

Report from the Executive Board

From 1 June 2008 to 31 May 2009 Deloitte face a difficult and testing time as the economic downturn accelerated and weakened the market for professional business services in the Netherlands. Revenues fell by 3.4% on a like-for-like basis, adjusted for €14 million revenues of Audit businesses divested in 2008. Revenues adjusted for the cost of work that Deloitte subcontracts to others fell by 2.4%. At the same time, profit margins declined significantly as the number of employees was higher than required for the volume of business.

We took decisive action to offset the impact of the downturn and maintained a disciplined market approach. Overcapacity in some areas resulted in redundancies, while the firm sought to retain its highest-quality talent and continued investing in the strategic development of its people.

Measures were taken to progress towards lower and more flexible cost structures that are aligned to the realities of the market. For the year 2008/2009 actions were taken to manage salary-related costs, which included the adoption of a lower payout ratio for variable remuneration, the limited renewal of fixed contracts, improvement of credit management to better manage working capital and significant reduction of overhead costs. For the current year, 2009/2010 actions were



taken to use additional vacation days, to adjust our salary growth scale to the economic circumstances making sure we are still able to recognise our talent for their achievements and to make the variable remuneration profit dependent.

As competition in the market intensified, there was downward pressure on pricing. The size of individual assignments decreased. To counterbalance this, Deloitte engaged in smart pricing where necessary and sought to strengthen its existing client relationships through broader service offerings.

Notwithstanding these challenges, Deloitte implemented its strategy to drive innovation, quality and talent in the market. The year, while tough, saw significant achievements, including important new client mandates, stronger market positions and increased levels of external recognition.

Market focus

Despite softer growth in the markets and price pressure, Deloitte strengthened its position in industry segments with new high-profile clients. The successful targeting of Financial Services and Local Government services was led by experienced partners who offered sector insights and a practical cross-functional approach.

Deloitte also provided strategic advice and execution to new and existing clients in the private and public sectors. In the corporate market, important mandates were secured from ABN Amro, DSM, Endemol and Philips, ect. In the public sector, work was performed for Gemeente Rotterdam, ministries of OCW and VROM, among others.

The firm's dedicated focus on the mid-market and SME segment was strengthened with business programmes and initiatives such as 50 Best Managed companies, FAST 50, the Family Business Programme and a subscription-based controller offering for the SME market. Numerous training initiatives were launched in the year, aimed at preparing Deloitte professionals to meet the specific needs of this dynamic segment.

At the same time, the recession provided new opportunities for Audit to play a lead role in the restoration of business confidence. For companies and investors alike, the need for dependable information about finances and risk factors has become paramount. The implementation of fair value accounting, International Financial Reporting Standards (IFRS), advanced risk management systems and more efficient internal processes and controls, is drawing on Audit's ability to advise and implement in an integrated way.

During the year 2008/2009, activities undertaken through the cooperation agreement Deloitte Société Européenne (DSE) with member firms in Germany, Belgium, Denmark and Central Europe, were further extended. The agreement allows for jointly aligned investments that enhance the overall market position of the Deloitte firms and further improve cross border services. This cooperation delivers clear benefits to our clients and new opportunities for our people. During the year, several market-oriented initiatives were launched to involve more partners in the firms, although the pace of some of these slowed down as a result of the financial

crisis. For the current year, a further extension and acceleration of the activities carried out under the DSE umbrella is foreseen.

Focus and innovation

Deloitte's focus on markets and people paid off with as the firm found new ways to channel its knowledge and experience. Innovative delivery models for traditional and new services were also brought to market. This approach distinguished the firm as a qualitative player in the market with unique integrated service offerings (ISOs).

As a multidisciplinary integrator providing both strategic advice and implementation, Deloitte was an appropriate partner for clients facing complex challenges in the year. Numerous client-focused initiatives were launched under the ISO umbrella, including:

- **Navigating the Downturn** (see box)
- **Tax Aligned Supply Chain:** (Tax, Consulting, IT implementation) A service that seeks to raise profits by restructuring supply chain activities and aligning them with methods that take advantage of direct and indirect tax benefits.
- **Governance, Risk & Compliance:** This includes the design and implementation of solutions that guarantee good governance and the fulfillment of regulatory governance requirements; the development of a framework that leads to a full integration and adoption of the risk and control cycle within business processes and the preparation of corporation tax returns and advising clients on all matters related to their returns.
- **Mergers & Acquisitions:** This ISO delivers solutions for every transaction process through collaboration of diverse specialists. Depending on the transaction, we put together a team of merger-and-acquisition specialists, due diligence advisers, industry and financial experts, tax consultants and management consultants.

The 'One Deloitte' approach was strengthened through the firm's multiple innovation drives. One of these, an internal campaign, originated over 500 new business ideas from Deloitte staff. The most promising were developed into concrete market propositions during an Innovator Week in Dubai and resulted in projects for XBRL - the open standard supporting information modelling and a Public Sector dashboard.

“The firm took decisive action to offset the impact of the downturn and maintained a disciplined market approach.”

Deloitte's efforts to communicate its initiatives in this area to its employees were recognised externally through an award by the Dutch Advertisers Association. The firm's dedicated approach to innovation is unique among its peers and will continue to be a key business driver.

Brand building

Our brand visibility in the market increased as we achieved the biggest share of voice among our peers in free coverage media. The firm received recognition as best business partner of the big 4 from InCompany500. The campaign for our Navigating the Downturn offering and our highly successful recruitment campaign led to good visibility in the market and reinforced the Deloitte brand. These achievements highlight our strategic focus on being an eminent player in the market.

We nurtured external recognition by offering industry knowledge and insights in areas where we excel, such as the creation of tax efficiencies; the latest consumer trends in the fields of technology, media and telecom; the functioning of Dutch housing corporations; new tendencies in remuneration practices; data security and the promotion of entrepreneurship in the workplace. In 2009/2010 we will extend our thought leadership by focusing on new topics such as fostering innovation as a growth driver.

Deloitte is recognised externally as a thought leader and an integrator in the market with offerings across functions. By combining its capabilities in this way, the firm provides unique added-value services to its clients and leadership in the industry.

Navigating the downturn

With the economic downturn, markets are becoming increasingly competitive and companies face a range of serious challenges. With the future uncertain, companies in the Netherlands cannot stand still. Rather, they must evaluate and adapt to evolving circumstances. Deloitte has developed an integrated service offering (ISO) to enable them to do just this.

Launched in November 2008, our Navigating the Downturn ISO provides companies with a quick insight into which downturn forces are affecting them and helps them develop and execute a focused plan. The integrated offering focuses on optimising the business portfolio, controlling costs, mitigating risks, optimising tax and improving cash flow and funding.

The approach consists of three phases. To begin with, a downturn analysis is undertaken to assess improvement opportunities, priorities and root causes to determine the

appropriate solution. Secondly, quick wins and medium- to long-term improvement opportunities are identified, which are prioritised in a detailed plan. Finally, the roll out and full implementation takes place, with Deloitte assisting at every stage.

"This ISO has been remarkably successful and positioned Deloitte as a fast-moving innovator in the Dutch market," says Oscar Snijders, who leads the team that is responsible for the offering. "We are uniquely positioned to help companies navigate the downturn and our multi-disciplinary teams can analyse data from many points of view."

The launch was supported by an extensive advertising campaign in the business media that has become widely recognised. "The feedback has been exceptional and we're thinking ahead about how this ISO will develop over time as markets recover," says Snijders.

Performance by function

Audit

There was a reduced demand for services in this area in addition to strong price pressures. Competitiveness also increased due to greater transparency in pricing. Notwithstanding, there were significant new engagements in the year, most notably in the public sector, SME market and financial services. Overall, the net revenues decreased by more than 3.2% on a like-for-like basis. The operating results decreased with 7%.

As the mainstay of our business, representing over 50% of our total revenues, Audit continued to play a fundamental role in the strategic positioning of the firm. The downturn in the market has reduced overall demand for some of our services, but it has also increased our customers' appetite for greater certainty and security in their operations.

We are keenly aware of the relevance of Audit in the current market environment and the crucial role it has to play in restoring confidence through fair value accounting. It will contribute to the long-term sustainability of business operations by providing the market with a clear understanding of risk factors.

Audit is increasingly assisting companies looking to align their cost base to the realities of the market and those seeking refinancing options or new financial terms, by providing reliable and up-to-date financial information. The growing number of local companies that are voluntarily implementing International Financial Reporting Standards (IFRS) are also benefitting from Audit's advisory and execution capabilities.

In 2009/2010 we see these opportunities, among others, driving growth in Audit. There is greater interest in the supervision of investment programmes - especially in the public sector - and of internal processes and controls that help increase efficiency levels. Such opportunities have emerged in risk management and advisory services that

help companies steer their way through complex laws and regulations. We have also seen good uptake of our specific controller proposition for the SME segment.

Tax

Overall the business volume declined and net revenues were 5.3% lower than last year. The reduction in volume occurred most notably in the large international companies segment and in the amount of work referred from Deloitte offices in other countries, especially the United States and United Kingdom. Operating results also declined and are over 30% lower than the previous year, primarily as a result of overcapacity in people.

Notwithstanding these challenges, there are growing opportunities for Tax, most notably with Tax Aligned Supply Chain and Tax Management Consulting, including Tax Control Framework and Transfer Pricing.

Consulting

Consulting showed relative stability during the year from a business volume point of view. Net revenues declined by 2.6% as a result of lower levels of subcontracted work. Operating results showed significant reduction of almost 50%. This was mainly caused by overcapacity of people at the beginning of the financial year. As a result, measures were taken to reduce headcount in line with business volume.

Financial Advisory Services (FAS)

The crisis in the financial markets affected the service lines of FAS in different ways. Corporate Finance and Transaction Services saw lower activity levels overall. Real Estate Advisory showed significant growth in the year, while Actuarial & Employee Benefits was unaffected.

The overall revenue levels remained the same as last year which is a major achievement in the current market. Operating results are slightly lower than last year as a result of pricing pressure and some overcapacity.

Corporate responsibility

As a leading professional services organisation, Deloitte has much to contribute to the political, economic, legal (integrity) and social development of the communities in which it operates.

Deloitte seeks to leverage its expertise and knowledge to further its own sustainability agenda and that of its clients. It uses its insights to communicate its vision on Sustainability to different stakeholders.

Deloitte is committed to a comprehensive sustainability strategy to deliver concrete results in the areas of people, clients, integrity and ecological footprint.

A strong commitment we have made in this area is to reduce harmful emissions. A key part of our sustainability agenda is our goal to reduce carbon emissions by 40% from our 2006/2007 baseline by 2011. In 2008/2009 we made steady progress towards this goal.

The Deloitte Foundation will be another important area of Sustainability. The foundation is a non-profit vehicle designed to facilitate Deloitte's contribution to society by investing time, funds and the expertise of its professionals in sustainable education and skills building.

People focus

We also invested in our talent strategy, given that people are our most important asset. Our ambition is to become a best place to work so that we can deliver a high standard of excellence to our clients through attracting and engaging the best people.

During 2008/2009 we launched a three-year strategy to achieve people leadership through effective recruitment, increase engagement and HR excellence.

Looking ahead

In 2010 and beyond we will continue to implement our proven value-creating strategy with its focus on markets, quality and people. We will drive forward our innovation pipeline and our integrated approach to clients' needs through our multi-disciplinary teams.

The current financial year will be at least as challenging as the last. There are no structural signs of an economic recovery and business volumes are still declining. We have taken significant steps to reduce overhead costs and direct costs. Creative measures, such as additional holidays, have increased our flexibility. In this way, we believe we are very well prepared for the challenges ahead, while being able to retain the talent in our organisation.

We will maintain our investments in our strategic priorities. The investment in tangible fixed assets will increase by €5.4 million as a result of the opening of new offices in 2009/2010.

Our existing credit agreement and partner financing structure are expected to provide us with sufficient funding for the next couple of years, even taking into account the current business climate.

In June, the Board of Deloitte Touche Tohmatsu appointed Jan Dalhuisen as the EMEA Regional Managing Partner. As a result, Jan will step down from the Executive Board of Deloitte Netherlands in September 2009. Since his appointment to the Executive Board in 2002, Jan has been a passionate driver of Deloitte's repositioning in the Netherlands and a valued member of the executive team.

On 14 July 2009, Erik Beelaerts van Blokland, Chairman of our Supervisory Board, passed away unexpectedly. We lost a wise, insightful and warm person, who has contributed significantly to our organisation during his seven years of leadership. We would like to express our deepest gratitude and appreciation for what Erik has meant for Deloitte and to all of us personally.

Financial results 2008/2009

The financial year 2008/2009 saw a moderate decline in revenues on a like-for-like basis and a significant decline in profit as the challenging market environment significantly impacted the business volume of functions in virtually all parts of the business.

Net turnover

The net turnover for the financial year 2008/2009 was €709.1 million, a drop of 5.3% compared to the same period last year. During the financial year 2007/2008, several businesses were sold or closed. On a like-for-like basis, adjusted for €14 million revenues of Audit businesses divested in 2008, the total net revenues decreased by 3.4%. Adjusted for the cost of work that Deloitte subcontracts, the decline was 2.4%. The decline in revenues was largely due to reduced business volume.

Audit revenues declined 6.6% in the period. Adjusted for businesses divested in the previous year and therefore on a like-for-like basis, net revenues decreased by 3.2%.

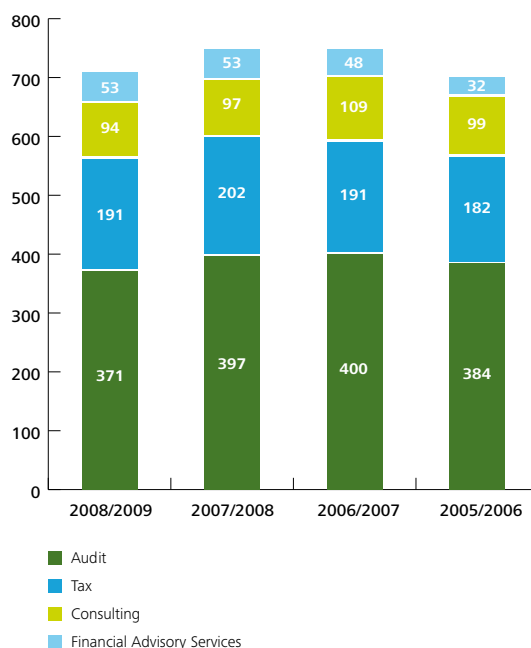
Tax advisory revenues decreased 5.3% following strong growth in the previous year. Especially in the M&A area, the business volume showed a significant decline.

A 2.6% decline was reported in Consulting revenues caused by a fall in total subcontracted work (€2.8 million). The underlying business volume was comparable to last year.

Revenues from Financial Advisory Services remained constant, despite the ongoing reduction in the number of large transactions and price pressure.

From an industry perspective, significant growth was achieved in the Financial Services Industry (18%) and areas of the Public Sector, including Local Government (5%) and Care & Cure (4%). The segment most severely impacted in the year was Technology, Media and Telecommunications (TMT).

Net turnover



As a result of the difficult operating environment and overcapacity of people in various business areas, net turnover per employee for the entire Deloitte organisation decreased by 3.6% from €144,000 to €139,000 in the financial year 2008/2009.

Operating expenses

Operating expenses of the total organisation were down for the year by 2.8% to €605.0 million, compared to €622.4 million in the financial year 2007/2008. This fall is mainly attributable to a reduction in overhead costs.

Results

Results from ordinary activities before taxation decreased by 19.9% to €94.0 million.

The reduction of results from ordinary activities was caused most significantly by Tax and Consulting.

For Tax, the business volume declined significantly in Core Tax (-9%), Global Employer Services (-8%) and Indirect Tax (-6%). A combination of reduced business volume, price pressure and overcapacity of people affected the tax results. For Consulting, the business volume remained constant, but a significant overcapacity of people caused the decrease in results.

Company expenses decreased in the year as projects were put on hold and the number of fixed and temporary employees was reduced.

Financial position

The cash position improved significantly in the year, with a positive cash flow for the financial year 2008/2009 of €19.1 million. Cash flows were positively affected by the repayment of outstanding loans to our international network Deloitte Touche Tohmatsu (DTT) amounting to €13.3 million.

Credit facilities used in the year, remained well within the covenants. Investments continued in the year, amounting to €12.6 million compared to €13.8 million in the previous year, with important new ICT infrastructure and new offices in Rotterdam and Maastricht.

The group's base capital (group equity and subordinated loans) decreased from €127.1 million to €123.7 million due to the repayment of subordinated loans during the year. As a percentage of the balance sheet total, the group's base capital increased from 40.0% to 43.5%.

Working capital improved with a decline in the number of days for accounts receivable and a significant reduction of work in progress.

Segmented information for the period 1 June 2008 to 31 May 2009

in € thousands	Audit	Tax	Consulting	FAS	Support / Holding	Elimination	Total
Net turnover	371,330	190,947	94,132	52,484	229	-	709,122
Other operating income	507	645	-	-	194,614	(194,614)	1,152
Total operating income	371,837	191,592	94,132	52,484	194,843	(194,614)	710,274
Costs of subcontracted work and other external costs	21,539	12,720	14,019	2,256	10,469	-	61,003
Salaries and social security charges	148,729	72,611	44,750	19,536	73,488	(37,868)	321,246
Amortisation of intangible and depreciation of tangible fixed assets	1,811	1,136	940	-	18,076	-	21,963
Impairments of intangible fixed assets	46	71	-	-	-	-	117
Other operating expenses	140,619	68,151	27,368	16,664	104,627	(156,746)	200,683
Total operating expenses	312,744	154,689	87,077	38,456	206,660	(194,614)	605,012
Operating result	59,093	36,903	7,055	14,028	(11,817)	-	105,262

Segmented information for the period 1 June 2007 to 31 May 2008

in € thousands	Audit	Tax	Consulting	FAS	Support / Holding	Elimination	Total
Net turnover	397,551	201,613	96,662	52,345	416	-	748,587
Other operating income	5,366	750	-	-	190,074	(190,074)	6,116
Total operating income	402,917	202,363	96,662	52,345	190,490	(190,074)	754,703
Costs of subcontracted work and other external costs	32,310	13,470	16,820	2,064	8,791	-	73,455
Salaries and social security charges	155,238	66,700	38,048	16,888	71,012	(38,462)	309,424
Amortisation of intangible and depreciation of tangible fixed assets	1,994	1,039	940	-	19,626	-	23,599
Impairments of intangible fixed assets	1,158	-	-	-	-	-	1,158
Other operating expenses	148,846	67,900	27,103	16,966	105,591	(151,612)	214,794
Total operating expenses	339,546	149,109	82,911	35,918	205,020	(190,074)	622,430
Operating result	63,371	53,254	13,751	16,427	(14,530)	-	132,273

Risk management

The Executive Board is responsible for ensuring internal risk management and control systems are effective.

Where possible, the Board is responsible for actively managing all strategic, financial and operational risks.

Strategic risks

Various risks may block us from achieving our strategic objectives. For example, unexpected changes in the law relating to independence regulations could force us to split up our activities and prevent us from offering a full service concept. In addition, damage to the reputation of another DTT member firm could materially affect our own market position.

The economic downturn and the resultant price pressures mean the quality system and acceptance process we have in place is even more important. The risks surrounding the credit crisis have raised awareness of the need to focus on a variety of revenues.

Financial risks

The main financial risks we face relate to the financing and the daily management of our working capital, the financing of our pension obligations and the risk of professional liability. During the year under review, our banking facilities were sufficient to finance working capital and our capital base was adequate. The management of working capital has improved. The majority of our employees participate in a defined contribution scheme. About 2% of our employees participate in a defined benefit scheme, which is reinsured. Professional liability risks are insured for sums and on terms that are common in the sector.

Financial instruments

Our policy is designed to keep foreign-exchange risk, interest-rate risk, credit risk and liquidity risk within acceptable boundaries. Derivative financial instruments are used where considered necessary.

Foreign-exchange risk is limited to positions and transactions in US dollars, arising from services to clients and contributions to the international network of DTT. Occasionally, derivative financial instruments are used to limit the exchange risk.

“Our people guarantee the quality of our services and are therefore the key to achieving our objectives.”

Interest-rate risk arising from the long-term financing by shareholders through Stichting Financiering Deloitte is limited by the interest cap of 8% for the compulsory and 9% for the voluntary subordinated loans. Short-term financing through facilities of credit institutions varies with the need for working capital; due to the lower interest rates for short-term financing Deloitte maintains variable interest rates.

Inherent to the nature of Deloitte's activities is its exposure to credit risk (uncollectable debts). The risk of non-collectability is mainly restricted by the multitude and diversity of parties who are debtors to the group. Furthermore, strict internal control measures for client acceptance and collection of overdue debts exist.

Liquidity risk is managed by the existence of sufficient credit facilities for the medium to long term.

Operational risks

Deloitte's success depends heavily on its people, their expertise and judgement. Our people guarantee the quality of our services and are therefore the key to achieving our objectives. This means we need to be able to recruit and retain qualified, talented staff. This also applies to the independent and ethical aspects of our profession, partly due to the rapid development of standards, legislation and supervision.

In the current challenging economic environment, the 'tone from the top' is a key factor in managing and mitigating risks and strong messages from management are an important way to ensure our people remain motivated.

Further, the reliability of the IT Infrastructure and the effectiveness of our core business applications are key factors in our ability to serve clients, comply with policies and regulations and attract and retain the best people.

Strategic risk assessment

On behalf of the Executive Board and in close cooperation with it, Enterprise Risk Services (ERS) conducted a strategic risk assessment covering the next two to four years.

The purpose was to identify the main risks associated with the firm's strategic and tactical decisions. The specialists of ERS met a number of times with the Executive Board to discuss the results. They first identified the current operational risks relating to tactical decisions, examining aspects such as our compliance with current laws and regulations, the firm's level of preparedness for "extreme events" and the coherence of the strategic plans with economic forecasts and other long-term trends. Then the strategic long-term plans were reviewed both internally and externally; they were compared with developments at other major Dutch accounting firms, were checked for coherence with the findings of the World Economic Forum and with the views of academics. This assessment of the risks was then used to strengthen (both operationally and tactically) and develop contingency plans and to support the development of a long-term vision and will be updated on an annual basis.

In-control

Public and private limited liability companies that adhere to a two-tier management model may (and if they are listed with their statutory seat in the Netherlands, must) issue an “in-control statement”. Management of companies need to ensure that adequate management and control mechanisms are in place and that the general and financial risks are sufficiently assessed.

Accordingly, Deloitte’s Executive Board is responsible for designing, implementing and operating the risk management and control systems within the firm. This may include drawing up policies, establishing processes, assigning tasks, guiding behaviour and otherwise directing the firm in such a way that the firm can achieve its objectives without making substantial errors, sustaining losses, committing or becoming a victim of fraud, or violating any laws and regulations.

At the same time, it is recognised that proper and effective risk management and control systems provide no guarantee that objectives will be achieved, nor can they entirely prevent substantial errors, losses, fraud or the violation of laws and regulations.

In the year under review, we analysed and evaluated the control environment, including the risks to which Deloitte is exposed. The main components of our internal risk management and control system in the year under review were the following:

- Periodical risk analyses of our operational and financial objectives
- Clear-cut, detailed rules and procedures to guarantee professional quality, including rules for the various disciplines, worldwide client service standards, human resource standards, the shared beliefs of DTT and our ethical principles
- The Deloitte Policy Manual (continually updated to ensure delivery of consistently high quality)
- Improved and coordinated processes regarding client acceptance and continuation, practice reviews, independence and portfolio reviews for pro-active risk management
- A complaints procedure and arrangement for whistleblowers
- Training programmes for professional practice and specific programmes regarding independent professional practice, as well as integrity and ethics in all aspects of our service

In-control statement

In recent years, we have thoroughly analysed and evaluated our internal control systems. During the year under review, on the basis of that evaluation, a number of management and control systems were modified or refined. This process has the Executive Board's continued attention.

Taking the above into consideration, the Executive Board believes the internal risk management and control systems provide a reasonable degree of certainty that the financial report does not contain any material inaccuracy and that these internal control systems worked properly in the year under review. Also, there are no reasons to believe that the internal risk management and control system will not work properly in the current year.

“We have thoroughly analysed and evaluated our internal control systems.”

Accountants' Organisations (Supervision) Act

The Dutch Accountants' Organisations (Supervision) Act, which took effect on 1 October 2006, requires accountancy firms to monitor the quality of the statutory auditing activities they perform and thus the accuracy of the statements they issue relating to company accounts. For this purpose, Deloitte has a quality policy and a quality control system. In accordance with Article 23.1 of the above-mentioned Act, the Executive Board of Deloitte Accountants BV has appointed a Compliance Officer and a Deputy Compliance Officer. They report to the Executive Board and to the Audit Function Leader.

The duties of the Compliance Officer are described in the Group Management Statute and further defined in the Deloitte Policy Manual. The same Act requires accountancy firms to be in possession of a permit to carry out “statutory audits”. Deloitte has obtained this permit as of 1 October 2007. In accordance with Article 30 of the Accountants' Organisations (Supervision) Decree, accountancy firms are obliged to draw up a transparency report. Deloitte will publish its transparency report on its public website.

Corporate governance

Good corporate governance is an essential part of ensuring economic growth in a global economy.

Companies and industries that operate according to clear and effective codes of conduct will be more competitive, better prepared for challenges and will inspire investor confidence. Corporate governance is not a matter of simple rules and regulations but of ethics and integrity. Adherence to a code that governs responsibility, accountability, transparency and fairness is an essential part of ensuring an organisation is managed in the best interests of its stakeholders.

Tabaksblat

The code of corporate governance in the Netherlands is commonly known as the Tabaksblat code. It was introduced to reassure the public that Dutch businesses are run using sound, transparent methods, while simultaneously providing a framework of principles that allow innovation and an entrepreneurial spirit to thrive.

Deloitte endorses the principles laid down in the code and has introduced it voluntarily, in addition to an extensive programme of its own measures. This guarantees the ethical integrity of our actions both internally and with regard to all our stakeholders.

As a non-listed company, Deloitte is different to the companies for which the code was intended. Its shareholders all contribute their labour and expertise in addition to capital and subordinated loans. For this reason Deloitte has applied a modified code in the following two areas.

Differences with Tabaksblat

Supervisory Board

The composition of Deloitte's Supervisory Board differs from that recommended in the Dutch corporate governance code in that, although a majority of members are independent external members, the Board also includes up to three internal members who are partners. This is to reflect the fact that all our shareholders work within the firm. All members of the Supervisory Board are appointed by the General Meeting of Shareholders on the recommendation of the Supervisory Board, according to the procedure laid down in the Articles of Association. Specific rules and procedures have been drawn up to resolve any conflict of interest that may arise between an internal member's duties as a member of the Board and the member's interest as a shareholder. Internal members receive no remuneration for their activities as members of the Supervisory Board.

Best practice

Given the nature of the firm, some of the best practices required by the Dutch corporate governance code cannot be applied in identical form with Deloitte. This includes best practice with regards to taking protective measures against takeovers, the certification of shares,

“Deloitte endorses the principles laid down in the Tabaksblat Code and has introduced it voluntarily.”

the publication of price-sensitive information and the information supplied to and discussions held with, parties in the financial markets. Furthermore, neither Executive Board nor Supervisory Board members are granted share options.

Executive Board

Deloitte is managed by an Executive Board responsible for creating a strategic and policy framework and objectives, monitoring the implementation of policy and maintaining cohesion between the firm’s various units and disciplines. The Executive Board reports to the Supervisory Board and the General Meeting of Shareholders. The members of the Executive Board are collectively responsible for the firm’s policy. The Executive Board consists of Roger Dassen (Chairman), Jan Dalhuisen (Vice-Chairman), Cees de Boer and Jorrit Volkers. The members of the Executive Board are appointed for a period of no more than four years, but may be re-appointed for consecutive four-year terms.

Responsibilities within the Executive Board are allocated as follows:

Roger Dassen

Chairman of the Executive Board
Chief Executive Officer

Jan Dalhuisen

Vice-Chairman of the Executive Board
Chief Clients & Markets Officer

Cees de Boer

Member of the Executive Board
Chief Financial Officer
Chief Operating Officer

Jorrit Volkers

Member of the Executive Board
Chief People & Partners Officer

The Supervisory Board periodically reviews the Executive Board’s size and the allocation of responsibilities within it.

Tasks of the Executive Board

The Executive Board acts in the firm's best interest at all times when fulfilling its duties, taking into account the relevant interests of all stakeholders. The Executive Board is responsible for observing relevant laws and regulations, managing the risks involved in the firm's activities and overseeing its financial affairs. The Executive Board reports on these matters to the Supervisory Board.

Avoiding conflicts of interest

No member of the Executive Board takes part in discussions or decision-making processes that might give rise to a conflict of interest between the Board member and Deloitte. In such cases Deloitte is normally represented by another person, who is appointed specifically for this purpose by the Supervisory Board. No transactions involving any potential or real conflict of interest, as defined by the Dutch corporate governance code, took place in the year under review. The remuneration granted to members of the Executive Board for their services is determined by the Supervisory Board.

Supervisory Board

The Supervisory Board oversees and advises the Executive Board and supervises all general developments at Deloitte. The Supervisory Board is collectively responsible for the performance of its tasks and reports to the General Meeting of Shareholders.

Tasks of the Supervisory Board

In fulfilling its duties, the Supervisory Board always acts in the firm's best interests, taking account of the relevant interests of all stakeholders. The Supervisory Board supervises the activities of the Executive Board in relation to the following:

- The realisation of the firm's objectives
- The strategies pursued by the firm and the risks involved
- The design and implementation of internal risk management and control systems
- The firm's financial reporting process
- The firm's compliance with laws and regulations

The Supervisory Board is responsible for ensuring that it performs its duties as effectively and efficiently as possible. It has therefore drawn up guidelines for its size and composition. These guidelines take into account the nature of the firm and the expertise and experience required of Supervisory Board members. The Supervisory Board evaluates its own collective performance as well as the performance of individual Board members at least once a year.

Avoiding conflicts of interest

The Supervisory Board is organised in such a way that its members can operate independently of each other, of the Executive Board or any other stakeholder. The presence of up to three non-independent internal members on the Supervisory Board ensures that no conflicts of interest between Deloitte and its Supervisory Board members arise.

Supervisory Board committees

The Supervisory Board has established four committees: the Audit Committee, the Remuneration Committee, the Nominations and Appointments Committee and the Partners Committee.

- *Audit Committee*

The Audit Committee supervises the Executive Board's handling of internal risk management and control systems on behalf of the Supervisory Board. This includes supervising compliance with laws and regulations, implementing codes of behaviour, the disclosure of financial information, the firm's policy on tax planning, the relationship with the external auditor, the financing of the firm and the application of information and communications technology. The Audit Committee has three members, one of whom is "not independent", as defined by the Dutch corporate governance code. The members are appointed by the Supervisory Board.

- *Remuneration Committee*

The Remuneration Committee advises the Supervisory Board on the firm's general policy regarding the remuneration of members of the Executive Board and on the remuneration of individual Executive Board members. The Remuneration Committee has three members, one of whom is "not independent", as defined by the Dutch corporate governance code. The members are appointed by the Supervisory Board. None of the members of the Remuneration Committee may be on the Board of Management of a Dutch listed company.

- *Nominations and Appointments Committee*

The Nominations and Appointments Committee establishes criteria for nominating and appointing board members and makes proposals for specific appointments or reappointments. The Committee also reviews the size and composition of the Supervisory Board and the Executive Board. It evaluates the performance of Executive Board members and assists the full Supervisory Board in assessing the performance of individual Supervisory Board members. The Nominations and Appointments Committee has three members, one of whom is "not independent", as defined by the Dutch corporate governance code. The members are appointed by the Supervisory Board.

- *Partners Committee*

The Partners Committee deals with matters concerning relations between the firm and the individual shareholders or partners. The Partners Committee has four members, two of whom are "not independent", as defined by the Dutch corporate Governance Code. The members are appointed by the Supervisory Board. The Partners Committee is chaired by an external independent member.

Any transaction that may bring a Supervisory Board member into a material conflict of interest with the firm must be approved in advance by the Supervisory Board. The Supervisory Board is also responsible for the adjudication of any conflicts of interest regarding Executive Board members, shareholders or the external auditor and Deloitte. No current member of the Supervisory Board holds more than five other supervisory board appointments as defined by the Dutch corporate governance code.

Appointment of Supervisory Board member

Members of the Supervisory Board are appointed by the General Meeting of Shareholders on the basis of non-binding recommendations made by the Supervisory Board. Members are appointed for a period of no more than four years. An external member may serve for no more than three four-year terms, an internal member for no more than two four-year terms.

General Meeting of Shareholders

The General Meeting of Shareholders brings together the entire group of shareholders. The General Meeting of Shareholders helps maintain Deloitte's "checks and balances" system by exerting its influence on the policies of the Executive Board and the Supervisory Board. The firm's budget, the firm's long-term policy and various other matters referred to in the Articles of Association require the approval of the General Meeting of Shareholders. Deloitte strongly believes that the full participation of all shareholders in the decision-making process through the General Meeting of Shareholders is of great importance to the health and success of the firm.

External auditor

The external auditor is appointed by the General Meeting of Shareholders, on the recommendation of the Supervisory Board, advised by the Executive Board and the Audit Committee. As far as applicable laws and regulations allow, the appointment and remuneration of the external auditor are approved by the Supervisory Board, on the recommendation of the Audit Committee and after discussions with the Executive Board. The same procedure applies to the performance of any non-audit activities by the external auditor.

At least once every four years, the Executive Board and the Audit Committee evaluate the performance of the external auditor, paying particular attention to any other business relations the auditor maintains. The main conclusions of this evaluation are then submitted to the General Meeting of Shareholders as part of the procedure for the appointment or re-appointment of the external auditor. The external auditor attends at least that part of the Supervisory Board meeting in which the external auditor's report on the financial statements is discussed and in which a decision is made as to whether to approve the financial statements. The external auditor attends the meeting and is authorised to speak.

“The General Meeting of Shareholders helps maintain Deloitte's "checks and balances" system.”

International association

Deloitte Touche Tohmatsu (DTT), of which Deloitte Netherlands is an autonomous member, is a Swiss membership association, or Verein, as defined under the Swiss Civil Code. DTT and its members are in no respect responsible for each other's actions. Each member organisation is a separate, independent company operating under its own name, such as "Deloitte", "Deloitte & Touche", "Deloitte Netherlands", "Deloitte Touche Tohmatsu" and other related names. All activities and services are provided by the members and their representatives, not by the Swiss association DTT. Wherever and whenever relevant, the autonomous members work together to offer their clients the best possible services.

Rotterdam, 29 July 2009

Executive Board:

R.J.M. Dassen (Chairman)

J. Dalhuisen (Vice-Chairman)

C.J.G.M. de Boer

J. Volkers