PARTICIPANTS

Corporate Participants

Joost Slooten – Director-Communications & Investor Relations
Harrie L. J. Noy – Chairman-Executive Board & Chief Executive Officer
Joseph Lee – Chairman, Davis Langdon & Seah
Neil C. McArthur – Member-Executive Board
Renier Vree – Chief Financial Officer

Other Participants

Teun Teeuwisse – Analyst, ABN AMRO Bank NV (Broker)
Dirk Verbiesen – Analyst, Kempen & Co. NV (Securities)
Philip Scholte – Analyst, Coöperatieve Centrale Raiffeisen Boerenleenbank BA (Broker)
Eugene D. Klerk – Analyst, Credit Suisse Securities (Europe) Ltd.
Quirijn Mulder – Analyst, ING Bank NV (Broker)

MANAGEMENT DISCUSSION SECTION

Good afternoon. My name is Joost Slooten. I’m the Director of Investor Relations for ARCADIS. I’d like to welcome you to this ARCADIS Conference Call. We are here to discuss the company’s merger with Davis Langdon & Seah, which was announced by press release this morning.

With us in the presentation today are Harrie Noy, Chief Executive Officer; Renier Vree, Chief Financial Officer of ARCADIS; and Neil McArthur, a member of the Executive Board who will succeed Harrie Noy as CEO on May 16, 2012. And also with us is Joseph Lee, the CEO of Davis Langdon & Seah.

The PowerPoint presentations that are being used during today’s call are available through the Publications & Presentations section of the Investor website of ARCADIS, for which the address is www.arcadis.com/investors. Again, that web address is www.arcadis.com/investors.

Just a few words about procedures before we start, we will begin with formal remarks and we’ll call your attention to the fact that in today’s session, management may reiterate forward-looking statements which were made in the press release. We’d like to call your attention to the risks related to these statements which are more fully described in the company’s risk management reports which are also available on the website.

Harrie, please go ahead.

Harrie L. J. Noy, Chairman-Executive Board & Chief Executive Officer

Thanks, Joost, and I will make a slow start which is not that difficult because of the time difference that we have here in Hong Kong because part of the participants are in Hong Kong where we signed today the merger deal with Davis Langdon & Seah. And as you can imagine, I’m very glad and proud that we can announce today this merger because it’s an important strategic step for弧迪思的全球业务发展。
Joseph Lee, Chairman, Davis Langdon & Seah

Thank you.

Harrie L. J. Noy, Chairman-Executive Board & Chief Executive Officer

Joseph, our partner, that we had discussions with for a period of time and that we are going to cooperate with very intensively over the coming years. Joost, I hope that in the meantime the presentation has been uploaded or at least that everybody has received of presentation.

You found the link. It’s quite a heavy presentation. Of course, we want to show some nice projects where DLS is. Okay. We have it here through the website, so I will start now with the presentation. The first slide is disclaimer. The next slide gives you an overview of the agenda. So I will shortly introduce Davis Langdon & Seah to you, then some transaction highlights. Then third point is creating a platform for growth in Asian markets. Then we focus on some nice landmark projects from Davis Langdon & Seah and then we close off with a summary and give you an opportunity for Q&A.

The next slide is introducing Davis Langdon & Seah. Davis Langdon & Seah, or DLS as I will call it, is a leading cost and project management consultancy in Asia. The company is very well established in Asia. It’s a premier brand in the Asian markets. It has very strong reputation and just as other companies have joined ARCADIS over the past couple of years, I would qualify these as an A brand in the Asian markets and even outside Asia.

Strongly focused in the services offerings. It is focused on cost consultancy and project management predominantly. Other services include cost engineering for the oil and gas industry, due diligence advisory services, dispute resolution and litigation support, and also some management consultancy services are being performed by the company.

A wide variety of clients but primarily clients from the private sector, local and international property developers, some government agencies, public utilities, financial institutions, and international corporations in the hotel and resort, technology, petroleum, and communication sectors.

2011, the revenues amounted to $125 million and company has about 2,800 people across Asia. The normalized profitability is well above the ARCADIS target level of 10% and when we talk about profitability, it’s EBITDA as a percentage of net revenue. And we will show you a graph that gives more details of profitability in a minute.

The company is overall the number one in Asia in its fields of services and in each of the markets in which it operates, it’s the number one or the number two. And in terms of values, the company is very well aligned with ARCADIS. Our values are integrity, entrepreneurship and agility. The company is very entrepreneurial with a lot of initiatives and direct relationships with their clients. It means the high business ethics that ARCADIS applies as well and in terms of agility, the company is definitely aligned with ARCADIS also.

The next slide gives you now the history of the company. It’s a company with a longstanding heritage just as ARCARDIS. The company has been founded in 1934, so it’s inherent in the Asian markets for over 75 years. The company was founded by Mr. MongHee Seah, and Mr. MongHee
Seah was one of Asia’s first chartered quantity surveyors. His son and his grandson are still working with the company. So, Seah is still quite active in the company and highly reputable in the Asian markets.

The company moved to Hong Kong in 1949, so the company is in Hong Kong for over 60 years. In 1972 moved to Indonesia, 1986 entered Mainland China, so the company is active in Mainland China for over 25 years, in 1990 the Philippines, 1990 also Thailand, in 1995 Vietnam, 2000 Korea, and more recently the company entered the market in India.

The company has two affiliates in Malaysia and Brunei. In those countries, we can’t have direct ownership. That’s the reason why we have affiliated companies that work under the DLS brand as well and we have a cooperation with them in order to deliver the same type of services in those countries.

The next slide shows you the unique footprint of DLS across Asia. The company has 37 offices across 10 countries, and you see that the company has 14 offices in Mainland China. It’s active in all the major urban conglomerates in Mainland China, has of course from history a strong presence in Hong Kong and Macau with an office both in Hong Kong and Macau, was founded in Singapore, still has a strong office in Singapore. The Philippines, Thailand, Indonesia three offices; Vietnam two offices; Korea one office; six offices in India; and six offices in Malaysia and Brunei. And from this picture, you can see that the company is actually active in all the major urban areas in Asia and has benefited from the urbanization that has driven growth over the past couple of years.

The next slide shows you the distribution of people over the different geographies and that’s, of course, also indicative for distribution of revenues over the geographies. By the way, gross and net revenues are almost the same. The difference is very limited. That’s the reason why we focus on revenues as such. But when we talk about revenues, you can make – you can use it as the net revenue figure.

So Mainland China has 39% of the people, Hong Kong 14%, Singapore 14%, Philippines 8%, Thailand 5%, Indonesia 2%, Vietnam 3%, India 11%, and the other geographies 4%. So very well diversified portfolio from a geographical perspective.

The next slide shows you the development of revenues and profits over the past five years in the period 2006 until 2011. And the slide shows you actually two things. First of all, the company has experienced strong growth in the five-year period and it actually has more than doubled its revenues in that period, which means that the compounded annual growth rate in that five-year period has been over 15%. That’s the first thing that you carry from the slide.

And second point is that profitability, which is indicated on the right side and this is normalized profitability taking into account the incentive program that they have gained as a company over the long period and you can see the profitability has developed quite favorably over the past period of time and that the margins are well above the ARCADIS margin.

In 2009, revenues stabilized somewhat and that’s of course due to the financial crisis that started to the impact of markets in Asia as of, I think, the fourth quarter of 2008 and developing into 2009. But the company was able to recover pretty quickly from that impact with strong growth of revenues both in 2010 and 2011.

The next slide shows you an overview of the markets. And within the framework of our due diligence, we have asked one of our service providers to do a market survey and this slide summarizes the outcome of the market survey.
We think that China continues to provide strong growth. We see short-term slowdown particularly in the residential market, but it’s expected to return to approximately 10% annual growth after a limited period of time. Other markets including retail, office, energy, and industry, but also social infrastructure markets as for example healthcare, leisure, and tourism are expected to grow by 10% to 15% per annum. So China continues to provide strong growth opportunities in the future.

Hong Kong, we expect moderate growth and retail, office, industrial are flat in the short term but are expected to grow to 5% per annum again, within the mid-term and the social infrastructure investment are expected to fuel growth as to about 5% per year.

Singapore is a more mature market with low growth and low growth means somewhere between 0% and 5%. But on the other hand the mid-tier markets like Indonesia, India, and the Philippines, those markets offer very strong growth opportunities varying from 10% to 20%, both in residential and commercial/retail investments, but also driven by social infrastructure investments for the rising middle classes in those countries.

Then, we have a number of markets with medium growth. Those markets are similarly on the slide but Thailand and South Korea about 5%, both in residential and non-residential. Vietnam is showing some slowdowns in the short term because of the inflation issues but the mid-term growth is expected to be at a level of 10% to 15% and for Brunei, we expect low single-digit growth.

So, overall, excellent growth opportunities going forward in the Asian markets with some differences between different countries, but given the diversified portfolio of Davis Langdon & Seah, they can benefit from the growth across the region.

Then, we go to the transaction highlights. The next slide shows you the main deal terms. The transaction consideration consists of shares at an undisclosed cash amount. The shares is 2.2 million newly issued shares, and these shares have been issued to the DLS partners and these shares have lock-up periods of 12 to 36 months. The main portion of the newly issued shares has a lock-up period of 12 months. Those are the shares that have been issued to the partners. Part of the consideration in shares is also for the retention to cover for potential liabilities that has a period of 18 months. And then there is a small piece that has a lock-up period of 36 months.

The valuation of the business has taken into account the higher growth rates in the Asian markets. So the multiple is somewhat higher than the multiple that we used to pay for the more recent acquisitions, but that of course reflects the high growth rate and the high margins that the company produces.

The cash consideration has been funded through existing credit facilities. The financial profile of ARCADIS will remain conservative. We expect the transaction to impact net debt to EBITDA by 0.2 to 0.3. So if you compare it to the 1.4 that we have reported by yearend 2011 then this acquisition would result in a net debt to EBITDA of 1.6 to 1.7, which is still below the threshold that we have defined for ourselves of 2.

We see substantial scope for synergies, and Neil is going to elaborate on that in a minute. And we expect this merger to be immediately accretive to earnings per share and that’s based on net income from operations and that’s also excluding the impact of the one-off costs that we have to expense due to this merger.

We have strong commitment from management. The company – the business was owned by 15 international and 42 local partners and all of them will stay with the company, as 15 what we call, regional directors in the future and 42 country directors.
The current Chairman of the partnership, Mr. Joseph Lee, who is also participating in this conference call, he becomes the CEO and he will also be a member of the ARCADIS Senior Management Committee and that position will bring, let’s say, the Asian angle to our discussions in our Senior Management Committee.

The management team of Davis Langdon & Seah going forward will consist of the 15 regional directors under the leadership of Mr. Joseph Lee. We have a strong incentive scheme in place, focused on continued strong performance of the company. All directors have become a shareholder in ARCADIS, which also provides commitment I think going forward.

We have non-compete, non-solicitation agreements in place for periods spanning from two to three years. A part of the consideration is in bonus shares for non-directors and these shares have lock-up period of 36 months. And in addition, we have issued 750,000 options. We are going to issue 750,000 options to key staff with vesting periods of three years. I think with all this in place, we definitely have the commitment from the management of Davis Langdon & Seah going forward.

Then we go to the strategic argument, creating a strong growth platform in Asia. I would like to invite Neil to take over this part of the presentation. Neil, go ahead.

**Neil C. McArthur, Member-Executive Board**

Thank you, Harrie. We’re now on page 15. And as you can see here, we’re showing the pro forma financial year 2011 including EC Harris and the whole of Davis Langdon & Seah. We’re now over €2.4 billion in gross revenue. You can see on the left hand side that the Buildings component has now grown to 28% of our revenue. And then on the right hand side, this is by geography based on project location and draw your attention to couple of points. Emerging markets including Latin America and Middle East and now Asia are 22% now of our revenue. The United States has come back now to 41% with the remainder in Europe split between the Netherland, the UK and the rest of continental Europe.

And move now to page 16, this gives us a strong basis for future growth with 33% of our staff now in emerging markets and that gives us two opportunities. The absolute levels of growth in the emerging markets is higher than in the developed markets and some of our market segments and we will be able to capitalize on that moving forward. And then secondly, the value added per head count in emerging markets, as you are well aware, will grow over time as those markets become more towards developed markets from being emerging markets. So we see that as a great opportunity for us moving forward.

If we then move on to the following page, page 17, the strategic benefits for ARCADIS are very, very clear. It gives us a leading platform for further expansion in the Asian markets building on the position that we have ourselves and the recent merger with the EC Harris. As I showed on the previous page, it gives us a better diversified geographical portfolio and it gives us access to further expanded capabilities in costs and project management and creates a global leadership position and program management related services with over 8,000 staff now globally engaged with our clients day to day in program management related services.

And it also gives us a great platform to better serve our ARCADIS multinational clients and it also gives us the opportunity to serve new multinational clients from Asia that are expanding to more markets both the developed markets in Europe and North America, but also they have increasing interest and we’ve seen that already in markets such as Latin America and in the Middle East. And it also adds a further premium brand to the ARCADIS family and we have now access to key Asian leadership for the future which is significantly important for us.
If we then move on to the next slide and look at from Davis Langdon & Seah’s perspective, they’re very interested in this merger because it creates access to experience in resources to further expand in consultancy and project and program management services. So that’s the kind of the vertical integration within the kind of business line that they are in today. And then secondly it gives access to the expended set of capabilities that we have across the ARCADIS group and our global business funds in environmental, water, infrastructure and the in-depth technical expertise and experience that we have now on the global basis.

And furthermore, we get diversification of services that we can provide by DLS in the Asian market and, as I hinted out on the previous page, DLS are now able to better serve their clients who are going globally from out of Asia and through the ARCADIS group and group companies will be able to better serve them on a global basis. And it also gives access to ARCADIS multinational clients to be served by DLS here in Asia and it adds ARCADIS with our brand value, our financial strength and support of a very strong successful public company to better deliver on a quicker growth here in Asia from the DLS perspective. And then not to forget the opportunities as we said in accessing key Asian leaders for the future, so that gives great opportunities for the DLS leaders and the staff in terms of career development.

If we then move on to the next page, the synergy opportunities, it’s very clear that if you look at where we serve our clients today as ARCADIS for example in the Middle East and in Asia, this gives us an opportunity to access and use DLS’s cost management capabilities for those clients and also the recent addition of the EC Harris clients into the portfolio of clients that we serve on a global basis. And it also allows us to create a lower cost service delivery model using some of DLS’s capabilities from here in Asia for the work that we’re doing with our clients, for example in the Middle East, which is anything between one and three hours flying time away from where we have talented pools of capability in, for example, India.

Second synergy opportunity is leveraging Built Asset Consultancy. As you know moving higher in the value chain through our merger with EC Harris, we’re able to leverage Built Asset Consultancy and the project management capabilities to Davis Langdon & Seah’s clients here in Asia. As we talked about before, servicing DLS clients outside of Asia on a truly global basis; and servicing ARCADIS’ multinational clients in Asia; and selling the broad portfolio of ARCADIS services to our joint clients here in the region; and using the footprint here to further expand the ARCADIS capabilities and business with our clients in the environment and water and with global business lines here in Asia.

So, if you move on to the next page, what happens next? Well, DLS are going to take the leadership role in Asia, operating as an independent company, reporting to the executive board within ARCADIS. And we’re very excited about that. Joseph Lee, as CEO of DLS, will participate in the ARCADIS Senior Management Committee, so the forum where they're looking at strategy and capability development on a global basis for ARCADIS. We’re very much excited about having Joseph join that top group within ARCADIS.

And from markets perspective, we’re going to be looking at identifying in detail and prioritizing the market synergy opportunities that we’ve identified so far. Clearly, moving from a partnership to a publicly-quoted company, we need to align, particularly, the financial reporting processes, very quickly to meet our fiduciary and reporting responsibility.

And then, in the future, we’ll move on to defining the combined strategy development for our business across Asia. And we’re very excited about the collaborative culture that we will continue to focus on in terms of client service, staff development and the high profitability levels that DLS have enjoyed and ARCADIS have enjoyed in this region.
Moving forward, we will continue, as Harrie mentioned earlier, with a significant incentive program on the profit sharing to ensure that we continue to develop high performance here in the region. And we’re going to maintain the ownership culture from DLS in terms of how they are as a partnership through the ownership of ARCADIS shares and the Employee Stock Purchase Program.

Harrje L. J. Noy, Chairman-Executive Board & Chief Executive Officer

So, that leaves us to the landmark projects of DLS. Joseph, maybe you can introduce these projects as a kind of a token that DLS brought to the region?

Joseph Lee, Chairman, Davis Langdon & Seah

Thank you, Neil – sorry, Harrie. Gentlemen, I’m going to present to you some landmark projects that we are involved in in Asia. From these selected projects, you will see that we are involved in a very fine range of projects from residential to commercial, retail, hospitality and industrial as well.

The first project that we are going to present to you is the world – Resorts World in Sentosa, Singapore. This is a huge development, with a lot of resort facilities and also gaming center as well. It includes six hotel resort and leisure development included in the whole project.

The next one is the Marina Bay, which is the new financial center in Singapore. You can see that there are six or seven high rise towers and we are involved in this $1.4 billion development in this new financial center in Singapore.

Next project is the Shanghai International Financial Center. This is a composite development with retail, office and hotel developments all combined together. One of the hotel – one of the, sorry, the office tower has been sold SPC, so it’s named SPC Tower. And the other tower, they have a Ritz-Carlton hotel on top and the office portion at the bottom.

The next one is a very interesting project, the Beijing CCTV, China Central TV Tower. It’s a 234-meter high building, with a gross floor area of 473,000 square meter. It comprises two offices linked together at the top, and it’s designed by the very famous architect, Rem Koolhass.

The next one – slide is the Hong Kong International Airport. Some of you may know, the Hong Kong International Airport has been expanding ever since it was completed in 1997 and they are involving all the new expansion developments. They are planning a new – another terminal are being developed at the moment.

Next one is the New Cruise Terminal, which is under construction and is located at the southern tip of the Kai Tak runway, which was the former airport in Kowloon, Hong Kong.

This is the project in Macau. MGM Grand is a development with gaming facilities, and the MGM Hotel, which is a five-star hotel with casino and resort.

The next one is the Central World Plaza, Bangkok. This is a very interesting project. If you would remember, there were riots in Bangkok over a year ago. This project was burned down and we were originating more in the original projects. And we are also involved in the reinstatement of the whole project again after the damages during the riot.
Parc1, Seoul is a composite development with residential and some commercial. It’s also with office towers and hotel.

St. Regis Hotel is in the center of Kuala Lumpur in Malaysia. There are six levels of hotel facilities and five levels of hotel rooms and also some service apartments.

The next one is the Zuellig Building at the Philippines. It’s a 34-story office tower, which is the first Gold LEED Pre Certification project in whole of the Philippines.

The next one is a resort project in Bali, a spa project with hotel villas and also restaurants, spa, a very interesting project.

Last one, I think, this is the Microsoft Campus in Hyderabad, India. So, this is one of the industrial projects that we are involved in.

**Harrie L. J. Noy, Chairman-Executive Board & Chief Executive Officer**

Thanks, Joseph. This gives a good overview of the DLS activities, and particularly the high-level projects that the company is involved in. And that, I think, is also a reflection of the top-tier company that DLS actually is.

Let me summarize shortly what we presented to you. So, we think that DLS is an excellent platform for growth in Asia. The strategic rationale for this merger is strong on both sides. DLS is a premier brand company, with an unparalleled history and footprint across Asia, very strongly focused on cost and project management capabilities. Market opportunities in Asia are strong, with excellent revenue synergies coming from this – from this merger.

Revenues are $125 million, with 2,800 employees. Deal terms, you can see it on the slide. The financial profile of ARCADIS remains conservative, and the deal is expected to be accretive to earnings per share immediately.

So, this is definitely strengthening the global leadership for ARCADIS across the globe. The revenues, €2.4 billion. Over 21,000 people, of which one-third in emerging markets. We have a strong unprecedented global footprint, with 3,900 staff in Asia and Middle East; 8,000 in Europe; 6,300 in United States; and 3,000 in South America.

We get, through the merger, a leading global position in product and program management and cost consultancy services. We have now the capacity to compete globally on program management for large investment programs. We can both offer our clients integrated service offering, but also high-end specialties.

The company continues to have a strong balance sheet and strong brand equity. We definitely share with DLS an entrepreneurial culture based on client focus and internal collaboration. And we see greater success and greater opportunities for all of us involved.

That ends our presentation. And that means that we are now ready to take any of your questions. Operator?
QUESTION AND ANSWER SECTION

Operator: Thank you. We will now go to questions. [Operator Instructions] Your first question comes from the line of Teun Teeuwisse. Please go ahead.

<Q – Teun Teeuwisse – ABN AMRO Bank NV (Broker)>: Hi, Harrie. It’s Teun Teeuwisse of ABN AMRO. A few questions, because in the presentation, is it correct that DLS EBITA over 2011 was $27.5 million?

<A – Harrie Noy – Arcadis NV>: I don’t know where you get that figure from.....

<Q – Teun Teeuwisse – ABN AMRO Bank NV (Broker)>: No, I was looking at the presentation, but it was a very brief view of one of the first slides you showed, where EBITA was there as well as the revenue trend.

<A – Harrie Noy – Arcadis NV>: If you go the revenue trend of the EBITA trend, then you can see that the blue line is representing the normalized EBIT...

<Q – Teun Teeuwisse – ABN AMRO Bank NV (Broker)>: Yeah. Unfortunately, I still don’t have the presentation in front of me, so I was only able to watch it through the webcast. So, I only saw the slide briefly.

<A – Harrie Noy – Arcadis NV>: Okay, sorry for that, Teun. But after the incentive program, the normalized EBIT is, according to the graph, is somewhere between $15 million and $20 million. So the graph shows, I think, level of about $18 million after bonus.

<Q – Teun Teeuwisse – ABN AMRO Bank NV (Broker)>: And that’s U.S. dollars?

<A – Harrie Noy – Arcadis NV>: That’s U.S. dollars, yes.

<Q – Teun Teeuwisse – ABN AMRO Bank NV (Broker)>: Okay. All right. And then, you mentioned that the acquisition will increase your net-debt-to-EBITDA by 0.2 to 0.3 times. Is it correct then, if I calculate that the increase in your debt will be approximately $80 million, so combined with the equity issue and price paid, it’s approximately $115 million?

<A – Harrie Noy – Arcadis NV>: We have not disclosed price, so I’m not going to answer that suggestion. But we have disclosed that our balance sheet will remain conservative and the impact on net-debt-to-EBITDA will be 0.2 to 0.3. So if you – if we would have included this merger in our year-end balance sheet, then net-debt-to-EBITDA would be 1.6 to 1.7. Renier, anything to add in this respect?

<A – Renier Vree – Arcadis NV>: Yeah, it’s maybe good to add, Harrie, that, of course, the EBITDA also changes the quote of the acquisition. So, the net-debt-to-EBITDA ratio is influenced by the increase of net debt, but has also increased in EBITA. And that’s important to take it into account when making the calculations.

<Q – Teun Teeuwisse – ABN AMRO Bank NV (Broker)>: Yeah, that’s what I tried to do. So I’m going to do it again, thanks. And one final question, because DLS you mentioned this is able to move more towards the program management and built asset consultancy. And but how far is the current business away from the EC Harris type of business, and what would be margin upside when moving into that business?
<A – Harrie Noy – Arcadis NV>: What we do with built asset consultancy one of the major service offering that we have is to run project and program management which includes cost management consultancy. And that is the primary service offering that DLS has currently today. And clearly one of the opportunities as we said is to work with DLS senior leaders in order to offer a wider range of services to their clients here in Asia. And also to take their leading cost management consultancy capability to for example EC Harris and ARCADIS clients here in Asia. And that as we said at the beginning, this is a very profitable business as you can see when you do get the presentation on page nine. And so therefore we see it as a way of maintaining the high level of margins as this market continues to grow mature, because we will have to invest in future in closer growth in Asia and this will be a way of maintaining this kind of level of margins.

<Q – Teun Teeuwsse – ABN AMRO Bank NV (Broker)>: Okay, but they are definitely is a margin upside potential also for DLS builds?

<A – Harrie Noy – Arcadis NV>: I think the goal would not be to improve margins so much, because margin is already very strong. The goal will be to expand the business while maintaining the margin. And so, we think that in combining the DLS service with the ECH services, we have additional growth opportunities to get involved in additional type of work. And we aim of course for a continuation of the strong performance that the company has shown over the past couple of years.

<Q – Teun Teeuwisse – ABN AMRO Bank NV (Broker)>: Okay. Thank you very much.

<A – Harrie Noy – Arcadis NV>: You’re welcome.

Operator: Your next question comes from the line of Dirk Verbiesen. Please go ahead.

<Q – Dirk Verbiesen – Kempen & Co. NV (Securities)>: Yeah, hello. Good morning and good afternoon, gentlemen. A question from my side on the exposure to public and private sector. Harrie already indicated that private sector is the majority of the business. But could you shed some light on the actual split in public versus private?

Furthermore, can you say anything on the growth rate and revenues per employee? I think Neil was already indicating that these – that there are substantial upsides, obviously, comparing the added value of dealers, employees and engineers, compared to the more mature markets that you are in. But can you say anything on – I think the rate is now about $44,500 per employee. Can you shed some guidance there?

And also, with regard to statements in the press on Asian companies, especially higher-end companies with a high level of knowledge where the turnover rate of staff is substantially higher than in European and U.S. markets, for example. Can you say anything on that, how DLS, and I recognize the incentives from combining with ARCADIS but can you say anything on that on some recent years, how’s debt – how debt has been managed within DLS?

<A – Harrie Noy – Arcadis NV>: Maybe, first, your question with respect to split of revenue between public and private sector. That – we think there is about 25% of the business in the public sector and 75% on the private sector side. That varies, of course, a bit over the years. But roughly that is the mix as we have seen it during due diligence.

Your second question had to do with the growth of added value, and what you could say actually that the growth that you see in those markets of gross domestic product is a kind of the indication of the growth of added value that these companies can provide. So, let’s say, in case for example in China, the gross domestic product is 7.5%, then that is at least the level of increase in added value per year.
And usually, if you look to wage inflation at this point in time, given the strong growth of the economy, the wage inflation is even higher than that. And the company has been very successful in transferring that wage inflation to its clients because of the level in the market in which they operate. So, this was a bit for the different economies, but in general you could say that the growth in added value in these entrepreneurial markets is substantial.

Then, the turnover of staff. As we have shown in the presentation, we are building strong incentives to maintain the key staff within the company. I think if you look to the employment history of the senior partners and the local directors, then many of those people have worked with the company for a long period of time, many of them even their entire career. Joseph himself, I think, he more or less out beats me in terms of the time that he has spent with the company. And that’s so for many of their senior partners and also their local directors who are usually a bit younger in age, have a long time history with the company, where it shows that the company offers them ample opportunities to grow their professional experience. And that makes them excited in working for the company, also because the company gets involved in these wonderful projects that Joseph has presented to you.

<Joseph Lee – Davis Langdon & Seah>: We have never lost a partner before. All our partners fled us because they need to retire, they reached their retirement age. For local directors, I can’t remember losing anyone as well. All of them, they stay with the company. None of us – none of them leave us because they join another peer company. Some may have left because was tempted by developer, but the other staff – because we are the number one or number two firm in the countries that we operate, so all the university graduates, the young guys who would like to come and work with us to get some experience, and as in any industry, you’re bound to lose some of this and it’s been higher than the normal average.

<Kempen & Co. NV (Securities)>: Okay. And only, if I may, on the incentive from this, I think you referred to 750,000 share options that would be awarded. Is that – will that be done at once or will that be done in the – let’s say, is it a package that is available for the key employees below, let’s say, MD level or so, that they will be awarded in tranches to – when applicable or how should we see that?

<Harrie Noy – Arcadis NV>: No, these are going to be awarded somewhere within the next 60 days. That’s sort of proposal from management. And it’s actually meant as an instrument for both management and ourselves to maintain and to retain the key people with the business.

<Kempen & Co. NV (Securities)>: So, it’s not only for DLS employees?

<Harrie Noy – Arcadis NV>: That is for DLS employees, yeah, definitely.

<Kempen & Co. NV (Securities)>: Okay, okay.

<Harrie Noy – Arcadis NV>: Definitely. So, the management will come up with the proposal for distribution...

<Kempen & Co. NV (Securities)>: Okay.

<Harrie Noy – Arcadis NV>: Within the next 60 days. And then, the options will be distributed, and have a vesting period of three years...

<Kempen & Co. NV (Securities)>: Yeah.

<Harrie Noy – Arcadis NV>: Which means that that some people who leave within a two-year period, these options lapse.
<Q – Dirk Verbiesen – Kempen & Co. NV (Securities)>: Yeah, okay. Thank you.

<A – Harrie Noy – Arcadis NV>: You’re welcome.

Operator: Thank you. Your next question comes from the line of Philip Scholte. Please go ahead.

<Q – Philip Scholte – Coöperatieve Centrale Raiffeisen Boerenleenbank BA (Broker)>: Yes. Good morning, gentlemen. Following up on those questions of the option, can you say something maybe about exercise price or total costs at which you will spread them out? And you also mentioned something on bonus shares. Can you say something about the quantity of that? And I assume that these number of options and shares are on top of the 2.2 million shares you were paying out?

My second question is on the relation between Davis Langdon & Seah and the, what I should have called, the other Davis Langdon which is now owned by AECOM, and I read on their website that there is an intense cooperation between the two. How are you going to cope with that? What - will that impact any synergies you want to get from that or not?

And why maybe – that’s a question for Joseph, why is your company not being sold to AECOM at that time? And maybe a question to Harrie and Neil. Have you been involved in a bidding process versus AECOM in this acquisition, or was this on an exclusive basis as well? And maybe related to that, will the company remain branded as Davis Langdon & Seah or you’ll rebrand it to an ARCADIS company?

<A – Harrie Noy – Arcadis NV>: That is a lot of questions, Philip, but we will answer them one by one. First of all, the exercise price of the options. The exercise price will be, I think, by the closing price of today or yesterday, with somewhere around this period. It’s been – they’ll be for closing, so it’ll be the day before closing. So that it will be the exercise price will be the share price of ARCADIS shares yesterday. And then the cost that we will take in our P&L. Neil, maybe you can say few words on that?

<A – Neil McArthur – Arcadis NV>: Yeah, the way it works, the option is that we take the cost over the period that they are being vested in. So, that means they’re vested in three years, that means over the next three years, we take the cost of the options. And the price of an option, we use that Black-Scholes type of valuation for, which is usually between a third and a quarter of the share price.

<A – Harrie Noy – Arcadis NV>: Thanks. That brings me to the question on the bonus shares. The bonus shares are included in the 2.2 million shares that have been issued. So, as of those 2.2 million shares, I think around 250,000 shares are used as bonus shares for employees and. And these employees are not current partners, but people that were in a position to become partners in the near future and they get rewarded now for their position in the company through those – through those bonus shares. But they are included in the $2.2 million. Of course 750,000 options are not included in that $2.2 million to be precise.

<Q – Philip Scholte – Coöperatieve Centrale Raiffeisen Boerenleenbank BA (Broker)>: Right.

<A – Harrie Noy – Arcadis NV>: Okay. Then we go to the cooperation with Davis Langdon. Maybe you can answer the question, Joseph, why ARCADIS and not AECOM?

<A – Joseph Lee – Davis Langdon & Seah>: Well, first of all, our relationship with the other Davis Langdon regions, we had a cooperative agreement with the other Davis Langdon regions in the past and this agreement has expired at 31st of March this year. So we no longer have any
cooperative agreement with them and this will not have any impact on our forthcoming relationship with ARCADIS, because we won’t be part of the Davis Langdon Group.

Regarding the questions why we did not accept AECOM’s offer when they bought the other DL regions, I think basically we feel that at that time, there is a difference in the – there’s a cultural difference between us and AECOM. And also we feel that because they already have a very strong presence in Asia, so the synergy may not be that strong. Whereas with ARCADIS, we feel that it is a better cultural fit, they have been in business for over 125 years and we have been born for more than 25 years. So the two periods are very close, they are all very employee focused, so are we. So we feel that this provides a better cultural fit and also because they do not have a strong presence in Asia, I think that will provide a very good opportunity and platform for both companies to grow our business in Asia and also in other parts of the world.

<A – Harrie Noy – Arcadis NV>: Thanks Joseph. The other question was have you been involved in bidding process? No, we have started the discussions with DLS in the beginning of 2011. And this was just on an exclusive basis because we both felt that there was a good strategic fit and on that basis, we have had our discussions and these discussions started intensifying after the merger with EC Harris.

Then as far as the branding is concerned, because this cooperative agreement that was in place with Davis Langdon in the U.K. has expired, the company has to change its name. That will happen by – in May – in the course of May, but they will still keep the heritage of Davis Langdon & Seah in place, particularly also as to the reference of Seah, which is actually the most important part of the brand name in Asia as it goes back to the founder, which was, as I explained, Mr. Seah.

And then as far as the branding to ARCADIS is concerned, that will be part of the process going forward, that will also be reviewed, I think, when the strategy for Asia has been discussed and as part of that whole process, we’ll see how we continue with the branding in the future.

<Q – Philip Scholte – Coöperatieve Centrale Raiffeisen Boerenleenbank BA (Broker)>: Right, a short follow-up, if I may, on the agreement with Davis Langdon, is there a way to indicate how big or how much revenues could be involved in the cooperation with the Davis Langdon Group? And is there a risk that maybe some global customers associated with AECOM and Davis Langdon will actually leave Davis Langdon & Seah or something like that, how should I look at that?

<A – Harrie Noy – Arcadis NV>: I was going to mention in addition, Joseph, that your revenues, we investigated this item particularly, and it’s clear from our due diligence that the impact is very, very limited as the cooperative agreement since Davis Langdon was acquired by AECOM hardly was active anymore.


<A – Joseph Lee – Davis Langdon & Seah>: The cooperative agreement that we previously had with the other DL regions was mainly the cross reference of clients. When we have Asian clients going to Europe, we introduce them to the other DL regions also in other parts of the world, Australia and even in Africa. And they do the same, they have their clients coming to us, they introduce this to us. So this is a cross reference. Without that, I don’t think there is any impact on our business mainly. We now have a very long and good client base and when these multinational clients come to us, they know that we are the number one or number two firm in the location. And also with ARCADIS Multinational Client Program, we may be able to leverage on their client base and I think, overall, we do not see there will be any impact on our revenues.

All right. I'll leave you with that. Thank you.

Operator: Thank you. Your next question comes from the line of Eugene Klerk. Please go ahead.

Yes. Good morning, gentlemen. Few questions from me. First of all, can you provide us with the merger costs that you will be recording for fiscal year 2012? Second, what, if any, was the net debt level for DLS for fiscal year 2011? And if materially different from EBITA, what was the EBITDA number for fiscal year 2011?

And finally on the revenue items, can you give us a view for the order book for DLS for fiscal year 2012 and development versus last year? And finally, if I look at the end markets, then it appears that quite a significant chunk of the staff is located in countries with low to medium growth outlook, and really only bits and pieces in China and India sort of together with, probably, Indonesia and Philippines appear to have a medium term double-digit growth expectation annually. Do you see any opportunity for relocating staff, will you be using staff in Asia for projects elsewhere in Asia to capture this higher growth or how should we view this?

Yeah. The merger costs, the simple answer would be too much – far too much. But I think, at this point in time, we estimate the merger costs to be somewhere between $4 million and $5 million, talking about dollars and not the euros, so somewhere between $4 million and $5 million. These have to be expensed, but we will make them visible separately and not include them in recurring EBITDA nor anything from operations just as we treated the merger costs with EC Harris.

Net debt level, DLS did not have any net debt. The company is debt free and we expect the company to be debt free going forward.

What was the net cash level?

We're not going to disclose it because we basically have both the companies based on debt free/cash free basis.

Okay.

Then Renier do you know anything about EBITA compared to EBITDA?

Yeah, the amount of depreciation, amortization of the company last year was just over $2 million.

Then the order book. The order book is very well filled. I think the average order book in DLS is substantially higher than the order book for ARCADIS as a rule. Figures are not totally comparable because the criteria that DLS uses to measure the order book are not fully aligned with the criteria that ARCADIS uses, but even if I correct for that then their order book is very well filled, with an average size of the order book substantially above ARCADIS levels.

Then the medium growth outlook, we think that we have a excellent growth outlook for the whole region with differences between different countries. That's definitely true. And that will remain true, I think, in the future as well because markets go up and down. But given the fact that DLS is very well diversified in terms of geography and we see additional opportunities for growth in combination
with the ARCADIS portfolio, we think we can benefit from the growth going forward. We see also opportunities to use some of the resource, I think Neil mentioned that at the initial part of the presentation, those opportunities to use some of the resources within DLS for projects in other parts of the region or even projects and client relationships that we have outside the region.

<A – Neil McArthur – Arcadis NV>: And sorry just building on that, Harrie, would have over 1,000 staff in Mainland China, excluding another 400 in Hong Kong and Macau, and then over 300 in India. All three of which are very growth oriented markets.

<A – Harrie Noy – Arcadis NV>: Yeah. Answer that, your questions?

<Q – Eugene Klerk – Credit Suisse Securities (Europe) Ltd.>: It does indeed. Thank you.

<A – Harrie Noy – Arcadis NV>: You’re welcome.

Operator: [Operator Instructions]. Your next question comes from Quirijn Mulder. Please go ahead.

<Q – Quirijn Mulder – ING Bank NV (Broker)>: Yeah, good morning, everyone. This is Quirijn Mulder from ING in Amsterdam. I have a couple of questions. First of all, with regards to the tax rate, this is for Renier, and also with regard to the amortization and the tax deductibility of amortization which we have seen in the past. That’s my first question for Renier.

Then with regard to the multinational clients, can you give some feeling of how many multinational clients are part – are client at DLS, and how large MNC can be become with DLS, let me say in 2013, in your view?

Then my next question is with regard to the post-merger actions, DLS will take a leadership role in Asia, does that include also the activity of ECH plus maybe RTKL, or should RTKL not be taken into account? If I look at the revenues in Asia, 2012 pro forma, excluding DLS, it was already €125 million, so it’s probably DLS is smaller. So is there reason to be somewhat nervous on this merger between DLS and ECH – EC Harris in the Far East? And then of course my final question is can you give me some feeling with regard to the competition in this area? Who are big competitors, is that international players, local players? That sort of things. Thank you.

<A – Harrie Noy – Arcadis NV>: First, tax rate and the amortization. Renier?

<A – Renier Vree – Arcadis NV>: Yes, Quirijn, as far as amortization starting with F1, this is a share due. And tax laws also in Asia do not allow for goodwill then to be deducted from income. So the amortization is not tax deductible and the tax rate we foresee for Asia will be lower than what we have average for ARCADIS. I think you know that for ARCADIS, we guide with a tax rate of approximately 30% and I would expect that the tax rate for the activities in Asia to be lower than that, more in the neighborhood of 25% or slightly lower than that.

<A>: 20%

<Q – Quirijn Mulder – ING Bank NV (Broker)>: Are you not too cautious there?

<A – Renier Vree – Arcadis NV>: Time will tell, Quirijn.

<Q – Quirijn Mulder – ING Bank NV (Broker)>: Sorry.

<A – Renier Vree – Arcadis NV>: Time will tell.

<Q – Quirijn Mulder – ING Bank NV (Broker)>: Okay, thank you.
**<A – Harrie Noy – Arcadis NV>:** Then your question with respect to the multinational customers, how many of ARCADIS multinational customers are already part of [indiscernible]. That's limited, but we see quite a strong potential there also because many of our multinational customers are making investments in this part of the world. And given the fact that we have now such a strong footprint across Asia, that makes us, I think, very well suited to have those multinational clients with the investment programs in this part of the world. If you look to the footprint, both in China and in other parts of Asia, but also the footprint in India, for example, that gives us a very strong basis to have those clients with investments in Asia.

And talk about the post-merger actions, it's clear that the businesses of DLS are very complementary to EC Harris and particularly, of course, to RTKL and also EC Harris, the DL will continue to operate as a separate operating company going forward. With respect to EC Harris, we will first focus on synergy opportunities and based on the contracts that have been in place already between the leadership of EC Harris in the region and people of DLS, we see many opportunities to actually cooperate, where EC Harris can benefit from the strong position that DLS has in the marketplace and where DLS can benefit from the Built Asset Consultancy capabilities and some project management capabilities that EC Harris can offer. So together, we definitely are much stronger. So the initial focus will be synergy opportunities and over time, we're going to look into the strategy for Asia and that will eventually lead to one integrated platform for the ARCADIS business in Asia, excluding RTKL.

**<Q – Quirijn Mulder – ING Bank NV (Broker)>:** But is then – okay, yeah?

**<A – Harrie Noy – Arcadis NV>:** Yeah, go ahead.

**<Q – Quirijn Mulder – ING Bank NV (Broker)>:** Yeah, with regard to the post-merger story, can we not expect then that the business model – the organization model of DLS is leading for EC Harris, especially with regards to the profitability here, like we have seen with BBL on ARCADIS U.S.?

**<A – Harrie Noy – Arcadis NV>:** That's a pretty good point that you're making, Quirijn. I think that in the combination of those two business however we are going to combine them, that the combination of those businesses will have a positive impact on the combined margin of these businesses, for two reasons. The one reason that you mentioned, but the other reason is definitely also the efficiency of the footprint because the scale of DLS in the region offers them an opportunity to be more efficient than EC Harris can be on their own and so there will be definitely a positive impact in that respect.

Then maybe, Joseph, you can say a few words on the competitor in the region?

**<A – Joseph Lee – Davis Langdon & Seah>:** As we have said in our presentation, in other countries that we operate, we are either number one or number two. In fact in many cases, we are number one. One of the main reasons why we are able to maintain that position is we are very focused on the – providing a quality service to our clients, which has been our number one priority and our core value. Our clients recognize that we can actually deliver a premier service and they are prepared to pay a premium for that. And this is one of the reasons why we were able to achieve a high margin.

So our aim is to continue doing this and we do not feel that there is any fear of our competitors reaching us or new competitors coming in. But in the new market like India, we do see that there are many U.K. companies going in there due to the market conditions in U.K., and they are bidding hard for their projects. So the only area which we think that there may be an impact in the near future as well could be India, mainly because of the fact that we have too many newcomers coming
in. But in the other parts of Asia, we don’t feel that there is any fear that our competitors may catch up.

<A>: You were saying, Joseph?

<Q – Quirijn Mulder – ING Bank NV (Broker)>: Yeah, maybe, Joseph, can you give me somewhat more flavor with regard to your client base? Is that – it can be multinationals from Asia, it can be multinationals from an MNC, American or U.K. or European players, or are there local players also in these sort of countries active?

<A – Joseph Lee – Davis Langdon & Seah>: In all the countries that we operate, most of our clients are the local blue chip clients. We do have some multinational clients from either U.S. or Europe, but the percentage is very small. We do have multi-regional clients within Asia investing in other parts of Asia, like in China, we do have a lot of Singapore developers investing in China and also they also invest in Vietnam and in Korea as well.

For our local clients, even in China, most of them are blue chip clients. And we do see the trend that these companies, these big conglomerates in China are looking to diversify their investment outside China. We have received many inquires recently regarding our ability to help them on the development outside China and outside Asia. And with our joining ARCADIS, it will provide a great opportunity for us to extend our service to the areas that there are other countries that they are going to invest.

<A – Neil McArthur – Arcadis NV>: And those clients, just if I can add to that, Joseph, those clients are looking to do investments in the Middle East, to do investments in -

<A – Joseph Lee – Davis Langdon & Seah>: In all parts of the world, even in South America.

<A – Neil McArthur – Arcadis NV>: Yeah, in Latin America, we have other programs at the moment.


<A – Neil McArthur – Arcadis NV>: And also North America.

<A – Joseph Lee – Davis Langdon & Seah>: I think one will see the trend that there will be more big investors or big conglomerates Mainland China investing in other parts of the world.

<A – Harrie Noy – Arcadis NV>: And when Joseph was talking about local property developers that he previously mentioned, he means the regional property developers because DLS, just for example, so quite a bit of work for CapitaLand, which is a developer which is very active across the region, I think.


<Q – Quirijn Mulder – ING Bank NV (Broker)>: Okay. Thank you.

<A – Harrie Noy – Arcadis NV>: Okay. You’re welcome. Maybe one last question and then we’re going to finalize the conference call.

Operator: Thank you. Your final question comes from the line of Philip Scholte. Please go ahead.

<Q – Philip Scholte – Coöperatieve Centrale Raiffeisen Boerenleenbank BA (Broker)>: Yeah, and a short follow-up maybe. Can you give us a breakdown in end markets? In terms of customers
with EC Harris, you told us about property and transport and water. Can you say something about your breakdown of DLS in that respect?

<A – Harrie Noy – Arcadis NV>: They don’t register it in that way, so everything we say in that respect is a kind of best guess. You have seen in the presentation that their activities are focused on buildings, but some of those investments are definitely infrastructure-driven. So as an example, the investment to rebuild the former runway at the old Hong Kong Airport. So there are infrastructure-related investments, also the investments in the Hong Kong Airport and so on, but most of the work is related to property investment either driven by infrastructure programs or driven by residential, mixed use or office or whatever kind of programs. So within ARCADIS, we – in the pictures that we presented to you with respect to the services of the business lines, we have considered the whole portfolio of DLS to be in the buildings business line.

<Q – Philip Scholte – Coöperatieve Centrale Raiffeisen Boerenleenbank BA (Broker)>: All right. And then it’s probably fair to assume that the majority of that is property related – the vast majority probably?

<A – Harrie Noy – Arcadis NV>: Yeah, property related. But, for example, the company is also – as I mentioned, the Hong Kong International Airport, those investments are related to the refurbishment of the runway and there are more of those types of projects. So the driver can be different, but the services are being delivered in relation largely to, let’s say, properties and buildings.

<A – Neil McArthur – Arcadis NV>: Property and buildings is a very broad definition. It’s residential, it’s office, it’s retail, it’s leisure, it’s resort and tourism. And all of those sub-segments in what you’re defining as property, all of which are growing at different rates and different markets across Asia.

<Q – Philip Scholte – Coöperatieve Centrale Raiffeisen Boerenleenbank BA (Broker)>: Yeah, sure. All right. Thank you very much.


Harrie L. J. Noy, Chairman-Executive Board & Chief Executive Officer

Okay, then, with this final question. I propose that we are going to finish this conference call. I want to thank you all for your participation. First of all, I have also – I have to apologize for the inconvenience at the beginning of this conference call, but I assume that if you go to the website in the meantime, you can find the presentation. If I want to say one final word with respect to this merger, this is definitely a very strong strategic importance for ARCADIS and I hope that the projects that have been presented to you by Joseph also show you that this company in Asia is what we call in Dutch, [Foreign Language].

Over the past, let’s say, five to seven years, we have spoken to many companies in this part of the world but definitely this is the top notch candidate that we could desire for ourselves as a partner to build a common future with. That’s what we are aiming for, build a common future based on the strong growth opportunities that we see in this market. And having said that, I would like to conclude this conference call, particularly thanking Joseph for his participation.
Joseph Lee, Chairman, Davis Langdon & Seah

Thank you.

Harrie L. J. Noy, Chairman-Executive Board & Chief Executive Officer

And we are looking forward to our partnership in the future.

Joseph Lee, Chairman, Davis Langdon & Seah

Thank you.

Neil C. McArthur, Member-Executive Board

Thank you.

Operator: That does concludes our conference for today. At this time, you may all disconnect. Speakers, please stay online.

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