AND THEIR IMPACT. In 2009 management will be focused on managing risks, with specific attention being paid to financial management and cash management, partly in light of deteriorated market conditions. Additions and improvements are planned for 2009 to shape this focus. These include:

- focusing more explicitly on risk management in the Monthly Business Reviews and further expanding the risk review procedure and risk assessments;
- further aligning the commercial and operational procedures with the strategy;
- improving the balance in the product and services portfolio, focusing on the SME segments;
- Focusing more on managing working capital by: (1) intensifying periodic analyses; (2) intensifying the customer delivery process and intensifying credit control; and (3) implementing the portfolio manager to gain an even better insight into managing receivables.

STATEMENT REGARDING THE EVALUATION OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS AND TRANSPARENCY GUIDELINE. It is the opinion of the Executive Board of USG People that the risk management and control systems as set out above provide a reasonable level of certainty that no material inaccuracies are contained in the financial reporting for the current year. The Executive Board also considers that the risk management and control systems worked properly with respect to the financial reporting risks in the year under review and that there are no indications that this will not continue to be the case in the current financial year.

As the company's supervisors, the Supervisory Board and audit committee are informed periodically about how well USG People is managing its internal risk management and control systems.

The Executive Board is aware that risk management and control systems, however extensive they may be, are unable to provide absolute certainty that all material inaccuracies, losses, fraud and breaches of laws and regulations can be avoided entirely.

The policy of the Executive Board remains focused on constantly monitoring and improving the internal risk management and control systems in order to make the processes as reliable and effective as possible.

Directors' declaration pursuant to transparency guideline. The directors of the Executive Board of USG People (Ron Icke, CEO, and Rob Zandbergen, CFO) declare that to the best of their knowledge:

- the annual accounts of USG People give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuing institution and companies jointly included in the consolidation, and
- the annual report of USG People gives a true and fair view of the financial position at the balance sheet date, the course of events in the year under review of USG People and the companies associated with it, the results of which are included in the annual accounts; and that the actual risks facing USG People are outlined in the annual report.

Corporate Governance

INTRODUCTION. Integrity, transparency and clear communication are the vanguards of sound Corporate Governance at USG People. Strict compliance with these basic principles is high on our list of priorities. Our internal processes have been devised as carefully and transparently as possible, ensuring that these values are adhered to throughout the entire organisation. One of the main purposes of good Corporate Governance is to gain the trust of all stakeholders. Trust in the way business is managed and monitored, trust in risk management, trust in financial reporting. And that means trust in the company as a whole.

Drawn up in 2003, the Dutch Corporate Governance Code (hereinafter referred to as 'the Code') was designated by (general) order in council of 30 December 2004 as the code of conduct pursuant to article 2:391 subsection 5 of the Dutch Civil Code (DCC). The Monitoring Committee Corporate Governance Code adapted the Code in December 2008, replacing the Code dating from 2003. USG People has monitored developments surrounding the new and adapted Code closely and with great interest. The new Code will apply to financial years starting on or after 1 January 2009. The annual report for 2009 will report in detail on the changes and adaptations resulting from the new Code. The original Code is still the starting point for the 2008 annual report.

DIVERGENCE FROM THE CODE. The Code is based on the 'comply or explain' principle. That means that since 1 January 2004 companies listed on the stock exchange are required to explain in their annual report how they complied with the Code and motivate the principles and best practice provisions pertaining to the Executive Board and Supervisory Board that have not been applied. At the General Meeting of Shareholders (hereinafter also referred to as 'AGM') held on 9 May 2006, the Corporate Governance structure of USG People as well as a number of best practice provisions that have not been applied were discussed at length and approved by shareholders. This means that USG People complies with the Code. The best practice provisions that are not applied are described and expanded on below.

Best practice provision II.1.1.: A management board member is appointed for a maximum period of four years.
- This best practice provision is not in keeping with the corporate culture and core values of USG People. The current members of the Executive Board have been appointed for an indefinite period of time. USG People wishes to reserve the right to appoint future Executive Board members for a period longer than four years if there are compelling reasons for doing so. This is prompted by the fact that members of the Executive Board have often come from the company's own ranks. In that case, an appointment for four years would not be perceived as opportune.

Best practice provision II.1.4.: USG People is following the recommendations of the Frijns Committee with respect to the Executive Board's statement on internal risk management and control systems. Accordingly, the Executive Board asserts that internal risk management and control systems provide a reasonable degree of certainty that no material inaccuracies are contained in the financial reporting and that the risk management and control systems have worked properly in the year under review. Strictly speaking, this is therefore not in compliance with best practice provision II.1.4.

Best practice provision II.2.3.: Shares allocated to board members without the stipulation of a certain financial consideration in return must be retained for a period of at least five years or at least until the end of the period of employment if this period is shorter.
- Under its USG People's Unique Share Plan, these shares must be retained for at least three years.

Best practice provision II.2.7.: The maximum remuneration in the event of involuntary dismissal is equivalent to one year's salary (the 'fixed' remuneration component). If the maximum of one year's salary is deemed to be manifestly unreasonable for a management board member who is dismissed during his first term of office, any such board member shall be eligible for a severance payment not exceeding twice the annual salary.

- In addition to the prescribed maximum payment of one year's salary in the event of involuntary dismissal of a board member, USG People considers it desirable to reserve the right to make an additional payment equivalent to the six-month notice period. One of the reasons for this is the inclusion of this stipulation in the labour conditions of former Solvus NV board members. In the event of dismissal during the first term of office whereby payment of one year's salary is deemed to be manifestly unreasonable, the person concerned shall be entitled to a severance payment amounting to no more than twice the annual salary, in accordance with article II 2.7. of the Code.

Best practice provisions II.2.6. and III.7.3.: A management board member (or Supervisory Board member) shall give periodic notice, and in any event at least once every quarter, to the compliance officer of any changes in their holdings of securities in Dutch listed companies.
- On 1 January 2006 USG People introduced a regulation under which Supervisory Board and Executive Board members are obliged to provide advance notification of any transaction involving securities of direct competitors (the so-called Peer Group). The General Meeting of Shareholders approved the new regulation on 9 May 2006. This means that – contrary to the provisions of the Code – board members are no longer obliged to report changes in their holdings of Dutch securities at least once every quarter, but they are obliged to seek advance permission from the USG People Compliance Officer for any transaction involving Peer Group stocks.

The aforementioned best practice provisions that are not applied have been discussed with and approved by the shareholders, which means that USG People complies with the Code. In the meantime there have been no substantial changes to the Corporate Governance structure.

STRUCTURE. USG People is a limited liability company listed on the stock exchange and governed by the Dutch large company regime. The large company regime provides a legal framework which partly determines the corporate management structure as well as the duties and powers of the Executive Board and Supervisory Board.

EXECUTIVE BOARD. The task of the Executive Board members is to manage the business of USG People on a day-to-day basis. That means that the Executive Board is responsible for setting and realising targets, determining strategy and achieving the results set out annually. In addition, the Executive Board is responsible for the quality and completeness of the financial reports as published by the company, for risk management and control systems, for compliance with legislation and regulations, and for the financing of USG People.

In 2008 the Executive Board consisted of Ron Icke (CEO) and Rob Zandbergen (CFO). Executive Board members are appointed by the Supervisory Board. The Supervisory Board informs the General Meeting of Shareholders of any intended appointment of a member to the Executive Board. There were no changes in its composition during the year.

SUPERVISORY BOARD. The task of the Supervisory Board is to supervise policy and the general state of affairs within USG People. This includes financial policies, risk management and control systems and the corporate structure. The Supervisory Board advises the Executive Board on these topics, both on request and on its own initiative. In The Supervisory Board also regularly discusses and assesses the corporate strategy as implemented by the Executive Board.

The Supervisory Board must approve decisions pertaining to the following matters:
- setting and altering the operational and financial targets of USG People;
- setting and altering the strategy aimed at realising the corporate objectives;
- setting and altering the preconditions applying to the

strategy, for example with respect to the financial ratios;
- all transactions between USG People and natural persons or legal entities in possession of at least 10% of the shares in USG People and which are of material importance to USG People and/or such persons or entities;
- all transactions for which a conflict of interest may exist for the members of the Executive Board and which are of material importance to USG People and/or the members of the Executive Board involved;
- all transactions for which a conflict of interest may exist for the members of the Supervisory Board and which are of material importance to USG People and/or the members of the Supervisory Board involved;
- the appointment and dismissal of the secretary of USG People;
- the appointment of a member of the Executive Board;
- the allocation of tasks of the Executive Board to individual members of the Executive Board;
- any other acts that require approval as prescribed by law or in the Articles of Association, the Executive Board regulations, the Supervisory Board regulations, the Dutch Corporate Governance Code or any other applicable regulations.

In 2008 the Supervisory Board consisted of Cor Brakel (chairman), Christian Dumolin, Joost van Heyningen Nanninga, Marike van Lier Lels and Alex Mulder. Up to 9 May 2006 Alex Mulder was chairman of the Executive Board, which means that not all members of the Supervisory Board can be considered to be independent.

Members of the Supervisory Board are nominated by the Supervisory Board and appointed by the General Meeting of Shareholders. The Supervisory Board informs the Central Works Council of its nominations and underlying motivation. The General Meeting of Shareholders also has the authority to nominate people for membership of the Supervisory Board.

The Supervisory Board has two internal committees: the audit committee and the remuneration and appointments committee. The internal committees formulate detailed and motivated recommendations which contribute to the decision-making process of the entire Supervisory Board. The audit committee consists of Christian Dumolin (chairman), Marike van Lier Lels and Alex Mulder. Joost van Heyningen Nanninga is chairman of the remuneration and appointments committee and Cor Brakel is a member. A detailed account of the activities of the internal committees can be found elsewhere in this annual report.

SHAREHOLDERS. The shareholders of USG People exercise their rights at the annual General Meeting of Shareholders and any Extraordinary General Meeting of Shareholders. In 2008 the General Meeting of Shareholders was held on 29 April. An Extraordinary General Meeting of Shareholders (EGM) was held on 23 December 2008. All shareholders with voting rights are entitled to attend the General Meeting of Shareholders, take the floor and exercise their voting rights.

The agenda of the annual General Meeting of Shareholders includes the following items:
- the annual report;
- adopting the annual accounts;
- the reserves and dividend policy;
- the appropriation of profit;
- the discharge of the Executive Board;
- the discharge of the Supervisory Board;
- notice of any appointment to the Supervisory Board and Executive Board;
- the appointment or reappointment of the external auditor;
- the remuneration of the Supervisory Board.

CAPITAL STRUCTURE AND PROTECTIVE MEASURES. USG People had no protective measures in place in 2008. The company had solely ordinary shares, each of which represents one vote. There are no legal or contractual provisions limiting the transfer of shares.

The authorised capital at 31 December 2008 stood at € 96,000,000, divided into 192,000,000 shares with a nominal value of € 0.50 each. The issued capital at that date was 64,980,130 shares. Customary rights may be derived from the shares, including voting rights and dividend rights. USG People does not grant any particular controlling rights to any specific shareholders or shares.

Given the development of the share price in 2008, it has become relatively easy to build up an influential stake without shareholders being able to benefit from an attractive public offer. USG People believes that the interests of it shareholders, employees and other stakeholders are best served by stable and balanced decision-making in the General Meeting of Shareholders. By creating the possibility in the Articles of Association to provide for the introduction of protective preference shares, USG People believes it can strengthen its negotiating position should this be necessary at any time in the future. On 23 December 2008 shareholders voted in favour of the proposed amendment to the Articles of Association. The Articles of Association of USG People dictate that the notice to amend the Articles of Association is accompanied by a copy of the proposal. The amendment to the Articles of Association came into effect on 5 January 2009. If necessary, it is therefore possible to issue a maximum number of protective preference shares equal to 100% of the capital issued at that time (i.e. shares other than preference shares) less 1 share. The 2009 annual report will expand on the protective preference shares as well as the foundation 'Stichting Preferente Aandelen USG People N.V.' which will established in 2009. The board of the foundation consists of Messrs. J.F. van Duyne, R. Pieterse and M. W. den Boogert.

ISSUE OF SHARES AND PREFERENTIAL RIGHTS. The Executive Board is designated as the body authorised to take decisions - subject to the approval of the Supervisory Board and in accordance with stipulations of the Articles of Association and legal provisions –regarding the issue of shares. This authority relates to a maximum of 10% of all shares of the issued capital of USG People, as at the time of issue. Every year the General Meeting of Shareholders is requested to extend the period for which the Executive Board is designated as the authorised body for a period of 18 months from the date of the General Meeting of Shareholders.

Every year it is customary that the USG People General Meeting of Shareholders is requested to extend the period for which the Executive Board is designated as the body authorised to limit or exclude legal preferential rights. The extension applies for the same period for which the Executive Board is authorised to issue shares. The Executive Board will only exercise this authority if it is in the best interests of USG People.

BUYBACK OF OWN SHARES. At the General Meeting of Shareholders on 29 April 2008 shareholders authorised the Executive Board - with the approval of the Supervisory Board - to purchase USG People shares. Shares may be purchased through all agreements under the following conditions:

- the buyback must not exceed 10% of the outstanding share capital; and
- the price must be between the nominal value and 110% of the stock market value.

This right was not exercised in 2008.

MAJOR HOLDINGS. Under the Dutch Act on the Disclosure of Major Holdings in Listed Companies, shareholders are required to report holdings that exceed certain set percentages to the Netherlands Authority for the Financial Markets (AFM). At 31 December 2008 USG People had two major shareholders: Mr. A.D. Mulder holds 19.86% of the shares. Franklin Resources Inc. holds 5.09% of the shares in USG People.

No transactions were effected between the company and the abovementioned major shareholders.

DIVIDEND POLICY. The objective of the dividend policy is a dividend payout of approximately one-third of net profit before amortisation, adjusted for tax. It is determined annually whether the dividend will be offered in cash or fully in ordinary shares chargeable to the share premium reserve or to other reserves.

RISK MANAGEMENT AND CONTROL SYSTEMS. A description of the internal risk management and control systems can be found in the Risk section elsewhere in the annual report. This section deals with issues including the reliability of the systems and compliance with legislation and regulations.

AUDITOR. PricewaterhouseCoopers Accountants N.V. was appointed at the General Meeting of Shareholders held in April 2008 to audit the annual accounts for the financial year 2008. The unqualified auditor's report is included elsewhere in the annual report.

SECURITIES TRANSACTIONS. Members of the Executive Board and Supervisory Board must comply with the so-called 'Model code'. This regulation sets out how transactions involving securities of USG People should be conducted, and prohibits trading during closed periods. Model code compliance checks are the responsibility of the USG People Compliance Officer.

In addition to the Model code, members of the Executive Board and Supervisory Board are bound to the Tracking Compliance Program, which sets out the procedure that regulates transactions involving the securities of direct competitors, the so-called Peer Group. Notification of such transactions must be provided to the USG People Compliance Officer in advance. Transactions involving securities of companies outside the Peer Group do not require advance permission, nor is there a regular reporting requirement for these. The aforementioned articles II.2.6 and III.7.3 on best practice provide a further explanation.

CONFLICTS OF INTEREST. All transactions which may involve a conflict of interest for Executive Board or Supervisory Board members must be published in the annual report. During the 2008 financial year no transactions took place which could be qualified as representing a conflict of interest. In accordance with the Corporate Governance Code, any such transactions are subject to agreement under the conditions which are customary for the sector. Provisions aimed at preventing conflicts of interest with respect to such transactions are also included in the Executive Board and Supervisory Board regulations.

Internal organisation

BUSINESS PRINCIPLES. USG People strongly believes that its multibrand approach and the entrepreneurship of its people and branches enable it to meet the needs of specific target groups. For sustainable success, this powerful diversity needs to be balanced by a sense of unity. Information about the USG People business principles is set out in our Business Principles publication, and can of course also be found on the internet and the various intranet sites of our operating companies. All USG People managers are responsible for ensuring that all staff are fully aware of our business principles. Our core values are: respect, learning, passion, involvement and commitment to results.

Respect is the cornerstone of our business. It is a precondition for creating the mutual trust required to engage with our stakeholders and achieve our mission. Qualities we value therefore include the ability to recognise, appreciate and welcome diversity, the ability to listen to, empathise with and understand different viewpoints and to honour freedom of opinion. Respect translates into an honest, reliable and supportive attitude to one another.

Learning is the key to both our continuity and sustainable success in an increasingly complex and competitive market. Qualities we value therefore include the ambition to develop skills, curiosity about and receptiveness to new ideas, and an ability to learn from mistakes.
We aim to create a culture of mutual learning, sharing and coaching – a culture of dialogue, experimentation and continuous improvement.

Passion for our work is the vital element that makes the difference. Passion involves more than just interest and enthusiasm – it is also the desire to achieve stated goals. Qualities we value therefore include the ability to motivate and convince, a readiness to embrace challenges and the ability to overcome setbacks. Being passionate, in other words, means having an unremitting commitment to living our core values and realising our ambitions. If we are passionate about meeting the needs of our clients, looking after our flex workers and helping each other to succeed, it will bring both pleasure and pride to our everyday work.

Involvement is at the root of our commitment to our stakeholders. It inspires our loyalty to colleagues and clients, and underpins our dedication to the business we undertake. Qualities we value therefore include the ability to create a sense of community and connectedness, to want to assist others, to walk the talk and to work in a team. Involvement fosters the closeness and mutual respect that are prerequisites for top team performance.

Commitment to results is a prime driver of success. Above all, it means living our business principles on a daily basis, combined with uncompromising professionalism and entrepreneurship. Qualities we value therefore include dedication and focus, and we strive to create a healthy competitive climate built on proactive behaviour, flexibility and the desire to win. A results-driven attitude will ensure we achieve the levels of profit, growth, client satisfaction and innovation to which we aspire.

In addition to our core values, the aforementioned publication sets out the responsibilities of our organisation and our stakeholders towards each other, and includes a section on living the business principles.
To help our employees put the business principles into practice, advice is given on dealing with five common dilemmas:

- The conflict between mine and thine, which may lead to the improper use of company property.
- Knowledge is power, which may lead to misuse of information.
- Reciprocity, or the urge to return a favour, which can lead to corruption.
- Natural attraction, which may lead to unwanted intimacy or even harassment.
- Putting success before all else, which may lead to intimidation.

HR POLICY. Our success as an organisation is largely determined by the dedication, creativity, involvement and entrepreneurial spirit of our employees. After all, they are the key to the success of our organisation. The Corporate HR policy as developed over the past few years was realigned in 2008 to ensure that USG People can continue to develop at the pace and in the direction we want. We believe that our employees provide the growth energy for our organisation, which is why management development, succession planning and positioning in the labour market are the keystones of our Corporate HR policy. Assessment and remuneration were also high on the HR agenda during 2008, with the introduction of a Stock Appreciation Rights (SAR) plan for the entire management, as well as a new system of remuneration and assessment for senior management.

LIFELONG LEARNING. We consider it our duty as an organisation to give our employees the best of ourselves and so stimulate them to get the best out of themselves. That is why the central aim of our HR policy is to develop employees' talents, both in their current jobs and in their further careers. We firmly believe that this is the way to create the right conditions for people to make a long-term commitment to the organisation.

We offer talented employees opportunities to grow within the organisation by:
- Getting the most out of our people;
- Embedding knowledge and culture within the organisation;
- Developing in-house talent to fill key positions.

In the work environment of our operating companies individual employees have a significant contribution to make, mainly because of their close relationship with the clients. New employees start by following an extensive basic training course, which not only gives them a general idea of who we are, but also provides a platform for getting to know one another throughout the organisation and so make it easier to exchange best practices later on. The course also ensures that new colleagues are properly prepared when they start their jobs. The basic training course is based on the blended learning method. This is a combination of classroom instruction, on-the-job learning and e-learning and includes USG People's electronic learning environment e-campus. Following its proven success in the Netherlands in 2007 and 2008, we are now examining how to implement e-campus in other countries.

TALENT AND MANAGEMENT DEVELOPMENT. One of the pillars of our HR policy is the development of in-house management talent to fill key strategic positions. The development model we have chosen for this is based on R. Quinn's Competing Values Framework, which contrasts four apparently conflicting models of effective organisation. Each quadrant reflects 'the right way to organise' and represents a value the organisation wishes to achieve. These four values are continuously competing for attention within the organisation.

USG People's 'Talent management system' is also based on this model and offers broad development opportunities for talented staff. In 2008, thirty-two talented Dutch managers took part in these programmes. The management development programme for senior managers also includes the well-known Strategic Course based on the Quinn model. The Strategic Course is aimed at helping senior managers achieve their strategic objectives through the presentation of practical and topical issues by professionals in the areas of education, politics, science and business. In 2008 around 140 managers from all over Europe followed one or more Strategic Course modules.

HIGH-POTENTIAL STAFF. Today's employee is tomorrow's manager, which is why we make sure that we always have a clear and accurate picture of people with high potential within the organisation. These are employees who stand out because of their quick development, creativity and pro-activity, and who have leadership potential as well as the ambition to take responsibility for a team or part of the business in the future. We back high-potential staff with personal and professional support and appropriate rewards. Many USG People managers grew into their current position in this way. Three-quarters of key positions at USG People are held by people from our own ranks.

EMPLOYEE PARTICIPATION. The USG People Central Works Council met 15 times in 2008, of which eight times with the Executive Board and once with a delegation from the Supervisory Board. The agenda included the new lease plan, the health and safety policy, a request for approval of the SAR plan, a request for approval of the harmonisation of pension plans and a request for approval of the privacy statement for flex workers.

IT. USG People operates a multibrand strategy whereby relatively autonomous operating companies are positioned as close as possible to the client in order to provide the best possible service. To support this strategy, USG People uses decentralised and specific applications so that clients can be targeted as effectively and efficiently as possible. These local applications are specially developed to take into account the differences between countries and brands. Differences in legislation and social systems, for example, mean that it is not feasible to use the same standardised applications for all countries. This applies primarily to back-office operations, as front-office applications lend themselves better to standardisation. With this in mind we have launched application landscape studies at USG People level in the various countries. The aim is to update, integrate and standardise back-office functionalities and support them with standard ERP packages.

Parts of the front-office applications will also be updated, which is possible thanks to their flexible and modular structure. This enables us to adapt swiftly to changes in the market and capitalise rapidly on opportunities. There are strict quality requirements for the functioning of these applications. To maximise efficiency, modular development is used wherever possible and the company encourages the use of application components elsewhere within in the organisation.

Our IT strategy is aimed at:
- Providing maximum support to our business activities.
- Rapid processing of any changes to services and products (and, for example, legislation) thanks to modular and standardised applications architecture.
- Applying new technologies and developments, particularly e-applications.
- Adapting IT applications as swiftly as possible to suit the requirements of the organisation and, increasingly, our clients.
- Providing high availability to ensure maximum speed and continuity of processes.
- Guaranteeing the safety of data and information.
- Making business applications more widely available.
- Ensuring maximum web-enablement of new applications.

A decentralised approach is very demanding in terms of IT management and is being adopted with care. IT policy, preconditions and technical infrastructure are matters which are determined - and often also controlled - at corporate level. On-site availability and performance of the applications is largely determined by the quality and performance of the infrastructure. In order to achieve economies of scale and at the same time preserve country-specific characteristics, USG People has organised each country's IT activities into a shared service center.

Outlook

The economic landscape deteriorated rapidly in the European market in 2008, particularly in the final months of the year when we witnessed a sharp decline in industrial demand as banks, insurers and many major manufacturing companies announced layoffs. As a result, staffing market volumes fell sharply and this downward trend has spilled over into the early months of 2009.

In 2008 USG People benefitted from its strong position in the Netherlands and Belgium, where the market declined more gradually. Our group outperformed the market in both countries, helped by the diversity of our specialist activities and our strong position in the SME segment. Most of these activities - often late-cyclical by nature - will likely also be affected by the market downturn in 2009. In anticipation of this we are implementing cost-cutting measures across the board. Restructuring initiatives aimed at swiftly streamlining both the organisation and the network have been implemented in those countries most severely affected by economic downturn. These initiatives are aimed at lowering cost levels and increasing future earnings potential.

We are now adjusting our focus, which in recent years was aimed at profitable growth, to maintaining our growth potential and a healthy level of profitability. The operating cash flow generated from this shift is being used primarily to reduce our debt position. We are focused on managing the economic cycle appropriately, which in a downward cycle means adjusting cost levels to lower volumes without jeopardising the growth potential of markets which will offer attractive long-term growth opportunities once economic recovery sets in.

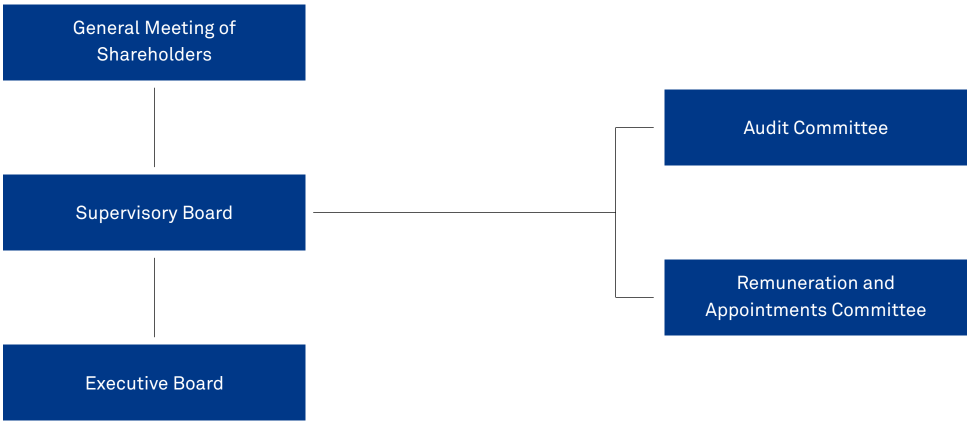
We expect these difficult market conditions to continue in 2009. Market recovery will be partly dependent on a revival of confidence and intergovernmental measures. It will also hinge on the introduction of a new European directive on temporary staffing which provides for the removal of all restrictive legislation and regulations with respect to temporary staffing in the European Union in the next three years.

In these uncertain market circumstances it is not possible to give quantified guidance for 2009.

Almere, 3 March 2009

Executive Board

Ron Icke, CEO
Rob Zandbergen, CFO



SUPERVISORY BOARD

COR BRAKEL (1937) has been chairman of the USG People N.V. Supervisory Board since 1998. He was chairman of the Executive Board of Wolters Kluwer N.V. until the end of 1999, prior to which he held positions with companies including Shell and Elsevier. An economist by profession, Brakel sits on the supervisory boards of various companies including Aalberts Industries N.V., Berlage Winkelfonds Duitsland N.V. and Talergroup Gibraltar. His term of office ends in 2010. Cor Brakel holds Dutch nationality.

SUPERVISORY BOARD

CHRISTIAN DUMOLIN (1945) was an independent member of the Supervisory Board of Solvus N.V. from 1998 up until the acquisition of Solvus by USG People N.V. in 2005. Dumolin is chairman and CEO of Koramic Investment Group. He also holds a number of supervisory and advisory positions, including deputy chairman of the supervisory board of Wienerberger AG, member of the supervisory board of the Belgian Banking, Finance and Insurance Commission (CBFA), member of the General Council of Vlerick Leuven Gent Management School, member of the management committee of the Federation of Enterprises in Belgium (VBO), member of the Board of the Flemish young enterprise organisation VLAJO and member of the Board of Trustees of the Corporate Governance Institute. He also holds directorships with various companies including Clear2Play, De Steeg Investments, E&L Real Estate, Vitalo Industries and Spector, and is honorary governor of the National Bank of Belgium. His term of office was extended on 29 April 2008 and will now end in 2012. Dumolin holds Belgian nationality.

SUPERVISORY BOARD

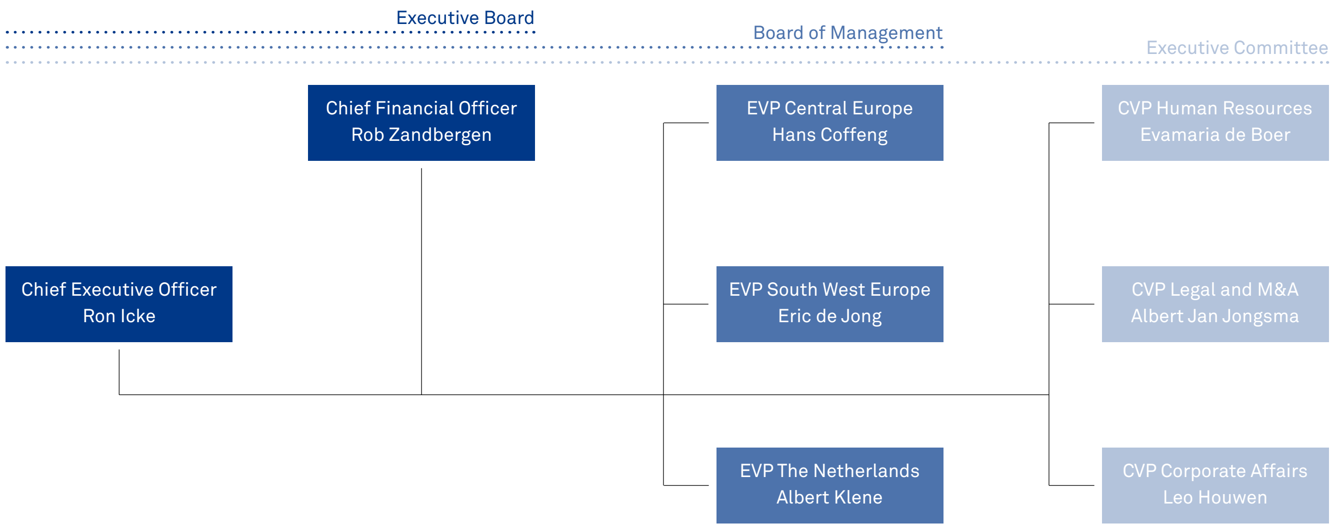
JOOST VAN HEYNINGEN NANNINGA (1946) joined the USG People N.V. Supervisory Board in 2001. He is a partner in Egon Zehnder International and hence has broad expertise in the field of personnel and organisation. Van Heyningen Nanninga sits on the supervisory boards of various companies including Krauthammer (Brussels). He is also an active member of several foundations and associations, including the United World College Foundation and the Rembrandt Association. His term of office ends in 2009. Joost van Heyningen Nanninga holds Dutch nationality.

SUPERVISORY BOARD

MARIKE VAN LIER LELS (1959) joined the USG People N.V. Supervisory Board in December 2002. She graduated from Dordrecht technical college in 1983 and from Delft Technical University in 1986. Since then she has held a number of management positions with Royal Nedlloyd, Van Gend & Loos, Deutsche Post Euro Express and Schiphol Group. Van Lier Lels is a member of the supervisory boards of various companies including KPN, Connexxion, TKH Group, Maersk Nederland, Getronics and Slavenburg Holdings. She is chairman of the Board of Supervision of the Netherlands Society for Nature and Environment and is also a member of the Audit Committee of the Netherlands Court of Audit, a member of the Advisory Council for Transport, Public Works and Water Management, a member of the Dutch Advisory Council for Science and Technology Policy (AWT) and a member of the Central Planning Committee of the Dutch Central Planning Bureau. Her term of office ends in 2012. Marike van Lier Lels holds Dutch nationality.

SUPERVISORY BOARD

ALEX MULDER (1946) founded Unique Uitzendbureau in 1972, which by consequence makes him a founder of USG People, of which he was chairman and CEO up to 2006. At the General Meeting of Shareholders in 2006 Mulder was appointed to the USG People Supervisory Board. Mulder is also managing director of Amerborgh International N.V., a management company whose activities include investing and acquiring stakes in (young) promising companies as well as in art and culture. He is also chairman of Stichting AM Foundation. His term of office on the supervisory board of USG People ends in 2010. Alex Mulder holds Dutch nationality.



RON ICKE, CEO (1957) has been CEO of USG People N.V. since November 2005. In this capacity he is also chairman of both the Board of Management and the Executive Committee. Icke joined the temporary employment sector in 1991 when he became director of Goudsmit. When Goudsmit merged with Unique International in 1997, he was appointed CFO of the new merged company Unique International N.V., later to become USG People N.V. He is also a member of the supervisory boards of Heijmans N.V. and Gropeco. Icke qualified as a registered accountant in 1986 at the NIVRA (Royal Netherlands Institute of Registered Accountants) in Amsterdam. He started his career with PricewaterhouseCoopers, where where he worked for 14 years as an accountant with responsibility for general auditing practices and acquisition-related audits. Ron Icke holds Dutch nationality.

ROB ZANDBERGEN, CFO (1958) has been active in the temporary employment sector since early 2003, starting off as CFO of Solvus N.V., the publicly listed company acquired by USG People N.V. in 2005. Following this takeover he was appointed CFO of USG People. He is also a director of StiPP, the Dutch pension fund for the staffing sector. Zandbergen graduated from the Royal Netherlands Military Academy in Breda, where he specialised in administration and economics, after which he studied business economics at the University of Amsterdam. He started his career with the Dutch Ministry of Defence, where he held several financial management positions in internal control, controlling and purchasing. In 1990 he started as corporate controller with KPN's international division and later held various national and international financial executive positions. He was subsequently appointed CFO of the publicly listed Dutch company SNT Group N.V. Rob Zandbergen holds Dutch nationality.

HANS COFFENG, EVP CENTRAL EUROPE (1967) first came to Unique Nederland as an intern in 1993 while studying sociology at Groningen University. His first job was as an intermediary. After holding various positions, he was appointed general manager of Unique Nederland in 1999. In 2001 Coffeng became director of the United Office Services division and in January 2003 was appointed Executive Vice President for the Netherlands region and member of the Board of Management. As Executive Vice President for Central Europe, Coffeng has been responsible for all activities in Germany, Austria, Switzerland, Poland, Italy, the Czech Republic and Slovakia since October 2006. In addition to his work at USG People N.V., Coffeng sits on the supervisory board of the Nijestee housing corporation in Groningen. Hans Coffeng holds Dutch nationality.

ERIC DE JONG, EVP SOUTH WEST EUROPE (1963) studied International Business Economics at the Professional Agricultural University and obtained his MBA in the UK. In 1986 he started his career as an intermediary with Start Uitzendbureau B.V. After holding various management and executive positions, he was appointed general manager in 2002. He has been a member of the Board of Management of USG People N.V. since 1 October 2007. As Executive Vice President for South West Europe he is responsible for all activities in Belgium, Spain, Portugal, France and Luxembourg. Eric de Jong holds Dutch nationality.

ALBERT KLENE, EVP THE NETHERLANDS (1961) graduated in economics from the University of Amsterdam in 1987, after which he joined Royal TPG Post. He held a wide variety of management positions with the company, lastly that of European Mail Networks Operations Director. In 2005 he moved to Solvus N.V., where he was Executive Vice President. Klene has been a member of the Board of Management of USG People N.V. since 2006. As Executive Vice President he is responsible for all activities in the Netherlands. Albert Klene holds Dutch nationality.

EVAMARIA DE BOER, CVP HUMAN RESOURCES (1957) worked as a 'temp' with Unique Uitzendbureau in 1980 while studying for her degree in Labour Market Politics and Personnel Policy. In 1982 she joined Unique as an intermediary, becoming a personnel officer in 1984 and Personnel & Organisation manager in 1987. In 1998, after five years as head of Personnel & Organisation at Amsterdam's RAI Exhibition and Convention Centre, she returned to Unique Nederland as a member of the management team. In 2001 De Boer was appointed Corporate Director of Human Resources. Two years later she also assumed joint responsibility for managing United Services Netherlands, the shared service center for the Netherlands. In 2005 she was appointed Corporate Vice President for Human Resources and as a member of the Executive Committee. At the end of 2008 she became a member of the Topkring at Fabrique, a multidisciplinary communication and design bureau based in Delft. Evamaria de Boer holds Austrian nationality.

ALBERT JAN JONGSMA, CVP LEGAL AND MERGERS & ACQUISITIONS (1968) joined USG People N.V. in 1995. After obtaining a degree in Law, he took various courses, including an MBA. Following a career ranging from corporate lawyer to Corporate Director for Legal & Acquisitions at USG People N.V., he was appointed Corporate Vice President for Legal and M&A and member of the Executive Committee in September 2006. Albert Jan Jongsma holds Dutch nationality.

LEO HOUWEN, CVP CORPORATE AFFAIRS (1949) joined Interlance Uitzendburo as district manager in 1975 after various commercial jobs. After first working as commercial director, he was appointed general manager in 1980. Interlance was later taken over by Vedior Holding. In 1989 he swapped his position as general manager of Vedior Uitzendbureau for Unique Uitzendburo, where he became a member of the Executive Committee in 1992. In 1994 Houwen joined the executive committee of the Dutch association of temporary employment agencies ABU, where he is currently vice-chairman. He is also a board member of the Euro CIETT, the international umbrella organisation that represents the temporary employment sector at European level. As Corporate Vice President, Houwen is responsible for corporate affairs and is a member of the Executive Committee.
Leo Houwen holds Dutch nationality.

2008 annual accounts

usg people

CONSOLIDATED PROFIT AND LOSS STATEMENT

Note:	Amounts in thousands of euros	2008	2007
5	Revenue	4,024,965	3,887,681
7	Cost of sales	3,031,787	2,919,853
	Gross profit	**993,178**	**967,828**
8	Selling expenses	-754,567	-612,749
8	General and administrative expenses	-122,171	-112,029
9	Other income and expenses	225	809
	Operating income	**116,665**	**243,859**
10	Financial costs	-54,136	-36,024
11	Financial income	1,301	3,000
	Income before taxes	**63,830**	**210,835**
12	Income tax expenses	-45,735	-70,322
	Net income	**18,095**	**140,513**
	Attributable to:		
	Equity holders of the company	16,885	140,011
	Minority interests	1,210	502
		18,095	**140,513**
	Earnings per share attributable to the equity holders of the company (in euros, per share of € 0.50 nominal)		
22	Basic	€ 0.26	€ 2.21
22	Diluted	€ 0.27	€ 2.04

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER

Note:	Amounts in thousands of euros	2008	2007
	Non-current assets		
13	Property, plant and equipment	72,782	66,680
14	Goodwill	922,813	861,375
15	Other intangible assets	140,319	105,797
17	Financial assets	7,946	7,049
18	Deferred income tax assets	50,721	41,065
24	Other non-current assets	5,534	4,992
		1,200,115	**1,086,958**
	Current assets		
19	Trade and other receivables	680,820	800,353
	Current income tax receivables	3,579	17,002
20	Cash and cash equivalents	82,713	55,136
		767,112	**872,491**
	Total assets	**1,967,227**	**1,959,449**
21	**Capital and reserves attributable to equity holders**		
	Share capital	321,244	321,095
	Other reserves	16,071	15,881
	Retained earnings	332,462	347,708
		669,777	**684,684**
	Minority interests	1,402	1,028
	Total equity	**671,179**	**685,712**
	Non-current liabilities		
23	Borrowings	486,534	460,499
24	Retirement benefit obligations	1,733	1,513
25	Other provisions	16,899	7,496
18	Deferred income tax liabilities	50,491	38,768
		555,657	**508,276**
	Current liabilities		
26	Borrowings	147,061	164,060
27	Trade and other payables	511,419	555,633
	Current income tax liabilities	43,353	33,808
28	Derivative financial instruments	15,385	2,415
25	Other provisions	23,173	9,545
		740,391	**765,461**
	Total liabilities	**1,296,048**	**1,273,737**
	Total equity and liabilities	**1,967,227**	**1,959,449**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Note:	Amounts in thousands of euros	Attributable to equity holders of the company Share capital	Other reserves	Retained earnings	Minority interests	Total equity
	Balance as at 1 January 2007	320,580	16,973	236,867	1,129	575,549
	Net income for 2007	-	-	140,011	502	140,513
	Currency translation differences	-	-81	-	-	-81
	Total income for 2007	**-**	**-81**	**140,011**	**502**	**140,432**
8.2	Share plan	-	3,815	-	-	3,815
8.2	Exercised option rights	514	-	-	-	514
21	Repurchase of shares	-	-4,826	-	-	-4,826
	Acquisition of minority interests	-	-	-	-473	-473
22.3	Dividends relating to 2006	-	-	-29,170	-	-29,170
	Dividends paid to minority interest holders	-	-	-	-130	-130
23.2	Conversion of convertible bonds	1	-	-	-	1
		515	-1,011	-29,170	-603	-30,269
	Balance as at 31 December 2007	**321,095**	**15,881**	**347,708**	**1,028**	**685,712**
	Balance as at 1 January 2008	321,095	15,881	347,708	1,028	685,712
	Net income for 2008	-	-	16,885	1,210	18,095
	Currency translation differences	-	-619	-	-	-619
	Total income for 2008	**-**	**-619**	**16,885**	**1,210**	**17,476**
8.2	Share plan	-	1,532	-	-	1,532
8.2	Exercised option rights	149	-	-	-	149
21	Repurchase of shares	-	-496	-	-	-496
21.3	Change resulting from settlement from share plan	-	-227	227	-	-
6.1	Through acquisition of subsidairies	-	-	-	3,192	3,192
	Acquisition of minority interests	-	-	-	-3,090	-3,090
22.3	Dividends relating to 2007	-	-	-32,358	-	-32,358
	Dividends paid to minority interest holders	-	-	-	-938	-938
		149	**809**	**-32,131**	**-836**	**-32,009**
	Balance as at 31 December 2008	**321,244**	**16,071**	**332,462**	**1,402**	**671,179**

CONSOLIDATED CASH FLOW STATEMENT

Note:	Amounts in thousands of euros	2008	2007
	Cash flow from operating activities		
	Income before taxes	63,830	210,835
	Adjusted for:		
8	Depreciation and impairment of tangible and intangible assets	120,826	43,490
13, 15	Result on disposal of tangible and intangible assets	479	206
6	Result on disposal of subsidiaries	-	-247
10	Financial costs	54,136	36,024
11	Financial income	-1,301	-3,000
	Amortisation of capitalised borrowing costs	-4,044	-3,930
8.2	Share plan expenses processed via capital and reserves attributable to equity holders	1,532	3,815
	Currency translation differences	-572	-110
24, 25	Change in pension-related liabilities and other provisions	22,731	-8,796
24	Change in other non-current assets	-542	5,572
	Changes in working capital:		
	– trade and other receivables	146,237	-25,646
	– trade and other payables	-89,353	-18,594
	Cash flow from operating activities	**313,959**	**239,619**
	Income tax paid	-37,449	-38,230
	Net cash flow from operating activities	**276,510**	**201,389**
	Cash flow from investment activities		
6	Acquisition of subsidiaries	-94,669	-56,584
13	Investment in property, plant and equipment	-23,263	-30,206
15	Investment in intangible assets	-13,432	-11,957
6	Proceeds from disposal of subsidiary	-	3,125
17	Payments on / proceeds from borrowings and guarantee deposits	-147	21
	Net cash flow from investment activities	**-131,511**	**-95,601**
	Cash flow from financing activities		
21	Proceeds from issuance of shares	149	514
21	Buyback of shares	-496	-4,826
28	Payments on derivatives	-3,144	-
28	Proceeds from derivatives	492	4,830
23	Proceeds from borrowings	39,801	44,314
23	Repayments of borrowings	-76,103	-58,864
	Interest paid	-35,544	-34,513
	Interest received	1,329	3,000
22	Dividends paid	-32,358	-29,170
	Dividends paid to minority interest holders	-938	-130
	Net cash flow from financing activities	**-106,812**	**-74,845**
	Increase in cash and cash equivalents	**38,187**	**30,943**
	Change in cash and cash equivalents		
	Cash and cash equivalents as at 1 January	43,532	12,589
	Increase in cash and cash equivalents	38,187	30,943
20	Cash and cash equivalents as at 31 December	**81,719**	**43,532**

Notes to the consolidated financial statements

1 GENERAL.

USG People N.V. has its registered office in Almere, the Netherlands. USG People provides all types of flexible employment services and a range of other services in the area of human resources, education & training and customer care. The group operates in 13 countries.

The consolidated IFRS financial statements of the company for the year ended 31 December 2008 comprise the company and its subsidiaries (together referred to as 'the group').

An overview of the main subsidiaries can be found in note 32. The corporate structure of USG People N.V. is a legal entity with limited liability (public limited company). The shares of the Company are listed on the NYSE Euronext Amsterdam stock exchange.

The financial statements were prepared and approved for publication by the Executive Board on 3 March 2009. The annual report and financial statements for 2008 were discussed at the meeting of the Supervisory Board on 3 March 2009 and will be submitted to the General Meeting of Shareholders on 21 April 2009 for adoption.

In the preparation of the financial statements of USG People N.V. the exemption contained in art. 402 Book 2 of the Dutch Civil Code was applied with respect to the corporate profit and loss statement.

2 FUNDAMENTAL PRINCIPLES OF VALUATION AND DETERMINATION OF RESULTS.

2.1 PRINCIPLES OF PREPARATION AND VALUATION.

The consolidated financial statements for 2008 have been prepared in accordance with International Financial Reporting Standards (IFRS) as accepted within the European Union.

The financial statements are presented in euros (€). Amounts are shown in thousands of euros unless otherwise indicated. The euro is the functional and presentation currency of the group.

Preparing the financial statements in accordance with IFRS means that management is required to make assessments, estimates and assumptions that influence the application of regulations and the amounts reported for assets, equity, liabilities, commitments, income and expenses. The estimates made and the related assumptions are based on historical experience and various other factors which are considered to be reasonable under the given circumstances. Financial assets and financial liabilities (including derivative instruments) are initially recognised at fair value. Subsequent valuations of receivables and liabilities are based on amortised cost. Subsequent valuations of derivatives are based on fair value. The estimates and assumptions serve as the basis for assessing the value of recognised assets and liabilities whose amounts cannot currently be determined from other sources. However, actual results may differ from the estimates.

Estimates and underlying assumptions are subject to constant assessment. Changes in estimates and assumptions are recognised either in the period in which the estimates are revised (if the revision relates exclusively to the period in question), or in the period of revision and in future periods (if the revision affects both the current and future periods).

Assessments made by management under IFRS that have a significant impact on the financial statements and estimates that carry the risk of a possible material inaccuracy in the following year are stated in note 4.

The principles of valuation and determination of results have been applied consistently by the group companies during the periods presented in these consolidated financial statements.

Standards, amendments and interpretations effective from 2008. IFRIC 14 'IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their

Interaction'. IFRIC 14 provides guidance on how to determine the limit for the amount of the surplus that can be recognised as an asset. It also clarifies how a pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The implementation of IFRIC 14 has not influenced results or equity.

New standards, amendments and interpretations applied to the financial statements prior to becoming mandatory.
IFRS 2 (amendment), 'Vesting Conditions and cancellations'. The amendment determines that cancellations made at the initiative of the recipient of a share-based payment transaction must be treated the same as cancellations made at the initiative of the provider of the share-based payment transactions. The amendment is mandatory for financial years starting on or after 1 January 2009. As the amendment must be applied retroactively, it was decided to apply the amendment in 2008. The impact of this amendment on the 2007 and 2008 results and equity is not significant.

Standards, amendments and interpretations effective in 2008 but not applicable to the group.
IFRIC 12, 'Service Concession Arrangements'. IFRIC 12 covers the development, financing, operation and maintenance of infrastructure in the public sector.
IFRIC 13, 'Customer Loyalty Programmes'. As the group does not offer customer loyalty programmes, this interpretation is not relevant to the group.
IAS 39, 'Financial Instruments: Recognition and Measurement' and IFRS 7, 'Financial Instruments: Disclosures' (amendment). The amendment permits an entity in special circumstances to transfer a financial asset from the available-for-sale category to the loans and receivables category so that the valuation need not be made at fair value. As the group does not have any financial assets available for sale, this amendment is not relevant to the group.

Standards, amendments and interpretations not yet effective and not yet implemented by the group.
The following standards, amendments and interpretations will be mandatory from 2009 or later and have not yet been implemented by the group.
IAS 1 (amendment) 'Presentation of financial statements'. This amendment to the standard will be mandatory from 1 January 2009. The amendment relates to the reporting of changes in equity. The change will not affect the amount of either result or equity.
IAS 23 (amendment) 'Borrowing costs'. This amendment to the standard will be mandatory from 1 January 2009. Under the amendment, borrowing costs that can be related to specific assets must be reported as part of these assets. It will no longer be possible to book the borrowing costs directly as expenses. This amendment does not apply to the group at present.
IFRS 8 'Operating segments'. IFRS 8 replaces IAS 14. The standard will be mandatory from 1 January 2009. Under the new standard, segment reportings in the financial statements must match reportings to the group's Executive Board (hereinafter: the Board). There will be no consequences whatsoever for either result or equity.
IFRS 3 'Business Combinations' and IAS 27 'Consolidated and Separate Financial Statements'. Not yet adopted by the European Union, the amendment of the standards will be mandatory for financial years starting from 1 July 2009. The amendment relates to the recognition of earn-outs, acquisition-related costs other than the acquisition price, obtaining non-controlling interests held by third parties, and changing a controlling interest into a non-controlling interest and vice-versa. If effected, the above transactions will have consequences for the result and equity in the year they take place.
IAS 38 'Intangible Assets'. The amendment of this standard will be mandatory for financial years starting after 1 January 2009. The consequence of the amendment for the group is that costs incurred on brochures, etc. must be recognised at the moment the brochures are published and not when they are used. The impact on the result and equity of the group is minimal.

Standards, amendments and interpretations not yet effective and not applicable to the group.
IAS 32 'Financial instruments: presentation' and IAS 1 'Presentation of Financial Statements', (amendment)

‘puttable financial instruments and obligations arising on liquidation’. The amendment relates to the classification of financial instruments as equity if the instrument holds an obligation to deliver a share of the net assets of the company on liquidation. As no obligations as described above apply to the group, this amendment is not relevant to the group.
IFRS 1 ‘First-time Adoption of IFRS’ and IAS 27 ‘Consolidated and Separate Financial Statements’, (amendment) ‘cost of an investment for first-time adopters’. This is not relevant to the group as it already reports under IFRS.
IFRIC 15 ‘Agreements for the Construction of Real Estate’. As the group does not develop any real estate, this interpretation is not relevant to the group.

In May 2008 the IASB issued a large number of improvements to IFRS regulations, many of which will require mandatory application from 1 January 2009. None of the improvements have any consequences on the size or presentation of the result or equity of the group, except for the aforementioned improvement of IAS 38 ‘Intangible Assets’.

2.2 CONSOLIDATION OF SUBSIDIARIES. Subsidiaries are all entities over which the group has direct or indirect control, either through possession of a majority of the voting rights or through any other means of controlling their financial and operating activities.

Subsidiaries are fully consolidated from the date on which the group gains decision-making control and are deconsolidated from the date on which that control ends.

The purchase method applies to the acquisition of subsidiaries by the group. When a company is taken over, its acquisition price is based on the fair value of the assets ceded, the equity instruments issued and liabilities incurred or assumed at the transaction date, subsequent payment commitments which are expected to result in payment, as well as the expenses directly attributable to the acquisition. Identifiable assets, contingent liabilities and liabilities assumed in a business combination are initially stated in the financial statements at their fair value on the date of acquisition, irrespective of any minority interests. The positive difference between the acquisition price of the acquired entity and the fair value of assets and liabilities that are identifiable and attributable to the group is recognised as goodwill. In the event of the acquisition price being lower than the fair value of assets and liabilities that are identifiable and attributable to the group, the difference is recognised directly in the profit and loss statement (see note 2.5).

Transactions with minority shareholders are recognised as third-party transactions. In the event of purchases of interests held by minority shareholders, the difference between the amount paid and the acquired share of the net asset value (recognised as minority interests under shareholders’ equity) is recognised as goodwill.

Intercompany transactions, balance sheet items and unrealised results on transactions between group companies are eliminated. Where necessary, the accounting policies of subsidiaries are brought into line with those applied by the group.

2.3 FOREIGN CURRENCY.

2.3.1 GENERAL. Items in the financial statements of the various group companies are measured in the currency of the primary economic environment in which each entity operates (the functional currency). The consolidated financial statements are presented in euros (€), this being the company’s functional and presentation currency.

2.3.2 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION. Transactions in foreign currency are translated into the functional currency at the exchange rate applicable at the date of the transactions. Monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the rate applicable at the balance sheet date. Currency translation differences are recognised in the profit and loss statement.

2.3.3 FINANCIAL STATEMENTS OF FOREIGN SUBSIDIARIES. The assets and liabilities of foreign subsidiaries, including goodwill and fair value adjustments arising on consolidation, are translated into the presentation currency at the exchange rate applicable at the balance sheet date. The income and expenses of foreign subsidiaries are translated into the presentation currency at rates approximate to the exchange rates applicable at the date of the transaction. Currency translation differences are added or charged directly to the currency translation reserve in group equity.

2.4 PROPERTY, PLANT AND EQUIPMENT.

2.4.1 OWNED ASSETS. Property, plant and equipment are valued at historic cost less depreciation, determined on the basis of estimated useful life, and impairment losses.

2.4.2 LEASED ASSETS. Lease contracts whereby the group actually owns all risks and benefits are classified as financial leases. Property, plant and equipment acquired via a financial lease is carried at the lower of fair value and the cash value of the minimum required lease payments at the start of the lease, less the cumulative depreciation (see 2.4.3) and impairment (see 2.11). Lease payments are recognised in accordance with 2.20.1 and 2.20.2.

2.4.3 DEPRECIATION. Depreciation expenses are charged to the profit and loss statement using the straight-line method based on the estimated useful life of an asset. There is no depreciation on land. The estimated useful life of property, plant and equipment varies according to category, as shown below:

Category	**Years**
Buildings	40
Furnishings and conversions	5 - 10
Computers and peripherals	3 - 5
Other fixed assets	5

The residual value, method of depreciation and depreciation period (component method) are reviewed annually at the balance sheet date and adjusted if necessary by amending the estimate for the financial year and subsequent periods.

2.5 GOODWILL. All acquisitions are recognised using the purchase method. Goodwill arises from the acquisition of subsidiaries. Goodwill is calculated as the difference between the acquisition price and the net fair value at acquisition date of the identifiable assets, liabilities and contingent liabilities acquired. For the purpose of impairment testing, goodwill is allocated to those cash-generating units expected to benefit from the acquisition.

Goodwill is not amortised but is subject to annual impairment testing (note 2.11). Impairment losses are irreversible. Any negative goodwill resulting from acquisitions is recognised directly in the profit and loss statement. If an entity is divested, the carrying amount of its goodwill is recognised in income.

2.6 OTHER INTANGIBLE ASSETS.

2.6.1 TRADEMARKS AND LICENCES. Trademarks and licences which are registered or protected by law and which are obtained through an acquisition are initially recognised at fair value, which is thereafter taken as cost. Trademarks and licences have a finite useful life and are carried at cost less amortisation and impairment. Amortisation costs are charged to the profit and loss statement using the straight-line method based on an estimated useful life of no more than 10 years for trademarks owned. Licensed trademarks are charged to the profit and loss statement using the straight-line method, based on the duration of the licensing agreement.

2.6.2 CUSTOMER RELATIONSHIPS. Customer relationships arising from acquisitions are initially recognised at fair value which is thereafter taken as cost. Customer relationships have a finite useful life and are carried at cost price less amortisation and impairment. Amortisation costs on customer relationships are charged to the profit and loss statement using the straight-line method, based on an estimated useful life of no more than eight years.

2.6.3 CANDIDATE DATABASES. Candidate databases obtained through acquisitions are initially recognised at fair value which is thereafter taken as cost. Candidate databases have a finite useful life and are carried at cost price less amortisation and impairment. Amortisation costs on candidate databases are charged to the profit and loss statement using the straight-line method, based on an estimated useful life of no more than six years.

2.6.4 SOFTWARE. Software licences are capitalised on the basis of the costs incurred to acquire the software and make it ready for use. Software developed in-house is capitalised insofar as its cost price arises from the development phase of an in-house project and insofar as it can be demonstrated that the project is technically feasible, that it is the intention to complete the project and to use the asset, that it will generate economic benefits in the future, that technical, financial and other means are in place to complete and use the asset, and that it is possible to determine the expenses attributable to the asset developed. Amortisation costs are charged to the profit and loss statement using the straight-line method, based on an estimated useful life of five years.

2.6.5 OTHER INTANGIBLE ASSETS. Other intangible assets acquired by the group are carried at cost less cumulative amortisation and impairments (note 2.11). Amortisation costs are charged to the profit and loss statement using the straight-line method, based on an estimated useful life of 5 years.

2.6.6 INTANGIBLE ASSETS. The intangible assets above are tested annually to check that their residual useful life and the amortisation methods used are still correct. If the outcome of the test results in a change to the estimate of the remaining useful life or amortisation methods, future amortisation is adjusted accordingly.

2.7 FINANCIAL FIXED ASSETS.

2.7.1 LOANS AND RECEIVABLES. Loans and receivables are financial assets (not being derivative financial instruments) that are not quoted in an active market and have fixed or determinable repayment terms. These assets are recognised in accordance with note 2.8. They are included under current assets, except if the maturity date is more than 12 months after the balance sheet date, in which case they are classified as non-current assets. Loans and receivables are recognised under 'trade and other receivables' on the balance sheet.

2.7.2 GUARANTEE DEPOSITS. Guarantee deposits (mainly lease guarantees and guarantees connected with the running of a temporary employment business) that do not have a fixed maturity date are recognised at cost. Guarantee deposits that do have a fixed maturity date are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

2.7.3 MINORITY INTERESTS. Minority interests (subsidiaries over which the group is unable to exercise decision-making control) are recognised at the most recently known net asset value. Changes in valuation are recognised in the profit and loss statement.

2.8 TRADE AND OTHER RECEIVABLES. Trade and other receivables are initially recognised at fair value (often nominal value) and subsequently at amortised cost using the effective interest method less impairment for bad debts. Reasons for creating a bad-debt provision include major financial problems on the part of the debtor, likelihood of bankruptcy or financial restructuring, or the passing of more than 180 days after the payment due date. Experience shows that if a receivable has not yet been collected more than 180 days after the agreed payment date, it is unlikely that it will be collected. The provision amount is the difference between the carrying amount of the receivable and the present value of expected future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced by the amount of the bad-debt provision and the associated expenses are included in selling expenses. If a trade receivable or other receivable is uncollectible, it is charged in full to the bad-debt reserve. Collection of any amounts previously written off goes towards reducing the amount of selling expenses in the profit and loss statement. Services supplied but not yet billed to the client are also recognised under trade receivables.

2.9 DERIVATIVE FINANCIAL INSTRUMENTS. Derivative financial instruments are initially recognised in the financial statements at fair value on the date the contract is concluded and are subsequently recognised at fair value at each reporting date. Changes in the fair value of derivative financial instruments are recognised directly in the profit and loss statement. The group does not apply hedge accounting, as provided for in IAS 39.

2.10 CASH AND CASH EQUIVALENTS. Cash and cash equivalents, including cash in hand, bank balances and readily available deposits, are recognised at nominal value. Bank overdrafts are recognised as borrowings on the balance sheet under current liabilities.

2.11 IMPAIRMENT OF NON-FINANCIAL ASSETS. Assets that have an indefinite useful life are not subject to amortisation but to annual impairment testing. Assets subject to amortisation are assessed annually as to whether they are subject to impairment. An impairment loss is the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less selling expenses and its value in use. For the purpose of impairment testing on goodwill, individual assets are grouped at the lowest level within the group at which goodwill is monitored for internal management purposes. Non-financial assets other than goodwill that have been subject to impairment are assessed at each reporting date for possible reversal of the impairment charge

2.11.1 CALCULATION OF RECOVERABLE AMOUNT.
The recoverable amount of assets is the higher of their fair value less selling expenses and their value in use. In determining the value in use, the present value of estimated future cash flows is calculated using a pretax discount factor which reflects both the current market assessment of the time value of money and the specific risk connected with the asset. For assets that do not generate cash flows and are largely independent on other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

2.12 SHARE CAPITAL.

2.12.1 SHARE CAPITAL. Share capital is defined as equity attributable to shareholders. Costs directly connected to the issuance of new shares or option rights are deducted from the proceeds and recognised in equity. If any entity belonging to the group buys back USG People N.V. shares, the amount paid, including any associated costs and taxes, is charged to equity attributable to shareholders until such a time as the shares are cancelled or reissued. The amount received or to be received on the issue of shares previously bought back, less any associated costs and taxes, is added to the equity attributable to shareholders.

2.12.2 DIVIDENDS. Dividends are recognised as a liability for the period in which they are payable.

2.13 SUBORDINATED CONVERTIBLE BOND. On initial recognition in the financial statements borrowings are recognised at fair value net of transaction costs, and subsequently at amortised cost. The difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss statement during the term of the loan using the effective interest method. The fair value of that part of the convertible bond considered to be a liability is determined using the market interest rate on a comparable, non-convertible bond. The amortised cost is recognised as a liability up to the conversion date or to the end of the term of the bond. The remaining proceeds are attributable to the conversion option, which is recognised in equity net of taxes. Borrowings are recognised as current liabilities unless the group has the unconditional right to postpone settlement of the liability until at least 12 months after the balance sheet date via an outflow of funds.

2.14 NON-CURRENT INTEREST-BEARING BORROWINGS AND LIABILITIES. Borrowings are initially recognised in the financial statements at fair value, net of transaction costs incurred, and subsequently recognised at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss statement during the term of the borrowing using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to postpone settlement of the liability for at least 12 months after the balance sheet date.

2.15 DEFERRED INCOME TAX ASSETS AND LIABILITIES. Deferred income tax is recognised in the consolidated financial statements for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. If when an asset or liability arising from a transaction (other than a business combination) is initially recognised in the financial statements a deferral occurs which affects neither the accounting nor the taxable profit or loss, this deferral is not recognised. Deferred income tax is calculated using tax rates (and laws) that have been enacted or substantially decided at the balance sheet date and are expected to apply when the deferred income tax asset concerned is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised insofar as it is likely that future taxable profit will be available to offset the temporary differences and available tax losses. Deferred income tax liabilities are recognised for temporary differences occurring on investments in subsidiaries and associates and which arise from a difference in group valuation rules and valuation for tax purposes, insofar as it is likely that the temporary difference will be settled in the foreseeable future and that taxable profit will be available to offset the temporary difference. Deferred income tax assets and liabilities are offset if there is a legally enforceable obligation do to so and if the taxes are levied by the same authority.

2.16 PENSION-RELATED PROVISIONS.

2.16.1 DEFINED CONTRIBUTION PENSION SCHEMES. A defined contribution scheme is a pension scheme whereby the group makes fixed contributions to another entity.

Liabilities regarding contributions to pension and pension-related schemes based on defined contributions are recognised as expenses in the profit and loss statement in the period to which they pertain. The group has no obligations other than the payment of premiums.

2.16.2 DEFINED BENEFIT PENSION SCHEMES. A defined benefit scheme is a pension scheme whereby the employee receives a fixed amount in pension benefits on retirement, usually dependent on factors such as age, years of service and remuneration. The group's net liability in regard to allocated pension rights is determined separately in each case, on the basis of the present value of the liability under the defined benefit pension scheme at balance sheet date, less the fair value of the plan assets. The discount factor is the return at balance sheet date on solid corporate or government bonds with a maturity similar to the term of the group's liabilities. The calculations are performed by certified actuaries using the projected unit credit method. When benefit payments under a pension scheme are increased, the amount of the increased payment that relates to the employee's years of service is charged to the profit and loss statement using the straight-line method over a period of five years, or a shorter period depending on when the pension entitlement was granted. Insofar as entitlements are granted immediately, the charge is recognised directly in the profit and loss statement. Actuarial gains and losses arising from changes in actuarial assumptions which are greater than 10% of the greater of the value of the plan assets or liabilities are added or charged to the result during the expected average remaining years of service of the employees concerned. Unrecognised pension costs for years of servicecompleted are recognised directly in the profit and loss statement, unless the changes in the pension scheme are conditional on employees remaining in service for a certain period of time (the vesting period). In this case the past service costs are amortised on a straight-line basis over the vesting period. Where the calculation results in an asset item for the group, this is limited to the net total of any unrecognised actuarial losses and the present value of future refunds by the plan or lower future premium payments.

2.17 OTHER PROVISIONS.

2.17.1 GENERAL. A provision is recognised on the balance sheet where the group has a legally enforceable or actual commitment relating to an event in the past and where it is likely that settlement of that commitment will involve an outflow of funds. Where the effect of this is material, provisions are determined by calculating the present value of estimated future cash flows using a pretax discount factor which reflects the current market assessment of the time value of money and, if necessary, specific risks connected with the commitment.

2.17.2 RESTRUCTURING PROVISIONS. Provisions are made for restructuring if the group has finalised a detailed restructuring plan and the restructuring has been either started or announced publicly. The restructuring provision does not include costs relating to future activities.

2.17.3 OTHER PERSONNEL-RELATED PROVISIONS. The group takes provisions for future benefit payments to employees. These provisions take into account any future wage increases and staff turnover. The provisions include long-service awards, continuation of wage payment during extended periods of sickness and payments on termination of service.

2.17.4 EXIT-PAYMENT SCHEMES. The net liability of the group for deferred employee remuneration equals the amount of future payments due to employees for services rendered in current and past periods. The net liability of the group in regard to the exit scheme (not being pension provisions) equals the amount for future payments based on accrued years of service. The liability is calculated using the projected unit credit method. The discount factor is the return at balance sheet date on solid corporate or government bonds with a maturity similar to the term of the group's liabilities.

2.18 TRADE AND OTHER PAYABLES. Trade and other payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

2.19 INCOME.

2.19.1 REVENUE. Income is recognised insofar as it is likely that the economic benefits will flow to the group and insofar as the income can be measured reliably. Group income mainly derives from the provision of services to third parties (not including group services), after deduction of sales tax and discounts granted to clients. These services mainly concern:

- Temporary employment and secondment services: provision of temporary staff whereby hours worked at agreed rates during the financial reporting period are recognised as revenue;
- Call centre services: handling of telephone operations for third parties. The revenue consists of units (call units or conversations) relating to the reporting period and at an agreed rate;
- Recruitment and selection services: recruitment and selection of employees for third parties whereby revenue is booked once the commission has been completed as agreed;
- Reintegration services: supporting of reintegration services for third parties based on an hourly rate, for hours worked during the reporting period;
- Fees for IT and engineering projects based on a set price are recognised as revenue based on the stage of completion of the contract during the reporting period;
- Outplacement: provision of coaching to jobseekers. Revenue is determined on the basis of the amount of time to be declared during the reporting period for each person being coached compared to the estimated total amount of time to be spent on each person being coached.

No revenue is recognised if there are major uncertainties as to whether the funds owing can be collected.

2.19.2 OTHER INCOME AND EXPENSES. Other income and expenses arise from activities other than regular business activities, such as the disposal of non-monetary assets or debts.

2.20 COSTS.

2.20.1 OPERATING LEASES. Lease contracts whereby the risks and rewards associated with ownership lie wholly or primarily with the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss statement for the duration of the lease using the straight-line method.

2.20.2 FINANCIAL LEASES. Lease contracts whereby the risks and rewards associated with the ownership lie wholly or primarily with the lessee are classified as financial leases. The minimum lease payments are recognised partly as borrowing costs and partly as settlement of the outstanding liability. The financial costs are charged to each period in the total lease period in such a way that this results in a constant, regular interest rate on the outstanding balance of the liability.

2.20.3 SHARE-BASED REMUNERATION. USG People N.V. granted option rights in the years up to and including 2004. These option rights can be exercised fully and unconditionally. Under IFRS 1 valuation of option plans that could be fully and unconditionally exercised before 1 January 2005 is not mandatory, nor is recognising a result in the profit and loss statement. Income resulting from the exercise of option rights is recognised at that time as share capital (at nominal value) and share premium, net of transaction costs.

Share-based remuneration other than that relating to the option plan set out above is recognised as follows. The fair value of shares allocated conditionally (equity-settled) under the group's share plan ('Unique Share Plan'), including the company-paid wage tax and social security premiums relating to these shares (cash-settled), is recognised as an expense in the profit and loss statement. The total amount recognised as an expense in the profit and loss statement during the vesting period is determined on the basis of the fair value of the (conditionally) allocated shares on the date of allocation and any tax commitments for the employees which are payable by the company, as determined on the reporting date and the time of settlement. Non-market related performance conditions such as revenue growth, profitability and staff turnover are included in the estimate of the ultimate total number of shares to be allocated. The estimate of the ultimate total number of shares to be allocated is revised at balance sheet date on the basis of performance conditions. The actual performance conditions and staff turnover are determined at the end of the performance period and on the date that the allocation becomes unconditional. Any effect of this revision and final determination is recognised in the profit and loss statement. The expenses are recognised on a time-weighted basis over the period to which the performances pertain. In the event of cancellation, either at the initiative of the staff member or of the employer, unrealised expenses pertaining to the period between the cancellation and the end of the performance period are charged against the result in a one-off deduction. A reserve is maintained in equity for the expected expense based on fair value of the shares to be granted, as determined on the day of allocation. The expenses relating to the tax commitments for participants in the share plan payable by the group are recognised in the financial statements under the provisions, as determined on the reporting date and at the time of settlement.

In addition to the aforementioned share plan, the group has issued Stock Appreciation Rights (SARs). The fair value of the allocated SARs (cash-settled) is recognised as an expense in the profit and loss statement. The total amount recognised as an expense in the income statement during the vesting period is determined by the fair value of the (conditionally) allocated SARs. The USG People share price is a market-related condition. The non market-related performance condition of expected staff turnover was included in the estimate of the ultimate amount to be paid. The estimate of the ultimate amount to be paid is revised at balance sheet date. Actual staff turnover is determined on the date on which allocation becomes unconditional. The effect of this revision and final determination is recognised in the profit and loss statement. Expenses are recognised on a time-weighted basis over the conditional period of the SARs, A reserve is maintained for the fair value of the SARs, as determined on the reporting date and date of allocation.

2.20.4 FINANCIAL COSTS. Financial costs comprise interest due on funds drawn, calculated using the effective interest method, downward adjustments to the fair value and realised value of derivative financial instruments and other interest paid.

2.20.5 FINANCIAL INCOME. Financial income comprises interest received on outstanding monies and upward adjustments to the fair value and realised value of derivative financial instruments.

2.21 TAXATION. Profit-based tax on the income for the financial year comprises taxes due for the period under review together with recoverable and deferred income tax. Profit-based tax is recognised in the profit and loss statement, except where it relates to items booked directly to equity. In the latter case, the associated tax is also booked to equity. Tax due and recoverable in the period under review comprises profit-based tax on the taxable income calculated on the basis of legally determined tax rates and adjustments to taxes for previous financial years. Additional profit-based tax for dividend payments is recognised together with the obligation to pay the relevant dividend.

2.22 NET EARNINGS PER SHARE. Net earnings per ordinary share is calculated as the net income attributable to ordinary shareholders divided by the weighted average number of outstanding shares for the relevant period. The diluted profit per ordinary share is calculated as the profit divided by the weighted average number of outstanding shares, including the number of ordinary shares that would be issued on the exercise of outstanding share option rights and the conversion of the convertible bond (only insofar as this conversion or exercise will lead to dilution).

2.23 PRINCIPLES FOR THE STATEMENT OF CASH FLOWS.
The statement of cash flows is compiled using the indirect method. The statement of cash flows distinguishes between cash flows from operating, investment and financing activities. Cash flows in foreign currencies are translated at the average rate during the financial year. Income and expenditure before income tax on profit is recognised as cash flows from operating activities. Interest paid and received is included under cash flow from financing activities. Cash flows arising from the acquisition or disposal of financial interests (subsidiaries and participating interests) are recognised as cash flows from investment activities taking into account any cash and cash equivalents in these interests. Dividends paid out are recognised as cash flows from financing activities.
Cash and cash equivalents in the statement of cash flows equals cash and cash equivalents on the balance sheet minus bank overdrafts.

2.24 SEGMENT INFORMATION.

2.24.1 GENERAL. Information is provided for each of the group's business and geographical segments. The breakdown of segments as set out in note 2.24.2 is based on volumes, intensity of client contacts and types of activity, and takes account of the risk and return profiles of the various segments. Segment results and assets and liabilities comprise items directly attributable to the relevant segment, as well as items that can reasonably be attributed to that segment. Unallocated items mainly consist of deferred income tax and non-current interest-bearing borrowings, as well as joint assets and expenses. A segment's investments in property, plant and equipment and intangible assets equal the total costs incurred by that segment during the reporting period for the acquisition of assets which are expected to be utilised for longer than a single reporting period.

2.24.2 BUSINESS SEGMENTS. The group divides its activities into the following business segments:
- General Staffing: Provision of flexible solutions in the area of general temporary employment and secondment for both organisations and job seekers. Services are concentrated in the government, education, hotel and catering, construction, care, technical, industrial, transport and logistics sectors.

- Specialist Staffing: Provision of specialised flexible solutions for positions in the administrative, financial, secretarial, call centre, technical and medical sectors.
- Professional: This segment focuses on recruiting highly skilled specialists for secondment in areas such as construction, civil and mechanical engineering, electrical engineering, chemicals and petrochemicals, telecommunications, IT, HR and legal. This segment also includes activities relating to customised HR solutions such as direct search, assessments, career coaching and other coaching, HR consultancy, outplacement and reintegration services.
- Customer Care: High-quality customer contact centres aimed at providing knowledge-intensive services in areas including sales, recruitment, information provision, complaints and e-mail processing.
  In the breakdown by activity chart (note 5), Customer Care is included in Other activities.

3 FINANCIAL RISK MANAGEMENT.

3.1 FINANCIAL RISK FACTORS. Because of the nature of its activities, the group is exposed to various financial risks: market risks (including exchange rate risks, interest rate risks in determining fair values, cash flow interest rate risks and other price risks), credit risks and liquidity risks. While the current financial and economic situation has led to greater attention being paid to financial risks, it has not resulted in a substantial change in the group's financial risk policy. The group is, however, more focused on cost containment and on the risks which require more credit management, both in terms of managing credit risks and reducing the number of days sales outstanding. Due to changes including a revision of the term of the syndicated loan in May 2007 (note 23.1), the group has reduced its liquidity risk significantly.

Group risk management focuses on the unpredictability of financial markets and seeks to minimise the potential negative effects of this on the group's financial performance. Where deemed necessary, the group uses financial instruments to hedge certain risks.

The Treasury department identifies and assesses financial risks and hedges them subject to approval by the Board (CEO and CFO).

The group recognises the following categories of financial instruments:

2008	Loans and receivables	Assets and liabilities at fair value through the profit and loss statement	Fair value	Maximum credit risk
Financial assets	7,946	-	3,834	11,348
Trade receivables	654,957	-	654,957	674,818
Other receivables, being financial instruments	14,190	-	14,190	14,190
Cash and cash equivalents	82,713	-	82,713	82,713
	759,806	**-**	**755,694**	**783,069**
Subordinated convertible bond	100,120	-	79,349	
Start subordinated loan	62,500	-	52,717	
Syndicated loan tranche A	297,571	-	282,345	
Syndicated loan tranche B	80,000	-	77,221	
Financial lease commitments	881	-	895	
Other non-current credit facilities	3,901	-	3,851	
Bank overdrafts and borrowings	88,623	-	88,623	
Trade and other payables, being financial instruments	122,722	-	122,722	
Derivatives	-	15,385	15,385	
	756,318	**15,385**	**723,108**	

2007	Loans and receivables	Assets and liabilities at fair value through the profit and loss statement	Fair value	Maximum credit risk
Financial assets	7,049	-	3,944	10,171
Trade receivables	770,411	-	770,411	788,973
Other receivables, being financial instruments	14,398	-	14,398	14,398
Cash and cash equivalents	55,136	-	55,136	55,136
	846,994	**-**	**843,889**	**868,678**
Subordinated convertible bond	96,790	-	91,000	
Start subordinated loan	75,000	-	70,250	
Syndicated loan tranche A	296,858	-	270,942	
Financial lease commitments	1,788	-	1,772	
Other non-current credit facilities	5,627	-	5,482	
Bank overdrafts and borrowings	148,497	-	148,497	
Trade and other payables, being financial instruments	131,467	-	131,467	
Derivatives	-	2,415	2,415	
	756,027	**2,415**	**721,825**	

3.1.1 MARKET RISKS.

Cash flow and fair value interest rate risk. As the group has no significant interest-bearing assets, group income is largely unaffected by interest rate fluctuations.

The group's cash flow and fair value interest rate risk is mainly connected with its non-current and current borrowings. To limit the cash flow and fair value interest rate risk, some borrowings have been concluded for a longer term and at a fixed interest rate. Funds drawn from borrowings granted at variable interest rates expose the group to cash flow and fair value interest rate risks. It is the group's policy to hedge part of the cash flow and fair value interest rate risk with financial derivatives, depending on market forecasts for interest rate developments. All hedging of cash flow and fair value interest rate risks is subject to approval by the Board. In 2007 and 2008 all borrowings obtained were denominated in euros.

The group regularly uses various simulated scenarios to ascertain whether existing measures to hedge the cash flow and fair value interest rate risk remain adequate.

An increase of 50 basis points in the one-month EURIBOR rate has a positive impact of € 1.8 million on income before taxes (2007: negative impact of € 0.9 million), taking hedging measures into account and with all other factors being equal, and based on the financial instruments at end-2008). A decrease of 50 basis points in the one-month EURIBOR rate has a negative impact of € 2.2 million (2007: positive impact of € 0.9 million) on income before taxes, taking hedging measures into account and with all other factors being equal. Note 28 describes which financial derivatives the group uses to hedge the cash flow and fair-value interest rate risk.

Exchange rate risks. Given the limited volume of group activities in currencies other than euro (revenue less than 3% of total revenue and assets less than 1% of total assets), exchange rate risks are not hedged. Fluctuations which can reasonably be expected in currency exchange rates do not have a significant impact on results or equity.

Price risks. The group has no exposure to price risks.

3.1.2 CREDIT RISKS. Credit risks arise from cash and cash equivalents, financial derivatives and deposits held at banks, as well as trade receivables. The group only uses the banks which issued the syndicated loan for its deposits and derivatives business. Trade receivables are generally insured by insurance companies with an 'A' rating (S&P). Trade with governments and financial institutions in the Netherlands is not insured. Where a trade receivable is not insured, the client's financial position is assessed prior to the trade, taking past experiences and other considerations into account.

Credit limits are assigned to clients based on information supplied by insurance companies or internal guidelines approved by the Board. Credit limits are assessed regularly. In order to be able to make an accurate assessment of credit risks the Board receives information regarding the age of receivables (age analysis and receivables turnover ratio) for each operating company and separate information for each key account, number of disputes and amounts received.

Note 19 'Trade and other receivables' provides a further analysis of the credit risks on trade receivables.

3.1.3 LIQUIDITY RISKS. To manage liquidity risks the Treasury department makes sure that there are sufficient cash and cash equivalents and credit facilities available. Treasury monitors the group's liquidity based on budgets, forecasts and strategic plans. In addition, the group's liquidity is safeguarded by compliance with the stated terms and conditions of the syndicated loan and other borrowings.

The Executive Board uses cash flow and forecast reports to assess the liquidity risk. The principal conditions of the syndicated loan concern the senior leverage ratio (which in principle should be kept equal to or below 2.5) and the interest coverage ratio (which in principle should be equal to or above 4.0). Both ratios are reported to the banks on a quarterly basis. At end-2008 an amount of € 235 million (2007: € 218 million) had not yet been used in the syndicated loan.

Senior leverage ratio.
Figures for the senior leverage ratio according to banking covenant as are as follows:

	2008	**2007**
Operating income	116,665	243,859
Plus: depreciation and amortisation	120,826	43,490
Minus: adjustments resulting from covenant	-351	-
Minus: income from disposal of subsidiaries	-	247
	237,140	**287,102**
Total net debt position as at 31 December[1)]	550,883	571,838
Minus: subordinate convertible bond and Start subordinated loan	162,620	171,790
	388,263	**400,048**
Senior leverage ratio	1.6	1.4

1) 2007 including value of derivative. With effect from 2008 this value no longer needs to be included in the calculation of the senior leverage ratio.

Evolution of senior leverage ratio in recent years:

	Covenant	Actual
31 December 2005	≤ 3.5	3.2
31 March 2006	≤ 3.5	3.1
30 June 2006	≤ 3.5	2.7
30 September 2006	≤ 3.5	2.3
31 December 2006	≤ 3.0	1.9
31 March 2007	≤ 3.0	1.7
30 June 2007	≤ 3.0	1.9
30 September 2007	≤ 3.0	1.8
31 December 2007	≤ 2.5	1.4
31 March 2008	≤ 2.5	1.6
30 June 2008	≤ 2.5	1.8
30 September 2008	≤ 2.5	1.6
31 December 2008	≤ 2.5	1.6

Under the covenant agreed with the banks, the senior leverage ratio may not exceed 2.5 during the term of the loan.

Interest coverage ratio. The interest coverage ratio as defined in the covenant agreed with the banks was as follows:

	2008	2007
Total financial costs	52,835	33,024
Minus: Amortisation of costs of syndicated loan and convertible bond	-4,044	-3,930
Minus: Adjustments resulting from covenant	-15,329	2,443
	33,462	**31,537**
Interest coverage ratio (EBITDA / interest)	7.1	9.1

The adjustment resulting from the covenant in the calculation of both the interest coverage ratio and the senior leverage ratio concern adjustments ensuing from the agreements made with the banks in the covenant with respect to the valuation of companies consolidated in the course of the year, the impact of defined benefit pension schemes and the valuation of derivatives. Evolution of the interest coverage ratio in recent years:

	Convenant	Actual
31 December 2005	≥ 3.5	6.1
31 March 2006	≥ 3.5	6.0
30 June 2006	≥ 3.5	6.2
30 September 2006	≥ 4.0	7.5
31 December 2006	≥ 4.0	7.2
31 March 2007	≥ 4.0	7.7
30 June 2007	≥ 4.0	8.2
30 September 2007	≥ 4.0	8.4
31 December 2007	≥ 4.0	9.1
31 March 2008	≥ 4.0	9.1
30 June 2008	≥ 4.0	8.9
30 September 2008	≥ 4.0	10.2
31 December 2008	≥ 4.0	7.1

Under the covenant agreed with the banks, the interest coverage ratio may not exceed 4.0 during the term of the loan.

The table on the next page provides an overview of the group's net financial commitments based on their respective repayment terms. The amounts listed in the table are contractually agreed cash flows which have not been discounted. Amounts payable within one year have not been discounted in view of their limited importance and therefore match the amounts shown in notes 23, 26, 27 and 28.

Conditions and repayment terms 2008 based on nominal value including interest due.

	Total	0 - 3 mths	3 - 6 mths	6 - 12 mths	1 - 2 years	2 - 5 years	More than 5 years
Subordinated convertible bond	128,799	-	-	3,450	3,450	121,899	-
Securitisation programme	48,084	48,084	-	-	-	-	-
Start subordinated loan	70,000	15,000	-	-	14,500	40,500	-
Syndicated loan, tranche A	333,075	-	24,042	23,711	46,430	238,892	-
Syndicated loan, tranche B1 & B2	85,335	5,705	661	1,323	77,646	-	-
Other credit facilities	4,242	-	3,838	-	404	-	-
Financial lease commitments	951	177	177	354	199	44	-
Trade and other payables	122,722	122,722	-	-	-	-	-
Derivative on syndicated loan (28.1)	12,294	985	1,355	2,406	4,532	3,016	-
	805,502	**192,673**	**30,073**	**31,244**	**147,161**	**404,351**	**-**

Conditions and repayment terms 2007 based on nominal value including interest due.

	Total	0 - 3 mths	3 - 6 mths	6 - 12 mths	1 - 2 years	2 - 5 years	More than 5 years
Subordinated convertible bond	132,249	-	-	3,450	3,450	125,349	-
Securitisation programme	47,699	-	-	47,699	-	-	-
Start subordinated loan	85,500	15,500	-	-	15,000	42,000	13,000
Syndicated loan, tranche A	362,494	-	7,575	7,575	52,177	295,167	-
Syndicated loan, tranche B1	44,431	44,431	-	-	-	-	-
Other credit facilities	6,117	1,050	-	1,291	3,776	-	-
Financial lease obligations	1,905	267	268	533	813	24	-
Trade and other payables	131,467	131,467	-	-	-	-	-
Derivative on syndicated loan (28.1)	2,415	2,415	-	-	-	-	-
	814,277	**195,130**	**7,843**	**60,548**	**75,216**	**462,540**	**13,000**

3.2 CAPITAL RISK MANAGEMENT. Capital risk management is aimed at safeguarding the continuity of the group, making proceeds available for shareholders and commitments to other stakeholders, and maintaining an optimum capital structure in order to reduce the costs of capital.

To maintain or amend the capital structure, the group can adjust the dividend, pay back capital to shareholders, issue new shares or divest assets to reduce liabilities. The group uses a gearing ratio to manage its capital. This ratio is calculated as net debt divided by total capital. Net debt equals total debt (including borrowings and trade and payables as stated in the consolidated balance sheet) less cash and cash equivalents. Total capital equals total equity plus net debt. During 2008 (as in 2007) the group's objective was to maintain its gearing ratio at a level that complies with the terms and conditions of the syndicated loan (note 23.1). The gearing ratio for 2008 and 2007 was as follows:

	2008	2007
Total debt	1,296,048	1,273,737
Minus: Start subordinated loan and convertible bond	162,620	171,790
Minus: Cash and cash equivalents	82,713	55,136
Net debt	**1,050,715**	**1,046,811**
Total shareholders' equity including Start subordinated loan and convertible bond	833,799	857,502
Total equity	**1,884,514**	**1,904,313**
Gearing ratio	0.56	0.55

3.3 ESTIMATING FAIR VALUE. The fair value of financial instruments traded in an active market is based on quoted market prices at the balance sheet date.

The fair value of financial instruments not traded in an active market is determined using valuation techniques. The group uses various methods and makes assumptions based on market conditions at the balance sheet date. For non-current debt, it uses market prices or market prices given by traders for similar instruments, while other techniques, such as estimated present value calculations, are used to determine the value of other financial instruments. The fair value of interest-rate derivatives is estimated using the discounted cash flow method.

The principal methods and assumptions used to estimate the fair values as stated in note 3.1 are summarised below.

- Interest-bearing borrowings and debts: fair value is calculated using the present value of expected future cash flows arising from repayments and interest payments.
- Subordinated convertible bond: fair value is based on listed trading prices.
- Lease commitments: fair value is estimated using the present value of expected future cash flows, discounted at the interest rate applicable to comparable lease contracts.
- Guarantee deposits: fair value of non-interest bearing guarantee deposits with no fixed maturity is equal to nil. The fair value of interest-bearing guarantee deposits with a fixed maturity is estimated using the discounted cash flow method.
- Trade receivables, trade payables, other receivables and payables being financial instruments: For current receivables and payables with a maturity of less than a year the fair value is equal to the nominal value. The fair value of all other receivables and payables is calculated using the discounted cash flow method.
- Derivatives: The fair value of derivatives is determined using reports from the banks with whom the derivatives have been agreed. The valuation is estimated using Black-Scholes for i-rates.

Interest rates as used to determine fair value: the group discounts its financial instruments using the effective return appropriate to its risk profile and the maturity of the financial instrument at the balance sheet date. The following rates are used:

	2008	2007
Non-current borrowings and debts	5.6%	8.3%
Subordinated loans	15.5%	8.3%

The fair value is determined using either the market value at the balance sheet date or by discounting the relevant cash flows using the discount rate applicable to comparable instruments.

4 ESTIMATES AND JUDGEMENTS BY MANAGEMENT.

The Executive Board has discussed with the Supervisory Board the development and choice of the fundamental principles of financial reporting and estimates, as well as how these principles should be applied and information pertaining to them should be provided.

4.1 PRINCIPLE SOURCE OF ESTIMATION UNCERTAINTY. Note 16 contains information on assumptions and associated risk factors surrounding the impairment of goodwill. Note 3.1.1 indicates that the group's sensitivity to exchange rate fluctuations is limited.

4.2 CRITICAL VALUATION ESTIMATES IN THE APPLICATION OF GROUP REPORTING RULES. The group makes estimates and assumptions regarding future developments. An estimate is by definition rarely identical to the actual outcome. Estimates and assumptions which could lead to substantive adjustments in the carrying amount of assets and liabilities in the coming financial year are detailed below.

Estimated impairment of goodwill. The group tests annually whether its goodwill is subject to impairment, as described in note 2.5. The recoverable value of cash-generating units is determined according to value in use, which is calculated using the discounted cash flow method applying a discount factor derived from the weighted average cost of capital. Sensitivity analysis have been performed which can lead to an impairment. The results of the sensitivity analysis reveal the following:

- a 50 basis point rise in the discount factor can lower the amount of the surplus by which the value in use exceeds the carrying amount by 13% and can result in an impairment of € 7 million;
- if revenue projections for 2009 are lowered by 10%, this can result in an impairment of € 13 million. The other input variables used in sensitivity analysis calculations have been kept the same as the initial projections. In reality the various input variables will influence each other, meaning that the outcome of the analysis provides merely an indication of the impact of unilateral changes.

Taxes. The group has income tax liability in several countries. The ultimate tax consequences of many transactions are uncertain, partly because of uncertainty concerning their timing. The group makes provisions for possible extra tax liabilities arising from tax audits. Where actual tax sums differ from the amounts initially recognised this will have consequences for the (deferred) income tax provisions in the period in which the differences become apparent.

Intangible assets. When a company is acquired, a value is assigned to intangible assets such as trademarks, client relationships and candidate databases. The determination of the value at the time of acquisition and estimated useful life is subject to uncertainty. One of the calculations used to determine the value is the discounting of expected future results of existing customers at the time of the acquisition. Useful life is estimated using past experience and useful life periods as broadly accepted in the temporary employment sector.

5 SEGMENT BREAKDOWN.

BREAKDOWN BY ACTIVITY.

	General Staffing		Specialist Staffing		Professionals	
	2008	2007	2008	2007	2008	2007
Revenue	2,492,799	2,386,544	1,124,563	1,100,790	381,862	377,872
Expenses	2,490,829	2,281,402	1,014,266	970,406	355,706	341,163
Other income and expenses	-	-	-	-	-	-
Operating income for segment	1,970	105,142	110,297	130,384	26,156	36,709
Operating income as percentage of revenue	0.1%	4.4%	9.8%	11.8%	6.8%	9.7%
Assets	996,309	950,322	556,119	647,442	259,096	222,044
Liabilities	390,975	383,393	124,650	154,009	52,503	44,130
Investments	11,046	19,276	9,410	7,471	3,573	1,673
Depreciation and amortisation	19,846	12,462	12,752	12,959	6,061	4,328
Impairment of property, plant and equipment and intangible assets	68,444	1,134	579	-	2,382	-

GEOGRAPHICAL BREAKDOWN.

	The Netherlands		Belgium/ Luxembourg		France	
	2008	2007	2008	2007	2008	2007
Revenue	1,727,117	1,740,618	827,035	782,220	545,350	567,168
Assets	789,447	839,041	386,780	382,959	213,004	280,938
Investments	19,318	19,673	6,878	9,613	2,730	3,170
Depreciation and amortisation	20,345	21,882	10,212	9,641	1,082	2,619
Impairment of property, plant and equipment and intangible assets	2,873	2,304	-	-	33,525	-
Employees (direct and indirect) on FTE basis	42,256	43,682	21,900	20,571	17,198	18,375

*Other comprises Italy, Austria, Switzerland, Poland, Czech Republic and Slovakia

Other activities		Corporate		Not allocated to segments		Total	
2008	2007	2008	2007	2008	2007	2008	2007
25,741	22,475	-	-	-	-	4,024,965	3,887,681
23,443	21,576	24,281	30,084	-	-	3,908,525	3,644,631
-	809	225	-	-	-	225	809
2,298	1,708	-24,056	-30,084	-	-	116,665	243,859
8.9%	7.6%	-	-	-	-	2.9%	6.3%
30,441	28,382	71,408	53,192	53,854	58,067	1,967,227	1,959,449
3,749	3,490	270,713	200,154	453,458	488,561	1,296,048	1,273,737
424	1,689	12,882	13,260	-	-	37,335	43,369
987	687	9,775	10,750	-	-	49,421	41,186
-	1,170	-	-	-	-	71,405	2,304

Spain/Portugal		Germany		Other*		Not allocated		Total	
2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
339,752	403,974	310,356	124,274	275,355	269,427	-	-	4,024,965	3,887,681
114,322	175,554	302,008	100,157	107,812	122,733	53,854	58,067	1,967,227	1,959,449
4,486	7,804	1,538	1,060	2,385	2,049	-	-	37,335	43,369
3,689	2,675	12,723	1,065	1,340	3,304	-	-	49,391	41,186
28,558	-	-	-	6,449	-	-	-	71,405	2,304
14,503	18,300	11,304	4,349	13,870	15,749	-	-	121,031	121,026

6 ACQUISITION AND DIVESTMENT OF SUBSIDIARIES.

	2008	2007
Outflow of cash and cash equivalents as a result of acquisition	89,773	55,368
Consideration paid in cash and cash equivalents for non-consolidated subsidiaries	504	-
Earn-out arrangements	-	743
Acquisition of minority interests	4,392	473
Acquisition of subsidiaries in cash flow statement	**94,669**	**56,584**

6.1 ACQUISITIONS IN 2008. In March 2008 the group acquired Allgeier DL GmbH in Germany. The acquisition is recognised using the purchase method. After the initial allocation of the cost price of the acquisition to the assets, liabilities and contingent liabilities acquired, an amount of € 128.6 million was identified as goodwill. The initial allocation of the cost price of the acquisitions was determined on a provisional basis. Group income for 2008 includes a sum of € 5.4 million representing the positive result of the companies acquired. If the acquired company had been consolidated for the whole of 2008, net revenue for the year would be € 27.6 million higher and net income € 0.9 million higher.

The acquired assets, liabilities and goodwill are as follows:

Consideration paid in cash and cash equivalents	105,480
Fair value of acquired net assets and liabilities	-23,096
Goodwill	**128,576**

Goodwill is mainly attributable to a broader spread of the activities in the German staffing market.

The assets and liabilities arising from the acquisition at the acquisition date were as follows:

	Fair value	Carrying amount
Customer relationships	46,444	8,370
Trademarks and licences	6,622	-
Property, plant and equipment	3,655	3,655
Other intangible assets	121	121
Trade and other receivables	26,732	26,732
Income tax receivables	1,385	1,385
Financial assets	246	246
Cash and cash equivalents	15,707	15,707
Deferred income tax liabilities	-15,920	-2,214
Provisions	-521	-521
Non-current borrowings	-39,427	-39,427
Bank overdrafts and borrowings	-16,522	-16,522
Income tax liabilities	-2,214	-2,214
Trade and other payables	-46,212	-46,213
Acquired assets and liabilities	**-19,904**	**-50,895**
Minority interests	-3,192	-1,412
Acquired net assets and liabilities	**-23,096**	**-52,307**

Consideration paid in cash and cash equivalents	105,480
Cash and cash equivalents and bank overdrafts at acquired subsidiary	15,707
Outflow of cash and cash equivalents as a result of acquisition	**89,773**

6.2 DIVESTMENTS IN 2008. No subsidiaries or activities were divested in 2008.

6.3 ACQUISITIONS IN 2007. In 2007 the group acquired Tempsys/ Multi Compta in Belgium and France (May), All4Students in the Netherlands (June), Geko Zeitarbeit GmbH in Germany (July) and Professionalia in Spain (August). The acquisitions are recognised using the purchase method. After the initial allocation of the cost price of the acquisition to the assets, liabilities and contingent liabilities acquired, an amount of € 41.6 million was identified as goodwill. The initial allocation of the cost price of the acquisitions was determined on a provisional basis. Group income for 2007 includes a sum of € 1.5 million representing the positive result of the companies acquired.

If the acquired companies had been consolidated for the whole of 2007, revenue for the year would be € 20.7 million higher and net income € 1.3 million higher.

The acquired assets, liabilities and goodwill are as follows:

Consideration paid in cash and cash equivalents	66,640
Fair value of acquired net assets and liabilities	25,037
Goodwill	**41,603**

Goodwill is mainly attributable to a broader spread of the activities across European countries.

The assets and liabilities arising from acquisitions at the acquisition date were as follows:

	Fair value	Carrying amount
Customer relationships	8,302	-
Trademarks and licences	6,802	-
Candidate databases	7,765	-
Property, plant and equipment	62	62
Other intangible assets	667	667
Deferred income tax receivables	417	417
Financial assets	259	259
Trade and other receivables	8,428	8,428
Cash and cash equivalents	12,357	12,357
Deferred income tax liabilities	-5,457	-
Non-current provisions	-21	-21
Non-current borrowings	-3,794	-3,794
Bank overdrafts and borrowings	-1,085	-1,085
Income tax liabilities	-1,919	-1,919
Trade and other payables	-7,746	-7,746
Acquired assets and liabilities	**25,037**	**7,625**

Consideration paid in cash and cash equivalents	66,640
Cash and cash equivalents and bank overdrafts at acquired subsidiaries	11,272
Outflow of cash and cash equivalents as a result of acquisitions	**55,368**

6.4 DIVESTMENTS IN 2007. In March 2007 USG People N.V. divested Telecom Direct Almere B.V. (TDA). The financial results of TDA have been recognised in the consolidated profit and loss statement for 2007 for the period that the group had a controlling interest in the divested subsidiary.

Divested net assets and liabilities are as follows:

Cash and cash equivalents received	3,125
Carrying amount of net assets and liabilities divested	667
Goodwill on divested subsidiary	2,211
Result from sale of subsidiary	**247**

The result on the disposal of subsidiaries is recognised under Other income and expenses (9) in the profit and loss statement.

The assets and liabilities connected with the disposal are as follows:

Property, plant and equipment	401
Intangible assets	11
Trade and other receivables	3,599
Income tax	286
Trade and other payables	-3,630
Divested net assets and liabilities	**667**
Consideration received in cash and cash equivalents	3,300
Cash and cash equivalents and banks overdrafts at divested subsidiary	175
Inflow of cash and cash equivalents as a result of divestment	**3,125**

7 COST OF SALES

	2008	2007
Wage and salary costs of direct employees	2,343,302	2,228,933
Social security contributions	524,372	523,080
Premiums for defined contribution pension schemes	15,349	8,309
Other costs relating to direct employees	148,764	159,531
	3,031,787	**2,919,853**

8 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES.

	2008	2007
Employee costs	534,181	483,752
Depreciation	49,421	39,868
Impairment	71,405	3,622
Other expenses	221,731	197,536
	876,738	**724,778**
Recognised in the profit and loss statement under selling expenses	754,567	612,749
Recognised in the profit and loss statement under general and administrative expenses	122,171	112,029
	876,738	**724,778**

8.1 BREAKDOWN OF EMPLOYEE COSTS.

	2008	2007
Wages and salaries	355,855	315,791
Social security contributions	70,610	62,855
Premiums for defined contribution pension schemes	8,035	7,533
Costs of defined benefit pension schemes	1,253	2,417
Costs of share plan	1,901	4,217
Other employee costs	96,527	90,939
	534,181	**483,752**

8.2 SHARE AND OPTION PLANS. The item Wages and salaries includes an amount of € 1,901 (2007: € 4,217) in costs relating to the allocation of shares to key management and other employees. The provisions include an amount of € 431 (2007: €2,380) relating to share-based remunerations cash-settled.

The allocation of shares relating to the Unique Share Plan for the 2005-2011 period have been allocated unconditionally for the 2008 period (234,409 shares). Provided the terms are met as stated below, the shares allocated conditionally for the 2011 period (41,915 shares), will be delivered unconditionally. The allocation of the shares relating to the Unique Share Plan 2008-2014 will be delivered unconditionally in 2011 (maximum of 585,686 shares) and in 2014 (maximum of 146,422 shares) provided the terms are met as stated below.

Unique Share Plan 2005-2011. The Unique Share Plan 2005-2011 covers the period from1 January 2005 to 1 January 2011. The initial unconditional allocation of shares took place in May 2008.

The principal performance criteria for the financial years 2005, 2006 and 2007 were:

- Average annual revenue growth of USG People of at least 12.5% over the period as a whole;
- EBITA equalling no less than 6.5% of revenue in 2007;
- Allocation will only take place on condition that both criteria are met and on condition that the participant was still employed by the group in May 2008.

Additionally, 25% more shares will be granted in May 2011, provided the participant has retained the shares obtained in May 2008 until year-end 2010 and provided the participant is still in USG People's employment at that time. The fair value is based on the quoted price of USG People N.V. shares at the time the share plan was effectively allocated, taking into account expected future dividends (as determined in the group's dividend policy). The wage tax and social security premiums of the members of the Board and the Executive Committee are payable by the company. The movements regarding the share plan in 2007 were as follows:

	Year granted	Expiry	Number of participants	Balance at start of year	Unconditionally granted	Expired	Balance at end of year	Average price for determining fair value
2007								
Key management	2006	2008	6	131,000	-	-	131,000	31.93
	2006	2011	5	30,750	-	2,250	28,500	31.93
Other	2006	2008	100	121,682	-	15,624	106,058	30.33
	2006	2011	100	30,421	-	3,906	26,515	30.33
2008								
Key management	2006	2008	6	131,000	131,000	-	-	31.93
	2006	2011	5	28,500	-	-	28,500	31.93
Other	2006	2008	100	106,058	103,409	2,649	-	30.33
	2006	2011	100	26,515	-	13,100	13,415	30.33

Unique Share Plan 2008-2014. The Unique Share Plan 2008-2014 covers the period from 1 January 2008 to 1 January 2014. The initial unconditional allocation of shares will take place in May 2011.

In addition to the participant still being in the employment of the group, the performance criteria are based on the extent to which targets for revenue and the operating result excluding amortisation (EBITA) as a percentage of revenue were in fact met in the years 2008, 2009 and 2010. A revenue and EBITA matrix applies to each year and can result in a maximum of 1.9 times and a minimum of zero times the norm number of shares being allocated. For 2008 the matrix indicated a revenue range of € 3.9 and € 4.5 billion and EBITA of 5.0% to 8.0%. The levels in the matrix can still be adjusted for 2009 and 2010. The column 'Conditionally allocated in 2008' in the table below is based on a factor of 1.9. In calculating the costs of the share plan, the 2008 performance criteria are based on a factor of 0.4 and a factor of 1.0 for the years 2009 and 2010. Additionally, 25% more shares will be granted in May 2014, provided the participant has retained the shares obtained in May 2011 until year-end 2013 and provided the participant is still in USG People's employment at that time. The fair value is determined using the Black-Scholes model, with expected volatility being based on historic volatility over a period equal to the remaining term of the share plan and the risk-free interest rate being based on the zero coupon interest rate applying to the term of the share plan. The wage tax and social security premiums of the members of the Board and the Executive Committee are payable by the company.

The movement and the parameters were as follows:

	Key management				Other	
	2011		2014		2011	2014
	Equity-settled	Cash-settled	Equity-settled	Cash-settled	Equity-settled	
Number of participants	5				97	
Balance as at 1 January	-		-		-	-
Conditionally allocated in 2008	285,000		71,250		300,686	75,172
Expired during the year	85,000		21,250		89,676	22,419
Balance as at 31 December 2008	200,000		50,000		211,010	52,753
Fair value	9.28 - 11.14	7.60	7.52 - 9.34	5.91	8.50	6.78
Average rate for determination of fair value	11.18 - 13.37	9.22	11.18 - 13.37	9.22	10.40 - 11.18	10.40 - 11.18
Dividend yield	5% - 9%	5% - 9%	5% - 9%	5% - 9%	5% - 9%	5% - 9%
Volatility	38% - 41%	49%	41% - 42%	43%	39% - 41%	41% - 42%
Risk-free rate	3.3% - 4.0%	2.8%	3.8% - 4.2%	3.5%	4.0% - 4.5%	4.2% - 4.6%

USG People 2008-2010 SAR plan. The USG People SAR plan covers the period from April 2008 up to April 2013. The first unconditional settlement can take place in the spring of 2011. The only criterion for unconditional settlement after three years is that the participant is still employed by the group at the time of settlement. The USG People 2008-2010 SAR plan is allocated to the management that is not entitled to take part in the

Unique Share Plan. Settlement will take place in cash and cash equivalents and will equate to the difference between the share price in April 2008 (€ 14.83) and at the moment of unconditional settlement. Settlement after three years will be postponed by six months if the distributable amount for each SAR is less than € 1. If after this six-month period the distributable amount is still less than € 1, settlement will once again be postponed for six months. If the distributable amount is still less than € 1 after this period, no settlement will take place. The fair value has been determined based on a Monte Carlo model, which provides a simulation of the market condition applied to the SAR plan. The method bases expected volatility on the historic volatility for a period equal to the remaining term of the SAR and the risk-free interest on the zero coupon applying to a period equal to the remaining term of the SAR.

The movements were as follows:

Expiry	2011
Number of participants	506
Balance as at end-2007	-
Conditionally allocated in 2008	184,268
Unconditionally allocated	-
Expired in 2008	10,990
Balance as at end-2008	173,278

The following parameters apply: Fair value at year-end € 1.08; applicable share price for determining fair value € 9.22; risk-free rate 2.8%; volatility 49%; dividend yield 5%-9%.

Option rights issued in 2003 and 2004. The movements regarding option rights in 2007 were as follows:

Year of issuance	Valid for	Number of particpants	Issued	Outstanding at 1 Jan	Expired	Exercised	Outstanding at 31 Dec	Exercise price (€)
2002	5 years	174	162,904	10,408	504	9,904	0	11.60
2003	5 years	454	186,676	15,418	-350	8,252	7,516	4.58
2004	5 years	318	283,558	121,958	-19,335	65,633	75,660	5.63
				147,784	**-19,181**	**83,789**	**83.176**	

The movements regarding option rights in 2008 were as follows:

Year of issuance	Valid for	Number of particpants	Issued	Outstanding at 1 Jan	Expired	Exercised	Outstanding at 31 Dec	Exercise price (€)
2003	5 years	454	186,676	7,516	3,448	4,068	0	4.58
2004	5 years	318	283,558	75,660	1,680	23,132	50,848	5.63
				83,176	**5,128**	**27,200**	**50,848**	

The number of expired options in 2007 is negative as a result of 23,000 options being wrongly recognised as having expired in the past. In 2008, 27,200 options (2007: 83,789 options) were exercised at an average exercise price of € 15.42 (2007: € 33.41). The total value of the exercised option rights amofunted to € 0.1 million (2007: € 0.5 million).

8.3 NUMBER OF INDIRECT EMPLOYEES (FTE).

	2008	2007
As at 31 December	9,098	8,849
Average for the financial year	9,209	8,685

9 OTHER INCOME AND EXPENSES.

	2008	2007
Result on sale of subsidiaries	-	247
Result on non-consolidated subsidiaries	225	358
Other	-	204
	225	**809**

10 FINANCIAL COSTS.

	2008	2007
Interest on borrowings	36,971	34,203
Commitment fee on syndicated loan	453	367
Other interest expenses	1,090	1,454
Realised and unrealised result on financial derivatives	15,622	-
	54,136	**36,024**

The result on financial derivatives consisted of a realised result of € 237 and an unrealised result of € 15,385.

For details of how the financial costs are calculated, please refer to note 23. For the valuation of financial derivatives, please refer to note 28.

The Other interest expenses item comprises interest on financial leases and interest on current accounts with the banks.

11 FINANCIAL INCOME.

	2008	2007
Realised and unrealised result on financial derivatives	-	2,442
Interest received	893	467
Currency translation differences	408	91
	1,301	**3,000**

The result on financial derivatives in 2007 consisted of a realised result of € 4,857 and an unrealised result of € -2,415.

12 TAXES.

	2008	2007
Current taxes	58,865	47,841
Deferred taxes	-13,130	22,481
Charge in financial statement	**45,735**	**70,322**

Taxation on group profit before taxes differs as follows from the charge as calculated using the weighted average standard tax rate for consolidated entities:

	2008	2008%	2007	2007%
Operating income before taxes	63,830		210,835	
Taxation based on weighted average tax rates	21,686	34.0%	63,710	30.3%
Non tax-deductable costs	27,453	43.0%	6,210	2.9%
Effect of change in tax rates	-	-	2,986	1.4%
Losses not valued	7,899	12.4%	8,958	4.2%
Deferred income tax loss from previous financial years	1,656	2.6%	1,121	0.5%
Tax-exempt revenue	-12,959	-20.3%	-12,663	-5.9%
Charge in financial statements	**45,735**	**71.7%**	**70,322**	**33.4%**

The weighted average standard tax rate was 34.0% (2007: 30.3%). The increase in the nominal tax rate compared to the previous year was due to a change in the composition of the profits of subsidiaries in various countries. The increase in the effect of non tax-deductable costs is mainly the result of goodwill impairments.

13 PROPERTY, PLANT AND EQUIPMENT.

	Buildings and land	Furnishings and conversions	Computers and peripherals	Other fixed assets	Total
Balance as at 1 January 2007					
Cost	549	100,450	70,285	58,686	229,970
Cumulative depreciation and impairment	-349	-71,577	-60,940	-41,327	-174,193
Carrying amount	**200**	**28,873**	**9,345**	**17,359**	**55,777**
Changes in carrying amount					
Acquisitions of subsidiaries	-	23	36	3	62
Investments	-	17,719	6,518	7,089	31,326
Disposals	-	-122	-361	-858	-1,341
Depreciation	-25	-9,608	-5,098	-4,026	-18,757
Impairment	-	-	-6	-3	-9
Currency translation differences	-	-	4	19	23
Disposals connected with sale of subsidiaries	-	-48	-133	-220	-401
Balance	**-25**	**7,964**	**960**	**2,004**	**10,903**
Breakdown of carrying amount as at 31 December 2007 / 1 January 2008					
Cost	549	113,361	47,717	63,368	224,995
Cumulative depreciation and impairment	-374	-76,524	-37,412	-44,005	-158,315
Carrying amount as at 31 December 2007 / 1 January 2008	**175**	**36,837**	**10,305**	**19,363**	**66,680**
Changes in carrying amount					
Acquisition of subsidiaries	900	421	-	2,316	3,637
Investments	-	12,977	3,369	7,410	23,756
Disposals	-	-306	-7	-567	-880
Depreciation	-49	-8,039	-4,434	-5,280	-17,802
Impairment	-	-2,287	-	-279	-2,566
Currency translation differences	-	17	-8	-52	-43
Balance	**851**	**2,783**	**-1,080**	**3,548**	**6,102**
Breakdown of carrying amount as at 31 December 2008					
Cost	1,401	118,592	44,581	61,510	226,084
Cumulative depreciation and impairment	-375	-78,972	-35,356	-38,599	-153,302
Carrying amount as at 31 December 2008	**1,026**	**39,620**	**9,225**	**22,911**	**72,782**

The impairment in 2008 (€ 2,566) relates to the closure of branches in the Netherlands, France and Spain. An amount of € 5,360 (2007: € 5,483) arising from the depreciation of property, plant and equipment has been included in the general administrative expenses.

Lease payments totalling € 83,610 (2007: € 72,870) relating to cars and property leases are included in the profit and loss statement. An amount of € 1,129 (2007: € 1,917) of the stated carrying amount of computers and peripherals is financed through financial leases.

14 GOODWILL.

	2008	2007
Cost	862,545	811,068
Impairment	-1,170	-9,900
Carrying amount as at 1 January	**861,375**	**801,168**
Acquisition of subsidiaries	128,576	41,603
Reclassifications	-	23,694
Acquisition of interest held by minority shareholders	1,302	-
Subsequent payment arrangements relating to previous acquisitions	-	743
Disposal of subsidiaries	-	-2,211
Impairment	-68,440	-1,170
Decline in goodwill due to recognition of previously unrecognised tax losses of subsidiaries acquired	-	-2,452
Total change	61,438	60,207
Carrying amount as at 31 December	**922,813**	**861,375**
Cost	992,423	862,545
Impairment	-69,610	-1,170
Carrying amount as at 31 December	**922,813**	**861,375**

As a result of the current economic climate and its impact on the activities and expected results of the cash flow generating entity, goodwill impairments were taken on the generalist activities in France (€ 31,863), Spain (€ 27,746), Switzerland (€ 4,447) and the Czech Republic and Slovakia (€ 2,002), as well as on the reintegration operations in the Netherlands (€ 2,382). Impairment testing on goodwill in 2007 led to an impairment relating to the Customer Care activities. Reclassifications in 2007 relate to trademarks and licences, customer relationships and deferred income tax liabilities.

Goodwill was attributed to the segments as follows:

	2008	2007
General Staffing	426,319	362,641
Specialist Staffing	321,832	357,333
Professionals	153,668	120,407
Other	20,994	20,994
	922,813	**861,375**
Netherlands	413,157	415,540
Belgium/ Luxembourg	191,463	191,463
France	63,284	94,975
Spain/ Portugal	14,699	42,444
Germany	189,126	59,421
Other	51,084	57,532
	922,813	**861,375**

15 OTHER INTANGIBLE ASSETS.

	Trademarks and licences	Customer relationships	Candidate databases	Software	Other	Total
Balance 1 January 2007						
Cost	45,395	90,865	-	49,732	554	186,546
Cumulative amortisation and impairment	-11,924	-16,112	-	-34,712	-513	-63,261
Carrying amount	**33,471**	**74,753**	**-**	**15,020**	**41**	**123,285**
Changes in carrying amount						
Acquisition of subsidiaries	6,802	8,302	7,765	473	194	23,536
Reclassification	-9,884	-22,005	-	-	-	-31,889
Investments	-	-	-	11,893	150	12,043
Disposals	-	-	-	-	-71	-71
Amortisation	-3,252	-8,528	-806	-7,359	-32	-19,977
Impairment	-	-	-	-1,125	-	-1,125
Divestments connected with sale of subsidiaries	-	-	-	-11	-	-11
Currency translation differences	-	-	-	6	-	6
Balance	**-6,334**	**-22,231**	**6,959**	**3,877**	**241**	**-17,488**
Breakdown of carrying amount as at 31 December 2007 / 1 January 2008						
Cost	34,254	72,872	7,765	60,443	616	175,950
Cumulative amortisation and impairment	-7,117	-20,350	-806	-41,546	-334	-70,153
Carrying amount as at 31 December 2007/ 1 January 2008	**27,137**	**52,522**	**6,959**	**18,897**	**282**	**105,797**
Changes in carrying amount						
Acquisition of subsidiaries	6,622	46,444	-	121	-	53,187
Investments	-	-	-	13,572	7	13,579
Disposals	-	-	-	-153	-69	-222
Amortisation	-6,986	-15,699	-1,504	-7,755	-74	-32,018
Currency translation differences	-	-	-	-4	-	-4
Balance	**-364**	**30,745**	**-1,504**	**5,781**	**-136**	**34,522**
Breakdown of carrying amount as at 31 December 2008						
Cost	41,216	118,173	7,765	63,747	549	231,450
Cumulative amortisation and impairment	-14,443	-34,906	-2,310	-39,069	-403	-91,131
Carrying amount as at 31 December 2008	**26,773**	**83,267**	**5,455**	**24,678**	**146**	**140,319**

An amount of 5,035 (2007: € 4,844) arising from the amortisation of intangible assets has been included in the general and administrative expenses. The impairment on software in 2007 concerns the early replacement of certain software. Reclassifications in 2007 related to adjustments to classifications regarding Goodwill (note14).

16 IMPAIRMENT FOR CASH-GENERATING UNITS WHERE GOODWILL IS CAPITALISED.

Cash-generating units are subject to annual impairment testing. Impairment testing involves comparing the carrying amount (goodwill, property, plant and equipment and intangible assets, and working capital) of the cash-generating units concerned with their recoverable value. The recoverable value of the various cash-generating units is determined by calculating their respective economic value. These calculations are based on future cash flows discounted using a pretax discount factor. For the group this resulted in an average pretax discount factor of 13.2% (2007: 12.5%). Future cash flows are calculated based on actual income from operations and a seven-year projection. The divergence from the maximum five-year projection required under IAS 36 reflects past experience showing that a full market cycle in this sector lasts around seven years. The principal assumptions in determining the economic value concern estimates of revenue growth in the countries where the cash-generating units operate. The impairment test calculations take into account average annual revenue growth of 6-10 per cent during the seven years for the growth markets and average annual revenue growth of three to five per cent during the seven years for mature markets.

The growth projections are based on a cyclical pattern which provides a favourable medium-term growth outlook in most countries due to a low penetration of flexible labour and a low degree of specialisation (Specialist Staffing, Professionals). The level of penetration is expected to rise in the future as a result of recent amendments in European legislation and regulations with regard to temporary staffing. Testing has taken into account revenue declines in the short term due to the current economic situation.

The residual value after the projected period of seven years is based on the present value of the cash flow which does not take into account infinite growth (nor inflation).

Sensitivity analyses have been performed which can lead to an impairment. The results of the sensitivity analyses reveal the following:

- a 50 basis point rise in the discount factor can lower the amount by which the value in use exceeds the carrying value by 13% and can result in an impairment of € 7 million;
- if revenue projections for 2009 are lowered by 10%, this can result in an impairment of € 13 million.

  The other input variables used in sensitivity analysis calculations have been kept the same as the initial projections. In reality the various input variables will influence each other, meaning that the outcome of the analysis provides merely an indication of the impact of unilateral changes.

17 FINANCIAL ASSETS.

	2008	2007
Guarantee deposits	6,731	6,431
Other non-current receivables	-	35
Minority interests	1,215	583
Balance as at 31 December	**7,946**	**7,049**

The payment period of the financial assets has not expired and no provision for non-payment has been made with respect to the financial assets. The guarantee deposits are intended as guarantees for the lessors of leased premises and for payment of social security premiums and taxes. As the majority of the guarantee deposits need to be retained for as long as temporary employment activities are undertaken, no end date can be established for the guarantee deposits. As a result, the fair value of the guarantee deposits is the same as their nominal value.

18 DEFERRED INCOME TAX ASSETS AND LIABILITIES.

	2008	2007
Deferred income tax assets		
Deferred income tax assets for settlement after 12 months	48,567	34,634
Deferred income tax assets for settlement within 12 months	2,154	6,431
	50,721	**41,065**
Deferred income tax liabilities		
Deferred income tax liabilities for settlement after 12 months	44,935	33,630
Deferred income tax liabilities for settlement within 12 months	5,556	5,138
	50,491	38,768
Deferred assets (net)	**230**	**2,297**

	2008	2007
Gross change in deferred income taxes		
Balance as at 1 January	2,297	22,607
Change arising from reclassification of intangible assets (15)	-	8,195
Movement to/from current taxes	723	-984
Acquisition of subsidiaries	-15,920	-5,040
Transfer to profit and loss statement	13,130	-22,481
Balance as at 31 December	**230**	**2,297**

The deferred income tax assets and liabilities consist of:

	2008	2007
Deferred income tax assets		
Tax losses carried forward	35,684	33,509
Other	15,037	7,556
Balance as at 31 December	**50,721**	**41,065**

An amount of € 34.0 million of the provision for tax losses carried forward relates to countries (mainly Germany, Spain and Italy) which incurred losses in 2007 and/or 2008. The Other deferred income tax assets item includes temporary differences for tax-deductible goodwill and temporised interest. These are valued at the applicable nominal interest rates. Based on earnings prognoses, the Executive Board has made an estimation of the likeliness of these provisions being used in the coming years, taking into account country-specific settlement possibilities.

	2008	2007
Deferred income tax liabilities		
Intangible assets	35,107	24,442
Subordinated convertible loan	3,794	4,643
Other	11,590	9,683
Balance as at 31 December	**50,491**	**38,768**

The other deferred income tax liabilities item includes temporary differences relating to the insurance reserve for tax purposes, tax-deductible goodwill and a liability connected with a defined benefit pension scheme. Changes in unrecognised balance sheet items relating to tax losses carried forward during the financial year are as follows:

	2008	2007
Taxes on unrecognised losses		
Balance as at 1 January	18,149	9,191
Additional taxes on unrecognised losses	7,899	8,958
Balance as at 31 December	**26,048**	**18,149**

The Additional unrecognised losses item comprises losses that are not expected to be offset in the future.

19 TRADE AND OTHER RECEIVABLES.

	2008	2007
Trade receivables invoiced	642,771	764,969
Trade receivables to be invoiced	32,047	24,004
Trade receivables exposed to risk	674,818	788,973
Bad debt provision	19,861	18,562
Trade receivables less bad debt provision	654,957	770,411
Other current receivables	14,190	14,399
Prepayments	11,673	15,543
Balance as at 31 December	**680,820**	**800,353**

The payment period of trade receivables totalling € 98.0 million (2007: € 128.7 million) expired while no bad-debt provision had been made. Nor were these receivables covered by insurance. These receivables relate to clients who had no history of default. The aging on these receivables is as follows:

	2008	2007
Trade receivables not due	451,284	478,278
Trade receivables overdue	203,673	292,133
Trade receivables overdue and for which a provision has been made	19,861	18,562
	674,818	**788,973**

Breakdown of trade receivables not yet due:

	2008	2007
Governments and financial institutions	48,115	27,026
Insured receivables	317,843	342,312
Uninsured receivables	85,326	108,940
Trade receivables of which the payment period has not yet expired	**451,284**	**478,278**

Receivables from governments are not insured as the risk of default is considered to be negligible. In addition, receivables from financial institutions in the Netherlands (€ 26,013) are not insured. Insured receivables are insured with an 'A' rated (S&P) insurance company. Uninsured receivables include any own risk and receivables arising from sales whereby the insurance company has set no credit limit or whereby the sales exceeded the established credit limit. Uninsured receivables consist mainly of receivables from small parties operating in various sectors. No bad-debt provision has been made for receivables not yet due, nor for the other current receivables. The payment period on the other current receivables has not yet expired.

Breakdown of overdue trade receivables:

	2008	2007
Up to 90 days overdue	83,322	100,586
91 – 180 days overdue	10,066	17,790
181 – 360 days overdue	2,974	9,212
361 days or more overdue	1,678	1,076
Balance as at 31 December	**98,040**	**128,664**
VAT on overdue receivables	30,411	48,702
Insured receivables	75,222	114,767
	203,673	**292,133**

In 2008 an amount of € 2.0 million (2007: € 0.9 million) was received from the insurance company as compensation for damages.

Belgian trade receivables totalling a maximum of € 70.0 million (2007: € 60.6 million) have been sold in connection with the securitisation programme (23.3), with the group retaining the credit risk.

Developments regarding the bad debt provisions are as follows:

	2008	2007
Balance as at 1 January	18,562	20,869
Provisions made during the year	12,251	10,332
Trade receivables written off	-4,467	-7,494
Release during the year	-6,470	-5,150
Currency translation differences	-15	5
Balance as at 31 December	**19,861**	**18,562**

The creation of bad-debt provisions and releases from such provisions are recognised as selling expenses in the profit and loss statement.

20 CASH AND CASH EQUIVALENTS.

	2008	2007
Cash and cash equivalents as at 31 December as stated on the balance sheet	82,713	55,136
Bank overdrafts	-994	-11,604
Cash and cash equivalents as stated in the cash flow statement	**81,719**	**43,532**

An amount of € 1,730 (2007: € 958) is not freely available to the group and is intended exclusively to cover social security contributions.

Cash and cash equivalents are lodged exclusively with financial institutions rated no lower than ‘A’ (S&P or Moody’s).

21 EQUITY.

21.1 SHARE CAPITAL.

Paid-up and called-up capital.

	Number of shares (x 1,000)	Paid-up and called-up	Share premium	Total
Balance as at 1 January 2007	63,118	31,559	289,021	320,580
Issuance resulting from exercise of option rights	81	41	473	514
Stock dividend	481	241	-241	-
Conversion of convertible bond	-	-	1	1
Balance as at 31 December 2007	**63,680**	**31,841**	**289,254**	**321,095**
Balance as at 1 January 2008	63,680	31,841	289,254	321,095
Issuance resulting from exercise of option rights	27	13	136	149
Stock dividend	1,273	636	-636	-
Balance as at 31 December 2008	**64,980**	**32,490**	**288,754**	**321,244**

Dividend entitlement at 31 December 2006 / Issued at 1 January 2007	63,118
Issuance resulting from exercise of option rights	81
Stock dividend	481
Dividend entitlement at 31 December 2007 / Issued at 1 January 2008	63,680
Issuance resulting from exercise of option rights	27
Stock dividend	1,273
Dividend entitlement at 31 December 2008	**64,980**

The authorised share capital as at 31 December 2008 (and 2007) comprised 192 million shares with a nominal value of € 0.50. The shares for the stock dividend were issued at a conversion ratio of 2 for 37. This represents a value of € 0.8108 at a share price of € 15.00. Holders of ordinary shares are entitled to the distribution of dividends as approved periodically by the General Meeting of Shareholders. Holders are also entitled to one vote per share at the company's shareholders' meetings. The Executive Board proposes to distribute a dividend of € 0.58 per share (2007: € 0.81), chargeable to the reserves.

21.2 TREASURY SHARES. In 2008, a total of 34,409 shares (2007: 200,000 shares) were repurchased for the Unique Share Plan 2005-2011. Of all the shares repurchased (234,409), the group has granted 31,795 of these shares to participants and retained the 202,614 shares on behalf of participants in the Unique Share Plan 2005-2011.Management has not yet decided whether the shares required for the Unique Share Plan 2008-2014 will be repurchased or whether new shares will be issued. For details on the option and share plans, please refer to note 8.2.

21.3 NAMED RESERVES.

Named reserves can be broken down as follows:

	2008	2007
Equity component of subordinated convertible loan	14,716	14,716
Share plan	6,676	6,093
Treasury shares	-4,600	-4,826
Currency translation differences	-721	-102
	16,071	**15,881**

21.4 TREASURY SHARES.

	2008	2007
Repurchased as at 1 January	200,000	-
Repurchased	34,409	200,000
Issuance in connection with Unique Share Plan	-31,795	-
Repurchased as at 31 December	**202,614**	**200,000**

In April 2008 a total of 34,409 shares were repurchased at an average price of € 14.42 and 200,000 shares were repurchased at an average price of € 24.13 in October 2007. The shares repurchased in both 2007 and 2008 relate to the expected issuance of shares for the Unique Share Plan 2005-2011 (see note 8.2).

21.5 RETAINED EARNINGS. Distribution of retained earnings is not subject to any restrictions other than legal restrictions, which did not apply to USG People N.V. at end-2008.

22 EARNINGS PER SHARE.

Average earnings per share in 2008 amounted to € 0.26 (2007: € 2.21). Average earnings per share after dilution in 2008 equalled € 0.27 (2007: € 2.04). Average earnings per share at 31 December 2008 is based on net income available to ordinary shareholders, equalling € 16,885 (2007: € 140,011), and the weighted average number of outstanding shares in 2008, equalling 64,401 (2007: 63,423).

22.1 NET EARNINGS PER SHARE. The entire net income of € 16,885 (2007: € 140,011) is available to ordinary shareholders.

Weighted average number of ordinary shares (x 1,000 shares)

	2008	2007
Issued at 1 January	63,680	63,118
Issuance resulting from exercise of option rights	19	60
Issuance resulting from issue in connection with stock dividend and conversion of convertible bond	772	303
Treasury shares	-70	-58
Weighted average number of shares during the year	**64,401**	**63,423**

22.2 NET EARNINGS PER SHARE ADJUSTED FOR DILUTION. Average earnings per share after dilution at 31 December 2008, equalling € 0.27 (2007: € 2.04), is based on net income available to ordinary shareholders, equalling € 16,885 (2007: € 140,011), plus the interest on the subordinated convertible bond and the weighted average number of outstanding shares in 2008 after dilution, equalling 70,871 (2007: 69,925), and is calculated as follows:

Weighted average number of ordinary shares (after dilution).

	2008	2007
Net income available to ordinary shareholders	16,885	140,011
Net interest effect on convertible bonds	2,570	2,570
Net income available to ordinary shareholders (after dilution)	**19,455**	**142,581**

Weighted average number of ordinary shares (after dilution).

(x 1,000 shares)	2008	2007
Weighted average number of shares	64,401	63,423
Effect of outstanding convertible bonds	6,419	6,419
Effect of outstanding option rights	51	83
Weighted average number of shares (after dilution) as at 31 December	**70,871**	**69,925**

22.3 DIVIDEND PER SHARE. Dividends distributed during 2008 amounted to € 51,600 (€ 0.81 per share). Of this sum, € 32,358 was distributed in cash and the remainder in shares (1,273,211 shares). In 2007, dividends amounted to € 45,445 (€ 0.72 per share), of which € 29,170 was distributed in cash and the remainder in shares (481,327 shares). At the General Meeting of Shareholders on 21 April 2009 a dividend of € 0.58 per share will be proposed for 2008 (total dividend distribution: € 37,688) to be distributed in shares. The amount of this dividend proposal has not been recognised in these financial statements.

23 NON-CURRENT INTEREST-BEARING BORROWINGS AND LIABILITIES.

This note contains information on the contractual terms of the non-current interest-bearing borrowings and liabilities. For more information on the interest risk exposure, please refer to note 28.

	2008	2007
Carrying amount of non-current interest-bearing borrowings and liabilities	544,973	476,063
Current portion of the borrowings	-58,439	-15,564
	486,534	**460,499**

Conditions and repayment terms 2008 based on carrying amount

	Total	Within 1 year	1-2 years	2-5 years	More than 5 years
Subordinated convertible bond	100,120	-	-	100,120	-
Start subordinated loan	62,500	12,500	12,500	37,500	-
Syndicated loan, tranche A	297,571	36,757	36,832	223,982	-
Syndicated loan, tranche B	80,000	5,000	75,000	-	-
Other non-current credit facilities	3,901	3,526	375	-	-
Financial lease commitments	881	656	183	42	-
	544,973	**58,439**	**124,890**	**361,644**	**-**

Conditions and repayment terms 2007 based on carrying amount

	Total	Within 1 year	1-2 years	2-5 years	More than 5 years
Subordinated convertible bond	96,790	-	-	96,790	-
Start subordinated loan	75,000	12,500	12,500	37,500	12,500
Syndicated loan, tranche A	296,858	-	36,043	260,815	-
Other non-current credit facilities	5,627	2,067	3,560	-	-
Financial lease commitments	1,788	997	769	22	-
	476,063	**15,564**	**52,872**	**395,127**	**12,500**

23.1 SYNDICATED LOAN.

	2008	2007
Net proceeds of syndicated loan, tranche A	296,858	296,786
Waiver fee	-	-750
Interest expenses	15,450	14,753
Interest paid	-14,737	-13,931
Carrying amount of tranche A liability as at 31 December	**297,571**	**296,858**

The interest expenses on the syndicated loan were calculated using the effective interest method, whereby an effective interest rate of 4.97% applied to the liability component.

On 17 November 2005, a syndicated credit facility totalling € 700 million was agreed for a period of five years. The facility was renegotiated on 17 May 2007 to take advantage of the attractive conditions (including lower interest rates) on the syndicated loan market at that time and to capitalise on the group's strongly improved balance sheet position. The repayment terms were also renegotiated (see below). The facility comprises three different tranches:

- Tranche A: a € 300 million term loan, of which € 18.75 million is payable on a semi-annual basis from 17 May 2009 (was May 2007) and the remainder (€ 150 million + € 18.75 million) on 17 November 2012 (was November 2010). This term loan has been taken up in full;
- Tranche B: a € 210 million revolving credit facility, of which € 80 million had been taken up as a loan at end-2008 (2007: € 44 million). Furthermore, € 100 million of this credit facility has been reserved as a backstop facility for the commercial paper programme (see 26), of which € 5 million was taken up at end-2008 (2007: nil);
- Tranche C: € 190 million ancillary facilities available in the form of short-term credits and bank guarantees from the syndicate banks.

This loan is subject to covenant agreements with the banks under which the senior leverage ratio (note 3.1.3) is not permitted to exceed 2.5, the interest coverage ratio is not allowed to fall under 4.0 and a maximum annual value has been set for acquisitions for the entire duration of the loan. The group fulfilled these conditions in both 2008 and 2007.

Interest expenses and commitment fee. Interest expenses on that portion of the syndicated credit facility drawn on are calculated using the one-month to six-month EURIBOR rate (depending on the interest period selected), increased by an interest margin. In 2008 this interest margin was between 45 basis points and 60 basis points (2007: between 45 and 85 basis points). The average interest rate in 2008 for tranche A and tranche B equalled 3.57% (2007: 4.62%). In 2008, a sum of € 453 (2007: € 367) was paid in commitment fees and charged to the result as a financial expense.

23.2 SUBORDINATED CONVERTIBLE BOND.

	2008	2007
Carrying amount as at 1 January	96,790	93,682
Conversion	-	-1
Interest expenses	6,780	6,559
Interest paid	-3,450	-3,450
Carrying amount as at 31 December	**100,120**	**96,790**

On 28 September 2005 the group issued a 7-year, subordinated convertible bond worth € 115 million. The bond can be redeemed by the group within five years at the earliest, if the share price exceeds 130% of the conversion price for at least 20 working days within a period of 30 working days. Conversion can take place at any time at the request of the bond holders, at a conversion price of € 17.91. No bonds were offered for conversion in 2008 and one bond was offered in 2007. The coupon rate equals 3.0% and is payable annually on 18 October.

Interest expenses on the subordinated convertible bond are calculated using the effective interest method, whereby an effective interest rate of 7.0% applies to the liability component.

23.3 THER CREDIT FACILITIES.
'Start' subordinated loan. In March 2003 a subordinated loan of € 100 million was agreed with the former share-holder of Start Holding BV (subsidiary of USG People). The loan is repayable in eight annual instalments of € 12.5 million. The first instalment fell due on 5 March 2006 and the final instalment falls due on 5 March 2013. This term loan has a fixed interest rate of 4%.

Securitisation programme of Start People NV (subsidiary)
On 17 December 2002 a securitisation programme for the receivables of Start People NV was agreed with ING Belgium. This securitisation programme was extended in December 2008 until 16 March 2009. An interest rate based on one-month EURIBOR applies to this s ecuritisation programme. Of the € 50 million of available financing € 47.8 million had been taken up at end-2008 (2007: € 45.6 million). Trade receivables with a value of € 70.0 million (2007: € 60.6 million) have been sold under the securitisation programme.

23.4 FINANCIAL LEASE COMMITMENTS. The financial lease commitments fall due as follows:

			2008			2007
	Payments	Interest	Principal	Payments	Interest	Principal
2-5 years	44	2	42	24	2	22
1-2 years	199	16	183	813	44	769
Within 1 year	708	52	656	1,068	71	997
	951	**70**	**881**	**1,905**	**117**	**1,788**

No conditional lease payments are due under the terms of the lease contracts. In 2008, the interest rate applicable to financial lease commitments was 7.9% (2007: 6.5%). Interest expenses on the financial lease commitments are calculated using the effective interest method, whereby an effective interest rate of 5.0% applies to the liability component.

24 PENSION-RELATED RECEIVABLES AND PROVISIONS.

The group contributes to a number of defined benefit pension schemes which provide for pensions for employees when they reach retirement age. These schemes apply to part of the workforce in the Netherlands. Other countries where the group operates have defined contribution schemes and/or retirement provisions that comply with the national regulations and customs in those countries. The determination of costs for the year takes into account the nature of the scheme, which provides for indexation of pension entitlements insofar as the separate pension trusts' investment proceeds exceed the actuarially required interest and insofar as surplus interest is available.

	2008	2007
Pension-related provisions		
Present value of funded obligations	3,399	4,353
Fair value of plan assets	1,666	2,840
Net liability	**1,733**	**1,513**

The pension liability relates to the settlement of the early-retirement scheme liability for employees of Start Netherlands with Stichting Pre-Start.

	2008	2007	2006	2005	2004
Receivables arising from pension schemes					
Present value of funded obligations	85,151	80,552	77,309	82,788	76,408
Fair value of plan assets	95,776	83,554	89,115	87,311	82,067
Net liability	10,625	3,002	11,806	4,523	5,659
Unrealised actuarial gains and losses	-5,091	1,990	-1,242	7,784	7,783
Total	**5,534**	**4,992**	**10,564**	**12,307**	**13,442**

The pension receivable of € 5,534 (2007: € 4,992) at end-2008, which has been recognised under Other fixed assets, relates to the surplus of the pension schemes of Start Netherlands en Call-IT.

24.1 MOVEMENTS IN PENSION LIABILITIES AND INVESTMENTS.

	2008	2007
Liabilities		
Pension scheme balance as at 1 January	80,552	77,309
First pay-out	2,505	2,861
Current service costs	1,288	2,884
Interest costs	4,305	3,440
Plan members' contribution	107	-
Actuarial gains and losses	-1,537	-4,085
Benefits paid	-2,069	-1,669
Expenses paid	-	-188
Balance as at 31 December	**85,151**	**80,552**
Plan assets		
Balance as at 1 January	83,554	89,115
First pay-out	1,671	2,811
Expected return on plan assets	4,340	3,907
Actuarial gains and losses	5,544	-10,573
Employer's contribution	2,488	-
Members' contribution	248	151
Benefits paid	-2,069	-1,669
Expenses paid	-	-188
Balance as at 31 December	**95,776**	**83,554**

24.2 EXPENSES AS RECOGNISED IN THE PROFIT AND LOSS STATEMENT.

	2008	2007
Current service costs	1,288	2,884
Interest costs	4,305	3,440
Expected return on plan assets	-4,340	-3,907
Total, recognised under employee costs	**1,253**	**2,417**

24.3 PRINCIPAL ACTUARIAL ASSUMPTIONS. The principal actuarial assumptions at the balance sheet date (expressed in weighted averages):

	2008	2007
Discount rate at 31 December	5.70%	5.40%
Expected long-term rate of return on assets at 31 December	4.20%	5.00%
Future salary increases	3.00%	3.00%
Future pension increases	0.50%	0.50%
Future inflation	2.00%	2.00%

Calculations of the mortality rate at year-end 2008 are based on the AG prognosis tables M/F 2006-2050 (-1/-1); GBM/V 2000-2005 (-2/-1) was used in 2007.

In the Netherlands the assumptions concerning the expected return on investments are based on the spread of investments as set out in the contract with Nationale-Nederlanden. At end-2008, the actual spread of investments compared to the spread set out in the contract was as follows:

	Planned spread	Actual spread at 31 December 2008
Equities	20%	18%
Bonds	80%	81%
Other	0%	1%
Total	**100%**	**100%**

25 OTHER PROVISIONS.

	Restructuring provisions	Personnel-related provisions	Other provisions	Total
Balance as at 1 January 2007	13,916	3,090	9,200	26,206
Acquisition of subsidiaries	-	-	21	21
Provisions made during the year	1,814	4,167	2,264	8,245
Provisions used during the year	-7,268	-1,631	-2,312	-11,211
Provisions reversed during the year	-2,535	-799	-2,891	-6,225
Currency translation differences	-	-	5	5
Balance as at 31 December 2007	**5,927**	**4,827**	**6,287**	**17,041**
Non-current	2,282	2,028	3,186	7,496
Current	3,645	2,799	3,101	9,545
Balance as at 31 December 2007	**5,927**	**4,827**	**6,287**	**17,041**
Balance as at 1 January 2008	5,927	4,827	6,287	17,041
Acquisition of subsidiaries	-	-	521	521
Provisions made during the year	23,175	2,966	6,801	32,942
Provisions used during the year	-3,695	-2,102	-1,676	-7,473
Provisions reversed during the year	-352	-1,225	-1,378	-2,955
Currency translation differences	-4	-	-	-4
Balance as at 31 December 2008	**25,051**	**4,466**	**10,555**	**40,072**
Non-current	7,787	2,421	6,691	16,899
Current	17,264	2,045	3,864	23,173
Balance as at 31 December 2008	**25,051**	**4,466**	**10,555**	**40,072**

Restructuring provisions relate to the restructuring initiatives required as a result of the current financial and economic situation. Furthermore, the non-current portion of the restructuring provisions primarily concerns lease commitments on buildings that are no longer in use following the integration of USG People and Start. During 2007 and 2008 part of the restructuring provision was reversed as less of the provision was required for employee severance arrangements and a reassessment of the prospects for letting vacant premises.

The personnel-related provisions include continuation of wage payment during extended periods of sickness and payments upon termination of service for reasons other than retirement. The provisions were determined on the basis of expectations concerning the recovery of sick employees, staff turnover, likely wage increases and a discount rate of 3.5% (2007: 4.5%). The other provisions include provisions for the settlement of a number of legal proceedings and for acquiring shares held by third parties.

26 BANK OVERDRAFTS AND BORROWINGS.

	2008	2007
Commercial paper programmes	39,796	47,334
Securitisation programme	47,833	45,558
Current component of non-current borrowings	58,438	15,564
Syndicated loan, tranche B	-	44,000
Bank overdrafts	994	11,604
	147,061	**164,060**

USG People International NV has commercial paper programmes with various banks with a total value of € 100 million. A sum of € 100 million from tranche B of the syndicated loan is reserved as a backstop to cover these programmes. Financing expenses are based on short-term EURIBOR.

27 TRADE AND OTHER PAYABLES.

	2008	2007
Trade payables	56,149	49,400
Other payables	408,287	459,670
Accrued liabilities	46,983	46,563
	511,419	**555,633**

28 INTEREST-RATE RISK.

The group uses interest-rate derivatives to manage its liquidity and cash requirements. As the derivatives do not qualify for hedge accounting under IAS 39, the effectiveness or otherwise of derivatives does not apply. In principle derivatives are only agreed with the banks which issued the syndicated loan. The interest rate risks are managed as follows.

28.1 INTEREST-RATE DERIVATIVES RELATIVE TO TRANCHE A OF THE SYNDICATED LOAN.

2008

- In December 2007 and March 2008 the group phased out the interest-rate derivatives it concluded in 2005 (see below for details). On balance, this resulted in a cash inflow of € 3.5 million (gain of € 4.8 million in 2007 and € 1.3 million paid in 2008). The reason for ending the interest-rate hedge on cash flows was the limited risk perception at the time, as well as a change in the term of the loan which meant that the maturity of the interest-rate derivative no longer matched the term of the syndicated loan.
- In July 2008 interest-rate derivatives were concluded to hedge the cash-flow interest-rate risk that existed at the time. The group hedged the risk of a rise in the 1-month EURIBOR above 5.8% (6.0% on an annual basis) for a € 300 million principal for a period of five years.

Two different types of derivatives are in use:

1. A € 267.5 million collar with a 5.8% cap and a 4.0% floor (decreasing to 3% in the course of the term, see table below) 1-month EURIBOR.

Development of floor interest-rate percentages	€ 75 million	€ 192.5 million
1st year	4.00	4.00
2nd year	3.70	4.00
3rd year	3.40	3.55
4th year	3.00	3.35
5th year	3.00	3.20

This hedging instrument was concluded with the banks which provided the syndicated loan.

2. A dynamic hedge was concluded for € 32.5 million with one of the syndicate banks. This derivative has a term of five years and is based on a mathematical model that is rebalanced weekly based on an agreed decision tree. Weekly decisions are based on market

rates (2, 5, 10 year interest rate swaps; 10-2 year spread) and volatility. This model equates to a maximum cap of 6.0% interest a year, less the BPSTAR2E index performance (Bloomberg: BPSTAR2E index).

The counterparties did not demand or provide any guarantees for the derivatives. Any debit balance included in the balance sheet therefore carries credit risks.

2007

In light of the rising EURIBOR rate at the end of 2007, the interest-rate hedge cap was sold for € 7.4 million while at the same time 50% of the digital floor was acquired for a sum of € 2.6 million, resulting on balance in a net cash inflow of € 4.8 million. The remaining digital floor at end-2007 equalled a negative € 2.4 million. No margin needs to be maintained for this negative value. The group subscribed to a zero-cost conditional cap on € 300 million for a period of five years to hedge the interest-rate risk on tranche A of the syndicated loan. As soon as the 6-month EURIBOR rose above the 3% cap during the first three years, and above 3.35% during years 4 and 5, the banks repaid the group the difference between the 6-month EURIBOR and the 3% and 3.35%, respectively. The nominal amount on which this hedge was calculated followed the same repayment plan as tranche A of the syndicated loan prior to its renegotiation. No premium was paid for this interest-rate hedge (compared to a normal annual premium of 0.22%) as an additional interest margin of 1.09% was payable if the difference between the 10-year EURIBOR swap rate and the two-year EURIBOR swap rate (digital floor) was less than 0.50% at the due date at the end of each six-month period. In that case, additional interest of 1.09% over the past six months would be payable by the group. As a result, in this worst-case scenario the ceiling on interest expense (excluding margin) would be no more than 4.09% (excluding margin) during the first three years, and no more than 4.44% (excluding margin) in the two subsequent years.

29 CONTINGENT ASSETS AND LIABILITIES.

29.1 CONTINGENT ASSETS . USG People N.V. is a party to an earn-out agreement connected with the divestment of Luzac in April 2006. USG People N.V. is entitled to a maximum of € 2 million if Luzac's results reach a certain level in 2009. No amounts have been recognised in the financial statements in connection with this, given that the amount of the earn-out is contingent upon Luzac's results in 2009.

29.2 CONTINGENT LIABILITIES, OPERATING LEASE . Third-party property rental commitments and lease and other liabilities totalled around € 251.1 million for the year (2007: € 257.7 million). A breakdown of these liabilities according to maturity is as follows:

	2008	2007
Less than one year	71,275	64,056
1-5 years	122,446	135,162
More than 5 years	57,375	58,525
	251,096	**257,743**

The group leases a number of offices under an operating lease construction. The maturity of these contracts ranges from three to 12 years, with an option to extend at the end of that period.

29.3 OTHER CONTINGENT LIABILITIES.

In connection with the nature of the group's activities, bank guarantees for a total amount of € 90,547 (2007: € 76,977) have been issued.

30 RELATED PARTIES.

30.1 REMUNERATION OF KEY MANAGEMENT.

	2008	2007
Salaries and other short-term staff remuneration	3,129	4,603
Pensions	410	336
Share-based remuneration	1,245	3,098
Remuneration of Supervisory Board	219	219
	5,003	**8,256**

Share-based remuneration relates to the portion of Unique Share Plan costs allocated (note 8.2).

31 EVENTS AFTER THE BALANCE SHEET DATE.

In February 2009 the group divested its operations in Portugal. Revenue of the Portuguese activities was € 5.5 million and income was € 0.5 million negative in 2008. The effect on the balance sheet of the group is negligible. The sale of the activities has a limited effect on results.

Almere, 3 March 2009

The Supervisory Board
Cor Brakel, chairman
Christian Dumolin
Joost van Heyningen Nanninga
Marike van Lier Lels
Alex Mulder

The Executive Board
Ron Icke (CEO)
Rob Zandbergen (CFO)

32 PRINCIPAL SUBSIDIARIES AND SHAREHOLDINGS OF USG PEOPLE N.V.

Company	Stake owned	City, Country
Call-IT	100.0	Ostend, Belgium
Express Medical	100.0	Wavre, Belgium
Receptel	100.0	Antwerp, Belgium
Secretary Plus Management Support	100.0	Brussel, Belgium
Start People	100.0	Antwerp, Belgium
Unique	100.0	Antwerp, Belgium
USG Innotiv	100.0	Antwerp, Belgium
USG People International	100.0	Antwerp, Belgium
Abetec	100.0	Oldenburg, Germany
Anders personal service gruppe	100.0	Bückeburg, Germany
Esterbauer & Windisch Personalservice	100.0	Straubing, Germany
Geko Zeitarbeit	100.0	Bochum, Germany
IHD Personal-Leasing	100.0	Ludwigshafen am Rhein, Germany
Interim-Plan	100.0	Mannheim Germany
Manus Personaldienstleistungen	100.0	Leimbach, Germany
Personal-Team unternehmen für Zeitarbeit	100.0	Ludwigshafen, Germany
Procur Personaldienstleistungen	100.0	Stuttgart, Germany
Secretary Plus	100.0	Munich, Germany
Tiempo Personal Gruppe	100.0	Ahrensburg, Germany
Unique	100.0	Munich, Germany
Secretary Plus	100.0	Paris, France
Start People	100.0	Boulogne-Billancourt, France
USG MultiCompta	100.0	Boulogne-Billancourt, France
Start People	100.0	Milan, Italy
Start People	100.0	Luxembourg, Luxembourg
AdRem	100.0	Almere, Netherlands
Call-IT	100.0	Weert, Netherlands
Content	100.0	Almere, Netherlands
Creyf's Interim	100.0	Almere, Netherlands
Secretary Plus Management Support International	100.0	Almere, Netherlands
StarJob	100.0	Amsterdam, Netherlands
Start People	100.0	Almere, Netherlands
Technicum Uitzendburo	100.0	Almere, Netherlands
Unique Nederland	100.0	Almere, Netherlands
USG Capacity	100.0	Almere, Netherlands
USG Energy	100.0	Beverwijk, Netherlands

Company	Stake owned	City, Country
USG Innotiv	100.0	Beverwijk, Netherlands
USG Juristen	100.0	Utrecht, Netherlands
USG Restart	100.0	Utrecht, Netherlands
Start People	100.0	Vienna, Austria
Start People	100.0	Warsaw, Poland
Start Empresa	100.0	Lisbon, Portugal
Start People	100.0	Madrid, Spain
Unique Personel	100.0	Madrid, Spain
Start People	100.0	Bratislava, Slovakia
Start People	100.0	Prague, Czech Republic
Start People	100.0	Geneva, Switzerland

33 CORPORATE FINANCIAL STATEMENTS.

33.1 CORPORATE PROFIT AND LOSS STATEMENT.

	2008	2007
Net income of subsidiaries	124,040	192,974
Income from disposal of subsidiaries	-	247
Net income of USG People N.V.	-107,155	-53,210
Net income	**16,885**	**140,011**

33.2 CORPORATE BALANCE SHEET AT 31 DECEMBER (BEFORE PROFIT APPROPRIATION)

Note		2008	2007
	Non-current assets		
33.6	Property, plant and equipment	64	82
33.7	Goodwill	668,848	736,467
33.8	Intangible assets	2,036	2,128
33.9	Financial assets	440,934	439,117
		1,111,882	**1,177,794**
	Current assets		
33.10	Receivables	53,326	62,959
	Taxes	4,818	21,103
	Cash and cash equivalents	2	-
		58,146	84,062
	Total assets	**1,170,028**	**1,261,856**
33.11	Shareholders' equity		
	Paid-up and called-up capital	32,490	31,841
	Share premium	288,754	289,254
	Other reserves	331,648	223,578
	Net income for the financial year	16,885	140,011
		669,777	**684,684**
33.12	Non-current liabilities	410,934	456,148
33.13	Provisions	5,162	7,071
33.14	Current liabilities	84,155	113,953
	Total liabilities	**1,170,028**	**1,261,856**

33.3 NOTES TO THE CORPORATE PROFIT AND LOSS STATEMENT AND BALANCE SHEETS.

33.4 PRINCIPLES FOR PREPARING THE CORPORATE FINANCIAL STATEMENTS. The corporate financial statements of USG People N.V. are prepared in accordance with the legal regulations of Part 9, Book 2 of the Dutch Civil Code. In this context the group makes use of the option provided under article 2:362 section 8 of the Dutch Civil Code to apply the same principles of valuation and determination of results in the corporate financial statements (including the principles of presentation for financial instruments such as equity and debt) as those applied in the consolidated financial statements.

33.5 PRINCIPLES OF VALUATION AND DETERMINATION OF RESULTS. The principles of valuation and determination of results for the corporate profit and loss statement are the same as for the consolidated financial statements. Where no further principles are stated, please refer to the principles set out in the consolidated financial statements.

Goodwill. Goodwill is determined using the same principles that apply to the consolidated financial statements. The goodwill presented in the corporate balance sheet concerns goodwill on directly acquired interests in group companies. Goodwill on directly acquired interests in group companies is capitalised at the level of the subsidiaries of USG People N.V. that acquire these interests and are included in the net asset value of these subsidiaries. Goodwill relating to direct interests in other subsidiaries over which significant influence can be exercised is included in the value of these subsidiaries as part of the acquisition price.

Subsidiaries. Participating interests in group companies and other companies in which USG People N.V. holds a controlling interest or over which it has central management control are recognised at net asset value. The net asset value is determined by measuring the assets, provisions and liabilities and calculating the result using the principles that apply to the consolidated financial statements.

33.6 PROPERTY, PLANT AND EQUIPMENT.

	2008	2007
Balance as at 1 January		
Acquisition price	128	41
Cumulative depreciation and impairment	-46	-41
Carrying amount as at 1 January	**82**	**-**
Investments during the year	2	87
Depreciation during the year	-20	-5
Carrying amount as at 31 December	**64**	**82**
Breakdown of carrying value		
Acquisition price	130	128
Cumulative depreciation and impairment	-66	-46
Carrying value as at 31 December	**64**	**82**

33.7 GOODWILL.

	2008	2007
Balance as at 1 January	736,467	717,510
Movement due to acquisition of subsidiary	-	2,943
Movement due to disposal of subsidiary	-	-2,211
Subsequent payment commitments relating to previous acquisitions	-	705
Impairment	-67,619	-1,170
Decline in goodwill related to recognition of previously unrecognised losses of acquired subsidiaries carried forward	-	-2,452
Reclassification	-	21,142
Balance as at 31 December	**668,848**	**736,467**
Acquisition price	737,637	737,637
Impairment	-68,789	-1,170
Balance as at 31 December	**668,848**	**736,467**

33.8 INTANGIBLE ASSETS.

	2008	2007
Acquisition price	2,621	-
Cumulative amortisation and impairment	-493	-
Carrying amount as at 1 January	**2,128**	**-**
Investments during the year	515	2,621
Amortisation during the year	-607	-493
Carrying amount as at 31 December	2,036	**2,128**
Breakdown of carrying amount		
Acquisition price	3,136	2,621
Cumulative amortisation and impairment	-1,100	-493
Balance as at 31 December	**2,036**	**2,128**

33.9 FINANCIAL ASSETS.

	Receivables from group companies	Participating interests in group companies	Total
Balance as at 1 January 2007	66,518	299,114	365,632
Investments	-	33,727	33,727
Reclassification	-	-21,142	-21,142
Corrections on previous years	-	-281	-281
Result of subsidiaries	-	192,974	192,974
Divestments	-	-847	-847
Winding up of subsidiaries	-	367	367
Dividends from subsidiaries	-	-114,380	-114,380
Repayments on borrowings	-17,000	-	-17,000
Currency translation differences	-	67	67
	-17,000	**90,485**	**73,485**
Balance as at 31 December 2007	49,518	389,599	439,117
Balance as at 1 January 2008	49,518	389,599	439,117
Investments	-	9,289	9,289
Result of subsidiaries	-	124,040	124,040
Dividends from subsidiaries	-	-114,500	-114,500
Repayments on borrowings	-16,758	-	-16,758
Currency translation differences	-	-254	-254
	-16,758	**18,575**	**-1,817**
Balance as at 31 December 2008	**32,760**	**408,174**	**440,934**

33.10 CURRENT RECEIVABLES.

	2008	2007
Group receivables	52,807	62,704
Other receivables	519	255
	53,326	**62,959**

33.11 EQUITY.

Paid-up and called-up capital. The authorised capital at both 31 December 2008 and 31 December 2007 stood at € 96 million, consisting of 192,000,000 ordinary shares with a nominal value of € 0.50 each.

	Paid-up and called-up capital	Share premium reserve	Currency translation reserve	Other reserves	Result for the year	Total
Balance as at 1 January 2007	31,559	289,021	-21	143,008	110,853	574,420
Income for the year	-	-	-	-	140,011	140,011
Employee option rights exercised	41	473	-	-	-	514
Income added to reserves	-	-	-	81,683	-81,683	-
Dividend distribution	241	-241	-	-	-29,170	-29,170
Conversion of convertible bonds	-	1	-	-	-	1
Currency translation differences	-	-	-81	-	-	-81
Repurchase of shares	-	-	-	-4,826	-	-4,826
Share plan	-	-	-	3,815	-	3,815
Balance as at 31 December 2007	**31,841**	**289,254**	**-102**	**223,680**	**140,011**	**684,684**
Balance as at 1 January 2008	31,841	289,254	-102	223,680	140,011	684,684
Income for the year	-	-	-	-	16,885	16,885
Employee option rights exercised	13	136	-	-	-	149
Income added to reserves	-	-	-	107,653	-107,653	-
Dividend distribution	636	-636	-	-	-32,358	-32,358
Currency translation differences	-	-	-619	-	-	-619
Repurchase of shares	-	-	-	-496	-	-496
Share plan	-	-	-	1,532	-	1,532
Balance as at 31 December 2008	**32,490**	**288,754**	**-721**	**332,369**	**16,885**	**669,777**

33.12 NON-CURRENT LIABILITIES.

	2008	2007
Value of non-current interest-bearing borrowings and liabilities	460,191	468,648
Current portion of non-current borrowings	-49,257	-12,500
	410,934	**456,148**

	Total	Within 1 year	1-2 years	2-5 years	More than 5 years
Subordinated convertible bond	100,120	-	-	100,120	-
Start subordinated loan	62,500	12,500	12,500	37,500	-
Syndicated loan, tranche A	297,571	36,757	36,832	223,982	-
	460,191	**49,257**	**49,332**	**361,602**	**-**

33.13 PROVISIONS.

	2008	2007
Deferred income tax liabilities	4,414	6,069
Personnel-related and other provisions	748	1,002
	5,162	**7,071**

The other provisions of € 748 (2007: € 1,002) were taken to cover long-service awards, continuation of wage payments during extended periods of sickness and legal claims.

33.14 CURRENT LIABILITIES.

	2008	2007
Bank overdrafts and borrowings	-	44,000
Current part of borrowings	49,257	12,500
Trade and other payables	8,287	11,968
Debts to group companies	1,370	43,070
Tax liabilities	9,856	-
Interest-rate derivatives	15,385	2,415
	84,155	**113,953**

33.15 EMPLOYEES. At end-2008 USG People N.V. employed 64 (2007: 49) people, all in the Netherlands.

33.16 LIABILITY. The Company and a large number of its Dutch operating companies together form a fiscal unity for corporation tax purposes. Each of the operating companies is jointly and severally liable for income tax payable by all companies belonging to the fiscal unity.

33.17 AUDITOR FEES. The fees of PricewaterhouseCoopers Accountants N.V. and its affiliates in the countries where the group is active are specified as follows for the financial years:

	2008	2007
Audit of financial statements	1,832	1,612
Other audit activities	107	153
Fiscal advisory services	-	-
Other non-audit services	1,000	12
	2,939	**1,777**

The above fees relate to activities performed by accountant organisations and external auditors connected to the company and companies consolidated, as referred to in Art. 1, sub 1 of the the Act on the supervision of audit firms (Wta), and the fees charged by the entire network to which the accountant's organisation belongs. Other non-audit services relate to a value added fee for advisory services relating to acquisitions in Germany in 2007 and 2008. An amount of € 648 of the € 2,939 (2007: € 802 of € 1,777) was charged by PricewaterhouseCoopers Accountants N.V.

33.18 REMUNERATION OF EXECUTIVE BOARD AND SUPERVISORY BOARD. Remuneration of members of the company's Executive Board is as follows:

	Fixed salary component	Pension contribution	Variable cash component	Total
R. Icke				
2008	670	134	285	1,089
2007	650	97	405	1,152
R. Zandbergen				
2008	503	100	285	888
2007	455	68	405	928

33.18.1 REMUNERATION POLICY. The current remuneration policy, as approved by the General Meeting of Shareholders in 2006, remains in force. That means that the remuneration consists of four components:

Fixed remuneration. The fixed component of the remuneration is assessed and established for longer periods, taking into account the level of experience and responsibility of the board members concerned. In principle, the fixed component of the remuneration is subject to annual indexation.

Variable short-term bonus. The short-term variable bonus equates to 0.2 per cent of the operating result before amortisation, up to a maximum of one year's salary. This 0.2 per cent is divided into two components: 0.1 per cent is calculated over the company's actual operating result before amortisation (EBITA) and 0.1 per cent is linked to the targets set in the budget for the year in question. The targets relating to EBITA are set annually by the Supervisory Board.

Pension contribution. The pension contribution amounts to 20 per cent of the fixed salary and is not subject to a maximum.

Variable long-term bonus, Unique Share Plan. The long-term bonus is set for a period of three years. The target that needs to be met is established annually by the Supervisory Board using a separate matrix. The determining factors in this matrix for calculating the number of shares to be conditionally allocated are revenue, revenue growth and targeted EBITA. If the annual targets are met, the shares are conditionally allocated. If the director concerned is still employed by the company after three years have elapsed, the shares are unconditionally allocated and released to them. Furthermore, a bonus of 25 per cent is allocated if the shares allocated under this share plan after three years are held until the end of 2013 and the recipient is still employed by the company at that time. The purpose of this last provision is to emphasise the director's commitment to the company.

33.18.2 OPTION RIGHTS. The following table gives details of the options rights granted to members of the Executive Board and Supervisory Board:

	A.D. Mulder	R. Icke
Year	2004	2004
Balance as at 1-1-2008	20,000	20,000
Exercised in 2008	-	20,000
Balance as at 31-12-2008	20,000	-
Exercise price	5,63	5,63
Expiry date	10-5-2009	10-5-2009

When exercising the option rights R. Icke retained the shares.

33.18.3 SHARE PLAN. In 2006 a total of 104,000 shares were conditionally granted to Executive Board members. The related costs were included in the variable component of remuneration for the period 2005-2007. The shares were granted on condition that certain targets for revenue growth and results were met. The calculation of the costs of the share plan in 2006 is based on a share price of € 35.50 (post stock split). After the growth targets were met (revenue growth of at least 12.5 per cent per year and EBITA in 2007 of at least 6.5 per cent, the shares for the period were granted unconditionally and net of tax to the directors as outlined in the following table.

	R. Icke	R. Zandbergen
2005	20,000	12,000
2006	20,000	12,000
2007	20,000	12,000
Total	60,000	36,000

If the shares are still held by the directors in 2011 and the directors are still employed with the company, they will receive an additional 25 per cent on top of the aforementioned number of shares.

In 2008 Executive Board members were allocated 35,000 (R. Icke: 20,000, R. Zandbergen: 15,000) shares conditionally per year for on-target performance in the years 2008, 2009 and 2010. The number of shares to be allocated annually can differ due to the results achieved in the year in question. The minimum number of shares is zero and the maximum is 66,500 (38,000 and 28,500) shares per year. Based on actual performance in the 2008, a total of 14,000 shares were allocated (meaning that 21,000 shares were not) which will be granted in 2012 if the directors are still employed by the company at that time. A bonus of 25 per cent will be allocated in 2015 over the shares granted in 2012 and held at the end of 2014 if the director is still in the company's employment at that time.

Conditions of Unique Share Plan 2008-2014. Het Unique The Unique Share Plan 2008-2014 covers the period from 1 January 2008 to 1 January 2014. The initial unconditional allocation of shares will place in May 2011.

In addition to the participant still being in the employment of the group when the shares are granted unconditionally, the performance criteria are based on the extent to which targets for revenue and the operating result excluding amortisation (EBITA) as a percentage of revenue were in fact met in the years 2008, 2009 and 2010. A revenue and EBITA matrix applies to each year and can result in a maximum of 1.9 times (in case of exceptionally better-than-expected performance) and a minimum of zero times the norm number of shares being allocated unconditionally. The levels in the matrix can still be adjusted for 2009 and 2010. In calculating the costs of the share plan, the 2008 performance criteria are based on a factor of 0.4 and a factor of 1.0 for the years 2009 and 2010, respectively.

Additionally, 25 per cent more shares will be granted in May 2014 provided the participant has retained the shares obtained in May 2011 until year-end 2013 and provided the participant is still in USG People's employment at that time. The wage tax and social security premiums owed under the share plan are payable by the company. The costs relating to the Unique Share Plan 2008-2014, as included in the profit and loss statement, are provided in the table below. The table outlines the conditionally allocated shares that have not yet been distributed as an actual form of remuneration. This will take place in 2011 and 2014 provided the conditions are met. This number is based on actual performance in 2008. This number can eventually be higher or lower depending on actual performance in the relevant year.

	Relates to year	Allocated conditionally based on target performance	Factor for calculation of costs	Conditional no of shares based on performance in financial year and estimate of future years	Additional allocation if retained 2011-2014	Charge in 2008 income statement
R. Icke	2008	20,000	0.4	8,000[1]	2,000[1]	16
	2009	20,000	1.0	20,000[2]	5,000[2]	81
	2010	20,000	1.0	20,000[2]	5,000[2]	81
Totaal		**60,000**		**48,000**	**12,000**	**178**
R. Zandbergen	2008	15,000	0.4	6,000[1]	1,500[1]	12
	2009	15,000	1.0	15,000[2]	3,750[2]	61
	2010	15,000	1.0	15,000[2]	3,750[2]	61
Total		**45,000**		**36,000**	**9,000**	**134**

[1] This number is based on actual performance in 2008.

[2] This number can eventually be higher or lower depending on actual performance in the relevant year.

In addition, a charge of € 557 was recognised in the 2008 profit and loss statement relating to the Unique Share Plan 2005-2011 (R. Icke: € 348, R. Zandbergen: € 209). In 2007 this charge amounted to € 1,845 (R. Icke: € 1,153; R. Zandbergen: € 692).

33.18.4 SUPERVISORY BOARD. Remuneration of the members of the Supervisory Board is as follows:

	2008	2007
C.J. Brakel	55	55
Ch. Dumolin	42	42
J.H. van Heyningen Nanninga	42	42
M.E. van Lier Lels	40	40
A.D. Mulder	40	40
	219	**219**

No option rights are granted to Supervisory Board members and no operating assets are made available to them. No loans have been granted to Supervisory Board members, nor have any guarantee commitments been made for the benefit of Supervisory Board members.

Almere, 3 March 2009

The Supervisory Board
Cor Brakel, chairman
Christian Dumolin
Joost van Heyningen Nanninga
Marike van Lier Lels
Alex Mulder

The Executive Board
Ron Icke (CEO)
Rob Zandbergen (CFO)

34 OTHER INFORMATION.

34.1 AUDITOR'S REPORT. To the General Meeting of Shareholders of USG People N.V.

AUDITOR'S REPORT

Report on the financial statements. We have audited the accompanying financial statements 2008 of USG People N.V., Almere as set out on pages 95 to 159 The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2008, the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company balance sheet as at 31 December 2008, the company profit and loss account for the year then ended and the notes.

The Executive Board's responsibility. The Executive Board of the company is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility. Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 USG People N.V. as at 31 December 2008, 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 Netherlands 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 USG People N.V. as at 31 December 2008, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal requirements.Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the report from the Executive Board is consistent with the financial statements as required by

2:391 sub 4 of the Netherlands Civil Code.

Amsterdam, 3 March 2009
PricewaterhouseCoopers Accountants N.V.

P.J. van Mierlo RA

34.2 PROVISIONS IN THE ARTICLES OF ASSOCIATION REGARDING PROFIT APPROPRIATION.

Article 29. Profit and loss.

29.1 The Executive Board shall determine the amounts to be reserved out of the profit made in the most recent financial year, subject to approval by the Supervisory Board.

29.2 The profit then remaining shall be at the disposal of the General Meeting of Shareholders.

29.3 The Company may only decide in favour of distributions against reserves which are not required to be held by law if the Executive Board so proposes and subject to approval by the Supervisory Board.

29.4 Distributions on shares may not exceed the total sum of distributable shareholders' equity.

Article 30. Dividends and other distributions

30.1 Dividends and other distributions are made payable within four weeks of being declared, unless the General Meeting of Shareholders decides on a different date at the proposal of the Executive Board.

30.2 A shareholder's entitlement to distribution shall expire after a period of five years.

30.3 Subject to approval by the Supervisory Board, the Executive Board is authorised to distribute an interim distribution, with due consideration of the provisions in article 2:105 of the Dutch Civil Code.

30.4 At the proposal of the Executive Board and subject to approval by the Supervisory Board, the General Meeting of Shareholders may decide in favour of distribution wholly or partly in the form of shares in the Company's capital.

30.5 A deficit may only be offset against legally required reserves insofar as such is permitted by law.

34.3 PROFIT APPROPRIATION. Out of the 2008 net income of € 16,885 the Executive Board proposes to distribute a dividend of € 0.58 per ordinary share in stock. Given a total of 64,980,130 shares, this means that a sum of € 37,688 will be distributed as dividend. The difference between net income and distributed dividend, being the amount of € 20,803, will be charged to the other reserves.

35 TEN-YEAR OVERVIEW.

	2008 1)	2007 1)	2006 1)
Consolidated profit and loss statement			
Revenue	4,024,965	3,887,681	3,536,836
Percentage growth compared to previous year	3.5%	9.9%	78.8%
Operating income	116,665	243,859	194,206
Percentage growth compared to previous year	-52.2%	25.6%	202.6%
As a percentage of revenue	2.9%	6.3%	5,5%
Net income from ordinary operations	16,885	140,011	110,853
Net profit	16,885	140,011	110,853
Percentage growth compared to previous year	-87.9%	26.3%	425.9%
As a percentage of revenue	0.4%	3.6%	3.1%
Operating cash flow	276,510	201,389	165,151
Dividend	37,688	51,581	45,445
Dividend/net income	223.2%	36.8%	41.0%
Consolidated balance sheet			
Non-current assets	1,200,115	1,086,958	1,066,482
Working capital (including cash and cash equivalents)	26,721	107,030	-2,729
	1,226,836	**1,193,988**	**1,063,753**
Shareholders' equity	669,777	684,684	574,420
Minority interests	1,402	1,028	1,129
Non-current liabilities	555,657	508,276	488,204
	1,226,836	**1,193,988**	**1,063,753**
Other key figures			
Shareholders' equity / total equity plus liabilities	34.0%	34.9%	30.2%
Shareholders' equity / capital employed	48.6%	50.0%	44.2%
Current assets / current liabilities	1.04	1.14	0.90
Number of shares at 31 December (nominal value € 0.50)	64,980,130	63,679,719	63,117,700
Figures per share (nominal value € 0.50) in euros			
Net income 3)	0.26	2.21	1.76
Dividend	0.58	0.81	0.72
Equity	10.31	10.75	9.10
Operating cash flow 3)	4.29	3.18	2.62

1) Under IFRS 2) Under Dutch GAAP 3) From 2002 based on average number of shares outstanding

	2005 [1]	2004 [1]	2004 [2]	2003 [2]	2002 [2]	2001 [2]	2000 [2]	1999 [2]
	1,977,609	1,300,250	1,300,250	1,297,800	1,104,527	600,402	517,969	446,794
	52.1%	0.2%	0.2%	17.5%	84.0%	15.9%	15.9%	21.6%
	64,185	36,867	13,203	39,514	59,435	66,542	59,782	46,045
	74.1%	-6.7%	-66.6%	-33.5%	-10.7%	11.3%	29.8%	23.9%
	3.2%	2.8%	1.0%	3.0%	5.4%	11.1%	11.5%	10.3%
	21,077	24,189	14,784	14,781	31,760	39,080	36,661	30,494
	21,077	24,189	14,784	14,709	24,828	39,080	36,661	30,494
	-12.9%	63.7%	0.5%	-40.8%	-36.5%	6.6%	20.2%	26.6%
	1.1%	1.9	1.1%	1.1%	2.2%	6.5%	7.1%	6.8%
	114,974	46,927	39,162	74,580	49,112	38,554	42,437	27,109
	12,593	9,075	9,075	9,074	11,342	13,124	12,208	10,192
	59.7%	37.5%	61.4%	61.7%	45.7%	33.6%	33.3%	33.2%
	1,099,438	309,868	278,724	311,331	277,848	183,722	111,524	66,214
	-32,989	44,009	63,883	76,166	90,276	49,201	5,425	8,551
	1,066,449	**353,877**	**342,607**	**387,497**	**368,124**	**232,923**	**116,949**	**74,765**
	472,209	218,771	200,057	194,468	191,563	122,953	86,129	51,450
	2,264	385	385	178	49,544	-	-	-
	591,976	134,721	142,165	192,851	127,017	109,970	30,820	23,315
	1,066,449	**353,877**	**342,607**	**387,497**	**368,124**	**232,923**	**116,949**	**74,765**
	22.9%	36.2%	34.4%	30.4%	30.5%	33.5%	37.9%	31.6%
	31.1%	55.6%	52.0%	46.0%	45.3%	48.3%	65.0%	64.3%
	0.97	1.18	1.27	1.30	1.35	1.37	1.05	1.10
	62,969,532	45,376,634	45,376,634	45,370,704	45,368,604	40,381,836	39,381,838	38,461,000
	0.33	0.54	0.33	0.33	0.57	0.97	0.93	0.79
	0.20	0.20	0.20	0.20	0.25	0.33	0.31	0.27
	7.50	4.82	4.41	4.29	4.39	3.05	2.19	1.34
	2.31	1.04	0.87	1.65	1.13	0.96	1.08	0.71

TRUSTEE REPORT.
3% Subordinated Convertible Bonds 2005 due 2012. With a principle amount of € 115,000,000 Of USG People N.V.

In compliance with the provisions of article 33, paragraph 2 of the trust deed executed before Mr. R.J.J. Lijdsman on October 18th, 2005, we report as follows.

The bonds with a nominal value of € 1,000 each are evidenced by a single global certificate in an aggregate principal amount of € 115,000,000.

Unless previously purchased, redeemed or converted as provided in the trust deed, the bonds will be redeemed at par on Ocotber 18th, 2012. Until October 11th, 2012 the bonds are convertible into ordinary shares USG People N.V. of € 0.50 nominal value at a conversion price of € 17.91, subject to adjustment in accordance with the provisions of the trust deed.

During the year 2007 no bonds have been redeemed, purchased and cancelled and no bonds were offered for conversion. The outstanding amount of the bonds per December 31th, 2008 was € 114, 999,000.

USG People N.V. is authorised to redeem the bonds in whole at their principal amount:

- on or after October 18th, 2010, provided that the closing prices of the ordinary shares USG People N.V. on Eurolist by Euronext Amsterdam on each of not less then 20 trading days in any period of 30 consecutive trading days shall have been at least 130% of the conversion price then in effect;
- at any time if less then 10% in principal amount of bonds originally issued is outstanding.

In case of a “Change of Control” as referred in article 5 of the trust deed the bonds are at the option of the bondholder redeemable at par together with interest accrued.

In the extraordinary general meeting of shareholders of December 23 2008 the proposal to amend the articles of association was accepted, this amendment provides for the introduction of protective preference shares.
In relation to the possible issuance of protective preference shares by the Company, on December 22 2008 we have waived the restriction as mentioned in Condition 23 of the Trust Deed.

Amsterdam, 22 January 2009

ANT Trust & Corporate Services N.V.

L.J.J.M. Lutz

DIVIDEND. That part of profit paid out to shareholders.

EBITA. (Earnings before interest, taxes and amortisation). Operating result before amortisation.

EBITDA. Operating result before depreciation and amortisation.

FINANCIAL DERIVATIVES. Financial instruments to cover financial risks. The value is derived from the development of the underlying value such as interest or foreign currency.

GROSS MARGIN. Gross profit as a percentage of revenue.

GROSS PROFIT. Total operating income minus direct costs.

IFRS. (International Financial Reporting Standards). As from 2005, all publicly companies in the European Union must comply with these new reporting regulations.

NET FINANCIAL DEBT. Interest bearing debt minus cash and cash equivalents.

NET PROFIT. Result attributable to shareholders.

OPERATING CASH FLOW. Cash flow from operating activities including income tax. For components we refer you to cash flow statements in the financial statements.

OPERATING MARGIN. Operating profit as percentage of revenue.

OPERATING PROFIT. Operating profit before amortisation of intangible assets and before extraordinary gains and losses.

OPERATING EXPENSES. Indirect operating expenses excluding extraordinary gains and losses and excluding amortisation of intangible fixed assets.

Addresses and general managers

USG PEOPLE N.V.
P.O. Box 1
1300 AA Almere
Landdrostdreef 124
1314 SK Almere
The Netherlands
+31 (0)36 529 95 00
www.usgpeople.com

AUSTRIA

ACCEA
André Tinhofer
Stubenbastei 10/Top 6a,
1010 Vienna
+43 (0)1 512 01 33
www.accea.at

SECRETARY PLUS
Anna Relle Stieger
Franz-Josefs-Kai 41
1010 Vienna
+43 (0)1 532 15 75
www.secretary-plus.at

START PEOPLE
Michael Wottawa
Mariahilfer Strasse 88a
1070 Vienna
+43 (0)664 322 01 27
www.startpeople.at

BELGIUM

CALL-IT
Wim Vintges
Kempische Steenweg 305
3500 Hasselt
+32 (0)11 22 76 44
www.call-it.com

EXPRESS MEDICAL
Pascale Vanrillaer
Rue de Namur 5
1300 Wavre
+32 (0)10 23 84 10
www.express-medical.be

LEGAL FORCES
Dieter Honoré
Adolphe Maxlaan 30/1
1000 Brussels
+32 (0)22 18 47 34
www.legalforces.be

RECEPTEL
Xavier Vandewiele
Britselei 80
2000 Antwerp
+32 (0)38 00 40 60
www.receptel.com

SECRETARY PLUS
Christine Van den Eynde
Tervurenlaan 216
1150 Brussels
+32 (0)26 00 43 20
www.secretary-plus.be

START PEOPLE
Marjan van Kasteren
Frankrijklei 101
2000 Antwerp
+32 (0)38 00 64 62
www.startpeople.be

UNIQUE
Gina Opdebeeck
Frankrijklei 101
2000 Antwerp
+32 (0)38 00 64 00
www.unique.be

USG FINANCIAL FORCES
Hilde Haems
Frankrijklei 101
2000 Antwerp
+32 (0)38 00 64 00
www.usgfinancialforces.be

USG HR FORCES
Vera Meersman
Green Plaza Building
Karel Oomsstraat 19
2018 Antwerp
+32 (0)32 87 60 60
www.usghrforces.be

USG INNOTIV ENGINEERING
Filip De Bock (ad interim)
Britselei 80
2000 Antwerp
+32 (0)38 00 40 20
www.usginnotiv.be

USG INNOTIV ICT
Saskia Kinds
Britselei 80
2000 Antwerp
+32 (0)32 31 94 84
www.usginnotiv.be

USG PEOPLE INTERNATIONAL
De Keyserlei 58-60
2018 Antwerp
+32 (0)32 03 48 10

CZECH REPUBLIC

ACCEA
Iveta Břehovská
Odborů 10
120 00 Prague 2
+42 (0)22 499 93 43
www.accea.cz

START PEOPLE
Nunzio Totaro
Lazarská 3
110 00 Prague 1
+42 (0)25 731 03 44
www.startpeople.cz

FRANCE

ONESYS
Guilhem de Lajarte
114 Rue Gallieni
92100 Boulogne Billancourt
+33 (0)1 46 99 16 75
www.onesys.fr

SECRETARY PLUS
Céline Culinas
17 Rue Marbeuf
75008 Paris
+33 (0)1 49 52 94 73
www.secretary-plus.fr

START PEOPLE
Arnould della Faille
114 Rue Gallieni
92514 Boulogne-Billancourt Cedex
+33 (0)1 46 99 14 14
www.startpeople.fr

USG FINANCIAL FORCES
Cyril Eaton
121-123 Rue du Vieux Pont de Sèvres
92100 Boulogne Billancourt
+33 (0)1 46 10 97 10
www.usgfinancialforces.fr

USG INNOTIV
Arnould della Faille
12 Parc de la Tannerie
57070 St Julien les Metz
+33 (0)3 87 18 40 40
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Cyril Eaton
121-123 Rue du Vieux Pont de Sèvres
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+33 (0)1 46 10 97 10
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USG RESTART
Sandrine Pal
114 Rue Gallieni
92514 Boulogne-Billancourt Cedex
+33 (0)1 46 99 14 29
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GERMANY

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Olaf Jehnichen & Bernd Titgenmeyer
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+49 (0)441 3 61 40 50 0
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Andreas Brohm
P 3, 12
68161 Mannheim
+49 (0)621 10 90 1
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Andreas Brohm
Q 4, 4
68161 Mannheim
+49 (0)621 15 65 80 1
www.ipm-mannheim.de

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0 6, 5
68161 Mannheim
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Andreas Brohm
Bismarckstrasse 106
67059 Ludwigshafen
+49 (0)621 59 14 68 0
www.personalteam.de

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Heinz Trott
Stuttgarter Strasse 100
70469 Stuttgart
+49 (0)711 50 53 62 0
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SECRETARY PLUS
Harriet Aans
Landsberger Strasse 312
80687 München
+49 (0)89 56 82 70
www.secretary-plus.de

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UNIQUE
Sven Suberg
Landsberger Strasse 312
80687 Munich
+49 (0)89 56 82 70
www.unique-personal.de

ITALIY

START PEOPLE
Mauro Cuicani
Via G. Murat 23
20159 Milan
+39 (0)2 698 69 81
www.startpeople.it

UNIQUE
Mauro Ciucani
Via G. Murat 23
20159 Milan
+39 (0)2 698 69 81
www.unique-italia.it

LUXEMBOURG

START PEOPLE
Daniel Oudrar
9 Rue Schiller
2519 Luxembourg
+352 26 97 64 94 1
www.startpeople.lu

START PEOPLE HR SOLUTIONS
Daniel Oudrar
9 Rue Schiller
2519 Luxembourg
+352 24 87 95
www.startpeople.lu

USG FINANCIAL FORCES
Daniel Oudrar
9 Rue Schiller
2519 Luxembourg
+352 24 87 96
www.usgfinancialforces.lu

USG INNOTIV
Daniel Oudrar
9 Rue Schiller
2519 Luxembourg
+352 29 56 57
www.usginnotiv.lu

POLAND

ACCEA
Ewa Solarczyk – Konik
Halicka 9
31-036 Krakow
+48 (0)12 428 51 45
www.accea.pl

START PEOPLE
Maurice Delbar
ul. Grzybowska 77
00-844 Warsaw
+48 (0)22 661 50 53
www.startpeople.pl

PORTUGAL

RECEPTEL
Xavier Vandewiele
Rua Andrade Corvo 27, 3° piso
1050-008 Lisbon
+35 (0)1 213 18 82 20
www.receptel.com

START PEOPLE
Gabriel Soria
Rua Andrade Corvo, 27, 3° piso
1050-008 Lisbon
+35 (0)1 213 71 25 30
www.startpeople.pt

SYS
Sergi Invernón
R. Andrade Corvo, nº 27, 3º Piso
1050-008 Lisbon
+35 (0)1 213 18 82 20
www.usg-sys.com

SLOVAKIA

START PEOPLE
Nunzio Totaro
Štúrova 4
81102 Bratislava
+42 (0)1 2 52 62 12 42
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SPAIN

PROFESIONALIA
Elena Gomez
Rita Bonnat 13
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+34 (0)90 293 24 23
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RECEPTEL
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C/ Orense, 20, 1º, 1ª
28020 Madrid
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SECRETARY PLUS
Inma Corregidor
C/ Arequipa, 1-Esc. 3 Planta 5ª
28043 Madrid
+34 (0)91 382 22 30
www.secretary-plus.es

START PEOPLE
Edwin Schreur
C/ Arequipa, 1-Esc. 3ª Planta 5ª
28043 Madrid
+34 (0)90 211 33 55
www.startpeople.es

SYS
Sergi Invernón
C/ Aragón, 295, 4ª
08009 Barcelona
+34 (0)93 253 19 15
www.usg-sys.com

UNIQUE
Mercedes Elipe
C/Arequipa, 1-Esc. 4 Planta 5ª
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+34 (0)90 235 45 35
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USG HR FORCES
Raul Garcia Pico
C/ Arequipa, 1-Esc. 3 Planta 5
28043 Madrid
+34 (0)97 227 10 16
www.hrforces.es

SWITZERLAND

START PEOPLE
Louis Dittli
Rue du Mont-Blanc 7
1201 Geneva 1
+41 (0)22 715 48 70
www.startpeople.ch

THE NETHERLANDS

AD REM YOUNG PROFESSIONALS
Ramses Serno
Postbus 1
1300 AA Almere
Landdrostdreef 124
1314 SK Almere
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1300 AA Almere
Landdrostdreef 124
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Patrick van der Ploeg
Postbus 1
1300 AA Almere
Landdrostdreef 124
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+31 (0)36 529 40 10
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DE WERELD VAN IKKI
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ArenA Boulevard 63
1101 DL Amsterdam-Zuidoost
+31 (0)20 430 15 50
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Landdrostdreef 124
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Landdrostdreef 124
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SECRETARY PLUS
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Postbus 1
1300 AA Almere
Landdrostdreef 124
1314 SK Almere
+31 (0)36 529 90 80
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STARJOB
Dorothé Schiks
Postbus 71343
1008 BH Amsterdam
De Cuserstraat 83
1081 CN Amsterdam
+31 (0)20 504 15 30
www.starjob.nl

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Landdrostdreef 124
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Landdrostdreef 124
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Landdrostdreef 124
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Marco Smit
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1300 AA Almere
Landdrostdreef 124
1314 SK Almere
+31 (0)36 529 94 00
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USG CAPACITY
Katinka Habermehl
Postbus 1
1300 AA Almere
Landdrostdreef 124
1314 SK Almere
+31 (0)36 529 93 50
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USG ENERGY
Trudy Zonneveld
Postbus 208
1940 AE Beverwijk
Handelskade 6
1948 NA Beverwijk
+31 (0)251 26 24 00
www.usgenergy.nl

USG INNOTIV
Han Huisman
Postbus 1
1300 AA Almere
Landdrostdreef 124
1314 SK Almere
+31 (0)36 529 92 01
www.usginnotiv.nl

USG JURISTEN
Karin Korstanje
Postbus 602
3500 AP Utrecht
Euclideslaan 251
3584 BV Utrecht
+31 (0)30 230 59 59
www.usgjuristen.nl

USG RESTART
John Herfkens
Adriaen van Ostadelaan 140
3583 AM Utrecht
+31 (0)30 256 78 00
www.usgrestart.nl

SHARED SERVICE CENTERS

USG PEOPLE AUSTRIA
Michael Wottawa
Mariahilfer Strasse 88a
1070 Vienna
+43 (0)664 322 01 27

USG PEOPLE BELGIUM
Leen Geirnaerdt
& Frank Raeckelboom
Frankrijklei 101
2000 Antwerpen
+32 (0)3 800 64 00

USG PEOPLE FRANCE
Arnould della Faille
114 rue Gallieni
92514 Boulogne-Billancourt Cedex
+33 (0)1 46 99 14 14

USG PEOPLE GERMANY
Caroline Schmitz
Landsberger Strasse 312
80687 München
+49 (0)89 56 82 70

USG PEOPLE SPAIN
Oriol Mas Saurí
C/ Arequipa, 1-Esc. 3ª Planta 5ª
28043 Madrid
+34 (0)91 382 22 30

USG PEOPLE THE NETHERLANDS
Teun van der Vorm & Marten Keuning
P.J. Oudweg 61
1314 CK Almere
+31 (0)36 529 95 50

USG PEOPLE N.V.
P.O. Box 1
1300 AA Almere
Landdrostdreef 124
1314 SK Almere
The Netherlands
+31 (0)36 529 95 00
info@usgpeople.com
www.usgpeople.com

CONCEPT / REALISATION / COORDINATION
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Hilco van den Heuvel
Rianne van den Heuvel

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Lienke van Santvoort

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Lucia Schrijvers

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