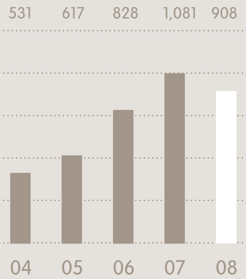
Annual Report 2008

Adecco Group

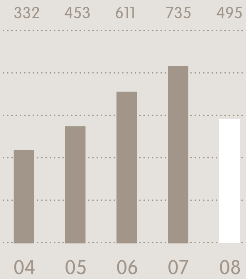
Contents

Revenues
in EUR billions

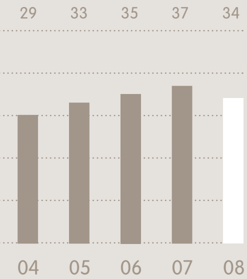
EBITA
in EUR millions



Net income
in EUR millions



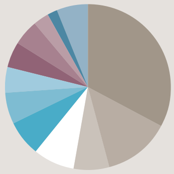
Employees FTE (year-end)
in 1,000



Key figures

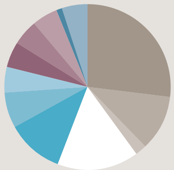
- Over 34,000 full-time-equivalent employees
- Currently over 500,000 associates on assignment daily
- Over 145,000 clients every day
- Over 6,600 offices in more than 60 countries and territories

Revenue split by geographic areas *in %*



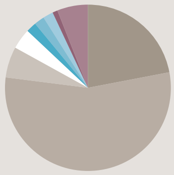
- France 33%
- USA & Canada 13%
- UK & Ireland 7%
- Germany 8%
- Japan 7%
- Italy 6%
- Iberia 5%
- Nordics 5%
- Benelux 5%
- Switzerland & Austria 3%
- Australia & New Zealand 2%
- Emerging Markets 6%

EBITA split by geographic areas *in % (based on operating units)*



- France 27%
- USA & Canada 11%
- UK & Ireland 2%
- Germany 16%
- Japan 11%
- Italy 7%
- Iberia 5%
- Nordics 5%
- Benelux 5%
- Switzerland & Austria 5%
- Australia & New Zealand 1%
- Emerging Markets 5%

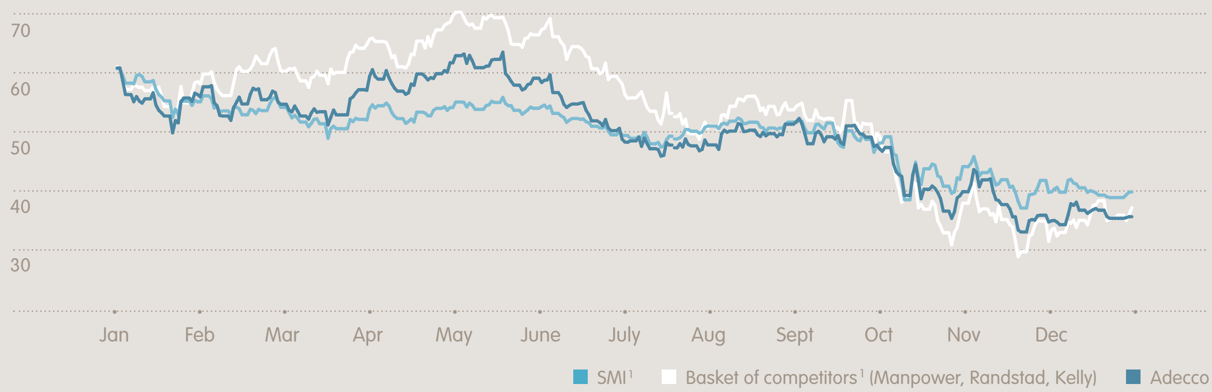
Revenue split by business lines *in %*



- Office 22%
- Industrial 55%
- Information Technology 6%
- Engineering & Technical 4%
- Finance & Legal 2%
- Medical & Science 2%
- Sales, Marketing & Events 2%
- Human Capital Solutions 1%
- Emerging Markets* 6%

** Emerging Markets, excluding professional business lines.*

Share price performance 2008



Share information

Tickers

SIX / SWX Europe	ADEN
Euronext	ADE
Bloomberg	ADEN VX
Reuters	ADEN.VX
ISIN	CH0012138605

Share price *in CHF*

• Year end	35.78
• Average	50.30
• High/low	64.00/33.12

Historical data

for the fiscal years *in EUR millions[2] (except shares)*	2008	2007	2006	2005	2004
Statement of operations data					
Revenues	19,965	21,090	20,417	18,303	17,239
Gross profit	3,673	3,927	3,546	3,086	2,874
EBITA[3]	908	1,081	828	617	531
Net income	495	735	611	453	332
Other financial indicators					
Cash flow from operating activities	1,054	1,062	747	298	542
Free cash flow[4]	948	971	662	230	474
Net debt[5]	617	866	556	424	299
Key ratios (as % of revenues)					
Gross margin	18.4%	18.6%	17.4%	16.9%	16.7%
SG&A ratio	13.8%	13.5%	13.3%	13.5%	13.6%
EBITA margin	4.5%	5.0%	4.0%	3.4%	3.1%
Per-share figures					
Basic EPS in EUR[6]	2.82	3.97	3.28	2.43	1.77
Diluted EPS in EUR[7]	2.71	3.80	3.14	2.34	1.69
Cash dividend in CHF[8]	1.50	1.50	1.20	1.00	1.00
Number of shares					
Basic weighted-average shares	175,414,832	185,107,346	186,343,724	186,599,019	187,074,416
Diluted weighted-average shares	184,859,650	195,279,053	196,532,960	196,546,937	201,328,174
Outstanding (year end)	174,188,402	182,647,293	184,836,462	186,097,645	187,330,240

1 SMI and Basket of competitors are relative to Adecco's share price: January 01, 2008 = 61.25.

2 For 2008, 2007 and 2006, the Company's fiscal year included the full calendar year, ended December 31, 2008, December 31, 2007 and December 31, 2006 respectively. In 2005 and 2004,the Company's fiscal year contained 52 weeks ended December 31, 2005 and 53 weeks ending January 2, 2004 respectively.

3 EBITA is a non-U.S. GAAP measure and is defined herein as operating income before amortisation, and impairment of goodwill and intangible assets.

4 Free cash flow is a non-U.S. GAAP measure and is defined herein as cash flow from operating activities minus capital expenditures.

5 Net debt is a non-U.S. GAAP measure and comprises short-term and long-term debt, less cash and cash equivalents and short-term investments.

6 Basic earnings per share including the impact of discontinued operations of EUR 0.16 in 2004.

7 Diluted earnings per share including the impact of discontinued operations of EUR 0.15 in 2004.

8 Proposed by the Board of Directors.

The Adecco Group

We inspire individuals and organisations to work more effectively and efficiently, and create greater choice in the domain of work, for the benefit of all concerned. As the world's leading employment services group – a business that has a positive impact on millions of people every year – we are conscious of our global role.

Dear shareholder,

The staffing industry was confronted with an exceptionally challenging business environment, particularly during the fourth quarter of 2008. Nevertheless, the Adecco Group delivered a robust performance in the reporting period, which saw revenues decline by 5%. The Company remained price-disciplined and reported a gross margin of 18.4% in 2008. EBITA[1] amounted to EUR 908 million, a decline of 16%. Operating income was affected by impairment charges on goodwill and intangible assets of EUR 116 million, and declined by 29% to EUR 748 million in 2008. Net income declined by 33% to EUR 495 million. Operating cash flow remained strong at over EUR 1 billion, on a par with last year. In view of these solid results, and considering our sound financial position, the Board of Directors is pleased to propose a dividend of CHF 1.50 per share.

These solid results reflect both a decisive and disciplined response to the downturn as well as strategic progress in advancing our two core businesses: general and professional staffing. It has been a year in which we kept up our pace of development and consequently strengthened the competitiveness of the Adecco Group worldwide with our dual-market model:

- We continued to segment our general staffing operations, differentiating our offering through more specialised solutions.
- We strengthened our professional business lines through organic growth and acquisitions in France and the Netherlands.

1 EBITA is a non-U.S. GAAP measure and refers to operating income before amortisation and impairment of goodwill and intangible assets.

Rolf Dörig
Chairman of the Board of Directors

By adhering to value-based management – an approach fundamental to our organisation – we were able to deliver a steadily improving gross margin and only a minor reduction of the EBITA margin, despite the tough market conditions. Through targeted branch mergers, responsible and carefully managed reductions in personnel costs and back-office consolidations, we have adapted costs to the revenue trend. Our pricing discipline has been strong, reflecting the confidence of colleagues and clients in our market-leading offering.

Such steps are integral to the Adecco Profitable Growth Project, launched at the beginning of 2008. This project has in-built strategies and tools that will benefit our performance in the months and years ahead, in spite of the unpredictability of cyclical twists and turns. We have long proclaimed the importance of flexibility for our clients – a quality we possess ourselves, as this year's results prove.

Our businesses are subject to the influence of global trends such as aging populations, the rethinking of retirement, skills shortages and the growing appetite for a work-life balance. The tide will not be stemmed by an economic downturn – the world of work will continue to modernise. Furthermore, continued labour market deregulation in many markets will continue to provide a tailwind to our business. As the world's leading human resources services provider, we will work hard to remain at the forefront of developments, ready to take full advantage of the next upswing.

For the current year, we have set clear priorities: We will adopt a progressive approach, further improving our relationships with clients and Adecco employees in a changing world. We remain committed to value-based management and continue to apply the criteria of strict financial discipline when considering investments. Our operational priorities include client segmentation, branch footprint optimisation, as well as client and colleague retention. Strengthening our professional staffing business both organically and via acquisitions remains a strategic priority, while we continue to optimise our general staffing business offerings. Given the overall weakness of the market environment, cost reductions remain of utmost priority for the management.

In 2008, after contributing to the successful turnaround of the Adecco Group and its long-term strategy, Jürgen Dormann decided not to seek re-election to the Adecco Group Board of Directors and passed on the chairmanship as of January 1, 2009.

Our sincere thanks go to our clients and shareholders for their trust and loyalty, and of course to everyone who works for or with the Adecco Group. You have helped move our Company forward in a challenging year. Together, we can face the times ahead with confidence in our business model and strategy, driven forward by our passion for success.

Rolf Dörig
Chairman of the Board of Directors

Klaus J. Jacobs
1936–2008

Farewell to Klaus J. Jacobs

With the death of Klaus J. Jacobs, our Company lost its co-founder, long-time Board Chairman and – during a particularly challenging time – former Chief Executive Officer. His creative power and determination, as well as his exemplary engagement in public life and social issues, made him an outstanding personality – indeed, a role model for us all. Klaus J. Jacobs left his mark on the form and character of the Adecco Group like no other. Early on in his career, our Honorary President recognised the significance of work as the key means of integration for a society at risk of excluding more and more people.

It was clear to him that work is crucial to the integration of young people, and that providing more mature people with opportunities for selective involvement in the world of work helps ensure that older individuals continue to play an important part in society. Last but not least, Klaus J. Jacobs never tired of stressing the increasingly important role of lifelong learning in the form of continuing education and training. On the basis of these visionary insights, Klaus made the Adecco Group the global market leader in our industry today.

The legacy of Klaus J. Jacobs is both an obligation and an inspiration. We will never forget him and will strive to develop the Adecco Group in the way he intended.

Rolf Dörig
Chairman of the Board of Directors

Our two distinct market approaches in the general and professional staffing businesses, coupled with a decentralised country approach, form the heart of the Adecco Group strategy.

Our business, strategy and KPIs

Our business

Global leader in HR services As the world's leading provider of HR solutions, we offer a wide variety of services to our more than 145,000 clients around the globe. These fall into the broad categories of temporary staffing, permanent placement, outsourcing, consulting and outplacement. We generate the majority of our business – 92% of our revenues – in the temporary staffing segment. Permanent placement represents 2% in terms of revenues, while outsourcing, outplacement and consulting services and other account for 6%.

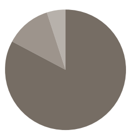
In addition to the above classification of our services, we segment our business into two distinct categories according to the skill requirements of our clients.

- For positions requiring **general skills**, we offer our clients specialised solutions, focusing on industry know-how and cost leadership, with the aim of building longer-lasting relationships with motivated colleagues. This segment is referred to as our **general staffing business**, and represents the majority of the Adecco Group business, accounting for 83% of total revenues (Office, Industrial & Emerging Markets) in 2008. Within the general staffing segment, we make a further distinction between the Office and Industrial businesses, which represent 28% and 72%, respectively of general staffing revenues.
- To fill positions requiring **professional skills**, we need experts who can talk to experts to find the right candidates. We seek to provide challenging serial projects, ensuring talent retention and skill enhancement for our colleagues. This segment represents our **professional staffing business**, and in 2008, represented 17% of Group revenues. Within the professional staffing business, we divide our services into the following business lines: Information Technology (IT), Engineering & Technical (E&T), Finance & Legal (F&L), Medical & Science (M&S), Sales, Marketing & Events (SM&E) and Human Capital Solutions (HCS).

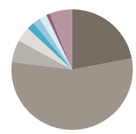
How we are organised Geographically, our business is organised on a country-by-country basis. The main countries and regions in which we operate are France, USA & Canada, UK & Ireland, Germany, Japan, Italy, Iberia, Benelux, the Nordics, Switzerland & Austria, Australia & New Zealand and Emerging Markets. Each country or region has operational responsibility for both the general and the professional business lines.

What sets us apart from the competition While we are the global leader in HR services in terms of size, we also excel when it comes to cost management. Cost leadership, especially in the general staffing market – itself characterised by lower margins – is an important advantage. The size and global reach

Revenue split by service type *in %*



Revenue split by general and professional staffing *in %*



* *Emerging Markets, excluding professional business lines.*

of our business enable us to take advantage of the trend towards globalisation. Our worldwide presence and leading market position in numerous countries mean we can offer local support to internationally active companies when they expand into new countries. Coupled with our decentralised management approach, which fosters entrepreneurship and enables adaptation to local market conditions, this places us in a strong position.

Our strategy

Dual approach in terms of service offering We operate two core businesses under one roof: general and professional staffing. Given the different service requirements of each business, we have two distinct market approaches in terms of what we offer and how:

- In our general staffing business, we typically offer tailored solutions to retail and large clients. Given the low-margin nature of the business, cost leadership and price discipline are key factors. Strategically, we aim to build longer-lasting relationships with colleagues and clients, not only to improve their prospects, but also in order to optimise costs.
- In professional staffing, we focus on our "experts talk to experts" approach. With this approach we establish relationships with line managers to better understand the skill sets of candidates needed. This ensures successful matching of candidates' profiles with clients' needs for positions requiring higher qualifications. Furthermore, higher-level, "expert" points of contact with clients lead to longer-lasting and more challenging assignments for colleagues. Such assignments, in turn, enable us to attract talented, qualified and consequently more sought-after individuals. Our strategic objective with this approach is to profit from the demand for talent, while generating higher margin returns.

Decentralised country approach Our business is a local business. Every country or region has its own characteristics in terms of culture, client structure, demographics and regulations. We are convinced that decentralisation is the right strategy for managing a global staffing organisation and promoting local entrepreneurship – a key success factor for our business.

Our two distinct market approaches in the general and professional staffing businesses, coupled with a decentralised country approach, form the heart of the Adecco Group strategy aimed at achieving sustainable and profitable growth.

Our twofold approach to the market

	General skilled	Professional skilled
Expertise	• Offer high-volume services through specialised solutions	• Experts talk to experts
Continuous relationships	• Attract and retain those motivated to work • Provide serial assignments • Client-driven training	• Attract and retain professionals • Provide challenging serial projects • Enhance their skills through continuous learning
	Specialised solutions, maintaining cost leadership	**Expert quality, delivering higher gross margins**

Conscientious cost management In view of the cyclical nature of our business, a tight grip on cost management is of utmost importance, especially during economic downturns. Keeping in mind our strategic goal of enhancing our leadership position, adjusting the cost base in the direction of revenue developments is a priority for us in the current economic environment. Rigorous cost management is achieved through stringent reporting, review processes as well as the application of the "Economic Value Added" (EVA) concept. Allied with ongoing structural cost improvements, this puts us in a good position to reach our EBITA margin target of over 5% in the medium term and to emerge as an even stronger company, ready to take full advantage of the next economic upswing.

How we execute our strategy In spite of the current crisis, we are continuing to ensure that the Adecco Group's strategy is embedded in our local operations. During 2008, we initiated a Group-wide project to accelerate the development of both our general and professional staffing businesses in the local markets. In collaboration with top management, country managers selected work streams based on areas in need of improvement in their respective countries, while expert groups at a corporate level facilitated best practice and idea sharing among the country organisations. With this initiative, we are confident that the Adecco Group is well positioned in today's challenging economic environment and will be in pole position for the next upturn.

The "Economic Value Added" (EVA) concept To ensure alignment of the Adecco Group's overall strategy throughout the decentralised organisation, firm central control and effective management tools are required. The EVA concept not only helps us to ensure that the interests of our shareholders are met, it also makes sure that our daily decision-making processes are geared to value generation.

The Adecco Group's value-based management approach has long moved beyond profitability based on pure accounting criteria as a measure of value creation. We also take capital intensity into consideration, and application of the EVA concept enables us to maximise shareholder returns. EVA is strongly embedded in our daily operations, fostering consistent and dependable pricing policies, ensuring the use of the most efficient delivery channel and serving as a basis for performance-related incentives. In addition, acquisitions and investments are evaluated on an EVA basis, ensuring value creation. Put simply, the concept allows us to find the right balance between revenue growth, market share, pricing, cost structure and invested capital. It enhances our ability to make the right choices with respect to client relationships, acquisitions, strategies, incentive schemes and targets.

Adecco's equation for EVA

Adecco EVA

=

NOPAT

minus

Invested capital x WACC (10%)

How we calculate "Economic Value Added" EVA is a measure of a company's financial performance based on residual income. According to this concept, value is only created if operating income after the deduction of taxes is greater than the minimal required rate of return on the invested capital, equal to the Company's weighted average cost of capital (WACC).

The calculation is based on the Adecco Group's net operating profit after taxes (NOPAT). It disregards all non-operational factors such as financing decisions, and takes into account a general tax rate of 28%. Invested capital is defined as total assets minus liabilities, excluding cash and interest-bearing liabilities. The acquired goodwill is carried at book value. We apply a 10% cost of capital across all our entities, while the actual weighted average cost of capital (WACC) in the reporting period was below 10%.

How we apply "Economic Value Added" We apply the EVA concept in the following areas: incentive plans, contract pricing and acquisitions.

- **Incentive plans:** performance-related pay is calculated on an EVA basis and applied at almost all levels and regions of the organisation. At branch level, we apply a simplified version of the concept, while the remuneration of senior management is measured using the most detailed form of the calculation, covering all elements of the concept, including goodwill and intangible assets.
- **Contract pricing:** we use EVA to measure the value generation of new and existing clients. First and foremost, this approach ensures that the pricing of our client contracts is consistent and dependable, giving us a clearer picture of the cost structure and capital needs of our business relationship with individual clients. In addition, the concept is a good tool for evaluating potential business with new clients.
- **Acquisitions:** in order to evaluate the attractiveness of potential acquisitions, we apply the EVA concept. As goodwill and intangible assets are a substantial part of the invested capital which directly affect "Economic Value Added" and subsequently the incentive pay of senior management, the concept helps us avoid overpaying.

Our key performance indicators

To measure the effectiveness of our strategy from a financial perspective, we closely monitor the following key performance indicators:

- Revenue growth
- Gross profit growth and gross profit margin development

- Selling, general and administrative (SG&A) expenses development
- EBITA growth and EBITA margin development
- Days sales outstanding (DSO)

Apart from the above financial measures, we also monitor our business through a number of additional quantitative and qualitative key performance indicators, which are described on page 75 in the Financial Review section.

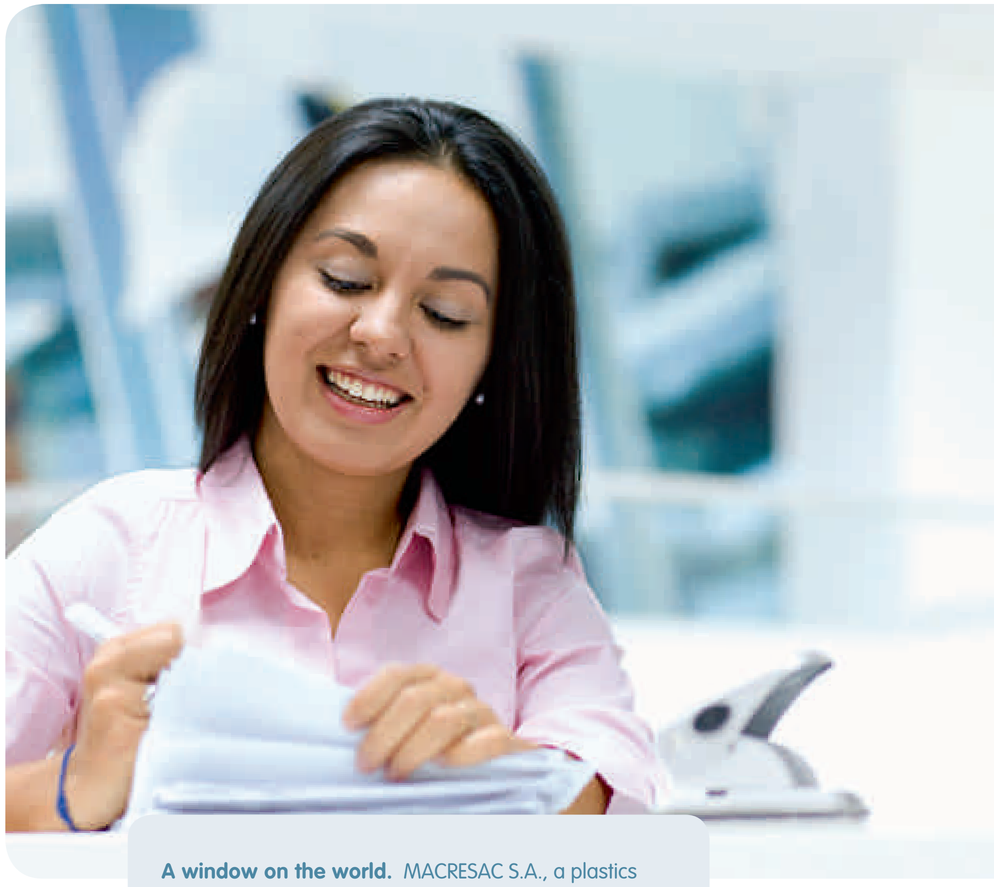
Performance in 2008

- Group revenues in 2008 declined by 5% on an organic basis. In 2008, the industry was confronted with an exceptionally challenging business environment, particularly in the fourth quarter.
- Organically and when excluding the impact of the modified calculation of French social charges, gross profit declined by 4% in 2008. The gross margin increased by 30 bps to 18.1% when excluding the benefits of the French social charges. Acquisitions added 10 bps to the Group's gross margin in 2008. This excellent improvement is owed to the strict price discipline applied within the Company.
- SG&A expenses in 2008 declined by 2% organically and excluding the French social charges benefit. SG&A as a percentage of revenues increased by 50 bps to 13.9%. The decline in SG&A expenses in 2008 is largely a reflection of cost-cutting initiatives as a result of the strongly declining revenue trend.
- EBITA in 2008 declined by 11% on an organic basis and excluding the impact of the modified calculation of French social charges. The corresponding EBITA margin declined by 20 bps to 4.2% compared with the prior year.
- In 2008, DSO improved by 1 day to 57 days compared with 2007. This is a reflection of the focus on EVA within the Adecco Group.

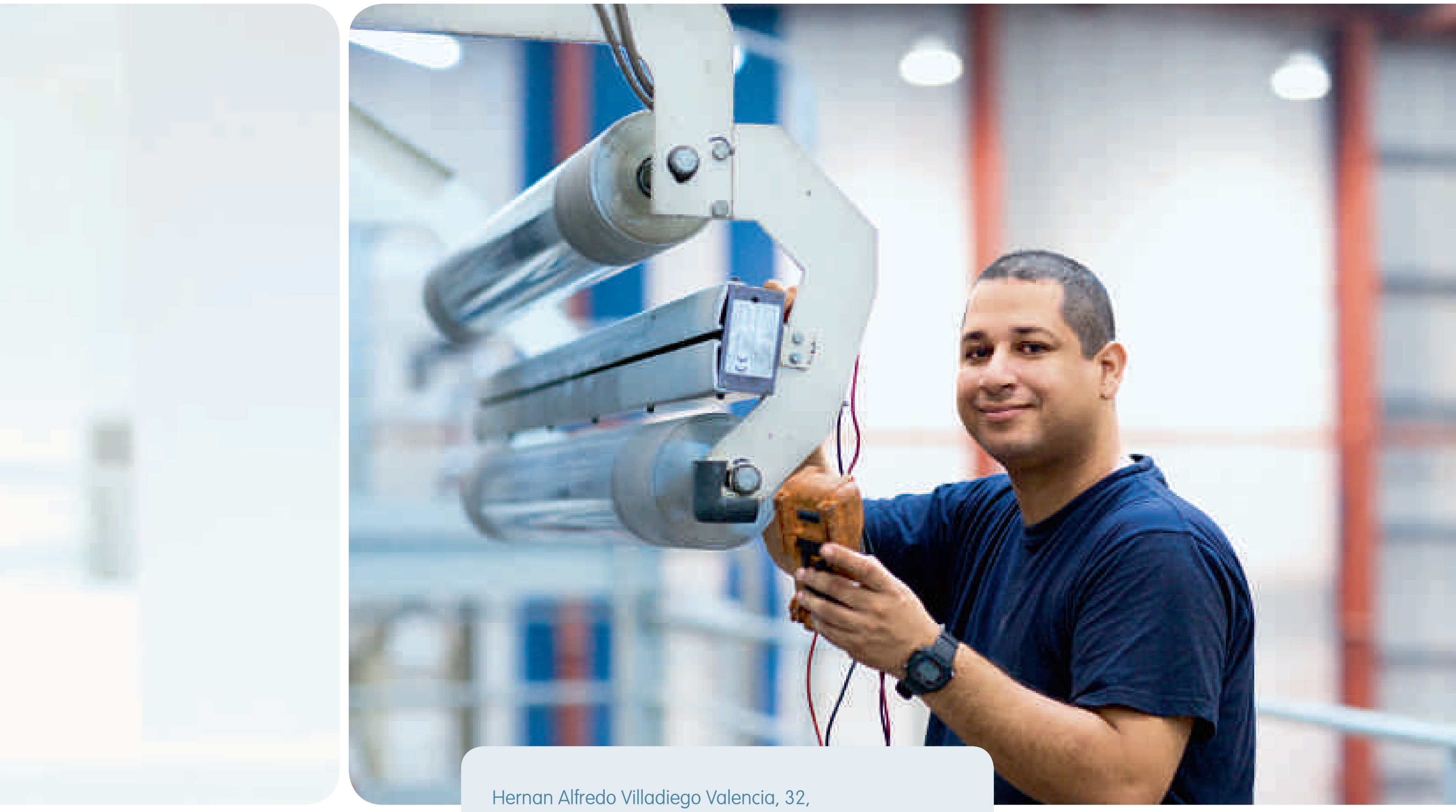
Our medium-term goals In a favourable economic environment, we are committed to achieving average revenue growth of at least 7%–9% per annum, and an EBITA margin in excess of 5% in the medium term.

Human Resources Manager, MACRESAC S.A., Tarragona, Spain:

"With three positions to fill and only two qualified candidates to choose from, we also need to look abroad."



A window on the world. MACRESAC S.A., a plastics manufacturer in Tarragona, Catalonia, a thinly populated area, faced a shortage of highly skilled workers. In 2008 they regularly contacted Adecco to broaden their search to the international labour market. Giovanna Camero, 29, at Adecco Spain helped the company interview and test candidates from a pool of skilled workers, also from Colombia, for the specialist job of electromechanical technician. It took determination – on both sides – as well as the right skills and attitude to win through. Hernan plans to settle in Spain with his family.



Hernan Alfredo Villadiego Valencia, 32,
Colombian, Electromechanical Technician:

"If you want to get on, you have to be ready to get up and go where you're needed most."

There is a gap between supply and demand in the skilled labour market: too few students entering technical training courses, demographic changes causing a general decline in student numbers and a reluctance among workers to relocate away from their home region.

The Adecco Group's Candidate International Mobility Programme takes full advantage of our worldwide network and in-depth knowledge of countries with skilled workers but fewer opportunities. In this case, Adecco Colombia had previous experience recruiting in this field and relations to qualified workers willing to move.

Labour market deregulation, skill shortages and socio-demographic changes contributed to the business opportunities in the global human resource services market in 2008.

Market overview

The HR services market explained Human resources services concentrate on two market segments: permanent and temporary placement of workers. Within those segments, HR services focus on three areas: staffing (general staffing, professional staffing and executive search), HR process management (a strategic and coherent approach to the management of employees) and professional development. While HR process management services have been increasingly outsourced in recent years – for temporary staff to so-called managed service providers (MSP), and for permanent staff to recruitment process outsourcers (RPO) – professional development services often take the form of a consultancy or outplacement business.

In countries with restrictive labour legislation, staffing has been slow to develop and remains immature as an industry. Even in countries with a longer history of staffing, only a small percentage of the workforce are temporary workers.

How HR services benefit labour markets As the number of temporary workers increases, our industry improves the efficiency of labour markets. Staffing agencies are effective in addressing skill shortages, increasing the diversity of the labour market, integrating disadvantaged people and consequently helping to reduce unemployment.

The HR services market in numbers The global HR services market was worth approximately EUR 215 billion in 2008. Compared with 2007, this represents a decline of –3%. Professional staffing accounted for around 32% of the market, while the share of general staffing was 68%. The decline in the professional staffing segment, at –1%, compared to –4% for the general staffing segment.

Overview of staffing and other HR-related services market

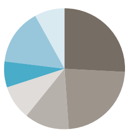
HR services	General staffing
• Permanent • Temporary • Secondment • Outsourcing • Training • Assessment	• Office & Industrial **Professional business lines** **Professional staffing** • Information Technology • Engineering & Technical • Finance & Legal • Medical & Science • Sales, Marketing & Events
• Restructuring • Career transition • Talent management • Training	**Professional services** • Human Capital Solutions
• HR process management services	**RPO** (Recruitment Process Outsourcing) / **MSP** (Managed Service Provider)

In 2008, the USA & Canada represented the single largest market for HR services measured by volume, with a share of approximately 26%, followed by Japan with 23% and the UK & Ireland with 12%. Europe as a whole represented 42% of the global market in 2008, whereas the Emerging Markets accounted for 6%. Given increasingly difficult economic conditions, growth slowed considerably in the developed markets during the course of the year, reaching between 5% and –15%. The Emerging Markets on the other hand still enjoyed growth, amounting to 7% compared with 2007.

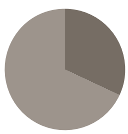
Competitive landscape The global HR services market is very fragmented, but the competitive landscape varies considerably from one country to another. The total number of private employment agencies worldwide was 67,500 in 2007, an increase of 26,000 over the last 10 years. The three biggest markets – USA & Canada, Japan and UK & Ireland – are highly fragmented, with the Japanese market showing the highest number of staffing companies, followed by UK and the US. The French market, by contrast, is much less fragmented; it is dominated by three companies with a total market share of approximately 75%. Looking at the global picture, the top three staffing companies represent 26% of the overall market. The Adecco Group is the world leader in HR services, and on a regional basis ranks within the top two in Europe, North America, Asia/Pacific and Latin America.

Consolidation in the staffing industry is an ongoing process, particularly in fragmented markets. Moreover, the consolidation process is accelerating as general staffing companies seek a stronger foothold in the professional staffing markets in order to achieve a more diversified product range and access to the more profitable specialist segment.

2008 global HR services market by volume *in %*



- USA & Canada 26%
- Japan 23%
- UK & Ireland 12%
- France 9%
- Germany 7%
- Rest EU 15%
- Rest Global 8%



- Professional 32%
- General 68%

Adecco's market position in 2008 in the most important territories

	% of Adecco sales	Market share in %	Market position
USA & Canada	13	5	1
France	33	32	1
UK & Ireland	7	6	2
Germany	8	11	2
Japan	7	3	4
Italy	6	18	1
Iberia	5	31	1
Nordics	5	18	1
Benelux	5	7	3
Switzerland & Austria	3	17	1
Australia & New Zealand	2	6	2
Emerging Markets	6	9	1

Source: Exane BNP Paribas – Staffing, October 1, 2008; Adecco financial reporting and internal research; Adecco estimates

Key growth drivers

Deregulation The regulatory framework of labour markets in individual countries is a significant influence on our market size and growth rates. Generally speaking, more flexible labour markets lead to higher penetration rates for temporary staffing. The UK has one of the most liberal labour markets and enjoys one of the highest penetration rates in temporary staffing – around 4.5%. Germany, the Nordics, Spain, Italy and Japan have all seen an increase in opportunities as a result of labour market liberalisation in recent years.

France would also benefit from opening up its public sector to temporary staffing. According to estimates by Eurociett, such a move would add the equivalent of approximately 130,000 full-time employees, representing 25% of the estimated French market. In the EU countries, the Agency Work Directive adopted in October 2008 is expected to support the opening up of further industry sectors and reduce restrictions on temporary work. Eurociett estimates that this will enable the staffing market to help in creating some 570,000 jobs in the coming years, at the same time making temporary work more socially acceptable.

Sociodemographic changes The impact of sociodemographic changes on the labour market is becoming increasingly apparent. With declining birth rates in developed countries, and people retiring earlier and living longer, there will, in the long term, be insufficient qualified workers to sustain economic growth. The staffing industry can help to narrow this gap by accessing additional demographic groups (e.g. active retirees) and taking full advantage of its global presence to facilitate mobility.

Meanwhile, the lifestyle changes associated with temporary work are having a positive impact on our market, as more and more people are ready to move where the opportunities are. This fits well with the trend in many companies to look for greater flexibility, better job-profile matches and higher acceptance in the skilled workforce, in order to overcome the growing talent shortages in many industries. Our industry is not just about recruitment, it is also about training and continuous education of temporary workers.

How HR services benefit labour markets

Benefits for temporary workers	Benefits for employers
• Training and continuous education • Flexibility for individual workers; e.g. mobility, lifestyle, choice • Work-life balance • Employability	• Access to a broad range of skills and experience • Fostering entrepreneurial spirit • Professional relationships with trade unions in the framework of a sectoral and social dialogue at both national and international levels • Choice and flexibility for the companies on a global basis; manage fluctuations

Long-term benefits for the labour market
• Matching labour supply and demand • Reducing unemployment • Facilitating change in the labour market

Economic environment Growth in our industry is heavily dependent on GDP developments. When the global economy accelerates, growth rates for staffing and HR services increase; when the economy slows down, so does demand for staffing and HR services. This direct correlation was again apparent in 2008. With the economy slowing down as a result of the financial crisis, and with various countries slipping into recession, demand in the staffing market decreased considerably over the course of the year. Economic indicators across the globe suggest that the current downturn could be deeper and longer than previous ones, meaning continued pressure and significantly lower demand for the staffing sector in most countries. While the current economic situation overshadows structural growth in our industry, labour market deregulation is progressing and penetration rates for HR services are still very low. Hence, many industries and regions still provide untapped potential for the staffing market, and the potential for structural growth in our industry remains intact.

Outlook for the staffing market In view of current economic conditions, the outlook for the global HR services market for 2009 is very difficult to project. In addition, the nature of our business offers very limited visibility in terms of revenue developments. Nevertheless, given the current global recession, we face an even tougher environment for our business in 2009 compared to the prior year.

Senior Vice President, Real Estate and Operations Accounting,
Legacy Partners Commercial, Inc., Foster City, CA, US:

"We were looking for one individual who could provide a diverse set of skills for both our IT and accounting teams."

Candidate in office, instant action. When Legacy Partners, a commercial and residential real estate investment manager, requested someone with a wide range of skills, Jessica Chen knew just the person to call. Arath had impressed her at their first meeting, but it was six months before the right opening to match his skill set arose. Legacy Partners clearly values his analytical, IT and language skills: his initial two-month assignment has turned into serial placements with other departments at the firm. To cap the story, Jessica networked with her colleague Anna Rivas at the Silicon Valley Office to find Arath's wife, Adriana, the first of a series of placements the very day of her interview.

Arath Vazquez, 40, Mexican-American, Analyst:

"In my case, it was worth waiting for the right job, one matching all my skills. And my wife got a great placement right at her interview."

This story is a testament to the relationship Ajilon Finance recruiting teams develop with clients and candidates, and a result of the close team-work between different offices in a region. Our "Candidate in Office" service can produce instant results, confirming our reputation in the eyes of candidates, as well as clients, as the most effective and innovative recruitment specialists. We initiate calls for promising candidates while they are still in the office at the very first interview. Such rapid matching of skills and openings also leaves a lasting impression on our clients, who are "first in line" for the top candidates.

Despite headwinds on the topline, we maintained price discipline and reduced costs, while focusing on professional and specialised business fields.

Business review

Review of Group results

Highlights for the Adecco Group The 2008 business year was characterised by a tough economic environment, which led to difficult operating conditions, especially in the second half of the year. Despite headwinds on the topline, we continued along our strategic direction of value-based management, through price discipline and stringent cost control, while focusing on professional and specialised business fields. The decline in revenues and anticipated developments in 2009 resulted in a strong focus of management on adapting the cost base to revenue developments. During the year, headcount reductions were initiated in most countries to the extent necessary to protect margins. Despite these tough developments, we concluded the year in a sound strategic and financial position. The good result in terms of margin developments, is a direct result of the systematic application of the EVA concept throughout the Adecco Group.

Main financial highlights for our company in 2008:

- Revenues down 5% to EUR 19,965 million (–5% organically)
- Gross margin up 30 bps on an underlying[1] basis to 18.1%
- EBITA was EUR 908 million, and declined 16% or 11% underlying and organically
- EBITA margin down 20 bps to 4.2% on an underlying basis
- Operating income declined by 24% on an underlying basis and organically, affected by impairment charges on goodwill and intangible assets of EUR 116 million
- Net income was down 33% to EUR 495 million

Other highlights in 2008 included:

- The acquisition of two professional staffing companies: in September, we announced a public offer for DNC De Nederlanden Compagnie N.V. ("DNC"), with the intention of combining the professional staffing activities in the Netherlands and becoming a major professional staffing player in that market. The public offer was completed in December. DNC is a Dutch secondment firm specialising in the IT, Finance, Legal, and Management Support & Information Management segments. In November, we also announced the acquisition of Groupe Datavance in France, further strengthening our professional staffing business. This company is specialised in IT.

1 Underlying is a non-U.S. GAAP measure and excludes the impact of the modified calculation of French social charges, which positively impacted FY 2008 by EUR 62 million on gross profit, EUR 62 million on operating income and EUR 41 million on net income and for FY 2007 positively impacted gross profit with EUR 172 million, operating income with EUR 156 million and EUR 102 million on net income.

Key figures at a glance

in EUR millions, except EPS, Dividend	2008	2007
Revenues	19,965	21,090
Gross profit	3,673	3,927
SG&A	(2,765)	(2,846)
EBITA	908	1,081
Operating income	748	1,054
Net income	495	735
Basic EPS	2.82	3.97
Diluted EPS	2.71	3.80
Dividend per share in CHF	1.50[1]	1.50

1 Proposed by the Board of Directors.

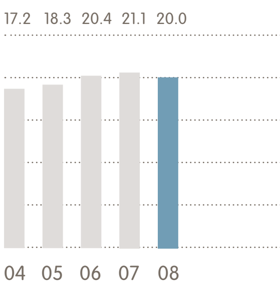
Review of operational results

Revenues In 2008, our revenues were down 5% to EUR 19,965 million or 3% in constant currency. This decline was largely driven by a decline in the temporary staffing volumes as temporary hours sold were down 4% to EUR 1,271 million. Permanent placement revenues amounted to EUR 354 million in 2008, which is a decline of 9% or 4% in constant currency compared with the previous year. Acquisitions had a positive impact of 2% on 2008 revenues. From a business line perspective, revenues in the Office & Industrial businesses, which represent our general staffing business, were down 6% or 4% in constant currency, while the professional staffing revenues declined by 7% or 3% on a constant currency basis.

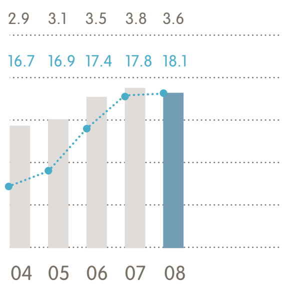
Gross profit We experienced a decline of 6% in gross profit in 2008, or 4% in constant currency, to EUR 3,673 million. The gross margin declined by 20 bps to 18.4% compared with 2007. Excluding the modified calculation of the French social charges in both years, the gross margin increased by 30 bps to 18.1%. A higher gross margin in the temporary staffing business and the growing contribution of outplacement are the main drivers behind this improvement. Acquisitions, mainly Tuja, added 10 bps to the Company's gross margin.

Selling, general and administrative expenses (SG&A) Given the difficult economic conditions during 2008, management made the reduction of costs their top priority. SG&A declined by 3%, or was unchanged in constant currency, reflecting an increase in SG&A as a percentage of revenues of 30 bps to 13.8% from 13.5% in 2007. Included in the fourth quarter of 2008 are restructuring expenses associated with headcount reductions and branch optimisation in France and other European countries of EUR 40 million. Given our stringent approach to reducing capacity in order to protect margins, the organic decline in the number of FTEs was 7% in 2008 compared with year end 2007. Likewise, branches were reduced by 5%. Personnel expenses, which comprised approximately 70% of total SG&A, declined by 3% to EUR 1,905 million in 2008, or remained flat in constant currency. At year end, the number of branches and FTE employees exceeded 6,600 and 34,000, respectively.

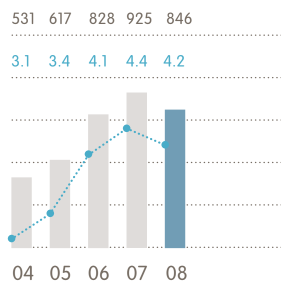
Revenues *in EUR billions*



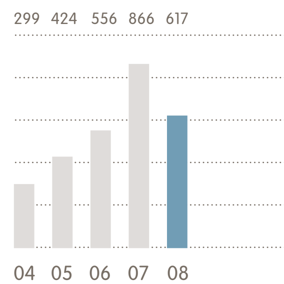
Gross profit *in EUR billions*
Gross margin *in %*
underlying



EBITA *in EUR millions*
EBITA margin *in %*
underlying



Net debt *in EUR millions*



Operating income before amortisation of intangible assets (EBITA) In 2008 EBITA declined by 16%, or 15% in constant currency, to EUR 908 million. On an underlying and organic basis, EBITA declined by 11%. The EBITA margin was down 20 bps to 4.2% on an underlying basis compared with the prior year.

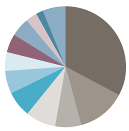
Operating income In 2008, operating income was EUR 748 million, down 29% compared with 2007, affected by impairment charges on goodwill and intangible assets of EUR 116 million. Additionally, the benefit of the modified calculation of French social charges had a significantly higher impact on the operating income in 2007.

Net income and EPS Net income in 2008 was down 33% to EUR 495 million, corresponding to a net income margin of 2.5%. Basic EPS was EUR 2.82 (EUR 3.97 in 2007).

Balance sheet, cash flow and net debt We generated EUR 1,054 million of operating cash flow in 2008 and invested EUR 160 million in acquisitions. In addition, capital expenditure amounted to EUR 105 million, we paid dividends of EUR 163 million and purchased treasury shares for EUR 279 million. The net debt position decreased to EUR 617 million at the end of December 2008, compared with EUR 866 million at the end of December 2007.

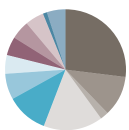
Priorities in 2009 In light of global economic developments, our focus in 2009 remains on adapting the cost base to revenue developments. We remain committed to value-based management and continue to apply criteria of strict financial discipline when considering investments. Strengthening our professional staffing business, both organically and via acquisitions, remains a strategic priority, while we continue to optimise our general staffing business offerings. Most important priorities operationally also include client segmentation, branch footprint optimisation and client and colleague retention.

Revenue split by geographic areas *in %*



- France 33%
- USA & Canada 13%
- UK & Ireland 7%
- Germany 8%
- Japan 7%
- Italy 6%
- Iberia 5%
- Nordics 5%
- Benelux 5%
- Switzerland & Austria 3%
- Australia & New Zealand 2%
- Emerging Markets 6%

EBITA split by geographic areas *in % (based on operating units)*



- France 27%
- USA & Canada 11%
- UK & Ireland 2%
- Germany 16%
- Japan 11%
- Italy 7%
- Iberia 5%
- Nordics 5%
- Benelux 5%
- Switzerland & Austria 5%
- Australia & New Zealand 1%
- Emerging Markets 5%

Country reviews

France Within Europe, France is a key market for staffing, with an approximate share of 9% of the global market. While the staffing industry in general shows a high degree of fragmentation, the French market is much more concentrated: the three major players hold a total market share of approximately 75%. We are the market leader in France, with a market share of approximately 32%. In terms of revenues, France is a key market for our Company. We generated 33% of our total revenues in 2008 in that country, while the majority of our revenues, approximately 90%, stem from the general staffing business. Professional staffing still represents a minor part of our business in France today. The acquisition of Groupe Datavance, a company specialising in IT, is a step towards expanding this segment. Steady deregulation of the temporary staffing industry in France has opened up opportunities for our Company and more are expected to follow. Since 2005, permanent placements have been permitted in the temporary staffing industry, which has led to strong growth in that segment. Likewise, the industry would also benefit from the opening up of the public sector to temporary staffing. According to estimates by Eurociett, such a move would add the equivalent of approximately 130,000 full-time employees, representing 25% of the estimated French market. Comparing our financial performance in 2008 with the previous year shows that we were able to close the gap to the market, in terms of revenue developments, earlier than anticipated. In 2008, revenues in France declined by 5% to EUR 6,574 million, compared with the previous year. Demand contraction accelerated, especially from September onwards. We remained price-disciplined and focused on adapting costs to trading conditions. EBITA declined by 33% to EUR 272 million compared with 2007, while the EBITA margin declined by 180 bps to 4.1%, mainly due to the lower positive impact of the modification of the calculation of French social charges (EUR 62 million in 2008 compared to EUR 156 million in 2007). Economic developments, which showed a deteriorating trend during the course of the year necessitated plans to adapt the cost base to market conditions, and as a consequence, in October, we announced plans to reduce the headcount in France by up to 600 FTE employees. At the same time, we continue to optimise our branch network through the merging of approximately 120 branches. Priorities in 2009 in our French business include client segmentation, improving the candidate experience, and optimising delivery models.

USA & Canada The North American Market, which represents 26% of the global staffing market, is the largest market worldwide. This market is highly fragmented, and while we are the largest player, our market share is only about 5%. From a regulatory perspective, this market is amongst the most liberalised in our industry. The region generated 13% of the Group's total revenues in 2008. The share of revenues generated in the professional staffing segment is highest when compared with our other national markets, representing roughly 40% of total revenues in the USA & Canada, while 60% stem from the general staffing segment. From a demand perspective, the U.S. staffing market has been in decline since the second quarter of 2007. Despite the negative revenue trend, we were successful in protecting our profitability. In 2008, we generated revenues of EUR 2,697 million, down 16%, or 9% in constant currency. The EBITA margin declined 50 bps to 4.2% compared with the previous year, while the EBITA declined by 24% to EUR 114 million, or was down 18% in constant currency. During the course of the year, we invested EUR 15 million in order to improve the customer mix and cost efficiency. A milestone for us this year was the opening of our Shared Services Centre in Rochester, NY, in order to improve efficiency. The centre is a payroll-processing hub for our Company, responsible for managing payroll nationwide for 145,000 of the Company's colleagues working on a temporary basis each month, and a total of 500,000 people each year. The centre is open 24 hours a day, 7 days a week and handles 6,000 incoming calls from American workers on a weekly basis. With this strategic approach, we not only free up valuable time for our salespeople in the branches to generate additional revenues by reducing their administrative burden, but also enhance the overall service offering to our clients. Besides this, we continue to work on optimising our branch footprint and on client segmentation, in order to further improve our offerings.

UK & Ireland Representing 12% of global staffing revenues, the UK is the third-largest market in the industry worldwide. As in the US, the UK staffing market is highly fragmented: the largest player, namely Adecco, holds a market share of approximately 6%. Like in the US, labour markets in the UK & Ireland are fairly liberalised. In 2008, our revenues amounted to EUR 1,404 million, down 25%, or 14% in constant currency. This represented 7% in terms of the Group's total revenues. From a business mix perspective, roughly 30% of our revenues stem from the professional staffing segment, while 70% are generated in general staffing. The EBITA was EUR 23 million in 2008, a decline of 45%, or 37% in constant currency compared with the previous year. The EBITA margin came in at 1.6%, down 60 bps compared with 2007. While we did a good job in managing our cost base, the overall deteriorating revenue trend, especially in the permanent placement business, hampered our gross profit and gross profit margin substantially. The difficult economic situation in the UK certainly had an impact on our results, particularly in the recent past, however our own performance was also unsatisfactory. We were unable to improve the deteriorating revenue trend over the past two years. The situation necessitated a change in the country management, and in August we appointed a new country head. Our top priorities in the UK are the continued restructuring of service delivery models and a systematic approach to client attraction and retention. While the turnaround of the business in the UK & Ireland will take time, especially in the current severe downturn – which is having a disproportionately high impact on the UK economy – we are confident of having identified and addressed the right issues in order to get back on track.

FTE employees and branches at year end by geographic areas

	FTE employees			Branches		
	2008	2007	% variance	2008	2007	% variance
Geographical breakdown (year end)						
France	7,995	8,566	(7)	1,808	1,864	(3)
USA & Canada	5,417	6,110	(11)	1,025	1,205	(15)
UK & Ireland	2,437	2,774	(12)	316	330	(4)
Germany*	2,813	2,878	(2)	561	611	(8)
Japan	2,616	2,692	(3)	173	167	4
Italy	1,903	2,064	(8)	581	583	0
Iberia	2,055	2,450	(16)	624	615	1
Nordics	1,481	1,650	(10)	266	261	2
Benelux*	1,838	1,893	(3)	459	470	(2)
Switzerland & Austria*	697	749	(7)	149	149	0
Australia & New Zealand	620	725	(14)	88	107	(18)
Emerging Markets*	4,169	4,107	2	550	557	(1)
Corporate	271	398	(32)	–	–	–
Adecco Group*	**34,312**	**37,055**	**(7)**	**6,600**	**6,919**	**(5)**

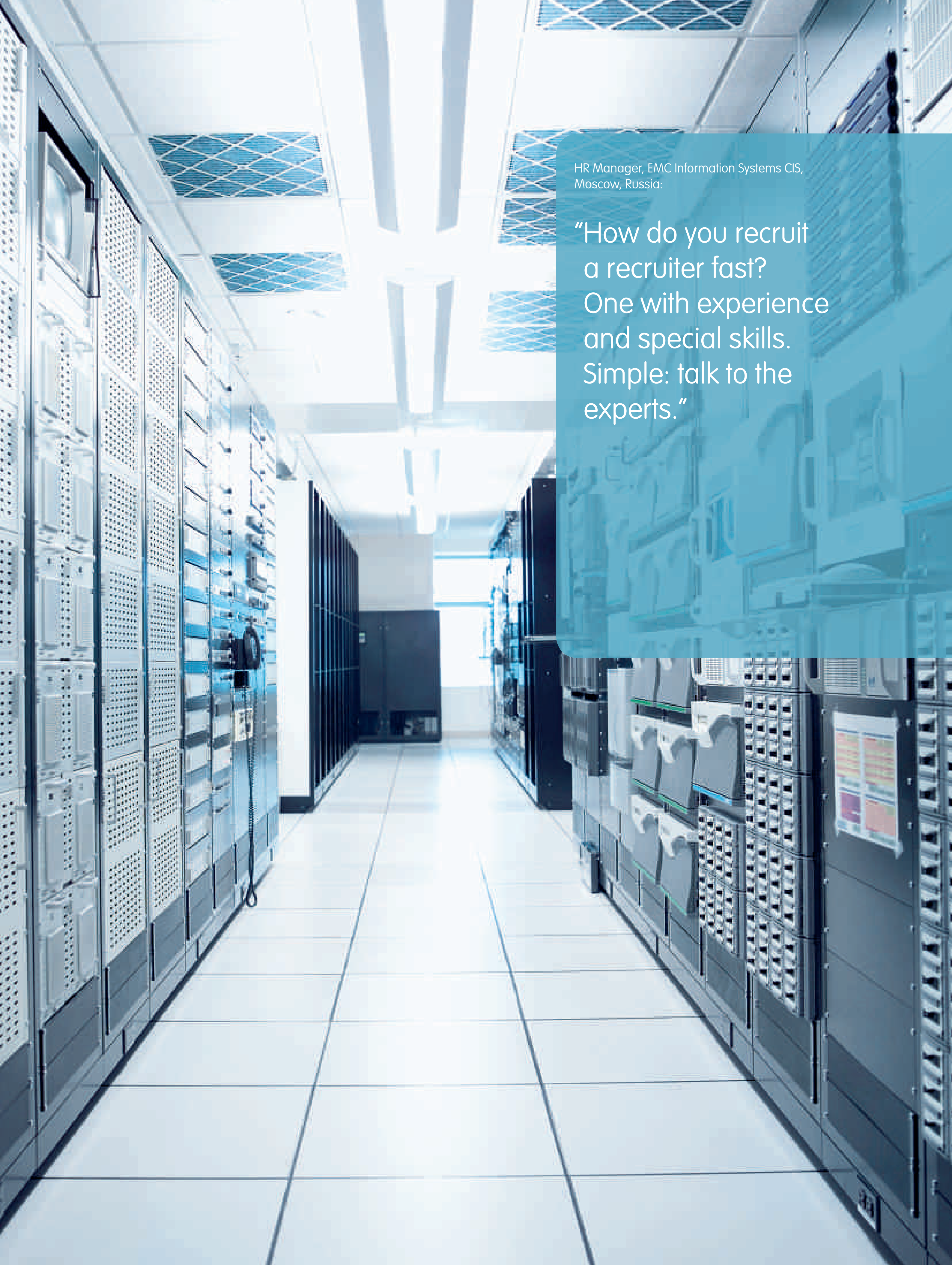
** Excluding acquisitions, divestures and discontinued units*

Germany With two major acquisitions in the German market, DIS AG in 2006 and Tuja Group in 2007, we have increased our market share to approximately 11%, and rank only slightly behind our largest peer. From a global perspective, Germany is a key European staffing market, representing roughly 7% of the total global market. Given that the liberalisation of this market took place as recently as 2004, penetration rates are still extremely low, standing at approximately 1% in a highly fragmented and high-margin market. This represents structural growth opportunities for us in the medium term. Furthermore, the potential lift of the ban on temporary workers in the construction industry, although unlikely in the near future, would offer additional revenue potential for our industry. In 2008, our revenues in Germany grew by 23% to EUR 1,538 million. Organically, revenues were down by 2%. Compared with 2007, our EBITA grew by 14% to EUR 157 million. This resulted in an EBITA margin of 10.2%, down 80 bps compared with the previous year. The high operating margin relative to other countries and peers is partly a reflection of premium pricing, factoring in the risk of having our external colleagues on our own payroll – a regulation particular to the German market, where temporary employees are effectively permanent employees of the staffing firm. But it also reflects our success in improving the business mix, with an increased share of revenues from the higher-margin professional staffing segment. Professional staffing revenues represented approximately 20% of our revenues in Germany, while general staffing contributed 80%.

Japan The Japanese market is the second-largest staffing market in the world, representing roughly 23% of the global market. The market has seen high growth since the beginning of liberalisation in 1996. Fragmentation is high, with the five largest players holding roughly 25% market share, while the rest of the market is dominated by numerous small regional staffing firms. We are currently the fourth-largest player in the Japanese market. Looking at our results in 2008, we are pleased with the progress made. While the Japanese economy was slowing during the course of the year, we were able to show positive revenue growth for the first three-quarters of the year. For the full year, our revenues in Japan grew by 6%, or were flat in constant currency, reaching EUR 1,463 million. The Japanese management continues to excel in terms of cost management. As a result, EBITA growth amounted to 11% or 6% in constant currency. The EBITA margin increased by 30 bps to 7.3% in 2008. With this result, we remain the cost leader in the market and show by far the highest profitability compared with our peers. What sets us apart is to a large extent our efficient service model in Japan.

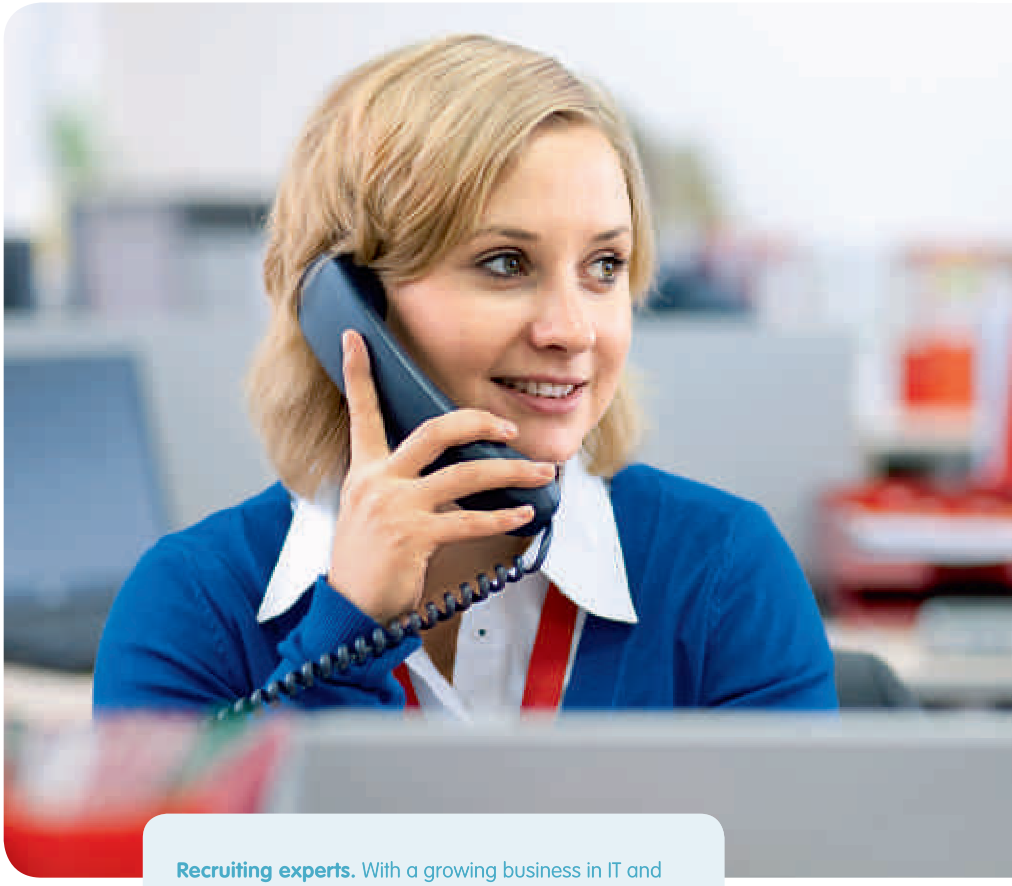
In 2005, we abandoned our traditional branch model by separating the sales and the recruiting process, in order to attract a higher number of candidates in a market characterised by supply shortage and also to improve client service. Our presence at high-traffic locations allows us to funnel a high number of candidates, who in turn are screened by an efficient process. The sales process, on the other hand, is centralised in various contact centres in different cities, while a comprehensive database hosting client and candidate information forms the link between the job and the contact centres. In terms of the business mix between professional and general staffing, approximately 20% of our revenues stem from the professional staffing segment, while roughly 80% are generated in general staffing.

Please note: a further discussion of countries and regions, in addition to the above, can be found in the Financial Review, starting on p. 78.



HR Manager, EMC Information Systems CIS, Moscow, Russia:

"How do you recruit a recruiter fast? One with experience and special skills. Simple: talk to the experts."



Recruiting experts. With a growing business in IT and data storage systems, EMC Russia needed to find a recruiter on a temporary placement on short notice. The candidate had to be fluent in English, with recruiting experience and strong personnel skills. In just four days, Elena Terekhova was hired! In that time, Adecco recruiter Natalia Lebedeva, 22, in one of her first projects, interviewed over 20 candidates whom she found partly through networking. Elena was an ideal fit: after graduating, she worked in HR management, then specialised in recruitment. She is very motivated and creative in her approach to attracting the best people to a company. Now, EMC has committed to working with Adecco Russia and is recommending other firms to do likewise.

Elena Terekhova, 36, Russian, Recruiter:

"I'm proud to be part of the Adecco team. It's a chance for me to advance, doing a job I love. And my language skills are opening up a new world of exciting projects."

For companies in the Emerging Markets, for example in eastern Europe, recruitment of experienced staff with specialist qualifications is one of the keys to long-term growth opportunities. Often, it is not about the salary on offer: a company needs to have multiple attractions to secure its candidates of choice.

The Adecco Group is the global worldwide recruitment specialist, with the experts on the ground who have the imagination and powers of persuasion to secure the right person for the right job at the right time.

The risk management process at the Adecco Group has strategic and organisational dimensions. The Adecco Group monitors its risks and identifies business opportunities continuously.

Adecco Group risk management

The process The risk management process at the Adecco Group has strategic and organisational dimensions. Besides monitoring risks, it also identifies opportunities. From a management perspective, risks identified at country and corporate level are treated as opportunities for improvement. In that sense, the risk management process is a vital part of the daily life of the organisation.

The Group's financial risk management activities are also covered in the Notes to the consolidated Financial Statements, in the Financial Review section. This section focuses on describing where key risks are emerging, and the action Adecco is taking to manage and mitigate those risks.

Key business risks

Economic environment Demand for HR services is sensitive to changes in the level of economic activity. In good times, when GDP expands, demand for temporary employees increases. In a downturn, companies tend to reduce their quota of temporary employees before permanent staff, resulting in lower revenues for our business, with a negative impact on profitability and the financial position.

How do we mitigate this risk? Given the opacity of the staffing business, it is important that management at country level is aware of economic developments in order to adapt the cost base to revenue trends. Corporate and regional management need to maintain an active dialogue so that capacity can be adjusted as and when necessary. Close monitoring of monthly results and updated forecasts ensure a rapid response to business developments. Furthermore, our focus on EVA supports this approach.

Client attraction and retention The Adecco Group's business potential and long-term profitability depend on attracting and retaining clients. Client satisfaction breeds loyalty and leads to consecutive assignments. Failure to provide this is a business risk.

How do we respond to it? We conducted a Global Client Satisfaction Survey with management-defined, short-term targets. The results are helping the Adecco Group to draw up local sales action plans, support salespeople, and gear our services to client needs. In addition, we continue to review our delivery models and optimise sales processes.

External colleague attraction and retention We depend on our ability to attract and retain external colleagues who possess the skills and experience to meet clients' staffing needs.

With talent shortages in certain sectors and intensive competition for skilled individuals, providing suitably qualified candidates is both a challenge and a risk.

The continued success of our business depends in part on our ability to offer attractive conditions to retain colleagues.

How do we address this risk? A key to retaining external colleagues is being able to offer consecutive assignments and competitive wages. Our Global Client Satisfaction Survey also addresses external and internal colleagues and is designed to help our offices around the world to identify their needs. We are continually evaluating and upgrading our supply of qualified people to keep up with changing client needs and emerging technologies.

Internal colleague attraction and retention The effectiveness of our operations depends on the commitment of key corporate personnel, local managers and field staff. Local relationships and the quality of services are vital to our ability to attract and retain business. The loss of top personnel, with valuable experience in operating a global HR services company, may cause significant disruption to our business. The loss of key local managers and field personnel may jeopardise existing customer relationships.

How do we respond? Adecco's business potential and profitability can be significantly influenced by hiring and retaining the right people and placing them in the right job. The annual "Great Place to Work" employee satisfaction survey gauges colleagues' satisfaction with their workplace. Compensation packages need to be competitive and closely aligned with Company targets. The global roll-out of EVA as a bonus-related performance management tool has been an important step in the right direction. Frequent, honest and transparent communication as well as a clear direction from top management are essential to employee satisfaction.

Information technology IT plays a pivotal role in today's business operations. The growing dependency on IT makes the potential impact of disruptions even greater. Key IT-related risks include failure of the IT infrastructure leading to loss of service or a leakage of confidential business information to name but a few.

What mitigating measures can we take? We continue to improve our existing IT project risk management, including monitoring, security and compliance, coupled with continual assessment of our global security and IT infrastructure (network, database, application). Furthermore, it is indispensable to establish a contingency plan, based on a detailed, country-by-country assessment of our exposure to a severe IT issue. A review of agreements with IT service providers and enhancement of service-level and contract management processes are embedded in the IT processes, as is the steady enhancement of user security awareness.

We focus on building brand value and optimising our brand portfolio, nurturing a healthy range of powerful brands that secure a strong presence and positioning in the markets and segments where we operate.

Adecco Group brand strategy

Our brand promise Since its creation in 1996, the Adecco Group has become the world's leading HR services provider, connecting people to work opportunities wherever they arise. People are at the heart of everything we do. Adecco stands for "better work, better life" for all, through greater access to opportunities and professional development.

Brand strategy Adecco is our principal brand worldwide. It is supported by a number of well-known and prestigious segment and local brands, many of which were obtained through acquisitions. These represent a broad asset base, with significant brand equity, and ensure the Group's presence and positioning in diverse markets and speciality segments.

Brand architecture The Adecco Group has a number of speciality brands which enable us to penetrate and build recognition in niche markets. Examples of these include Adecco Finance and Adecco Top Secretaries. Strong brands with significant equity, which builds on a specific visual identity and taxonomy, are endorsed by the Adecco Group and continue in their own right; examples include DIS AG, Ajilon, Tuja, Altedia and Office Angels. Other legacy brands with lower market recognition and equity are integrated into the Adecco brand architecture.

Through this differentiated approach, we maintain a healthy portfolio of brands that consistently translates the value and diversity of the services we provide for our clients, candidates and colleagues.

Building brand assets Many of our brands were acquired through acquisitions. The following list shows the material brands added to the Group's portfolio since the merger of Adia and Ecco in 1996:

"Italy is a democratic republic, founded on work." (Art. 1 of the Italian Constitution)

"QUALIFIED"

"In a job market that is demanding ever more qualified workers, Adecco has provided 1,800,000 hours of training to improve the professional skills of 33,000* people. Why? So we can offer ever more competitive solutions to 13,000* business clients. Now, when the market asks for higher quality, we deliver it."*

** Source: Adecco.*

Adecco appreciates your value. The market appreciates Adecco.

1996 Adecco created through Adia/Ecco merger; brand portfolio includes: Adia, Ajilon, Jonathan Wren, Icon, Lee Hecht Harrison, Roevin
1997 Acquisition of TAD
1999 Acquisition of Delphi (Computer People)
2000 Acquisition through merger of Olsten (Office Angels)
2005 Acquisition of Altedia
Acquisition of HumanGroup (Alta Gestión)
2006 Acquisition of DIS AG (Deutsche Industrie Service AG)
2007 Acquisition of Tuja Group
2008 Acquisition of DNC (De Nederlanden Compagnie N.V.) and Groupe Datavance

Our brand management The Adecco Group brand portfolio is managed by a team of experts at Group Headquarters in Glattbrugg, Switzerland, in collaboration with the country teams. The corporate team is charged with building brand value and securing the continuity of our brand assets by ensuring protection and consistent use of all registered trademarks. It issues brand guidelines as part of its brand management procedures.

The impact of our brand strategy We are conscious of the important role our industry plays in people's lives and in the global economy. Our brand strategy focuses on making the Adecco Group accessible and a positive force for our various constituencies: our clients, candidates, colleagues and shareholders, and society at large. Our brand values translate the sense of responsibility felt by each of our employees in this regard.

Best campaign 2008 In Italy this year we celebrated the 10^{th} anniversary of the opening of the labour market to temporary work, together with the 60^{th} anniversary of the Italian Constitution in a major advertising campaign.

Three Adecco campaigns highlighted three adjectives: qualified, accessible, specialised. Adecco appreciates your value. The market appreciates Adecco.

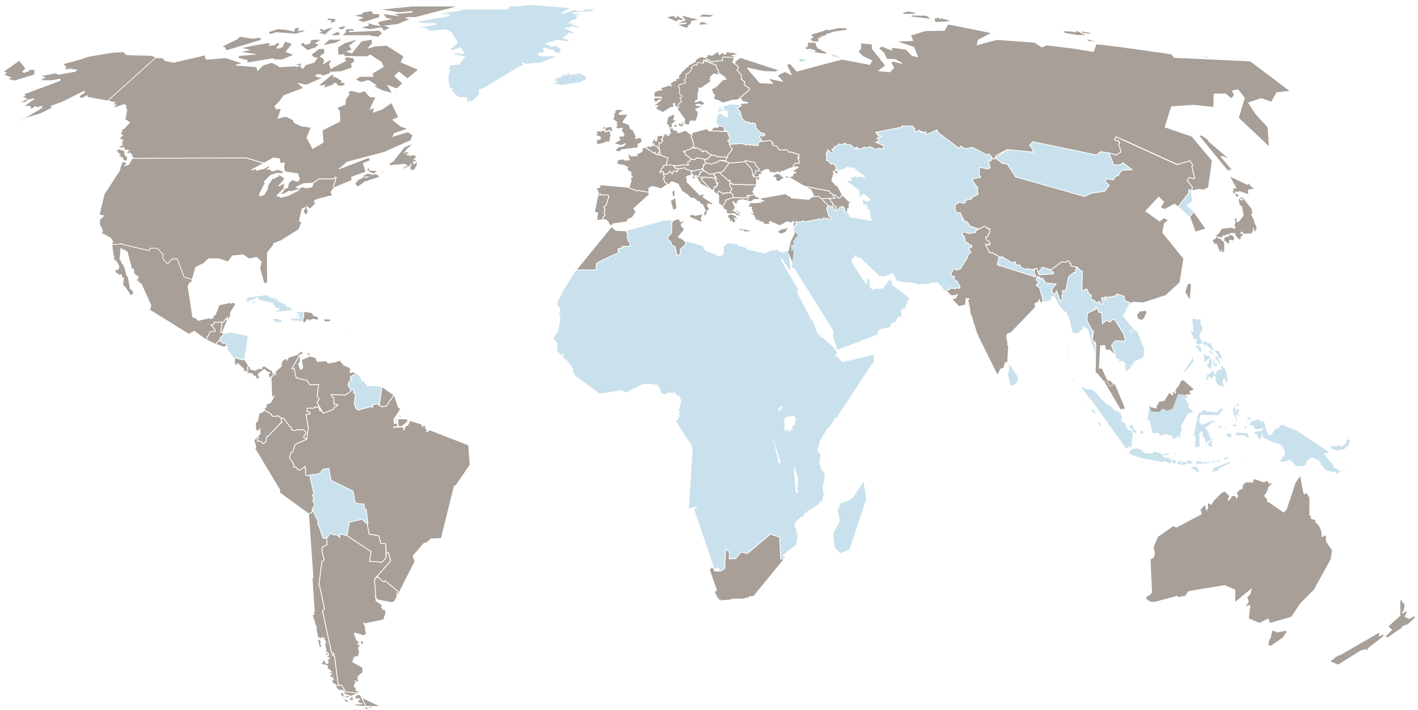
Our business at a glance

Office and Industrial*	Brands	
In the Office and Industrial businesses, we offer flexible staffing solutions in response to clients' business fluctuations and skill shortage needs. We serve large global clients as well as small and mid-sized enterprises across a variety of sectors through a dense network of offices, as well as through on-site solutions. We offer a full range of general staffing services, including temporary staffing, permanent placement, assessment, training and integrated human resources solutions.	**Core brands** · Adecco Office · Adecco Industrial **Secondary brands**** · Adia – France · Office Angels – UK · Tuja – Germany · Alta Gestión – Spain	Further specialised networks are also utilised, such as: Adecco Office: · Adecco Top Secretaries · Adecco Gov. Solutions (US) · Adecco à Domicile (France) · Adecco Retail Adecco Industrial: · Adecco Automotive · Adecco Transport & Logistics · Adecco Hospitality · Adecco Aerospace · Adecco Construction

Professional business lines	Brands
In the Professional business lines, we offer high-level, specialist points of contact with clients and longer-lasting assignments for associates, resulting in quality placements and services. We offer a range of services to clients and associates, from short- to long-term projects, with specific competencies in projects secondments, permanent placements, temporary recruitment solutions and managed solutions.	**Core brands** · Adecco Information Technology · Adecco Engineering & Technical · Adecco Finance & Legal · Adecco Medical & Science · Adecco Sales, Marketing & Events · Adecco Human Capital Solutions **Secondary brands**** · Altedia – France · Lee Hecht Harrison – US · Ajilon – US, Australia · DIS AG – Germany

** Incl. Office and Industrial of Emerging Markets.*

*** Only material brands are listed.*



The Adecco Group operates in over 60 countries and territories worldwide.

Countries (alphabetically)

- Andorra
- Argentina
- Australia
- Austria
- Belgium
- Brazil
- Bulgaria
- Canada
- Chile
- China
- Colombia
- Croatia
- Czech Republic
- Denmark
- Ecuador
- Finland
- France
- Germany
- Greece
- Hong Kong
- Hungary
- India
- Ireland
- Italy
- Japan
- Luxembourg
- Malaysia
- Mexico
- Morocco
- Monaco
- Netherlands
- New Caledonia
- New Zealand
- Norway
- Peru
- Poland
- Portugal
- Puerto Rico
- Romania
- Russia
- Serbia
- Singapore
- Slovakia
- Slovenia
- South Africa
- South Korea
- Spain
- Sweden
- Switzerland
- Taiwan
- Thailand
- Tunisia
- Turkey
- Ukraine
- United Kingdom
- United States
- Uruguay
- Venezuela

Key figures

	2008
in EUR millions	
Revenues G11*	15,321
Revenues Emerging Markets	1,195
Revenues total	**16,516**
External colleagues (average)	660,000
FTE employees	29,000
Countries	58

Countries (alphabetically)

- Australia
- Belgium
- Bulgaria
- Canada
- Denmark
- Finland
- France
- Germany
- Ireland
- Italy
- Japan
- Luxembourg
- Netherlands
- New Zealand
- Norway
- Poland
- Portugal
- Slovakia
- Spain
- Sweden
- Switzerland
- United Kingdom
- United States

Key figures

	2008
in EUR millions	
Revenues total	**3,449**
External colleagues (average)	58,000
FTE employees	7,000
Countries	23

* *Adecco's major geographies (see key figures section)*

Our success is driven by a combination of expertise and passion with trust as a key word in all our activities. People are at the centre of everything we do, with a cool head, a warm heart and working hands.

People – the key to our success

People – the key to our success All the people who work with us and for us, internally or externally, are our colleagues. Every day, there are more than 500,000 people who belong to the Adecco Group. It is a priority to help them to develop according to their individual aspirations and potential. This fuels their performance and that of Adecco as a whole. We are convinced that training and career development is one of the reasons the Adecco Group is able to attract, motivate and retain qualified people.

Internal colleague development Being short of individuals ready to move into leadership roles is a critical challenge that we undertake by continuously developing the leaders of tomorrow. Given a context of constantly changing societies, volatile markets and ever-changing organisational set-ups, we have established an integrated approach to talent management. By regularly holding talent reviews at country, functional and Group level, we create visibility for global talent pools. The talent review process helps identify colleagues who would benefit from international assignments in country organisations and the Group Headquarters, and can offer key contributions to sustain our business performance across geographical regions. Group Headquarters has embraced the key role of facilitating the rotation of talent. The effectiveness of this role is being measured with two targets: the first one is that 50% of the open positions at Group Headquarters should be filled by internal candidates from other countries and 10% of the colleagues at Group Headquarters should move to an Adecco unit in another country every year. Currently 130 colleagues of 24 different nationalities work at the Group Headquarters in Glattbrugg, Switzerland.

Spotting colleagues with the capacity, mobility and willingness to take up progressively more challenging roles is the full responsibility of the manager and is enabled by an ongoing dialogue in which the manager discusses a given colleague's career aspirations, development needs and geographical preferences.

Our leadership principles can be described as follows:

Cool head

- People who have values and make decisions, who establish priorities, who can analyse and solve problems and who answer questions concretely and appropriately without letting their "sense of self" cloud their answers.

Warm heart

- People who know how to reach out to other people's hearts, who are able to make the most of others, appreciating and respecting them, and are able to focus the energies of their co-workers and colleagues on a common objective.

Working hands

- People who love their work and are willing to go the "extra mile".

Two examples of internal colleagues' mobility and stretch assignments within the Adecco Group:

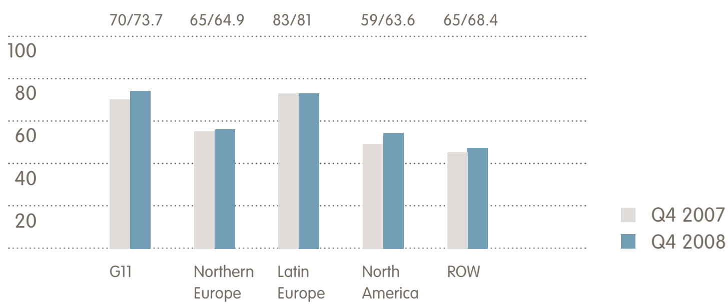
Meagan Anderson

1999–2004	Branch Manager, Regional Manager, Director, Adecco Australia
2005	Manager Global Initiatives Hercules Project, Group Headquarters, Switzerland
2006–2007	European Operations Director Business Line Finance & Legal, Group Headquarters, Switzerland
2008	Business Development Director, Business Line Finance & Legal, Group Headquarters, Switzerland
2009	Head of the Professional Business Lines in Adecco Australia

Philippe Michecoppin

1995–1997	Sales Representative, Ecco Spain
1998–2000	Specialised Brands, Adecco Italy
2001–2004	General Manager, Adecco Greece
2005	Head of Specialties, Group Headquarters, Switzerland
2006	Director Business Development, Group Headquarters, Switzerland

Retention rate 2007–2008 *in %*



A key pillar of our development strategy is represented by the Adecco Leadership Program developed and run in partnership with the IMD business school in Lausanne, where our leaders of tomorrow are exposed to leading-edge training in the following areas:

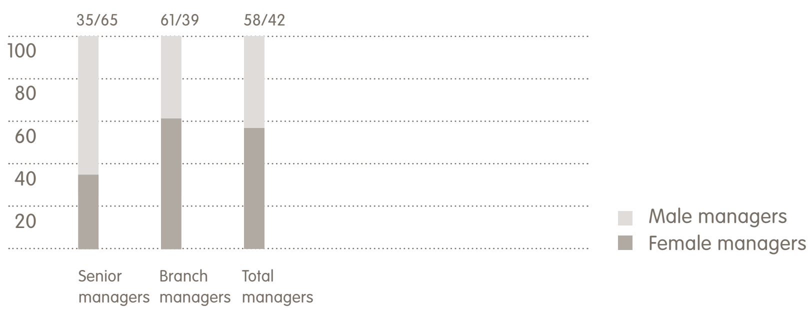
- Building a strategic mindset
- Strengthening personal leadership
- Driving operational excellence

The programme was launched in 2004, and to date 435 senior managers have been involved in the three-year programme. Additionally, we believe stretch assignments is the activity with the highest impact on personal development gained directly in the field. This helps to strengthen our ability to recruit from within and limit external talent acquisition to skill gaps.

Our inclusive approach to people with disabilities and our commitment to age diversity were publicly acknowledged in the US in 2008. Adecco was voted one of AARP's Best Employers for Workers over 50 and received the Henry Viscardi Legacy Award for achievements in employing and supporting individuals with disabilities.

Our retention rate of close to 74% is among the best in the industry, particularly in the major markets. Retention has a high priority and is now being tracked on a quarterly basis. Almost 64% of our internal employees remain in the Company for more than two years and approximately 37% for more than five. This figure varies from country to country, of course, but in France – our largest market – close to 50% are staying with us for more than five years, while in Italy this figure is close to 60%.

Gender distribution in 2008 *in %*



External colleague development Training for external colleagues is a priority for us. The aggregated investment in employee training for external colleagues in France, Italy and Spain was EUR 96 million in 2008. The training available to external colleagues is diverse, reflecting local market needs. E-learning is widely used and in the US for example, the complete SkillSoft catalogue of e-learning courses has been made available to external employees working at Adecco and Ajilon.

With our international mobility programme for external employees we are opening up mobility opportunities worldwide by finding work for people across borders. Since the beginning of 2006, Adecco has helped approximately 15,000 people in more than 33 countries to migrate in order to take up employment opportunities.

People involved in this programme come from a very wide range of vocational backgrounds: technical and industrial workers, engineers, IT specialists, as well as health care and catering industry personnel. The sheer diversity of skills and professions on offer gives us a competitive advantage.

As we seek to expand career development opportunities, we are increasingly measuring the length and nature of the relationship between our clients and colleagues working for Adecco. The average length of service for external colleagues is 99 days. The average number of consecutive assignments is three to four.

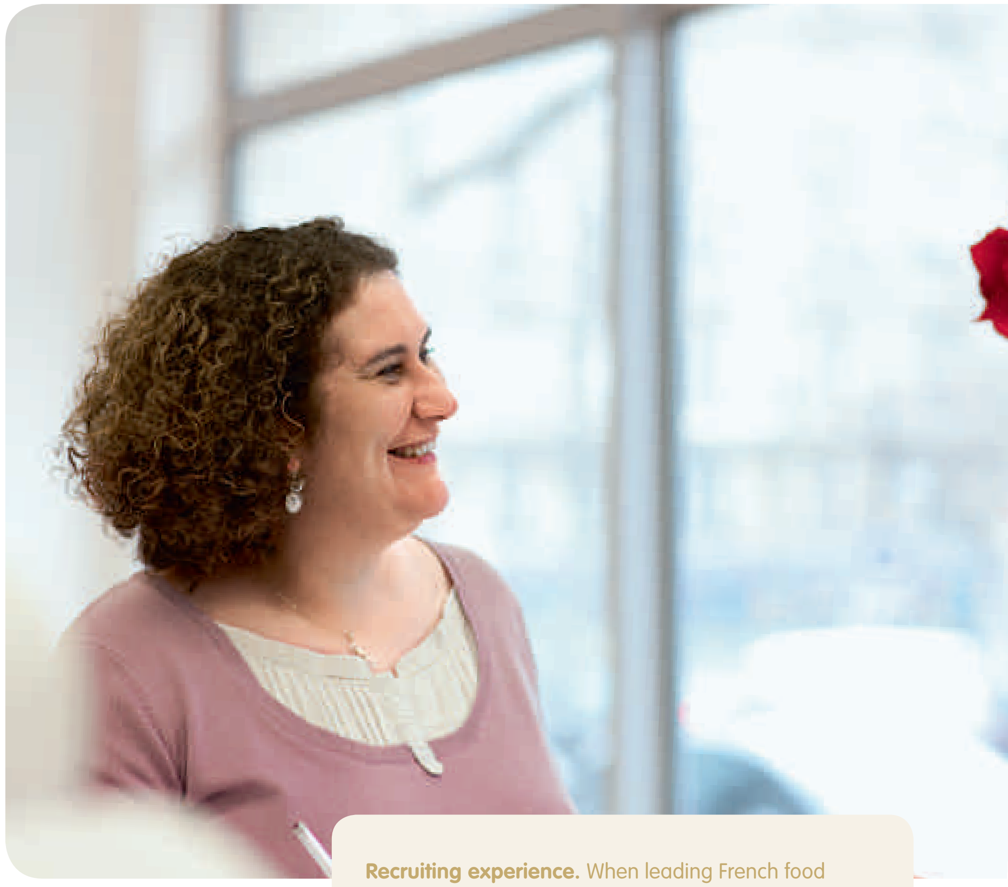
Equal treatment and diversity In 2008, the Adecco Group received the Global Partners Founding Members Award, presented at the UN World Diversity Leadership Summit. The Adecco Group sees diversity not only as an ethical imperative, but also as a way of staying competitive. Workplaces with ethnic, age and gender diversity are more likely to be in step with consumers and customers and therefore more commercially successful. We have a well-established Code of Business Conduct and independently verified compliance & ethics reporting tools, and have now begun to measure key aspects of diversity. The figures for 2008 show that 35% of Adecco's senior managers and 62% of branch managers are female.

Our goal is to be recognised as an employer of choice, not just in our own industry, but alongside other world-leading companies. The Great Place to Work® Trust Index© is an employee survey tool that measures the level of trust, pride and camaraderie within workplaces, a survey in which we are becoming increasingly involved around the world. In 2004/2005, 13 Adecco countries participated, rising to 20 in the 2007/2008 survey. DIS Germany ranked no. 1 on the Best Workplaces list in Germany, while in the Netherlands, Denmark and Norway, Adecco companies have for several years been on the Best Workplace lists. In 2008, *The Sunday Times* ranked Adecco eighth in its list of Best Companies to Work For in the UK and named it as the country's top recruitment consultancy.

It all boils down to this: people define our performance. By investing in people, measuring our returns on these investments and continually developing new ways to meet personal aspirations and potential, we believe that the more than 500,000 employees will continue to be what gives the Adecco Group its competitive edge.

HR Mission Director, Groupe Casino, Paris, France:

"We need someone with initiative and team spirit – and the experience to handle responsibility at a high level."



Recruiting experience. When leading French food retailer Groupe Casino moved most of its HQ to Paris, it did not include HR. Adecco filled the gap, recruiting candidates for diverse positions. For Danièle Rebai, 35, and 10 years with Adecco, Groupe Casino was one of the first challenges when she joined the Paris team in 2008. She has worked regularly with the client since, building on a strong relationship. The quality of people Adecco provides is key. Like Véronique Malarmey. Groupe Casino needed an assistant for its management team, someone resourceful with experience. From past assignments, Danièle knew Véronique was an ideal candidate. She started work days after the interview and is now helping to build an internal team to administer the group's legal dossiers.

Véronique Malarmey, 52, French, Executive Assistant:

"I guess the combination of experience and openness – being willing and quick to learn – is my great asset. Adecco recognised this and opened doors for me."

Demographic change in the form of an aging population and workforce has become a major challenge for economies around the world. The Adecco Group sees the mature workforce as one of the great untapped resources of the modern labour force. The over 50-year-olds are still a small segment of the agency work population, but their numbers are increasing. Their experience is an invaluable asset in any team and their diverse skills are often in short supply. The Adecco Group is finding opportunities for these workers, making the most of their potential and meeting the needs of clients through flexible work solutions. Adecco North America has won the AARP award Best Employers for Workers Over 50 five times already for their Renaissance Program – a large-scale recruiting effort aimed at more mature workers.

Dear stakeholder,

During the last decade of strong economic growth, the concept and practice of sustainability has taken shape around the world and within the Adecco Group. In the more testing times now upon us, sustainability will become even more important. To the Adecco Group, sustainability is not something nice to have; it is not a form of corporate benevolence: it is central to the way we run our business, and its value to ourselves and our stakeholders will become more and more apparent in what are likely to be tough times ahead.

For us, sustainability is about recognising the interdependence between our interests and those of our stakeholders. We must optimise our contribution, whilst responsibly managing the consequences of our actions. What is good for us as a Group should also be good for individuals, corporate clients, shareholders, suppliers, governments and society at large.

The Adecco Group, at its core, has a multifaceted, positive role, the value of which is being brought into sharp focus in the challenging market environment. For example, the training we provide develops talent and enhances the re-employability of people; our speed and efficiency in connecting people to work opportunities not only benefits the individual, it also reduces welfare payments. Our flexible workforce strategies help companies respond to changes in demand and to remain competitive.

There are many more examples that demonstrate the broad-based relevance of what we do in this respect. It was therefore with confidence and conviction in the value of our role that we stepped up our management of sustainability in 2008, revising our Code of Business Conduct and creating a dedicated CR organisation, which is led by Group Communications and overseen by the Corporate Governance Committee of the Adecco Group's Board of Directors. I am sure that we have created an efficient and powerful structure to continue developing our positive role.

We have identified three areas of social accountability, as focal points. The first, 'safety', encompasses all our efforts to guarantee employees' safety from threats and risks in the workplace.

Our second focus is 'skills'. Our colleagues will benefit from our experience in developing talent, not just finding people their next role, but providing expert career guidance and training.

Third is 'integration'. We strive for fair access to the labour market and equal opportunities for all. Integration starts with training in non-discriminatory practices for our consultants and reaches out to our public-private partnerships with governmental organisations to help disadvantaged groups enter the labour market.

In short, it has been a year of notable progress in developing our respective corporate role, a role that is already well defined by our long-standing participation in the UN Global Compact, the principles which we regard as central to our day-to-day operations.

In the pages that follow, you will find concrete examples of activities at both local and international level. These range from the extension of our relationship with the International Olympic Committee (IOC), helping retiring athletes integrate into the working world, to programmes aimed at the unemployed in France and the USA, where the country organisation was awarded the Henry Viscardi Legacy Award in December 2008, in recognition of their achievements in employing and supporting individuals with disabilities. Additional details will be published in our next Sustainability Report in August 2009.

Stephan Howeg
Head Group Communications & CR

A way of contributing to sustainable development is by showing respect for people. We do this by caring about safety at work, fostering individual skills and promoting integration of disadvantaged people.

Our corporate responsibility

The way we work

Corporate responsibility is not just about what we do, but how we do it. Whatever the business objectives we strive for, we aim to achieve sustainable success. This means optimising our positive contribution to all stakeholders.

An integrated, principled approach is the key. This centres on:

- Compliance: ensuring that we always comply in our daily business with local legislation as well as international rules.
- Excellence: meeting or exceeding our stakeholders' expectations.
- Improvement: monitoring our sustainable development on the basis of measurable key performance indicators and taking our performance to the next level.
- Transparency: disclosing factual sustainability reports, reporting on progress and fostering open dialogue with stakeholders.

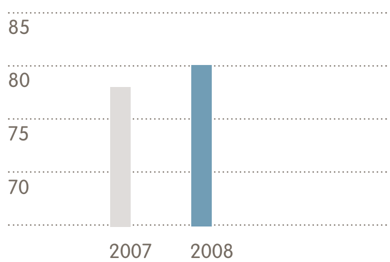
As the world leader in our industry, we are at the forefront of endeavours to meet the challenges in the labour markets and ensure a sustainable future in the world's workplaces. Rising to these challenges and responsibilities requires a focused approach. We concentrate on three areas of activity where we can make a difference:

- Safety: safeguarding people's well-being and legal integrity in the workplace.
- Skills: recognising individual strengths, developing talents and providing lifelong learning opportunities.
- Integration: striving to make work accessible to all and upholding the principle of equal opportunities.

Safety first Temporary workers have as much right to safety in the workplace as permanent employees. Recognising the risks our colleagues are exposed to entering new and unfamiliar workplaces, the Adecco Group meets all statutory health and safety obligations and frequently goes a step further, with initiatives to keep this issue high on the agenda.

"Safe and well" in Japan and Switzerland People are at their most vulnerable to accidents when they are unwell, and Adecco Japan has taken active steps to combat mental and physical illnesses amongst external colleagues. A range of support is available, depending upon individual needs. For example, specialised doctors are at the end of the phone for employees in need of mental-health counselling.

Ratio of internal colleagues (FTE) trained on compliance and ethic awareness *in %*



Opportunities for general health checks are announced on the Adecco Japan website; and to keep in step with topical health issues, Adecco organises flu jabs during the cold winter months.

In March 2008, Adecco Switzerland introduced similar initiatives. They collaborated with the Swiss Staffing Association to launch a pilot project called "swisstemp-care". The centrepiece of swisstempcare is a special care team which contacts and, where necessary, visits external employees who have to stay at home due to health problems. The objective is to provide support in getting them back to work at the earliest sensible opportunity: not too early and not too late. Long-term absences in particular tend to hinder people from re-entering the labour market – just one of the issues addressed by swisstempcare.

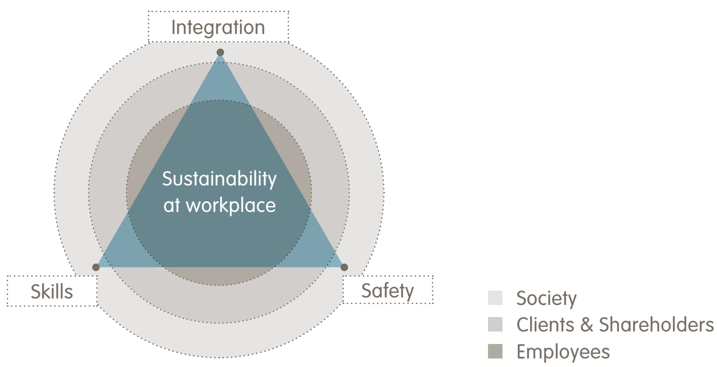
Safety awareness campaigns take hold in France The often relatively young age of temporary staff working in the construction or manufacturing sectors, and their unfamiliarity with the workplace, can increase the risk of accidents. Despite managing to reduce the accident rate by 13% between 2003 and 2007, in 2008 Adia launched "S@ve Compétence", an innovative accident prevention tool for the construction sector. It encourages an active dialogue between the candidate and the recruiter about safety, allowing the recruiter to analyse the candidate's perception on safety at construction sites. The evaluation is carried out according to several criteria: the level of technical knowledge on safety of the colleagues, and their capacity to assess risk. Adia's recruiter also determines whether the candidate is aware of his or her limits and if he or she is able to reach out to other people to resolve the difficulties experienced together. This mirrors Adia's conviction: "Safety is a professional skill".

Skills to enhance employability The acquisition of transferable skills is always the best route to employability. Temporary work can offer workers the advantage of gaining experience and skills through working in a multitude of roles and situations. However, formal training opportunities are often limited. To redress this situation, Adecco offers a variety of training programmes around the world to help develop workers' full potential.

Modern learning opportunities Adecco UK & Ireland's Earn & Learn Programme is a good example of Adecco's training schemes, which are mirrored in many key markets. Earn & Learn is designed to enable people to acquire new skills while in temporary employment, creating an opportun-ity to step up to more challenging and better-paid roles time and time again. Earn & Learn provides a range of skills packages, from business basics through to manage-

Prioritising activities

Adecco Group: Three main areas of focus



ment techniques, allowing our external colleagues to train through flexible, online learning. They provide access to over 60 courses, including customer service, sales, communication, management and more. All that is needed is access to the Internet.

Skills as a passport We open up mobility opportunities across the world, enabling people to capitalise on their skills and test them in an international environment.

Since the beginning of 2006, the Adecco Group has helped approximately 15,000 people in more than 33 countries worldwide to migrate in order to take up employment opportunities.

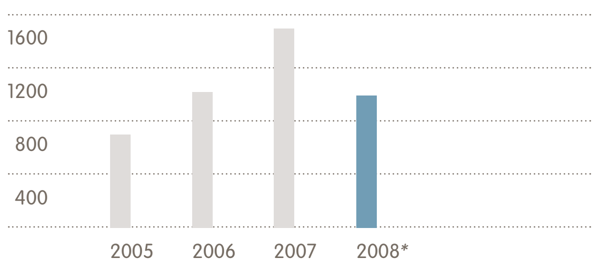
The people involved come from a wide range of vocational backgrounds: technical and industrial workers, engineers, IT specialists, as well as health care and catering industry personnel. Currently, our international mobility programme encompasses the Benelux countries, France, Italy, Norway, Poland, Romania, Spain and Switzerland.

Thought leadership In 2008, the Adecco Institute released its ninth Demographic Fitness Survey, this time covering Sweden, Denmark, Norway, the Netherlands, Belgium and Switzerland. Since 2006, the Adecco Institute has surveyed 8,500 companies to measure how well prepared companies are for demographic change. The index measures companies' success in the provision of tools in five key areas: career management, lifelong learning, knowledge management, health management and age diversity.

Integrating people In its day-to-day dealings with employees and clients, the Adecco Group strives to be a champion of equal employment opportunities. Our commitment goes beyond our Code of Business Conduct and internal employee training. The Adecco Group has a wide array of initiatives. Labour market minorities, the long-term unemployed, the socially and physically disadvantaged, the mature workforce and those outside the formal employment framework who face barriers when trying to enter the workforce – these are the people we seek to help. It is not just the right thing to do: it is about enabling people to fulfil their potential, and for clients to benefit from a diverse and multitalented workforce.

Public-private partnerships expanding In 2008, Adecco France launched a public-private partnership in France, working in collaboration with the government to integrate the long-term unemployed. This follows the success of the "interim et insertion" programme, which today operates through 40 specialised branches across the country, providing coaching for over 4,000 people every year at risk of being excluded from

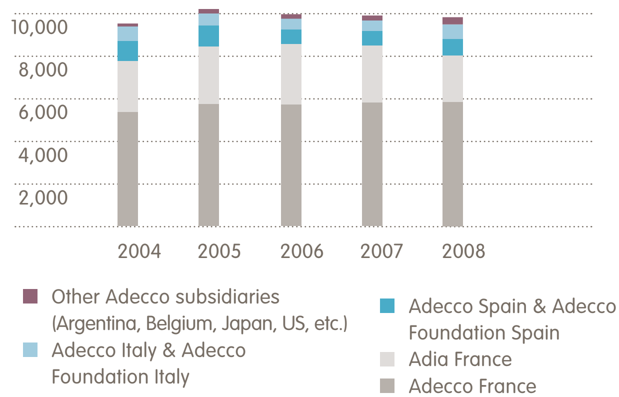
Athlete career programme participants



** There is a natural participation cycle with the Olympic Games.*

People with disabilities inserted into the labour market

Information on number of individuals



the labour market. Our Adecco Foundations in Spain and Italy run similar programmes. In Spain, our programmes are complemented by special services for women who suffer domestic violence and are in need of an occupational income in order to gain economic independence, which is often a first step to escaping their situation.

QUADRIGA is a public-private partnership pilot project involving the Jacobs Foundation, Adecco Group Germany and the German Federal Employment Agency. The pilot project, launched in 2007 and set to run until 2009, is a new and efficient way to integrate non-qualified, unemployed people under 25 into the workforce. Programme participants – currently around 240 in eight different pilot locations – are employed by Adecco Group Germany and receive personalised training and coaching while undertaking projects for Adecco Group clients.

Opportunities for the disabled Our Disability and Employment Program helps people with disabilities find employment and assists companies in hiring them. Clients are given guidance on how to welcome someone with a specific disability onto their team and to prepare the working environment appropriately. We also share real examples of how people with disabilities successfully use their skills at work. In 2008, we ran disability and employment programmes in Argentina, Belgium, France, Italy, Japan, Iberia and the US, securing employment for about 10,000 workers with disabilities.

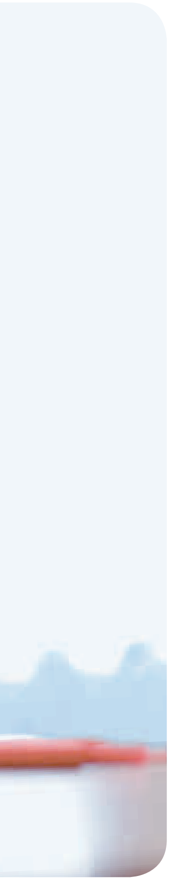
One 2008 highlight was that Adecco Group France and Agefiph (the most important association for the professional inclusion of people with disabilities) extended their collaboration contract through to the end of 2009 – the fourth such extension since 1999. Adecco added three innovative services to integrate people with disabilities into employment, including individual training and consulting services, as well as a dedicated Internet platform for disabled job seekers (www.trilogie.adecco.fr).

Retired athletes up and running We also help professional athletes who wish to enter or to re-enter the formal labour market as their sporting careers come to an end. The Athlete Career Programme (ACP) is designed to prepare athletes for a successful transition and bring them into contact with leading companies around the world. Launched in 2005, this programme has already supported more than 3,000 athletes in over 30 countries with career development support and job placements. In 2008, we extended our co-operation with the International Olympic Committee through to 2012.

Jacques Rogge, President, IOC, Lausanne, Switzerland:

"The end of an elite sporting career is difficult. The ACP helps athletes continue their success on the field as they move into the labour market."

Smart move. When Keeth Smart, former world no. 1 sabre fencer, joined the Athlete Career Programme in 2006, he was working as a financial research analyst at a telecoms company. He had problems balancing his job, a demanding training schedule and commuting to competitive events. Tom McFarland, Senior Vice President for Lee Hecht Harrison, who was instrumental in creating the global ACP curriculum and manages day-to-day ACP operations, worked with him to get his working life on track. Keeth reached an understanding with his employer, who helped him redefine his role within the company and balance a crowded schedule that included work, training and competition. Now, Keeth is preparing a new move, studying for an MBA, and Tom is helping with guidance and practical help on his future career plans.



Keeth Smart, 30, US Sabre Fencer, Olympic Silver Medallist Beijing 2008, MBA Graduate Columbia University:

"After retiring from the sport of fencing, the cut and thrust of the business world awaits. Now I'm focusing on my MBA."

Talented athletes who make the sacrifices necessary to excel in their sports deserve an equal chance to excel in their careers. Jointly developed with the International Olympic Committee (IOC) and launched in 2005, the Programme has helped more than 3,000 athletes prepare for a career after competitive sport. The difficult transition from elite athlete to the workforce is the main focus of the ACP. It provides athletes with practical professional development and placements relevant to their future career path. The IOC and the Adecco Group announced in August 2008 plans to expand and strengthen the programme, which has been extended until at least 2012.

Adecco S.A. shares are listed on the SIX Swiss Exchange in Switzerland and on Euronext in France. They are traded on SWX Europe, an exchange platform for pan-European blue-chip shares.

Share information

Investor relations Investor relations focus on providing transparent and consistent information, trust and interactive communication. The Adecco Group strives for an open dialogue with the financial community, the media and all key stakeholders, enhancing the understanding of our business as well as explaining the implied risks and opportunities.

The Adecco Group is committed to providing regular updates on key value drivers, business strategy, threats and opportunities, as well as key ratios used by the Group to track its own performance.

The investor relations team is dedicated to providing true, fair and up-to-date information to every interested stakeholder, so that the share price reflects the inherent value of our Company at all times.

To guarantee equal and legally compliant distribution of price-sensitive information, our communication strategy relies upon the following tenets:

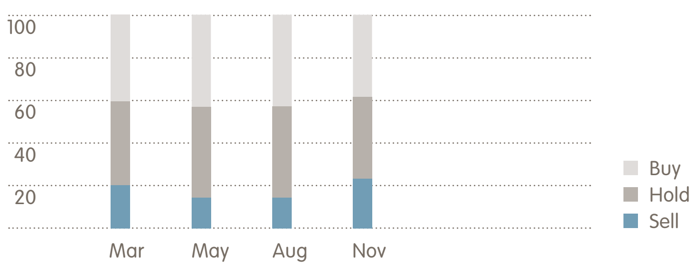
Apart from the release of our comprehensive quarterly results – which management discusses with the financial community via a conference call and webcast – we also offer one-on-one meetings with management and investor relations at roadshows, industry or market conferences, and at our Headquarters. In addition, we strive to ensure clear and transparent communication of other price-sensitive information through press releases and comprehensive content on our website. At the same time, we respect the legal obligations relating to confidentiality and disclosure, and make every effort to guarantee equal distribution of price-sensitive information.

In keeping with this strategy, we further strengthened our IR activities in 2008, devoting 54 days to market communications around the time of our quarterly results releases, compared with 53 days in 2007. The Adecco Group held more than 350 meetings, talking to over 480 institutional investors, analysts, portfolio managers and brokers in the USA & Canada, the UK & Ireland, continental Europe, the Middle East and Asia.

In September 2008, we hosted an analyst, investor and media conference with over 70 participants in New York to keep the financial community informed of our strategy, trends and opportunities as well as how the Company is responding to increasingly difficult market conditions.

To enhance the investor experience, we also launched a new website, www.adecco.com/InvestorRelations, which aims to provide the investment community with an even broader source of up-to-date information.

Distribution of broker ratings in 2008* *in %*



** After presentation of quarterly results.*

Coverage Adecco S.A.'s share price developments are closely monitored by the financial community. In 2008, financial analysts' perception of the Company's strategy, results and valuation remained largely unchanged. Roughly 40% recommended our stock as a buy, 40% recommended to hold and 20% recommended selling the shares, largely a reflection of the uncertainties of the macroeconomic situation.

More than 20 brokers are covering Adecco, maintaining regular contact with the IR department. They include: Bank am Bellevue, Bank Vontobel, Cazenove, Cheuvreux, Citigroup, Credit Suisse, Deutsche Bank, Exane BNP Paribas, Fortis, Goldman Sachs, Helvea, ING, Kepler, Main First, Merrill Lynch, Morgan Stanley, Neue Zürcher Bank, Petercam, Rabo Bank, RBS, Sal. Oppenheim, Theodor Glissen, UBS and Zürcher Kantonalbank.

Dividend history In the last six years, the Company has seen a steady increase in its dividend, from CHF 0.60 for 2002 to CHF 1.50 for 2007, maintaining a payout ratio of about 25% to 30% of adjusted net earnings. The Board of Directors will again propose a dividend of CHF 1.50 per share for 2008, reflecting a 29% payout of ratio on adjusted net earnings.

Performance report Driven by the financial crisis, markets generally had a rough start to 2008, which also affected Adecco S.A.'s share price. Shares were trading at CHF 61.25 at the beginning of the year and, despite the release of record full-year results for 2007 at the beginning of March, the share price deteriorated further to a low of CHF 51.30 by mid-March, at which point the FOMC decided to lower the US federal funds rate by 75 bps to mitigate risks to economic activity. In the second half of March and at the beginning of the second quarter, Adecco S.A.'s shares benefited from a short-lived recovery in the markets overall on the back of the rate cut. At the beginning of May, the Adecco Group posted a strong set of results, indicating that the Company was well on the way to expanding its gross and operating margins. At the end of May, the share price rose to an all-year high of CHF 64.00.

Further massive losses by financial institutions in the subprime market and overall fears about worsening global economic developments led to a sharp correction in stock markets around the globe. As a result, the staffing sector as a whole saw a strong devaluation, while Adecco S.A.'s share value declined by 30% during the summer months. When Wall Street's

Adecco share price and main events 2008

fourth-largest investment bank, Lehman Brothers, filed for bankruptcy in mid-September, yet another sell-off wave was triggered at stock markets worldwide, resulting in further sharp declines in global equity markets. The perception of economic development worsened throughout the remainder of 2008, with an increasing number of countries slipping into recession.

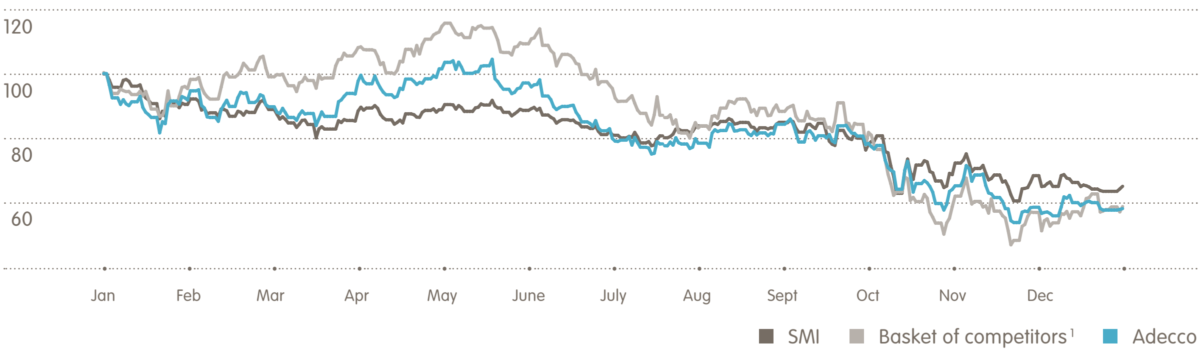
Adecco S.A. shares posted a 42% decrease in 2008, reaching CHF 35.78 on December 31, 2008, compared with CHF 61.25 on December 31, 2007. Adecco S.A. was outperformed by a declining Swiss Market Index (SMI), but was in line with a basket of its main competitors in the staffing industry. Market capitalisation was CHF 6.2 billion by the end of 2008, compared with CHF 11.2 billion a year earlier.

Shareholder base Adecco S.A. has a broad investor base of over 15,000 shareholders. At the same time, the shareholder base is concentrated, with 52% of all issued shares held by institutional investors, 31% held by insiders and the Adecco S.A., and only 6% held by retail investors. Some year-on-year changes were observed within the group of institutional shareholders. American institutional shareholders increased their holdings in Adecco S.A., representing 21% of issued shares at the end of 2008. The percentage held by European institutions decreased to 29%, while the percentage of holdings by institutions from the rest of the world grew 1% compared to 2007.

Insider and treasury holdings represented 31% of the issued share capital.

Share price performance comparison 2008

01.01.2008 = 100



Investor structure

in % of shares issued	2008	2007
Institutional:		
• Europe	29%	33%
• North America	21%	18%
• Rest of world	2%	1%
Retail	6%	3%
Insider and treasury	31%	33%
Unassigned	11%	12%

Insider and treasury holdings

	in % of shares issued
Group represented by Jacobs Holding AG	22.8%
Treasury shares	8.0%
Management and Board	0.1%

Key data

	2008	2007
Shares issued	189,263,506	189,263,506
Treasury shares	15,075,104	6,616,213
Shares outstanding	174,188,402	182,647,293
Average number of shares outstanding	175,414,832	185,107,346
Basic earnings per share in EUR	2.82	3.97
Diluted earnings per share in EUR	2.71	3.80
Dividend per share in CHF	1.50 [2]	1.50
Year end share price in CHF	35.78	61.25
Highest share price in CHF	64.00	97.95
Lowest share price in CHF	33.12	59.70
Year end market capitalisation in CHF millions	6,232	11,187
Price/earnings ratio [3]	8.5	9.3
Enterprise value [4] / operating income	6.4	7.2

1 Manpower, Randstad, Kelly.

2 Proposed by the Board of Directors.

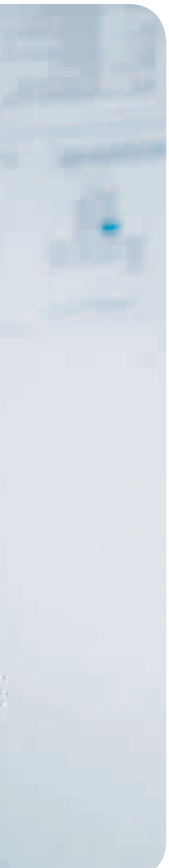
3 Based on basic earnings per share and share price at year end CHF/EUR per year end 2008: 1.49; 2007: 1.66.

4 Enterprise value equals net debt plus market capitalisation at year end; CHF/EUR per year end 2008: 1.49; 2007: 1.66.

Head Corporate Communications,
Alstom Transport Germany, Salzgitter, Germany:

"Things move fast in engineering development and the planning of specialist recruitment has to be ahead of the game."

Engineering flexibility. The euro engineering team at Alstom Transport Germany, is engaged in rail vehicle development, with a particular focus on cockpit engineering for regional railways. Euro engineering is a true project development partner, with a highly qualified team of specialists and over 100 projects a year. Maik Schmidt, 36, who has been with the company since 2006, was brought in to head the project office at Alstom Transport Germany. He worked on the spot to recruit for the 42-strong team developing a driver's cab and control panel for regional rail operator Coradia Continental and Nordic. Christiane Feige, one of his first recruits, is now a team leader and studying for a degree on the company's Bachelor's programme.



Christiane Feige, 50, German, Design Engineer:

"It's great to work with such motivated people. We are always learning, as a team and individually. That's the only way we can compete."

Engineering development is a fast-moving world where time to market is the key to turning opportunity into success. Recruiting the expert know-how to build a team that is equal to the demanding tasks of challenging serial projects is in itself a job for experts.

Euro engineering AG has been part of the Adecco Group since the acquisition of DIS AG in 2006. The on-site delivery model, with recruiters working inside each project, uses our industry expertise and worldwide reach to attract and bind the right professional talents in a competitive skills market.

Financial Review

Adecco Group – Operating and financial review and prospects

in millions, except share and per share information

1. Introduction

The information in this discussion and analysis should be read in conjunction with the Company's consolidated financial statements and the notes thereto that are prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") and are included elsewhere in this Annual Report and with the disclosure concerning forward-looking statements at the end of this section.

Statements throughout this discussion and analysis using the term "the Company" refer to the Adecco Group, which comprises Adecco S.A., a Swiss corporation, its majority-owned subsidiaries and other affiliated entities.

1.1 Business and industry background

The Company is the global leader in human resource services including temporary staffing, permanent placement, outsourcing, outplacement, and career services consulting. The Company had a network of over 6,600 branches and over 34,000 full-time equivalent employees in over 60 countries and territories at the end of 2008. In 2008, the Company connected on average on a daily basis over 700,000 associates with over 145,000 clients. Registered in Switzerland and managed by a multinational team with expertise in markets worldwide, the Company delivers a broad range of human resource services to meet the needs of small and large business clients as well as those of associates.

The staffing industry is fragmented and highly competitive. Customer demand is dependent upon the overall strength of the labour market as well as an established trend towards greater workforce flexibility. More liberal labour market laws, particularly for temporary staffing, are beneficial for the industry and have been a driver for greater workforce flexibility. The business is also strongly influenced by the macro-economic cycle, which typically results in growing demand for employment services during periods of economic expansion and, conversely, contraction of demand during periods of economic downturn. Due to the sensitivity to the economic cycle and the low visibility in the temporary staffing sector, forecasting demand for staffing and human resource services is difficult. Typically, customers are not able to provide much advance notice of changes in their staffing needs. Responding to the customer's fluctuating staffing requirements in a flexible way is a key element of the Company's strategy, which it addresses through its diverse staffing and human resource services network.

Anticipating trends in demand is also important in managing our internal cost structure. This coupled with our ability to maximise our overall resources and to enhance competitive advantage through our wide variety of services and locations while maintaining standards of quality to both our clients and associates are key components to achieving profitability targets during any part of the economic cycle.

1.2 Organisational structure

The Company is organised in a geographical structure (which corresponds to the primary segments). The heads of the main geographies – consisting of France, USA & Canada, UK & Ireland, Germany, Japan, Italy, Iberia, Nordics, Benelux, Switzerland & Austria and Australia & New Zealand – directly manage the office and industrial business lines as well as the professional business lines. They are supported and guided by a global business line head for the professional business line Adecco Human Capital Solutions and by the corporate business development department for the professional business lines Adecco Information Technology; Adecco Engineering & Technical; Adecco Finance & Legal; Adecco Medical & Science; and Adecco Sales, Marketing & Events. In addition, the countries in the Emerging Markets are directly managed by five regional heads. The classification into business lines is determined by the largest business line revenue share generated in a specific branch.

1.3 Service lines

Revenues and gross profits derived from temporary staffing totalled 92% and 79% in 2008 and 93% and 80% in 2007 of the respective consolidated totals, when excluding the positive impact in both years of the modification of calculation of French social charges. Temporary staffing billings are generally negotiated and invoiced on an hourly basis. Temporary associates record the hours they have worked and these hours, at the rate agreed with the customer, are then accumulated and billed according to the agreed terms. Temporary staffing service revenues are recognised upon rendering of the service. The temporary associate is paid the net hourly amount after statutory deductions on a daily, weekly, or monthly basis. Certain other employer payroll-related costs are incurred and the net difference between the amounts billed and payroll costs incurred is reported as gross profit.

Revenues and gross profits derived from outsourcing, outplacement, consulting, and permanent placement services totalled 8% and 21% in 2008 and 7% and 20% in 2007 of the respective consolidated totals, when excluding the positive impact in both years of the modification of calculation of French social charges. The terms of outsourcing, consulting, and outplacement services are negotiated with the client on a project basis and revenues are recognised upon rendering the service. For permanent placement services, the placement fee is directly negotiated with the client. Revenues from permanent placement services are generally recognised at the time the candidate begins full-time employment and an allowance is established, based on historical information, for any non-fulfilment of permanent placement obligations. Outplacement and permanent placement services provide significantly higher gross margins.

1.4 Key performance indicators

We monitor operational results through a number of additional key performance indicators beside revenues, gross profit, selling, general and administrative expenses, and operating income before amortisation and impairment of goodwill and intangible assets and use these measures of current operational performance along with qualitative information and economic trend data to direct the Company's strategic focus.

These indicators include the following:

- Business mix – the revenue split between temporary staffing, permanent placement, and other services.
- Bill rate – an average hourly billing rate for temporary staffing services indicating current price levels.
- Pay rate – an average hourly payroll rate including social charges for temporary staffing services indicating current costs.
- Temporary hours sold – the volume of temporary staffing services sold.
- Temporary associates – the number of temporary associates at work.
- Clients – the number of active clients.
- Permanent placements – the number of candidates placed in permanent job positions.
- Average fee per placement – the average amount received for job placement services.
- Days sales outstanding ("DSO") – accounts receivable turnover.
- Full time equivalent ("FTE") employees.
- Retention rate of FTE employees, associates, and clients.
- Branches – the number of locations from which the Company offers human resource services.
- Economic Value Added – residual income after cost of capital.

1.5 Seasonality

Our quarterly operating results are affected by the seasonality of our customers' businesses. Demand for temporary staffing services historically has been lowest during the first quarter of the year.

1.6 Currency

The financial results of the Company are presented in Euro, which the Company has selected as its reporting currency in recognition of the significance of the Euro to the Company's operations. In 2008, 57% of total revenues were generated in the Euro zone. Amounts shown in the consolidated statements of operations and consolidated statements of cash flows are translated using average exchange rates for the period. In 2008, the average exchange rate for the Japanese yen and Swiss franc, which comprised 7% and 2% of total revenues, respectively, strengthened against the Euro, whereas the US dollar, the British pound, the Norwegian krone, the Australian dollar, and the Canadian dollar, which comprised 12%, 7%, 3%, 2%, and 2% of total revenues, respectively, weakened against the Euro. The Company's consolidated balance sheets are translated using the year end exchange rates. At year end, for the main currencies used, the US dollar, the Japanese yen, and the Swiss franc strengthened against the Euro, whereas the British pound, the Norwegian krone, the Australian dollar, and the Canadian dollar all weakened against the Euro.

in millions, except share and per share information

2. Non-U.S. GAAP information and financial measures

The Company uses non-U.S. GAAP financial measures for management purposes. The principal non-U.S. GAAP financial measures discussed herein are net debt and constant currency comparisons, which are used in addition to and in conjunction with results presented in accordance with U.S. GAAP.

Net debt and constant currency comparisons should not be relied upon to the exclusion of U.S. GAAP financial measures, but rather reflect an additional measure of comparability and means of viewing aspects of the Company's operations that, when viewed together with the U.S. GAAP results, provide a more complete understanding of factors and trends affecting our business.

Because net debt and constant currency comparisons are not standardised, it may not be possible to compare our measures with other companies' non-U.S. GAAP financial measures having the same or a similar name. Management encourages investors to review the Company's financial statements and publicly filed reports in their entirety and not to rely on any single financial measure.

2.1 Net debt

Management monitors outstanding debt obligations by calculating net debt. Net debt comprises short-term and long-term debt less cash and cash equivalents and short-term investments.

The following table reconciles net debt to the most directly comparable financial measures calculated in accordance with U.S. GAAP:

in EUR	31.12.2008	31.12.2007
Net debt		
Short-term debt and current maturities of long-term debt	56	357
Long-term debt, less current maturities	1,142	1,072
Total debt	**1,198**	**1,429**
Less:		
Cash and cash equivalents	574	555
Short-term investments	7	8
Net debt	**617**	**866**

2.2 Constant currency

Constant currency comparisons are calculated by multiplying the prior year functional currency amount by the current year foreign currency exchange rate. Management believes that constant currency comparisons are important supplemental information for investors because these comparisons exclude the impact of changes in foreign currency exchange rates, which are outside the Company's control, and focus on the underlying growth and performance.

3. Operating results

3.1 Overview

The Company was confronted with an exceptionally challenging business environment, particularly during the second half of 2008. Revenues decreased in 2008 compared to 2007 by 5% to EUR 19,965 or by 5% excluding acquisitions and currency impact. Whereas the revenue growth was 0% for the first half of 2008, the Company experienced a revenue decline of 10% in the second half of 2008 with an accelerated trend from the third to the fourth quarter of 2008 with a revenue decline of 6% and 14%, respectively. Excluding the impact of acquisitions and currency, revenues declined in 2008 in all geographies except in Japan and the Emerging Markets.

The gross margin in 2008 was 18.4% and in 2007 18.6%. However, both years were impacted by the modification of the calculation of French social charges (refer to 3.6 Operating income). Excluding this impact, gross margin was up 30 bps.

Operating income decreased 29% to EUR 748 and net income decreased 33% to EUR 495 in 2008 compared to 2007, mainly caused by lower positive impact of the modification of the calculation of French social charges (positively impacting operating income in 2008 by EUR 62 and in 2007 by EUR 156 – refer to 3.6 Operating income) and by impairment charges to goodwill and intangible assets (in 2008 by EUR 116).

In 2008, the Company made no material acquisitions. In 2007, the Company acquired the Tuja Group ("Tuja"), thus strengthening its position in the profitable German temporary staffing market. Tuja is a leading staffing company in Germany with operations also in Switzerland and Austria.

3.2 Revenues

Revenues decreased 5% to EUR 19,965 in 2008 or 3% in constant currency. This reduction was driven primarily by a temporary staffing volume decrease as temporary hours sold contracted 4% to 1,271 million. Permanent placement revenues were EUR 354 in 2008, which represents a decrease of 9% or 4% in constant currency versus 2007 and outplacement revenues were EUR 209 in 2008 which represents an increase of 27% or 32% in constant currency. Acquisitions had a positive impact of 2% on 2008 revenues.

Geographical performance

The geographical breakdown of revenues is presented below:

			Variance %	
in EUR	2008	2007	EUR	Constant currency
Revenues				
France	6,574	6,891	(5)	(5)
USA & Canada	2,697	3,199	(16)	(9)
UK & Ireland	1,404	1,879	(25)	(14)
Germany	1,538	1,251	23	23
Japan	1,463	1,385	6	0
Italy	1,170	1,252	(7)	(7)
Iberia	1,028	1,157	(11)	(11)
Nordics	959	991	(3)	(2)
Benelux	957	983	(3)	(3)
Switzerland & Austria	569	526	8	5
Australia & New Zealand	395	474	(17)	(12)
Emerging Markets	1,211	1,102	10	15
Adecco Group	**19,965**	**21,090**	**(5)**	**(3)**

France
France's revenues decreased 5% to EUR 6,574 in 2008. Temporary hours sold fell by 7% and temporary staffing services bill rates increased by 2%. In 2008, France accounted for 33% of the Company's revenues.

USA & Canada
Revenues in the USA & Canada decreased by 16%, or 9% in constant currency, to EUR 2,697 in 2008. Temporary hours sold fell by 16% and bill rates increased 6% in constant currency reflecting an improved customer and skill mix. On the contrary, the outplacement business increased revenues by 37%, or 47% in constant currency. USA & Canada contributed 13% to the Company's revenues in 2008.

UK & Ireland
UK & Ireland's revenues contracted 25% or 14% in constant currency to EUR 1,404 in 2008. Temporary hours sold decreased 19% and bill rates grew 2% in constant currency. Permanent placement revenues were weak. UK & Ireland generated 7% of the Company's revenues in 2008.

Germany
Boosted by the acquisition of Tuja in 2007 (results included since August 2007), Germany achieved revenue growth of 23% to EUR 1,538 in 2008, reflecting a 22% growth in temporary hours sold and a 1% increase in bill rates. Excluding the impact of the acquisition, Germany's revenues decreased 2%. Revenues in Germany in 2008 accounted for 8% of the Company's revenues.

Japan
In Japan, revenues grew 6% to EUR 1,463, but remained unchanged in constant currency. Temporary hours sold increased 1% and bill rates remained unchanged in constant currency. In 2008, 7% of the Company's revenues were generated in Japan.

Italy
In Italy, revenues contracted 7% to EUR 1,170 in 2008 as temporary hours sold decreased 11% and bill rates grew 4%. Italy accounted for 6% of the Company's revenues in 2008.

Iberia
In Iberia, revenues decreased 11% to EUR 1,028. A 17% decline in temporary hours sold and a 2% increase in bill rates resulted in a temporary staffing revenue decline of 16%, which was partly offset by a 7% increase in outsourcing. In 2008, Iberia contributed 5% to the Company's revenues.

Nordics
Revenues in the Nordic countries declined 3%, or 2% in constant currency, to EUR 959. A decrease in temporary hours sold of 5% and an increase in the bill rate of 6% in constant currency resulted in a temporary staffing revenue increase of 1% in constant currency, which was more than offset by a decrease of 44% in constant currency in outsourcing. The Nordics revenues in 2008 accounted for 5% of the Company's revenues.

Benelux
In the Benelux countries, revenues decreased by 3% to EUR 957 in 2008. Temporary hours sold decreased by 7% and bill rates increased by 5%. The Benelux revenues in 2008 accounted for 5% of the Company's revenues.

Switzerland & Austria
In Switzerland & Austria revenues increased to EUR 569. The increase of 8% or 5% in constant currency was supported by the acquisition of Tuja in 2007 (results included since August 2007). The temporary hours sold increased by 1% and the bill rates increased 4% in constant currency. Switzerland & Austria revenues in 2008 represented 3% of the Company's revenues. Excluding acquisitions and currency impact, Switzerland & Austria revenues decreased by 5% in constant currency.

Australia & New Zealand
In Australia & New Zealand, revenues decreased by 17%, or 12% in constant currency, to EUR 395 in 2008. Australia & New Zealand contributed 2% of the Company's revenues in 2008.

Emerging Markets
In the Emerging Markets, the Company experienced revenue growth of 10%, or 15% in constant currency, to EUR 1,211. The Emerging Markets represented 6% of the Company's revenues in 2008.

Business line performance

The business line breakdown of revenues is presented below:

in EUR	2008	2007	Variance % EUR	Variance % Constant currency
Revenues[1]				
Office	4,358	4,765	(9)	(6)
Industrial	10,963	11,521	(5)	(4)
Total Office & Industrial	**15,321**	**16,286**	**(6)**	**(4)**
Information Technology	1,173	1,381	(15)	(9)
Engineering & Technical	823	908	(9)	(4)
Finance & Legal	474	516	(8)	(3)
Medical & Science	278	244	14	14
Sales, Marketing & Events	436	425	3	1
Human Capital Solutions	265	243	9	12
Total Professional Business Lines	**3,449**	**3,717**	**(7)**	**(3)**
Emerging Markets[2]	**1,195**	**1,087**	**10**	**15**
Adecco Group	**19,965**	**21,090**	**(5)**	**(3)**

1 Breakdown of revenues is based on dedicated branches. The 2008 information includes certain changes in the allocation of branches to business lines, most notably from Finance & Legal to Office and from Office to Sales, Marketing & Events, as well as from Emerging Markets to Office & Industrial (Austria previously reported under Emerging Markets is now reported together with Switzerland). The 2007 information has been reclassified to conform to the current year presentation.

2 Excluding professional business lines.

Office & Industrial

The Company's Office & Industrial businesses contracted 6% (7% when excluding acquisitions, divestures and currency impact) to EUR 15,321 in 2008, which represents 77% of the Company's revenues.

In the Office business, revenues were unchanged in Japan. Revenues declined in UK & Ireland, USA & Canada, France, and the Nordics. Japan, UK & Ireland, USA & Canada, France, and the Nordics generated more than 80% of the revenues in the Office business.

In the Industrial business, revenue growth was strong in Germany (mainly due to the acquisition of Tuja). In France, USA & Canada, Italy, and Iberia revenues declined. France, Germany, Italy, USA & Canada, and Iberia accounted for over 80% of the revenues in the Industrial business.

Information Technology

In Information Technology, the Company's revenues decreased 15% or 9% in constant currency compared to 2007, experiencing a decline in the UK & Ireland as well as in the USA & Canada. UK & Ireland and USA & Canada contributed approximately 65% of the business line's revenues.

Engineering & Technical

Revenues in the Company's Engineering & Technical business line contracted by 9% or 4% in constant currency. The Company saw strong demand in Germany, while revenues declined slightly in the USA & Canada and demand slumped in the UK & Ireland. Over 70% of the business line's revenues were generated in USA & Canada, UK & Ireland, and Germany.

in millions, except share and per share information

Finance & Legal
In Finance & Legal, the Company experienced revenue deceleration of 8% or 3% in constant currency. Demand for finance and legal professionals was strong in Germany and in the Nordics, while revenues decreased in the USA & Canada. The USA & Canada, Germany and the Nordics were responsible for over 75% of revenues in the business line Finance & Legal.

Medical & Science
Medical & Science revenues grew by 14%, driven by the Nordics and France. France and the Nordics accounted for over 75% of the business line's revenues.

Sales, Marketing & Events
In Sales, Marketing & Events, the Company achieved revenue growth of 3%, or 1% in constant currency. France, Iberia, and Japan were the main contributors to the business line's revenues.

Human Capital Solutions
The Company's Human Capital Solutions revenues grew by 9%, or 12% in constant currency, reflecting the generally better conditions of the outplacement market. Over 85% of the Human Capital Solutions business line revenues were generated in the USA & Canada and France.

3.3 Gross profit

Gross profit decreased 6%, or 4% in constant currency, to EUR 3,673 in 2008. Excluding the modification of the calculation of French social charges in 2008 of EUR 62, which had a 30 bps positive impact and in 2007 of EUR 172, which had an 80 bps positive impact, the gross margin was up 30 bps. Higher gross margins in the temporary staffing business and the growing contribution of outplacement are the main drivers behind this improvement. Acquisitions (mainly Tuja) added 10 bps to the Company's gross margin.

The change in gross margin in 2008 compared to 2007 is attributable to:

	bps
Temporary staffing	10
Permanent placement	(10)
Outplacement	20
Other	10
Excluding French social charges impact	**30**
Impact French social charges	(50)
Total	**(20)**

3.4 Selling, general and administrative expenses

During 2008, the Company maintained its emphasis on cost control. Selling, general and administrative expenses ("SG&A") decreased 3% or was unchanged in constant currency, reflecting an increase in SG&A as a percentage of revenues of 30 bps to 13.8% from 13.5% in 2007. Included in the fourth quarter of 2008 are restructuring expenses associated with headcount reduction and branch optimisation in France and other European countries of EUR 40.

Personnel expenses, which comprised approximately 70% of total SG&A, decreased by 3% to EUR 1,905 in 2008, or remained flat in constant currency, also impacted by restructuring expenses in the fourth quarter of 2008. The decrease was mainly due to a reduction in the number of FTE employees. The average FTE employees and the average branches during 2008 decreased 1% to 36,399 and 1% to 6,762, respectively. At year end, the number of FTE employees and the number of branches exceeded 34,000 and 6,600, respectively.

The following table shows the average FTE employees and the average branches by geographical areas:

	FTE employees			Branches		
	2008	2007	% variance	2008	2007	% variance
Geographical breakdown (yearly average)						
France	8,393	8,472	(1)	1,829	1,834	0
USA & Canada	5,841	6,235	(6)	1,117	1,263	(12)
UK & Ireland	2,665	3,133	(15)	326	349	(7)
Germany	2,927	2,346	25	568	530	7
Japan	2,701	2,664	1	172	164	5
Italy	2,005	2,064	(3)	584	564	4
Iberia	2,311	2,438	(5)	624	604	3
Nordics	1,579	1,582	0	269	251	7
Benelux	1,881	1,899	(1)	466	462	1
Switzerland & Austria	731	668	9	151	134	13
Australia & New Zealand	666	733	(9)	99	108	(8)
Emerging Markets	4,416	4,020	10	557	535	4
Corporate	283	407	(31)			
Adecco Group	**36,399**	**36,661**	**(1)**	**6,762**	**6,798**	**(1)**

Marketing expenses were EUR 95 in 2008, compared to EUR 104 in 2007. Bad debt expense increased by EUR 16 to EUR 35 in 2008.

3.5 Amortisation of intangible assets and impairment of goodwill and intangible assets

Amortisation of intangible assets increased to EUR 44 from EUR 27 in 2007 mainly due to the acquisition of Tuja.

In 2008, the Company recorded an impairment charge to goodwill and indefinite-lived intangible assets of EUR 116. The goodwill impairment charge of EUR 58 relates to the UK & Ireland operations and the intangible assets impairment charge of EUR 58 mainly relates to the write-down of the trade names acquired in the Tuja acquisition.

3.6 Operating income

Operating income decreased 29%, or 28% in constant currency, to EUR 748 in 2008. The modification of the calculation of French social charges positively impacted operating income in 2008 and 2007 by EUR 62 and EUR 156, respectively (for further details refer to Note 1 to the consolidated financial statements). The increase in gross margin was more than offset by the increased SG&A as percentage of sales, as well as the lower benefits from the modification of the calculation of French social charges and the increased amortisation of intangible assets and the impairment of goodwill and intangible assets. This led to a reduction in the operating income margin.

in millions, except share and per share information

The geographical breakdown of operating income is presented in the following table:

in EUR	2008	2007	Variance % EUR	Variance % Constant currency
Operating income				
France	272	405	(33)	(33)
USA & Canada	114	150	(24)	(18)
UK & Ireland	23	41	(45)	(37)
Germany	157	137	14	14
Japan	107	96	11	6
Italy	70	85	(17)	(17)
Iberia	53	76	(31)	(31)
Nordics	46	43	6	8
Benelux	50	58	(13)	(13)
Switzerland & Austria	45	46	(2)	(5)
Australia & New Zealand	9	13	(28)	(24)
Emerging Markets	47	39	20	23
Total operating units	**993**	**1,189**	**(16)**	**(16)**
Corporate expenses	(85)	(108)		
Amortisation of intangible assets	(44)	(27)		
Impairment of goodwill and intangible assets	(116)			
Adecco Group	**748**	**1,054**	**(29)**	**(28)**

France
France's operating income decreased 33% to EUR 272 in 2008. The operating income margin decreased 180 bps to 4.1% in 2008 compared to 2007, mainly due to the lower positive impact of the modification of the calculation of French social charges (EUR 62 in 2008 compared to EUR 156 in 2007) and to a lower extent due to restructuring expenses in 2008.

USA & Canada
The USA & Canada's operating income decreased 24%, or 18% in constant currency, to EUR 114 in 2008. The difficult economic situation was the main reason behind the operating income margin decrease of 50 bps to 4.2% in 2008 compared to 2007. In 2008, the Company invested EUR 15 in customer mix and efficiency improvements.

UK & Ireland
The UK & Ireland's operating income decreased 45%, or 37% in constant currency, to EUR 23 in 2008. The unsatisfactory results were also caused by a weakening demand in permanent placement. The operating income margin declined by 60 bps to 1.6% in 2008 compared to 2007.

Germany
Germany achieved strong operating income growth of 14% to EUR 157 in 2008 and an operating income margin of 10.2%, a decline of 80 bps compared to 2007.

Japan
Operating income for Japan grew 11%, or 6% in constant currency, to EUR 107 in 2008 and operating income margin improved 30 bps to 7.3% compared to 2007. Efficient cost management led to lower SG&A as a percentage of revenues.

Italy

In Italy, operating income declined 17% to EUR 70 in 2008 and operating income margin contracted 70 bps to 6.0% compared to 2007 due to an increase of SG&A as a percentage of revenues.

Iberia

In Iberia, operating income declined by 31% to EUR 53 in 2008. Operating income margin decreased by 150 bps to 5.1% in 2008 compared to 2007 due to an increase of SG&A as a percentage of revenues, partly caused by restructuring expenses in the fourth quarter of 2008.

Nordics

Operating income increased 6%, or 8% in constant currency, to EUR 46 in 2008. Operating income margin increased 40 bps to 4.8% in 2008 compared to 2007 mainly due to an improvement in the gross margin.

Benelux

In the Benelux countries, operating income decreased by 13% to EUR 50 in 2008. Operating income margin decreased by 60 bps to 5.3% in 2008 compared to 2007, which is due to a combination of lower gross margin and higher SG&A as a percentage of revenues.

Switzerland & Austria

In Switzerland & Austria, operating income decreased 2%, or 5% in constant currency, to EUR 45 in 2008 compared to 2007. Operating income margin declined by 80 bps to 7.9% due to higher SG&A as a percentage of revenues.

Australia & New Zealand

In Australia & New Zealand, operating income decreased 28%, or 24% in constant currency, to EUR 9 in 2008 compared to 2007. Operating income margin decreased 40 bps to 2.3% in 2008 compared to 2007.

Emerging Markets

In the Emerging Markets, the Company experienced an increase in operating income of 20%, or 23% in constant currency, to EUR 47. Operating income margin improved from 3.6% in 2007 to 3.9% in 2008.

3.7 Interest expense

Interest expense increased by EUR 2 to EUR 58 in 2008 compared to EUR 56 in 2007.

3.8 Other income/(expenses), net

Other income/(expenses), net, which include interest income, foreign exchange gains and losses, and other non-operating income/(expenses), net, were income of EUR 19 in 2008 compared to income of EUR 30 in 2007. The decrease in income in 2008 compared to 2007 is mainly due to lower interest income in 2008 of EUR 18 compared to EUR 31 in 2007.

3.9 Provision for income taxes

The provision for income taxes decreased by EUR 75 to EUR 210 in 2008 compared to EUR 285 in 2007. The effective tax rate for the fiscal year 2008 was 30% compared with 28% in the prior year. The 2008 effective tax rate was negatively impacted by the goodwill impairment charge which is not tax deductible.

3.10 Net income

Net income for 2008 decreased to EUR 495 compared to EUR 735 in 2007, or by 33%. Basic earnings per share ("EPS"), negatively impacted by the lower positive impact of the modified calculation of the French social charges in 2008 compared to 2007 and by the impairment charges to goodwill and intangible assets, was EUR 2.82 for 2008 compared with EUR 3.97 for 2007. The modified calculation of French social charges had a positive impact on basic EPS of EUR 0.23 and EUR 0.55 in 2008 and 2007, respectively.

4. Outlook

In today's exceptionally difficult business environment, resulting in pronounced pressure on revenues, protecting margins through disciplined pricing and cost reductions is a key priority for the management of the Company. The commitment to value based management is even more important under the current circumstances, and the Company is well positioned to seize opportunities in this downturn.

Looking into the near future, management currently sees no signs of improvement. Adapting the cost base remains at the forefront of management's priorities, and initiated actions in the second half of 2008 are well underway.

Given the sharp deceleration experienced in the fourth quarter of 2008 and the weak start in 2009, the Company plans to spend EUR 50 in the first half of 2009 in order to reduce costs with the aim to defend margins and to structurally improve the business. Investments to structurally improve the organisation, with strict financial discipline and with the focus on professional and specialised business fields, aim to optimally position the Company for the next economic upswing.

5. Liquidity and capital resources

Liquidity is the ability to generate sufficient cash flows from operating activities to meet the Company's obligations and commitments. In addition, liquidity includes the ability to obtain appropriate financing. Currently, cash needed to finance the Company's operations is primarily generated through operating activities, bank overdrafts, the existing multicurrency credit facility, and, when necessary, the issuance of bonds.

The principal funding requirements of the Company's business include financing working capital and capital expenditures. Capital expenditures mainly comprise the purchase of computer equipment, capitalised software, and the cost of leasehold improvements.

Within the Company's working capital, trade accounts receivable, net of allowance for doubtful accounts, comprise approximately 76% of total current assets. Accrued salaries and wages, payroll taxes and employee benefits and sales and value added taxes comprise 68% of total current liabilities. Working capital financing needs increase as business grows.

Management believes that the ability to generate cash from operations combined with additional capital resources available are sufficient to support the expansion of existing business activities and to meet short- and medium-term financial commitments. The Company may utilise available cash resources, secure additional financing or use treasury shares to refinance debt or for acquisitions.

5.1 Analysis of cash flow statements

Cash and cash equivalents and short-term investments increased by a total of EUR 18 to EUR 581 at the end of 2008. The increase was mainly due to the generation of operating cash flows (EUR 1,054), substantially offset by the acquisitions of DNC de Nederlanden Compagnie N.V. ("DNC") and Groupe Datavance ("Datavance") (EUR 97), the repayment of debt (EUR 371), the payment of dividends (EUR 163), the purchase of treasury shares (EUR 279), and capital expenditures (EUR 106).

Cash flows from operations are generally derived from receipt of cash from customers less payments to temporary personnel, regulatory authorities, employees, and other operating disbursements. Cash receipts are dependent on general business trends, foreign currency fluctuations, and cash collection trends measured by DSO. DSO varies significantly within the various countries in which the Company has operations, due to the various market practices within these countries. In general, an improvement of DSO reduces the balance of trade accounts receivable resulting in cash inflows from operating activities. Cash disbursement activity is predominantly associated with scheduled payroll payments to the temporary personnel. Given the nature of these liabilities, the Company has limited flexibility to adjust its disbursement schedule. Also, the timing of cash disbursements differs significantly amongst the various countries.

The following table illustrates cash from or used in operating, investing, and financing activities:

in EUR	2008	2007
Summary of cash flows information		
Net cash from operating activities	1,054	1,062
Net cash from/(used in) investing activities	(236)	(929)
Net cash from/(used in) financing activities	(800)	(424)

Cash flows from operating activities decreased by EUR 8 to EUR 1,054 in 2008 compared to 2007. This decrease is primarily attributable to lower net income substantially offset by the overall net decrease in accounts receivable exceeding the overall net decrease in accounts payable and accrued expenses, mainly due to declining revenues, and the increase of non-cash impairment and amortisation charges. DSO decreased to 57 days for the full year 2008 compared to 58 days for the full year 2007.

Cash flows used in investing activities decreased by EUR 693 to EUR 236 in 2008 compared to 2007. During 2008 and 2007, the Company made several acquisitions. In 2008, DNC and Datavance were acquired for a consideration, net of cash acquired, of EUR 56 and EUR 41, respectively. In 2007, the Company acquired 100% of outstanding common shares of Tuja, one of the leading temporary staffing companies in Germany with operations also in Switzerland and Austria, for a total consideration, net of cash acquired, of EUR 580, and approximately 16% of outstanding DIS shares for a total consideration of EUR 219. The Company's capital expenditures amounted to EUR 106 in 2008 and EUR 91 in 2007.

Cash flows used in financing activities increased by EUR 376 to EUR 800 in 2008 compared to 2007. In 2008, the Company repaid debt of EUR 371, including the EUR 200 floating rate guaranteed notes and the EUR 122 Olsten guaranteed notes. In 2007, the Company repaid EUR 207 of debt assumed in the acquisition of Tuja. Furthermore, in 2008 and 2007, dividend payments to shareholders were EUR 163 and EUR 135, respectively. In 2008, the Company acquired 8,458,891 treasury shares for a total consideration of EUR 279. In 2007, 3,253,500 treasury shares were acquired for a total of EUR 124.

5.2 Additional capital resources

As of December 31, 2008, the Company's total capital resources amounted to EUR 4,549 comprising EUR 1,198 in debt and EUR 3,351 in equity, excluding treasury shares. Long-term debt, including current maturities, was EUR 1,143 as of December 31, 2008 and EUR 1,394 as of December 31, 2007 and includes long-term notes and a convertible bond. The borrowings, which are unsubordinated and unsecured, are denominated in Swiss francs and Euros. The majority of the borrowings outstanding as of December 31, 2008 mature in 2013. The convertible bond includes, however, a put option for the bondholders, which could trigger early redemption in 2010. During 2008, the Company decreased its short- and long-term debt including foreign currency effect by EUR 231.

In addition, the Company maintains a committed multicurrency revolving credit facility issued by a syndicate of banks which permits borrowings up to a maximum of EUR 550. The original multicurrency revolving credit facility, which was entered into in March 2003, allowed borrowings up to a maximum of EUR 580 and matured in March 2009. In April 2008, the Company renegotiated the existing facility. The new facility consisted of a committed EUR 550 multicurrency five-year revolving credit facility and a EUR 300 term facility which expired in December 2008. The new five-year revolving credit facility of EUR 550 is used for general corporate purposes including refinancing of advances and outstanding letters of credit. The interest rate is based on LIBOR, or EURIBOR for drawings denominated in Euro, plus a margin between 0.4% and 0.7% depending on certain debt-to-EBITDA ratios. The letter of credit fee equals the applicable margin, and the commitment fee equals 33% of the applicable margin. As of December 31, 2008 and December 31, 2007, there were no outstanding borrowings under the credit facility. As of December 31, 2008, the Company had EUR 463 available under the new five-year facility after utilising EUR 87 in the form of letters of credit.

Furthermore, as of December 31, 2008, the Company had lines of credit, excluding the committed multicurrency credit facility, amounting to EUR 476, of which EUR 55 was used. These lines of credit include EUR 456 uncommitted facilities, of which EUR 55 was used, and EUR 20 committed facilities.

Net debt decreased by EUR 249 to EUR 617 as of December 31, 2008. Net debt is reconciled to the most comparable financial measures calculated in accordance with U.S. GAAP on page 76.

Under the terms of the various short- and long-term credit agreements, the Company is subject to covenants requiring, among other things, compliance with certain financial tests and ratios. As of December 31, 2008, the Company was in compliance with all financial covenants.

For further details regarding financing arrangements see Note 6 to the consolidated financial statements.

The Company manages its cash position to ensure that contractual commitments are met and reviews cash positions against existing obligations and budgeted cash expenditures. The Company's policy is to invest excess funds primarily in investments with maturities of 12 months or less, and in money market and fixed income funds with sound credit ratings, limited market risk and high liquidity. To a limited extent, the Company invested excess cash in the US in auction rate securities until February 2008. Auction rate securities are variable-rate debt instruments with long-term scheduled maturities and periodic interest rate reset dates. As of December 31, 2008 and December 31, 2007, the Company did not hold any auction rate securities.

The Company's current cash and cash equivalents and short-term investments are invested primarily within Europe. In most cases, there are no restrictions on the transferability of these funds among entities within the Company.

5.3 Contractual obligations

The Company's contractual obligations are presented in the following table:

in EUR	2009	2010[1]	2011	2012	2013	Thereafter	Total
Payments due by period							
Short-term debt obligations	55						55
Long-term debt obligations	1	623	1	12	506		1,143
Interest on long-term debt obligations	23	37	23	22	7		112
Operating leases	170	126	96	72	59	50	573
Purchase and service contractual obligations	41	28	24	8	3	2	106
Total	**290**	**814**	**144**	**114**	**575**	**52**	**1,989**

1 Assumes that the put option on the convertible bond is exercised in 2010 and that share conversion does not occur (refer to section "Guaranteed zero-coupon convertible bond" in Note 6 to the consolidated financial statements for further details). In the event that the put option is not exercised in 2010, the Company's interest commitments in connection with the convertible bond will be EUR 43 in 2013 instead of EUR 14 in 2010.

Short-term debt obligations consist of bank overdrafts and borrowings outstanding under the lines of credit. Long-term debt obligations consist primarily of CHF 900 convertible debt and EUR 500 fixed rate notes, both due in 2013. These debt instruments were issued in part for acquisitions, to refinance existing debt, optimise available interest rates, and increase the flexibility of cash management. The CHF 900 convertible bond includes a put option for the bondholders dated August 26, 2010. The put option entitles the bondholders to return the bonds at accreted value. The current share price of Adecco S.A. suggests that the bondholders will exercise the put option.

Future minimum rental commitments under non-cancellable leases comprise the majority of the operating lease obligations of EUR 573 presented above. The Company expects to fund these commitments with existing cash and cash flows from operations. Operating leases are employed by the Company to maintain the flexible nature of the branch network.

As of December 31, 2008, the Company had future purchase and service contractual obligations of approximately EUR 106, primarily related to IT development and maintenance agreements, earn-out agreements related to acquisitions, marketing sponsorship agreements, equipment purchase agreements, and other vendor commitments.

5.4 Additional funding requirements

The Company plans to invest approximately EUR 120 in property, equipment, and leasehold improvements for existing operations in 2009. The focus of these investments will be on information technology.

Further planned cash outflows include distribution of dividends for 2008 in the amount of CHF 1.50 per share to shareholders of record on the date of payment. The maximum amount of dividends payable based on the total number of shares issued (excluding treasury shares) of 174,188,402 and conditional shares of 19,566,804 is CHF 291 (EUR 195 – based on CHF/EUR exchange rate per December 31, 2008 of 1.49). Payment of dividends is subject to approval by the Annual General Meeting of Shareholders. In August 2008, the Company announced that the Board of Directors had decided to repurchase up to an additional 2% of the Company's issued shares. Since the announcement and as of December 31, 2008, 224,391 shares have been acquired under the new share buy-back programme for a total consideration of EUR 5.

The Company has entered into certain guarantee contracts and standby letters of credit that total EUR 836, including the letters of credit issued under the multicurrency revolving credit facility (EUR 87). The guarantees primarily relate to government requirements for operating a temporary staffing business in certain countries and are generally renewed annually. Other guarantees relate to operating leases and credit lines. The standby letters of credit mainly relate to workers compensation in the US. If the Company is not able to obtain and maintain letters of credit and/or guarantees from third parties then the Company would be required to collateralise its obligations with cash. Due to the nature of these arrangements and historical experience, the Company does not expect to be required to collateralise its obligations with cash.

5.5 Income taxes

The Company has reserves for taxes that may become payable in future periods as a result of tax audits. At any given time, the Company is undergoing tax audits in different tax jurisdictions, which cover multiple years. Ultimate outcomes of these audits could, in a future period, have a material impact on cash flows.

Based upon current available information, the Company is not able to determine if it is reasonably possible that the final outcome of tax audits will result in a materially different outcome than that assumed in its tax reserves.

5.6 Credit ratings

The Company's current long-term credit rating is Baa2 from Moody's and BBB from Standard & Poor's.

6. Financial risk management – foreign currency and derivative financial instruments

The Company is exposed to market risk, primarily related to foreign exchange, interest rates, and equity market risk. Except for the equity market risk, these exposures are actively managed by the Company in accordance with written policies approved by the Board of Directors. The Company's objective is to minimise, where deemed appropriate, fluctuations in earnings and cash flows associated with changes in foreign currency exchange rates and interest rates. It is the Company's policy to use a variety of derivative financial instruments to hedge the volatility relating to these exposures in the absence of natural hedges.

Given the global nature of the Company's business, the Company is exposed to foreign exchange movements, primarily in the currencies of the US, the UK, Japan, and subsidiaries whose functional currency is the Euro. Consequently, the Company enters into various contracts, such as foreign currency forward contracts, which change in value as foreign exchange rates change, to preserve the value of assets, equity, and commitments.

Depending on the amount of outstanding foreign currency forward contract hedges and the fluctuation of exchange rates, the settlement of these contracts may result in significant cash inflows or cash outflows.

The Company uses interest rate swaps to hedge interest rate risks and to maintain a balance between fixed rate and floating rate debt. The terms of the interest rate swaps generally match the terms of specific debt agreements. Additional discussion of these interest rate swaps is located in Note 10 to the consolidated financial statements.

7. Controls and compliance

The Company is committed to maintaining the highest standards of ethical business conduct. The Company has a Chief Human Resources Officer and a Head of Group Compliance, who oversee worldwide compliance practices and business ethics and report regularly on these topics to the Board of Directors. In addition, the Company has a Head of Group Internal Audit who reports directly to the Chairman of the Audit Committee.

The Board of Directors and Management of the Company are responsible for establishing and maintaining adequate internal control over financial reporting. Management has assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2008. In making this assessment, Management used the criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, Management has concluded that, as of December 31, 2008, the Company's internal control over financial reporting is effective based on those criteria.

The Company's internal control system is designed to provide reasonable assurance to the Company's Management and Board of Directors regarding the reliability of financial reporting and the preparation and fair presentation of its published consolidated financial statements. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective may not prevent or detect misstatements and can provide only reasonable assurance with respect to financial statements preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

8. Critical accounting policies, judgements, and estimates

The preparation of the financial statements in accordance with U.S. GAAP requires management to adopt accounting policies and make significant judgements and estimates. There may be alternative policies and estimation techniques that could be applied. The Company has in place a review process to monitor the application of new accounting policies and the appropriateness of estimates. Changes in estimates may result in adjustments based on changes in circumstances and the availability of new information. Therefore, actual results could differ materially from estimates. The policies and estimates discussed below either involve significant estimates or judgements or are material to the Company's financial statements. The selection of critical accounting policies and estimates has been discussed with the Audit Committee. The Company's significant accounting policies are disclosed in Note 1 to the consolidated financial statements.

8.1 Accruals and provisions

Various accruals and provisions are recorded for sales and income taxes, payroll related taxes, pension and health liabilities, workers' compensation, profit sharing, and other similar items taking into account local legal and industry requirements. The estimates used to establish accruals and provisions are based on historical experience, information from external professionals, including actuaries, and other facts and reasonable assumptions under the circumstances. If the historical data the Company uses to establish its accruals and provisions does not reflect the Company's ultimate exposure, accruals and provisions may need to be increased or decreased and future results of operations could be materially affected.

On a routine basis, governmental agencies in some of the countries in which the Company operates will audit payroll tax calculations and compliance with other payroll-related regulations. These audits focus primarily on documentation requirements and the support for payroll tax remittances. Due to the nature of our business, the number of people employed, and the complexity of some payroll tax regulations, the Company may be required to make some adjustments to the payroll tax remittances as a result of these audits. The Company makes an estimate of the additional remittances that may be required and record the estimate as a component of direct costs of services or SG&A, as appropriate. The estimate is based on the results of past audits, with consideration for changing business volumes and changes to the payroll tax regulations. To the extent that actual experience differs from the estimates, the Company will increase or decrease the reserve balance.

In most states of the US, the Company is self-insured for workers' compensation claims by temporary workers. The provision recognised is based on actuarial valuations which take into consideration historical claim experience and workers' demographic and market components. Workers' compensation expense is included in direct costs of services. Significant weakening of the US market, changes in actuarial assumptions, increase of claims or changes in laws may require additional workers' compensation expense. Improved claim experience may result in lower workers' compensation premiums.

8.2 Allowance for doubtful accounts

The Company makes judgements as to its ability to collect outstanding receivables and provides allowances for the portion of receivables when collection becomes doubtful. Provisions are made based on a specific review of significant outstanding invoices. For those invoices not specifically reviewed, provisions are provided at differing percentages, based on the age of the receivable. In determining these percentages, the Company analyses its historical collection experience and current economic trends. In the event that recent history and trends indicate that a smaller or larger allowance is appropriate, the Company would record a credit or charge to SG&A during the period in which such a determination was made. Since the Company cannot predict with certainty future changes in the financial stability of its customers, additional provisions for doubtful accounts may be needed and the future results of operations could be materially affected. As of December 31, 2008 and December 31, 2007, the Company had recorded an allowance for doubtful accounts of EUR 130 and EUR 125, respectively. Bad debt expense of EUR 35 and EUR 19 was recorded in 2008 and 2007, respectively.

8.3 Income taxes

The Company accounts for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes" ("SFAS No. 109") and FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109" ("FIN 48").

Deferred tax assets and liabilities are determined based on differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets are also provided for the future tax benefit of existing net operating losses and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates and laws expected to be in effect in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is recorded against deferred tax assets in those cases when management believes that the realisation is more unlikely than not. While management believes that its judgements and estimations regarding deferred income tax assets and liabilities are appropriate, significant differences in actual experience may materially affect the Company's future financial results.

In addition, significant judgement is required in determining the worldwide provision for income taxes. In the ordinary course of a global business, there are many transactions for which the ultimate tax outcome is uncertain. Many of these uncertainties arise as a consequence of intercompany transactions and arrangements. Although management believes that its tax return positions are supportable, no assurance can be given that the final outcome of these matters will not be materially different from amounts reflected in the income tax provisions and accruals. Such differences could have a material effect on the income tax provisions or benefits in the periods in which such determinations are made.

8.4 Impairment of goodwill and indefinite-lived intangible assets

The carrying value of goodwill and indefinite-lived intangible assets is reviewed annually for impairment at a reporting unit level. The annual impairment test is performed during the fourth quarter based on financial information as of October 31. In interim periods, an impairment test will be performed in the instance that an event occurs or there is a change in circumstances which would indicate that the carrying value of goodwill or indefinite-lived intangible assets may be impaired.

In step one of the goodwill impairment test, the goodwill of the reporting units is tested for impairment by comparing the carrying value of each reporting unit to the reporting unit's fair value as determined using a combination of comparable market multiples, additional market information, and discounted cash flow valuation models. If the fair value of the reporting unit is lower than the carrying value of the reporting unit, step two is performed to measure the amount, if any, of impairment. In step two, the fair value of all assets and liabilities of the reporting unit is determined, as if the reporting unit had been acquired on a stand-alone basis. The fair value of the reporting unit's assets and liabilities is then compared to the fair value of the reporting unit, with the excess, if any, considered to be the implied goodwill of the reporting unit. If the carrying value of the reporting unit's goodwill exceeds this implied goodwill value, that excess is recorded as an impairment charge in operating income. In 2008, the Company recorded a goodwill impairment charge of EUR 58 for the reporting unit UK & Ireland. No goodwill impairment charge was recognised in 2007.

Indefinite-lived intangible assets are tested by comparing the fair value of the asset to the carrying value of the asset. In the event that the carrying value exceeds the fair value, an impairment charge is recorded in operating income. An impairment charge for indefinite-lived intangible assets amounting to EUR 58 was recognised in 2008. The impairment charge mainly relates to the write-down of the trade names acquired in the Tuja acquisition. No impairment charge for indefinite-lived intangible assets was recognised in 2007.

Determining the fair value of a reporting unit and, if necessary, its assets (including indefinite-lived intangible assets) and liabilities requires the Company to make certain estimates and judgements about assumptions which include expected revenue growth rates, profit margins, working capital levels, discount rates, and capital expenditures. Estimates and assumptions are based on historical and forecasted operational performance and consider external market and industry data.

Differences between the estimates used by management in its assessment and the Company's actual performance, as well as market and industry developments, changes in the business strategy that may lead to reorganisation of reporting units and the disposal of businesses could all result in an impairment of goodwill and indefinite-lived intangible assets.

8.5 Defined benefit pension plans

In order to determine the ultimate obligation under its defined benefit pension plans, the Company estimates the future cost of benefits and attributes that cost to the time period during which each covered employee works. Various actuarial assumptions must be made in order to predict and measure costs and obligations many years prior to the settlement date, the most significant ones being the interest rates used to discount the obligations of the plans, and the long-term rates of return on the plans' assets. Management, along with third-party actuaries and investment managers, reviews all of these assumptions on an ongoing basis to ensure that the most reasonable information available is being considered.

8.6 Contingencies

In the ordinary course of business conducted around the world, the Company faces loss contingencies that may result in the recognition of a liability or the write-down of an asset. Management periodically assesses these risks based on information available and assessments from external professionals.

As discussed in Note 16 to the consolidated financial statements, the Company is currently involved in various claims and legal proceedings, including the antitrust procedure in France. Periodically, the status of each significant loss contingency is reviewed to assess the potential financial exposure. If the potential loss from any claim or legal proceeding is considered probable and the amount can be estimated, an accrued liability for the estimated loss is recorded. Because of uncertainties related to these matters, accruals are based on the best information available at the time. As additional information becomes available, the potential liability related to pending claims and litigation is reassessed and, if required, estimates are revised. Such revisions in the estimates of the potential liabilities could have a material impact on results of operations and the financial position of the Company.

9. Forward-looking statements

Information in this Annual Report may involve guidance, expectations, beliefs, plans, intentions or strategies regarding the future. These forward-looking statements involve risks and uncertainties. All forward-looking statements included in this Annual Report are based on information available to the Company as of the date of publication, and we assume no duty to update any such forward-looking statements. The forward-looking statements in this Annual Report are not guarantees of future performance and actual results could differ materially from our current expectations. Numerous factors could cause or contribute to such differences. Factors that could affect the Company's forward-looking statements include, among other things:

- global GDP trends and the demand for temporary work;
- changes in regulation of temporary work;
- intense competition in the markets in which the Company competes;
- changes in the Company's ability to attract and retain qualified temporary personnel;
- the resolution of the French antitrust procedure; and
- any adverse developments in existing commercial relationships, disputes or legal and tax proceedings.

Adecco Group – Selected financial information

in millions, except share and per share information

For the fiscal years (in EUR)[1]	2008	2007	2006	2005	2004
Statements of operations					
Revenues	19,965	21,090	20,417	18,303	17,239
Operating income	748	1,054	816	614	530
Income from continuing operations	495	735	611	453	302
Income from discontinued operations					30
Net income	495	735	611	453	332

As of (in EUR)	31.12.2008	31.12.2007	31.12.2006	31.12.2005	2.1.2005
Balance sheets					
Cash and cash equivalents and short-term investments	581	563	888	848	1,203
Trade accounts receivable, net	3,046	3,773	3,846	3,659	3,149
Goodwill	2,666	2,646	1,882	1,434	1,196
Total assets	7,530	8,254	7,682	6,839	6,441
Short-term debt and current maturities of long-term debt	56	357	38	550	230
Accounts payable and accrued expenses	3,053	3,476	3,544	3,287	3,025
Long-term debt, less current maturities	1,142	1,072	1,406	722	1,272
Total liabilities	4,732	5,374	5,175	4,702	4,666
Total shareholders' equity	2,793	2,873	2,466	2,117	1,773

For the fiscal years (in EUR)[1]	2008	2007	2006	2005	2004
Cash flows from continuing operations					
Cash flows from operating activities	1,054	1,062	747	298	542
Cash flows from/(used in) investing activities	(236)	(929)	(308)	(241)	113
Cash flows from/(used in) financing activities	(800)	(424)	(13)	(478)	(407)
Other indicators					
Capital expenditures, net	105	90	83	68	67

As of	31.12.2008	31.12.2007	31.12.2006	31.12.2005	2.1.2005
Other indicators					
Net debt (in EUR)[2]	617	866	556	424	299
Additional statistics					
Number of FTE employees at end of year (approximate)	34,000	37,000	35,000	33,000	29,000

1 For 2008, 2007, and 2006, the Company's fiscal year included the full calendar year ended December 31, 2008, December 31, 2007, and December 31, 2006, respectively. In 2005 and 2004, the Company's fiscal year contained 52 weeks ended December 31, 2005 and 53 weeks ended January 2, 2005, respectively.

2 Net debt is a non-U.S. GAAP measure and comprises short-term and long-term debt, less cash and cash equivalents and short-term investments. For a reconciliation of net debt to the most comparable U.S. GAAP measure, see page 76.

Adecco Group –
Consolidated balance sheets

in millions, except share and per share information

As of (in EUR)		31.12.2008	31.12.2007
Assets			
Current assets:			
• Cash and cash equivalents		574	555
• Short-term investments		7	8
• Trade accounts receivable, net	Note 3	3,046	3,773
• Other current assets	Note 13	389	324
Total current assets		**4,016**	**4,660**
Property, equipment, and leasehold improvements, net	Note 4	236	223
Other assets	Note 13	219	277
Intangible assets, net	Note 2, 5	393	448
Goodwill	Note 2, 5	2,666	2,646
Total assets		**7,530**	**8,254**
Liabilities and shareholders' equity			
Liabilities			
Current liabilities:			
• Accounts payable and accrued expenses:			
• Accounts payable		221	243
• Accrued salaries and wages		839	942
• Accrued payroll taxes and employee benefits		822	895
• Accrued sales and value added taxes		459	556
• Accrued income taxes	Note 13	65	101
• Other accrued expenses	Note 13	647	739
• Total accounts payable and accrued expenses		3,053	3,476
• Short-term debt and current maturities of long-term debt	Note 6	56	357
Total current liabilities		**3,109**	**3,833**
Long-term debt, less current maturities	Note 6	1,142	1,072
Other liabilities	Note 13	481	469
Total liabilities		**4,732**	**5,374**
Minority interests		**5**	**7**
Shareholders' equity			
Common shares	Note 7	118	118
Additional paid-in capital		2,140	2,121
Treasury shares, at cost	Note 7	(558)	(279)
Retained earnings		1,394	1,064
Accumulated other comprehensive income/(loss), net	Note 7	(301)	(151)
Total shareholders' equity		**2,793**	**2,873**
Total liabilities and shareholders' equity		**7,530**	**8,254**

The accompanying notes are an integral part of these consolidated financial statements.

Adecco Group – Consolidated statements of operations

in millions, except share and per share information

For the fiscal years ended December 31 (in EUR)		**2008**	**2007**	**2006**
Revenues	Note 15	19,965	21,090	20,417
Direct costs of services		(16,292)	(17,163)	(16,871)
Gross profit		**3,673**	**3,927**	**3,546**
Selling, general and administrative expenses		(2,765)	(2,846)	(2,718)
Amortisation of intangible assets	Note 5	(44)	(27)	(12)
Impairment of goodwill and intangible assets	Note 5	(116)		
Operating income	Note 15	**748**	**1,054**	**816**
Interest expense		(58)	(56)	(51)
Other income/(expenses), net	Note 12	19	30	20
Income before income taxes and minority interests		**709**	**1,028**	**785**
Provision for income taxes	Note 13	(210)	(285)	(168)
Income applicable to minority interests		(4)	(8)	(6)
Net income		**495**	**735**	**611**
Basic earnings per share	Note 14	**2.82**	**3.97**	**3.28**
Basic weighted-average shares	Note 14	175,414,832	185,107,346	186,343,724
Diluted earnings per share	Note 14	**2.71**	**3.80**	**3.14**
Diluted weighted-average shares	Note 14	184,859,650	195,279,053	196,532,960

The accompanying notes are an integral part of these consolidated financial statements.

Adecco Group – Consolidated statements of cash flows

in millions, except share and per share information

For the fiscal years ended December 31 (in EUR)	2008	2007	2006
Cash flows from operating activities			
Net income	495	735	611
Adjustments to reconcile net income to cash flows from operating activities:			
• Depreciation and amortisation	128	116	106
• Impairment of goodwill and intangible assets	116		
• Bad debt expense	35	19	22
• Stock-based compensation		3	6
• Deferred tax provision/(benefit)	33	(37)	(66)
• Tax benefit of treasury shares write-down	22		
• Excess tax benefit on exercise of stock options		(6)	(13)
• Other, net	23	29	21
Changes in operating assets and liabilities, net of acquisitions:			
• Trade accounts receivable	692	61	(209)
• Accounts payable and accrued expenses	(470)	90	266
• Other assets and liabilities	(20)	52	3
Cash flows from operating activities	**1,054**	**1,062**	**747**
Cash flows from/(used in) investing activities			
Capital expenditures	(106)	(91)	(85)
Proceeds from sale of property and equipment	1	1	2
Acquisition of DNC, net of cash acquired	(56)		
Acquisition of Datavance, net of cash acquired	(41)		
Acquisition of Tuja, net of cash acquired		(580)	
Acquisition of DIS, net of cash acquired	(16)	(219)	(552)
Purchase of auction rate securities	(31)	(597)	(327)
Proceeds from sale of auction rate securities	31	596	337
Purchase of other available-for-sale securities	(5)	(4)	(51)
Proceeds from sale of other available-for-sale securities	10	10	204
Proceeds from settlement of term deposits			195
Cash settlements on derivative instruments	24	(10)	5
Other acquisition and investing activities	(47)	(35)	(36)
Cash flows from/(used in) investing activities	**(236)**	**(929)**	**(308)**

For the fiscal years ended December 31 (in EUR)	**2008**	**2007**	**2006**
Cash flows from/(used in) financing activities			
Borrowings of short-term debt under the multicurrency revolving credit facility and the eight-month term facility	400		
Repayment of short-term debt under the multicurrency revolving credit facility and the eight-month term facility	(400)		
Other net increase/(decrease) in short-term debt	18	(1)	15
Repayment of long-term debt	(352)		(517)
Repayment of debt assumed in Datavance acquisition	(19)		
Repayment of debt assumed in Tuja acquisition		(207)	
Borrowings of long-term debt, net of issuance costs			694
Dividends paid to shareholders	(163)	(135)	(120)
Common stock options exercised		40	43
Cash settlements on derivative instruments		(1)	(15)
Purchase of treasury shares, net	(279)	(124)	(123)
Excess tax benefit on exercise of stock options		6	13
Other financing activities	(5)	(2)	(3)
Cash flows from/(used in) financing activities	**(800)**	**(424)**	**(13)**
Effect of exchange rate changes on cash	**1**	**(29)**	**(19)**
Net increase/(decrease) in cash and cash equivalents	**19**	**(320)**	**407**
Cash and cash equivalents:			
• Beginning of year	555	875	468
• End of year	574	555	875
Supplemental disclosures of cash paid			
Cash paid for interest	46	52	43
Cash paid for income taxes	273	279	185

The accompanying notes are an integral part of these consolidated financial statements.

Adecco Group – Consolidated statements of changes in shareholders' equity

in millions, except share and per share information

In EUR	Common shares	Additional paid-in capital	Treasury shares, at cost	Retained earnings/ (accumulated deficit)	Accumulated other comprehensive income/(loss), net	Total shareholders' equity
January 1, 2006	**117**	**2,045**	**(59)**	**(25)**	**39**	**2,117**
Comprehensive income:						
Net income				611		611
Other comprehensive income/(loss)						
• Currency translation adjustment, net of tax					(74)	(74)
• Unrealised gain on cash flow hedging activities, net of tax					1	1
• Changes in available-for-sale securities, net of tax					(4)	(4)
Total comprehensive income						**534**
Adjustment to initially apply SFAS No. 158, net of tax					3	3
Stock-based compensation		4				4
Common stock options exercised		40				40
Subsidiary stock option transactions		(1)				(1)
Treasury shares transactions			(123)			(123)
Excess tax benefit on exercise of stock options		13				13
Cash dividends, CHF 1.00 per share				(120)		(120)
Other		(1)				(1)
December 31, 2006	**117**	**2,100**	**(182)**	**466**	**(35)**	**2,466**
Comprehensive income:						
Net income				735		735
Other comprehensive income/(loss)						
• Currency translation adjustment, net of tax					(125)	(125)
• Pension related adjustments, net of tax					8	8
• Changes in available-for-sale securities, net of tax					1	1
Total comprehensive income						**619**
Stock-based compensation		3				3
Common stock options exercised	1	17	22			40
Subsidiary stock option transactions		(1)				(1)
Exchange of subsidiary stock options for Adecco S.A. shares		(5)	5			
Treasury shares transactions			(124)			(124)
Excess tax benefit on exercise of stock options		6				6
Impact of adoption of FIN 48				(2)		(2)
Cash dividends, CHF 1.20 per share				(135)		(135)
Other		1				1
December 31, 2007	**118**	**2,121**	**(279)**	**1,064**	**(151)**	**2,873**
Comprehensive income:						
Net income				495		495
Other comprehensive income/(loss)						
• Currency translation adjustment, net of tax					(132)	(132)
• Pension related adjustments, net of tax					(18)	(18)
Total comprehensive income						**345**
Tax benefit of treasury shares write-down		22				22
Treasury shares transactions			(279)			(279)
Transactions with derivatives on Adecco S.A. shares		(2)				(2)
Impact of adoption of SFAS No. 158 measurement date provisions, net of tax				(1)		(1)
Cash dividends, CHF 1.50 per share				(163)		(163)
Other		(1)		(1)		(2)
December 31, 2008	**118**	**2,140**	**(558)**	**1,394**	**(301)**	**2,793**

The accompanying notes are an integral part of these consolidated financial statements.

Adecco Group – Notes to consolidated financial statements

in millions, except share and per share information

Note 1 • The business and summary of significant accounting policies

Business

The consolidated financial statements include Adecco S.A., a Swiss corporation, its majority-owned subsidiaries and other affiliated entities (collectively, "the Company"). The Company's principal business is providing human resource services including temporary staffing, permanent placement, outsourcing, outplacement, and career services consulting to businesses and organisations throughout Europe, North America, Asia Pacific, Latin America, and Africa. At the end of 2008, the Company's worldwide network consists of over 6,600 branches and more than 34,000 full-time equivalent employees in over 60 countries and territories.

The Company is organised in a geographical structure (which corresponds to the primary segments). The heads of the main geographies – consisting of France, USA & Canada, UK & Ireland, Germany, Japan, Italy, Iberia, Nordics, Benelux, Switzerland & Austria, and Australia & New Zealand – directly manage the office and industrial business lines as well as the professional business lines. They are supported and guided by a global business line head for the professional business line Adecco Human Capital Solutions and by the corporate business development department for the professional business lines Adecco Information Technology; Adecco Engineering & Technical; Adecco Finance & Legal; Adecco Medical & Science; and Adecco Sales, Marketing & Events. In addition, the countries in the Emerging Markets are directly managed by five regional heads. The classification into business lines is determined by the largest business line revenue share generated in a specific branch.

Basis of presentation

The consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") and the provisions of Swiss law.

Reporting currency

The reporting currency of the Company is the Euro, which reflects the significance of the Company's Euro-denominated operations. Adecco S.A.'s share capital is denominated in Swiss francs and the Company declares and pays dividends in Swiss francs.

Foreign currency translation

The Company's operations are conducted in various countries around the world and the financial statements of foreign subsidiaries are reported in the applicable foreign currencies (functional currencies). Financial information is translated from the applicable functional currency to the Euro, the reporting currency, for inclusion in the Company's consolidated financial statements. Income, expenses, and cash flows are translated at average exchange rates prevailing during the fiscal year, and assets and liabilities are translated at fiscal year end exchange rates. Resulting translation adjustments are included as a component of accumulated other comprehensive income/(loss), net, in shareholders' equity. Exchange gains and losses on intercompany balances that are considered permanently invested are also included in equity.

Principles of consolidation

The consolidated financial statements include 100% of the assets, liabilities, revenues, expenses, income, loss, and cash flows of Adecco S.A., its majority-owned subsidiaries and entities for which the Company has been determined to be the primary beneficiary under the Financial Accounting Standards Board ("FASB") Interpretation No. 46(R), "Consolidation of Variable Interest Entities, an interpretation of Accounting Research Bulletin No. 51" ("FIN 46(R)"). Minority interest is calculated for entities fully consolidated but not wholly owned. The components of equity attributable to the minority shareholders are presented in minority interests within the consolidated balance sheets while net income attributed to the minority shareholders is included in income applicable to minority interests within the consolidated statements of operations. Intercompany balances and transactions have been eliminated in the consolidated financial statements.

The Company records investments in affiliates over which it is able to exercise significant influence using the equity method of accounting. The cost method of accounting is applied for investments in entities over which the Company is not able to exercise significant influence (generally investments in which the Company's ownership is less than 20%).

The Company accounts for variable interest entities in accordance with FIN 46(R) which requires the consolidation of variable interest entities in which an enterprise absorbs a majority of the entity's expected losses, receives a majority of the entity's expected residual returns, or both, as a result of ownership, contractual or other financial interests in the entity.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make judgements, assumptions, and estimates that affect the amounts reported in the consolidated financial statements and accompanying notes. On an ongoing basis, management evaluates its estimates, including those related to allowance for doubtful accounts, accruals and provisions, impairment of goodwill and indefinite-lived intangible assets, contingencies, pension accruals, and income taxes. The Company bases its estimates on historical experience and on various other market specific assumptions that are believed to be reasonable under the circumstances. The results of these estimates form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates.

Social security charges in France

In April 2007, the Central Agency for Social Security Organisations in France issued a letter outlining a modification of the calculation of certain social security charges, with retroactive effect to January 1, 2006. This modification resulted in a reduction in payroll taxes to be remitted. On August 1, 2007, the French Parliament passed an amendment to the social security legislation, which became effective on October 1, 2007. This amendment eliminated the payroll tax benefits resulting from the modification made in April 2007. The 2007 statement of operations includes a positive effect to net income of EUR 102 in connection to this modification including an increase of EUR 172 in gross profit and EUR 16 in selling, general, and administrative expenses ("SG&A"). This change resulted in an increase to the basic and diluted earnings per share, net of tax, of EUR 0.55 and EUR 0.52, respectively. All proceeds related to this modification were received in 2007.

In April 2008, the Company received additional information from the trade association, which was based on communications with the Central Agency for Social Security Organisations in France indicating that the modification discussed above is also applicable to 2005. Accordingly, the 2008 statement of operations includes a positive effect to net income of EUR 41, including an increase of EUR 62 in gross profit. This change resulted in an increase to the basic and diluted earnings per share, net of tax, of EUR 0.23 and EUR 0.22, respectively. All proceeds related to this modification were received in 2008.

Recognition of revenues

The Company generates revenues from sales of temporary staffing services, permanent placement services, outsourcing services, outplacement services, and other personnel services. Revenues are recognised on the accrual basis and are reported net of any sales taxes. Allowances are established for estimated discounts, rebates, and other adjustments and are recorded as a reduction of sales.

Revenues related to temporary staffing services are generally negotiated and invoiced on an hourly basis. Temporary associates record the hours they have worked and these hours, at the rate agreed with the customer, are then accumulated and billed according to the agreed terms. Temporary staffing service revenues are recognised upon rendering the services.

Revenues related to permanent placement services are generally recognised at the time the candidate begins full-time employment, and an allowance is established for non-fulfilment of permanent placement obligations.

Revenues related to outsourcing services and outplacement services are negotiated with the client on a project basis and are recognised upon rendering the services.

The Company presents revenues and the related direct costs of services in accordance with Emerging Issues Task Force Issue No. 99–19, "Reporting Revenue Gross as a Principal versus Net as an Agent". For sales arrangements in which the Company acts as a principal in the transaction and has risks and rewards of ownership (such as the obligation to pay temporary personnel and the risk of loss for collection and performance or pricing adjustments), the Company reports gross revenues and gross direct costs. Under arrangements where the Company acts as an agent, the revenues are reported on a net basis.

The Company provides services in the normal course of business at arm's-length terms to entities that are affiliated with certain of its officers and significant shareholders through investment or board directorship.

Marketing costs

Marketing costs totalled EUR 95, EUR 104, and EUR 93 in 2008, 2007, and 2006, respectively. These costs are included in SG&A and are expensed as incurred.

Cash equivalents and short-term investments

Cash equivalents consist of highly liquid instruments having an original maturity at the date of purchase of three months or less.

The Company's policy is to invest excess funds primarily in investments with maturities of 12 months or less, and in money market and fixed income funds with sound credit ratings, limited market risk and high liquidity. Until February 2008, the Company invested, to a limited extent, excess cash in the US in auction rate securities. Auction rate securities are variable-rate debt instruments with long-term scheduled maturities and periodic interest rate reset dates. As of December 31, 2008 and December 31, 2007, the Company did not hold any auction rate securities.

Trade accounts receivable

Trade accounts receivable are recorded at net realisable value after deducting an allowance for doubtful accounts. The Company makes judgements on an entity-by-entity basis as to its ability to collect outstanding receivables and provides an allowance for doubtful accounts based on a specific review of significant outstanding invoices. For those invoices not specifically reviewed, provisions are provided at differing percentages based on the age of the receivable. In determining these percentages, the Company analyses its historical collection experience and current economic trends. Where available and when cost effective, the Company utilises credit insurance. Accounts receivable balances are written off when the Company determines that it is unlikely that future remittances will be received, or as permitted by local law.

Property, equipment, and leasehold improvements

Property and equipment are carried at historical cost and are depreciated on a straight-line basis over the estimated useful lives (generally three to five years for furniture, fixtures, and office equipment; three to five years for computer equipment and software; and twenty to forty years for buildings). Leasehold improvements are stated at cost and are depreciated over the shorter of the useful life of the improvement or the remaining lease term, which includes the expected lease renewal. Expenditures for repairs and maintenance are charged to expense as incurred.

Goodwill and indefinite-lived intangible assets

Goodwill represents the excess of the purchase price in a business combination over the value assigned to the net tangible and identifiable intangible assets of businesses acquired less liabilities assumed. In accordance with SFAS No. 142, "Goodwill and Other Intangible Assets" ("SFAS No. 142"), goodwill and indefinite-lived intangible assets are not amortised. Rather, the carrying values of goodwill and indefinite-lived intangible assets are tested annually for impairment.

Goodwill is tested on a reporting unit level using a two-step impairment test. Reporting units may be operating segments as a whole or an operation one level below an operating segment, referred to as a component. In step one of the goodwill impairment test, the carrying value of each reporting unit is compared to the reporting unit's fair value as determined using a combination of comparable market multiples, additional market information, and discounted cash flow valuation models. If the fair value of the reporting unit is lower than the carrying value of the reporting unit, step two is performed to measure the amount, if any, of impairment. In step two, the fair value of all assets and liabilities of the reporting unit is determined, as if the reporting unit had been acquired on a stand-alone basis. The fair value of the reporting unit's assets and liabilities is then compared to the fair value of the reporting unit, with the excess, if any, considered to be the implied goodwill of the reporting unit. If the carrying value of the reporting unit's goodwill exceeds this implied goodwill value, that excess is recorded as an impairment charge in operating income.

Indefinite-lived intangible assets are tested by comparing the fair value of the asset to the carrying value of the asset. In the event that the carrying value exceeds the fair value, an impairment charge is recorded in operating income.

Definite-lived intangible assets

In accordance with SFAS No. 141, "Business Combinations" ("SFAS No. 141"), purchased identifiable intangible assets are capitalised at fair value as of the acquisition date. Intangible assets with definite lives, primarily customer relationships, are generally amortised on a straight-line basis over the estimated period in which benefits will be received, which generally ranges from one to six years.

Impairment of long-lived assets including definite-lived intangible assets

The Company evaluates long-lived assets, including intangible assets with definite lives, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS No. 144"). In such circumstances, the Company calculates the undiscounted future cash flows expected to be generated by the asset and compares that amount to the asset's carrying amount. If the undiscounted cash flows are less than the asset's carrying amount, the asset is written down to its fair value and an impairment charge is recorded in operating income.

Income taxes

The Company accounts for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes" ("SFAS No. 109"). The Company adopted FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109" ("FIN 48") on January 1, 2007. FIN 48 clarifies the accounting for uncertainty in income taxes recognised in an enterprise's financial statements in accordance with SFAS No. 109. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statements recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

Current liabilities and assets are recognised for the estimated payable or refundable taxes on the tax returns for the current year. Deferred tax assets and liabilities are determined based on differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases, including the future tax benefit of existing net operating losses and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates and laws expected to be in effect in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is recorded against deferred tax assets in those cases when management believes that the realisation is more unlikely than not. While management believes that its judgements and estimates regarding deferred income tax assets and liabilities are appropriate, significant differences in actual experience may materially affect the Company's future financial results.

In addition, significant judgement is required in determining the worldwide provision for income taxes. In the ordinary course of a global business, there are many transactions for which the ultimate tax outcome is uncertain. Many of these uncertainties arise as a consequence of intercompany transactions and arrangements. Although management believes that its tax return positions are supportable, no assurance can be given that the final outcome of these matters will not be materially different from amounts reflected in the income tax provisions and accruals. Such differences could have a material effect on the income tax provisions or benefits in the periods in which such determinations are made.

Earnings per share

In accordance with SFAS No. 128, "Earnings per Share" ("SFAS No. 128"), basic earnings per share is computed by dividing net income available to common shareholders by the number of weighted-average common shares outstanding for the fiscal year. Diluted earnings per share reflects the maximum potential dilution that could occur if dilutive securities, such as stock options or convertible debt, were exercised or converted into common shares or resulted in the issuance of common shares that would participate in net income.

Financial instruments

In accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133"), all derivative instruments are initially recorded at cost as either other current assets, other assets, other accrued expenses, or other liabilities in the accompanying consolidated balance sheets and subsequently remeasured to fair value, regardless of the purpose or intent for holding the derivative instruments. For derivative instruments designated and qualifying as fair value hedges, changes in the fair value of the derivative instruments as well as the changes in the fair value of the hedged item attributable to the hedged risk are recognised within the same line item in earnings. For derivative instruments designated and qualifying as cash flow hedges, the effective portion of the changes in the fair value of derivative instruments is initially recorded as a component of accumulated other comprehensive income/(loss), net, in shareholders' equity and reclassified into earnings in the same period during which the hedged transaction affects earnings. The ineffective portion of the change in fair value of the derivative instruments is immediately recognised in earnings. For derivative instruments designated and qualifying as net investment hedges, changes in the fair value of the derivative instruments are recorded as a component of accumulated other comprehensive income/(loss), net, in shareholders' equity to the extent they are considered effective. These gains or losses will remain in equity until the related net investment is sold or otherwise disposed.

For derivative instruments that are not designated or that do not qualify as hedges under SFAS No. 133, the changes in the fair value of the derivative instruments are recognised in other income/(expenses), net, within the consolidated statements of operations.

Fair value measurement

On January 1, 2008, the Company adopted SFAS No. 157, "Fair Value Measurements" ("SFAS No. 157") for all financial assets and liabilities as well as for other assets and liabilities that are carried at fair value on a recurring basis. Fair value is defined by SFAS No. 157 as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. SFAS No. 157 establishes a three-level fair value hierarchy that prioritises the inputs used to measure fair value. The hierarchy requires entities to maximise the use of observable inputs and minimise the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 – Quoted prices in active markets for identical assets and liabilities.
- Level 2 – Quoted prices in active markets for similar assets and liabilities, or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The Company measures fair values using unadjusted quoted market prices. If quoted market prices are not available, fair value is based upon internally developed models that use, where possible, current market-based parameters such as interest rate curves and currency rates. The Company also utilises independent third-party pricing services. When appropriate, valuations are adjusted to reflect credit considerations, generally based on available market evidence.

New accounting standards

In December 2007, the FASB issued SFAS No. 141 (revised 2007), "Business Combinations" ("SFAS No. 141(R)") and SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51" ("SFAS No. 160"). The new standards require most identifiable assets, liabilities, noncontrolling interests, and goodwill acquired in a business combination to be recorded at full fair value and require noncontrolling interests to be reported as a component of equity. SFAS No. 141(R) and SFAS No. 160 are effective for financial statements issued for fiscal years beginning after December 15, 2008. Under SFAS No. 141(R), the direct costs of a business combination, such as transaction fees, due diligence, and consulting services are required to be expensed as incurred. The Company elected under the transition rules to expense transaction costs capitalisable under SFAS No. 141, when it became probable that the possible future acquisition would not close by January 1, 2009, the date the Company will adopt SFAS No. 141(R). Acquisition related costs expensed in 2008 amounted to EUR 5.

In September 2006, the FASB issued SFAS No. 157. SFAS No. 157 provides enhanced guidance for using fair value to measure assets and liabilities, expands the required disclosures about fair value measurement, and is applicable whenever other standards require assets or liabilities to be measured at fair value. However, it does not expand the use of fair value in any new circumstances. The Company adopted SFAS No. 157 for all financial assets and liabilities as well as for other assets and liabilities that are carried at fair value on a recurring basis on January 1, 2008. The adoption of SFAS No. 157 for these assets and liabilities did not have a material impact on the Company's consolidated financial statements. The Company will adopt SFAS No. 157 for non-financial assets and liabilities on January 1, 2009 and does not expect the adoption to have a material impact on the consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133" ("SFAS No. 161"). SFAS No. 161 requires entities to provide greater transparency about the reason for entering into a derivative instrument, the accounting treatment of derivative instruments and the related hedged items under SFAS No. 133, and the impact of derivative instruments and related hedged items on the Company's consolidated financial statements. SFAS No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. The adoption of SFAS No. 161 is not expected to have a material impact on the Company's consolidated financial statements.

Presentation and reclassifications

Certain reclassifications have been made to prior year amounts or balances in order to conform to the current year presentation.

Other disclosures required by Swiss law:

in EUR	2008	2007
Personnel expenses	1,905	1,984

The detailed disclosures regarding the executive remuneration that are required by Swiss law are included in Note 6 to Adecco S.A. (Holding Company) financial statements and the Remuneration Report.

The fire insurance value of property, equipment, and leasehold improvements amounted to EUR 632 and EUR 644 as of December 31, 2008 and December 31, 2007, respectively.

in millions, except share and per share information

Note 2 • Acquisitions

The Company made several acquisitions in 2008, 2007, and 2006. With the exception of the acquisitions of Tuja Group ("Tuja") and approximately 16% of outstanding DIS Deutscher Industrie Service AG ("DIS") shares in 2007 and the acquisition of approximately 84% of DIS outstanding shares in 2006, the Company does not consider any of its 2008, 2007, or 2006 acquisition transactions to be material, individually or in the aggregate, to its consolidated balance sheets or results of operations.

The following table illustrates the aggregate impact of the 2008 and 2007 acquisitions:

in EUR	2008	2007
Impact of acquisitions		
Net tangible assets acquired	3	8
Identified intangible assets	46	308
Goodwill	143	830
Debt acquired	(38)	(207)
Deferred tax liabilities	(12)	(109)
Minority interests	4	22
Total consideration	**146**	**852**

In November and December 2008, the Company acquired 100% of the outstanding shares of DNC de Nederlanden Compagnie N.V. ("DNC"), for approximately EUR 56, net of cash acquired. As a result of this acquisition, approximately EUR 67 and EUR 21 of goodwill and intangible assets, respectively, were recorded. DNC is a Dutch specialised secondment firm working in the IT, Finance, Legal, Management Support & Information Management segments.

In December 2008, the Company acquired 100% of the outstanding shares of Groupe Datavance ("Datavance"), for approximately EUR 41, net of cash acquired and an additional maximum contingent consideration of EUR 27 payable between 2010 and 2012. The contingent consideration will be based on the three-year EBITDA growth and will be recorded as additional goodwill at the time the contingency is resolved. Goodwill and intangible assets recognised for the Datavance acquisition, excluding contingent consideration, amounted to EUR 43 and EUR 15, respectively. Datavance is a French company which specialises in the IT sector.

Both the DNC and Datavance acquisitions were financed with cash.

In July 2007, the Company acquired approximately 97% of the outstanding common shares of Tuja, a leading staffing company in Germany with operations also in Switzerland and Austria for approximately EUR 555, net of cash acquired of EUR 20, and later in 2007 acquired the remaining 3% of Tuja shares for an additional purchase price of EUR 25. In addition, the Company assumed approximately EUR 207 in net debt which the Company had repaid by the end of 2007. As a result of the acquisition, the Company has strengthened its presence, especially in the German temporary staffing market. The acquisition was mainly financed with cash.

The following table summarises the estimated fair value of assets acquired and liabilities assumed in the Tuja acquisition:

in EUR	
Fair value of assets acquired and liabilities assumed	
Cash	20
Other current assets	98
Tangible assets	12
Intangible assets	
• Marketing related (trade names)	141
• Customer base	119
Goodwill	640
Current liabilities	(122)
Debt	(207)
Deferred tax liabilities	(101)
Total fair value of assets acquired and liabilities assumed	**600**

Almost all of the marketing related intangible assets (trade names) are considered to have indefinite lives and are therefore not amortised. Customer base intangible assets acquired have estimated useful lives of five years and are amortised on a straight-line basis over the useful lives.

Tuja was consolidated by the Company as of July 31, 2007, and the results of Tuja's operations have been included in the consolidated financial statements since August 1, 2007. The following unaudited pro forma information shows consolidated operating results as if the Tuja acquisition had occurred at the beginning of 2007 and at the beginning of 2006:

in EUR	2007	2006
Pro forma consolidated operating results		
Revenues	21,431	20,901
Net income	732	598
Basic earnings per share	3.95	3.21
Diluted earnings per share	3.78	3.08

The 2007 and 2006 pro forma net loss of Tuja, including adjustments for amortisation of definite-lived intangible assets, interest expense, interest income, and income taxes decreased consolidated pro forma net income by EUR 3 (including intangible assets amortisation, net of tax, of EUR 9) and EUR 13 (including intangible assets amortisation, net of tax, of EUR 16), respectively. The pro forma consolidated results of operations do not necessarily represent operating results, which would have occurred if the acquisition had taken place on the basis assumed above, nor are they indicative of future operating results of the combined companies.

Following the acquisition of approximately 84% of the outstanding common shares of DIS in March 2006 for approximately EUR 552, net of cash acquired, in September 2007, the Company acquired approximately 16% of DIS outstanding shares for EUR 219. The acquisition was financed with existing resources. The Company accounted for this acquisition in accordance with the provisions of SFAS No. 141 using the principles of step acquisition accounting and recognised goodwill of EUR 177 and additional intangible assets of EUR 29. EUR 21 of the additional intangible assets represent marketing related intangible assets (trade names) which are considered to have indefinite lives and are therefore not amortised. Customer base intangible assets acquired of EUR 8 have estimated useful lives of five years and are amortised on a straight-line basis over the useful lives. In 2008, the Company acquired the remaining 0.5% outstanding shares of DIS for EUR 16 through squeeze-out proceedings. As of December 31, 2008, the Company held 100% of DIS outstanding common shares.

No shares were issued in any of the transactions.

in millions, except share and per share information

Note 3 • Trade accounts receivable

in EUR	31.12.2008	31.12.2007
Trade accounts receivable	3,176	3,898
Allowance for doubtful accounts	(130)	(125)
Trade accounts receivable, net	**3,046**	**3,773**

Note 4 • Property, equipment, and leasehold improvements

	31.12.2008		31.12.2007	
in EUR	Gross	Accumulated depreciation	Gross	Accumulated depreciation
Land and buildings	40	(15)	42	(15)
Furniture, fixtures, and office equipment	148	(101)	148	(110)
Computer equipment and software	603	(500)	574	(483)
Leasehold improvements	244	(183)	230	(163)
Total property, equipment, and leasehold improvements	**1,035**	**(799)**	**994**	**(771)**

Depreciation expense was EUR 84, EUR 89, and EUR 94 for 2008, 2007, and 2006, respectively.

Note 5 • Goodwill and intangible assets

The changes in the carrying amount of goodwill for the years ended December 31, 2008 and December 31, 2007 are as follows:

in EUR	France	USA & Canada	UK & Ireland	Germany	Japan	Italy	Iberia	Other	Total
Changes in goodwill									
January 1, 2007	**265**	**566**	**208**	**517**	**23**	**-**	**58**	**245**	**1,882**
Additions		11		811				8	830
Currency translation adjustment		(55)	(19)		(1)			(1)	(76)
Other	1			3			1	5	10
December 31, 2007	**266**	**522**	**189**	**1,331**	**22**	**-**	**59**	**257**	**2,646**
Additions	45	2		15				81	143
Impairment charge			(58)						(58)
Currency translation adjustment		21	(36)		7			(34)	(42)
Other	(3)	(19)						(1)	(23)
December 31, 2008	**308**	**526**	**95**	**1,346**	**29**	**-**	**59**	**303**	**2,666**

The Company performed its annual goodwill impairment test in the fourth quarter of 2008. In step one, which requires a comparison of the carrying value of each reporting unit to the fair value of the respective reporting unit, the Company concluded that the carrying value of the reporting unit UK & Ireland exceeded its fair value. Accordingly, the Company proceeded to step two of the goodwill impairment test in which the fair value of all assets and liabilities of the reporting unit is determined as if the reporting unit had been acquired on a stand-alone basis. The fair value of the reporting unit's assets and liabilities was then compared to the reporting unit's value as determined in step one with the excess considered to be the implied goodwill of the reporting unit. As the carrying value of the goodwill of the reporting unit UK & Ireland exceeded the implied goodwill, the Company recognised a non-cash impairment charge related to goodwill of EUR 58 in 2008. The impairment charge can be attributed to the deteriorating economic environment and lower profitability of the reporting unit which led the Company to lower the reporting unit's projected future cash flows compared to the prior year.

No impairment charge was recognised in the years 2007 and 2006.

The carrying amounts of other intangible assets at December 31, 2008 and December 31, 2007 are as follows:

	31.12.2008		31.12.2007	
in EUR	Gross	Accumulated amortisation	Gross	Accumulated amortisation
Intangible assets				
Marketing related (trade names)	242	(19)	295	(15)
Customer base	230	(77)	192	(39)
Contract	18	(1)	16	(1)
Other	1	(1)	1	(1)
Total intangible assets	**491**	**(98)**	**504**	**(56)**

No intangible assets have a residual value. The estimated aggregate amortisation expense related to definite-lived intangible assets for the next five years is EUR 50 in 2009, EUR 47 in 2010, EUR 38 in 2011, EUR 22 in 2012, and EUR 17 in 2013 and afterwards. The weighted-average amortisation period for customer base intangible assets is five years.

The carrying amount of indefinite-lived intangible assets was EUR 219 and EUR 274 as of December 31, 2008 and December 31, 2007, respectively. Indefinite-lived intangible assets consist mainly of trade names.

In 2008, the indefinite-lived intangible assets impairment testing performed by the Company concluded that the fair value of certain trade names was lower than their carrying value. Consequently a non-cash impairment charge of the indefinite-lived intangible assets of EUR 58 was recorded in 2008.
The impairment charge mainly relates to the write-down of the trade names acquired in the Tuja acquisition in Germany and is a result of the decrease in projected sales for those brands. The annual impairment testing of indefinite-lived intangible assets performed in 2007 and 2006 determined that no impairment existed.

in millions, except share and per share information

Note 6 • Financing arrangements

Short-term debt

To support short-term working capital and borrowing requirements, the Company had available, in certain countries in which it operates, lines of credit amounting to EUR 476 and EUR 367 as of December 31, 2008 and December 31, 2007, respectively, excluding the committed multicurrency revolving credit facility discussed below. At December 31, 2008 and December 31, 2007, bank overdrafts and borrowings outstanding under the lines of credit amounted to EUR 55 and EUR 35, respectively. The lines of credit, which include both committed and uncommitted facilities, are in various currencies, have various interest rates, and have maturities of up to two years. The weighted-average interest rate on borrowings outstanding was 5.6% and 7.1% as of December 31, 2008 and December 31, 2007, respectively.

Long-term debt

in EUR	Principal at maturity	Maturity	Fixed interest rate	31.12.2008	31.12.2007
Guaranteed zero-coupon convertible bond	CHF 995	2013		622	579
Committed multicurrency revolving credit facility	EUR 550	2013			
Fixed rate guaranteed notes	EUR 500	2013	4.5%	506	492
Floating rate guaranteed notes	EUR 200	2008			200
Olsten EUR guaranteed notes	EUR 122	2008	6.0%		122
Other				15	1
				1,143	**1,394**
Less current maturities				(1)	(322)
Long-term debt, less current maturities				**1,142**	**1,072**

Guaranteed zero-coupon convertible bond

On August 26, 2003, Adecco Financial Services (Bermuda) Ltd., a wholly-owned subsidiary of the Company, issued CHF 900 unsubordinated bonds guaranteed by and convertible into shares of Adecco S.A., due August 26, 2013. The bonds are structured as zero-coupon, 10-year premium redemption convertible bonds with a yield to maturity of 1.5% per annum. Bondholders may put the bonds on August 26, 2010, at the accreted principal amount. The Company may call the bonds at any time after the end of year seven (August 26, 2010) at the accreted principal amount or at any time after a substantial majority of the bonds has been redeemed, converted, or repurchased. The current share price of Adecco S.A. suggests that the bondholders will exercise the put option. At any time from October 6, 2003 to August 12, 2013, at the option of the bondholder, the bonds are convertible into shares of Adecco S.A. at a conversion price of CHF 94.50 per share. If all bonds were converted, Adecco S.A. would issue 9,523,810 additional shares. If not converted, the Company will pay a redemption price of up to 116.05% of the principal amount of the bonds. In November 2007, the terms of the bond were amended. The amendment allows the Company to deliver treasury shares held at the time of conversion instead of issuing shares of Adecco S.A. out of the approved conditional capital. Nevertheless, Adecco S.A. has to retain enough conditional capital to issue the full amount of 9,523,810 shares if required upon conversion. In the last quarter of 2008, the Company repurchased bonds with nominal amount of EUR 27. The gain on the repurchase amounted to EUR 3. The bonds are kept in treasury.

Multicurrency revolving credit facility

In March 2003, the Company entered into a committed multicurrency revolving credit facility issued by a syndicate of banks, which allowed borrowings up to a maximum of EUR 580. In April 2008, the Company renegotiated the existing EUR 580 multicurrency revolving credit facility originally maturing in March 2009. The new facility consisted of a committed EUR 550 multicurrency five-year revolving credit facility and a EUR 300 term facility. The term facility matured on December 15, 2008.

The new five-year revolving credit facility of EUR 550 is used for general corporate purposes including refinancing of advances and outstanding letters of credit. The interest rate is based on LIBOR, or EURIBOR for drawings denominated in Euro, plus a margin between 0.4% and 0.7% depending on certain debt-to-EBITDA ratios. The letter of credit fee equals the applicable margin, and the commitment fee equals 33% of the applicable margin. As of December 31, 2008 and December 31, 2007, there were no outstanding borrowings under the credit facility. As of December 31, 2008, the Company had EUR 463 available under the new facility after utilising EUR 87 in the form of letters of credit. As of December 31, 2007, the Company had EUR 462 available under the old facility after utilising EUR 118 in the form of letters of credit.

The eight-month term facility of EUR 300 which matured in December 2008 has been used to refinance the current maturities of long-term debt. The interest rate was based on LIBOR, or EURIBOR for drawings denominated in Euro, plus a margin between 0.325% and 0.6% depending on certain debt-to-EBITDA ratios.

Fixed and floating rate guaranteed notes

On April 25, 2006, Adecco International Financial Services BV, a wholly-owned subsidiary of the Company, issued EUR 500 fixed rate notes guaranteed by Adecco S.A. due April 25, 2013, and EUR 200 floating rate notes guaranteed by Adecco S.A. due April 25, 2008. The proceeds were used to refinance the DIS acquisition and for general corporate purposes. Interest is paid on the fixed rate notes annually in arrears at a fixed annual rate of 4.5%. During 2006 and 2008, the Company entered into fair value hedges of the EUR 500 fixed rate guaranteed notes, which are further discussed in Note 10.

Interest on the floating rate notes was paid quarterly in arrears at a rate determined by the three-month EURIBOR plus 23 basis points. In April 2008, the Company repaid the EUR 200 floating rate notes.

Olsten EUR guaranteed notes

In connection with the March 2000 Olsten acquisition, the Company assumed Olsten's outstanding EUR 122 guaranteed notes on which interest was paid annually on the principal amount. These notes were guaranteed by Adecco S.A. and were repaid in May 2008.

Payments of long-term debt are due as follows:

in EUR	2009	2010[1]	2011	2012	2013	Thereafter	Total
Payments due by period	1	623	1	12	506		1,143

1 Assumes that the put option on the convertible bond is exercised in 2010 and that share conversion does not occur (refer to "Guaranteed zero-coupon convertible bond" section above).

Note 7 • Shareholders' equity

The summary of the components of authorised shares at December 31, 2008, December 31, 2007, and December 31, 2006 and changes during those years are as follows:

	Outstanding shares	Treasury shares	Issued shares[1]	Conditional capital	Authorised shares
Changes in components of authorised shares					
January 1, 2006	**186,097,645**	**1,509,750**	**187,607,395**	**21,222,915**	**208,830,310**
Common stock options exercised	1,193,772		1,193,772	(1,193,772)	
Treasury shares transactions	(2,454,955)	2,454,955			
December 31, 2006	**184,836,462**	**3,964,705**	**188,801,167**	**20,029,143**	**208,830,310**
Common stock options exercised	946,106	(483,767)	462,339	(462,339)	
Treasury shares transactions	(3,135,275)	3,135,275			
December 31, 2007	**182,647,293**	**6,616,213**	**189,263,506**	**19,566,804**	**208,830,310**
Treasury shares transactions	(8,458,891)	8,458,891			
December 31, 2008	**174,188,402**	**15,075,104**	**189,263,506**	**19,566,804**	**208,830,310**

1 Shares at CHF 1 par value.

in millions, except share and per share information

Authorised shares and appropriation of available earnings
The Company had 4,166,804 shares of conditional capital reserved for issuance of common shares to employees and members of the Board of Directors upon the exercise of stock options as of December 31, 2008 and December 31, 2007. In addition, as of December 31, 2008 and December 31, 2007, the Company was authorised by its shareholders to issue up to 15,400,000 shares of conditional capital in connection with the issuance of financial instruments, principally convertible bonds. 9,523,810 shares have been reserved for issuance upon conversion of the outstanding guaranteed zero-coupon convertible bond. The remaining 5,876,190 shares represent conditional capital that was originally authorised without time limitation in connection with the issuance of a convertible bond in 1999, which was repaid in 2004 without conversion. This conditional capital remains available for issuance upon conversion of financial instruments the Company may issue in the future.

In 2008, cash dividends for 2007 of CHF 1.50 per share, totalling EUR 163, were paid. The Company may only pay dividends from unappropriated available earnings disclosed in the annual financial statements of the parent, Adecco S.A., prepared in accordance with Swiss law and as approved at the Annual General Meeting of Shareholders. For 2008, the Board of Directors of Adecco S.A. will propose a dividend of CHF 1.50 per share outstanding for the approval of shareholders at the Annual General Meeting of Shareholders.

Under Swiss law, a minimum of 5% of the yearly net income of the parent, Adecco S.A., must be transferred to a general reserve until this reserve reaches 20% of the paid-in share capital. Other allocations to this reserve are also mandatory. The general reserve was CHF 2,103 at December 31, 2008 and December 31, 2007, thereby exceeding 20% of the paid-in share capital in both years. The general reserve is usually not available for distribution.

Treasury shares
On November 2, 2007, the Company announced that its Board of Directors had decided to purchase the Company's shares for up to EUR 400 by the end of 2008. On July 1, 2008, the Company announced that it had completed the repurchase programme. The shares are intended to be used for future acquisitions or to minimise potential dilution related to the outstanding convertible bond. In 2008, the Company purchased 8,234,500 treasury shares for a total consideration of EUR 274 under this share buy-back programme. In 2007, the Company purchased 3,253,500 treasury shares for a total consideration of EUR 124.

On August 12, 2008, the Company announced that its Board of Directors had decided to purchase up to an additional 2% of the Company's shares. The shares are intended to be used for future acquisitions. In 2008, the Company acquired 224,391 treasury shares for a total consideration of EUR 5 under this new share buy-back programme.

Accumulated other comprehensive income/(loss), net
The components of accumulated other comprehensive income/(loss), net of tax, are as follows:

in EUR	31.12.2008	31.12.2007
Currency translation adjustment	(290)	(158)
Unrealised gain on cash flow hedging activities	1	1
Pension related adjustments	(12)	6
Accumulated other comprehensive income/(loss), net	**(301)**	**(151)**

Note 8 • Stock-based compensation

As of December 31, 2008, the Company had options and tradeable options outstanding relating to its common shares under several existing plans including plans assumed in the Olsten acquisition. No compensation expense was recognised in 2008 in connection with the stock option plans as they are fully vested. There were no options outstanding under the DIS stock option plan as of December 31, 2008. In 2007, the Company recognised compensation expense of EUR 3, related to the various stock option plans, which was included in SG&A. The total income tax benefit recognised related to stock compensation during 2007 was not significant.

Adecco and Olsten stock option plans

Under the Adecco and Olsten stock option plans, options vest and become exercisable in instalments, generally on a rateable basis up to four years beginning on the date of grant or one year after the date of grant, and have a contractual life of three to ten years. Options are typically granted with an exercise price equal to or above fair market value on the date of grant. No options have been granted since 2004.

Certain options granted under the plans are tradeable on the SIX Swiss Exchange. The options are granted to employees or members of the Board of Directors of the Company and give the optionee a choice of selling the option on the market or exercising the option to receive an Adecco S.A. share. If the option holder chooses to sell the option on the market, the options may be held by a non-employee or non-director of the Company. As of December 31, 2008, December 31, 2007 and December 31, 2006, the number of stock options outstanding sold on the market was 2,272,095, 3,116,028 and 2,625,019, respectively. The trading and valuation of the tradeable options are managed by a Swiss bank.

The Company uses the Black-Scholes model to estimate the fair value of stock options granted to employees. Management believes that this model appropriately approximates the fair value of the stock option. The fair value of the option award, as calculated using the Black-Scholes model, is expensed for non-tradeable stock options on a straight-line basis and for tradeable stock options on an accelerated basis over the service period, which is consistent with the vesting period.

A summary of the status of the Company's Adecco and Olsten stock option plans as of December 31, 2008, December 31, 2007 and December 31, 2006, and changes during those years are presented below:

	Number of shares	Weighted-average exercise price per share (in CHF)	Weighted-average remaining life (in years)	Aggregate intrinsic value (in CHF millions)
Summary of Adecco and Olsten stock option plans				
Options outstanding as of January 1, 2006	**11,045,346**	**78**	**3.3**	
Exercised	(1,142,782)	54		24
Forfeited	(703,557)	89		
Expired	(754,290)	99		
Options outstanding as of December 31, 2006	**8,444,717**	**78**	**2.6**	
Exercised	(933,896)	68		19
Forfeited	(260,416)	89		
Expired	(1,601,780)	91		
Options outstanding and vested as of December 31, 2007	**5,648,625**	**75**	**2.1**	
Forfeited	(160,360)	82		
Expired	(1,418,140)	73		
Options outstanding and vested as of December 31, 2008	**4,070,125**	**76**	**1.5**	**0**

in millions, except share and per share information

Options fully vested and exercisable were 5,648,625 and 8,298,647 as of December 31, 2007 and December 31, 2006, respectively. The aggregate intrinsic value as of December 31, 2008 in the table above represents the total pre-tax intrinsic value (the difference between the Company's closing stock price on the last trading day of 2008 and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on December 31, 2008. This amount changes based on the fair market value of Adecco S.A. stock. As of December 31, 2008, all options were out-of-the-money.

DIS stock option plan

Under the DIS stock option plan, which was approved by its shareholders, each option had a term of up to five years and gave the option holder the right to acquire one DIS share at an exercise price originally linked to the fair market value at the date of grant. Subsequent to the date of grant, the exercise price of the share options increased 10% each year and was adjusted for dividends. While options vested immediately at time of grant, options became exercisable as follows: ⅓ two years after date of grant, ⅓ three years after date of grant, and the remaining ⅓ four years after date of grant. There were no options granted during 2008 or 2007.

The fair value of the 2006 option award was estimated on the date of grant using a binomial pricing model utilising the assumptions noted in the following table:

	2006
Assumptions used for the estimation of the fair value of option awards	
Share price on grant date in EUR	64.70
Average exercise price in EUR	65.76
Expected term (in years)	5
Risk-free interest rate	3%
Expected volatility	38.8%

The volatility as measured by the standard deviation of the expected share price gains was based on statistical analyses of the daily share price over the previous three years. The expected term of the options was determined using historical data. The expected dividend yield was based on the expected annual dividend at the time of grant of EUR 0.05 per share. The risk-free rate was based on the five-year German government bonds rate in effect as of the grant date.

In 2008, the Company finalised squeeze-out proceedings to acquire the remaining 0.5% of DIS outstanding shares and delisted DIS shares from the Frankfurt Stock Exchange. As part of the squeeze-out proceedings Adecco extended the offer to acquire the outstanding stock options to all stock option holders. As of December 31, 2008 there were no outstanding stock options under the DIS stock option plan. A summary of the status of the DIS stock option plan as of December 31, 2008, December 31, 2007 and December 31, 2006, and changes during the periods are presented below:

	Number of shares	Weighted-average exercise price per share (in EUR)	Weighted-average remaining life (in years)	Aggregate intrinsic value (in EUR millions)
Summary of DIS stock option plan				
Options outstanding and vested at acquisition, March 31, 2006	**336,810**	**30**	**2.8**	
Granted	117,315	65		
Exercised	(58,145)	31		2
Options outstanding and vested as of December 31, 2006	**395,980**	**43**	**2.9**	
Exercised	(44,821)	30		3
Forfeited	(183,261)[1]	41		
Options outstanding and vested as of December 31, 2007	**167,898**	**56**	**2.6**	**10**
Exercised	(2,144)	35		
Exercised under the squeeze-out proceedings	(161,976)	60		8
Forfeited	(3,778)	15		
Options outstanding and vested as of December 31, 2008	**-**			

1 During 2007, 164,840 options were forfeited in exchange for 108,197 Adecco S.A. shares. The number of Adecco S.A. shares exchanged represented the equivalent value of the options at the DIS acquisition date plus a premium for the share price performance of Adecco S.A. from acquisition through to the date of the exchange.

Options fully vested and exercisable were 16,410 and 78,586 as of December 31, 2007 and December 31, 2006, respectively. The weighted-average grant date fair value of options granted and vested during the year ended December 31, 2006 was EUR 16.02.

Note 9 · Employee benefit plans

In accordance with local regulations and practices, the Company has various employee benefit plans, including defined contribution and both contributory and non-contributory defined benefit plans.

Defined contribution plans and other arrangements

The Company recorded an expense of EUR 76, EUR 73, and EUR 62, in connection with defined contribution plans in 2008, 2007, and 2006, respectively, and an expense of EUR 40, EUR 42, and EUR 39, in connection with the Italian employee termination indemnity arrangement in 2008, 2007, and 2006, respectively.

The Company sponsors a non-qualified defined contribution plan in the US for certain of its employees. This plan is partly funded through a Rabbi trust, which is consolidated in the Company's financial statements. At December 31, 2008 and December 31, 2007, the assets held in the Rabbi trust amounted to EUR 28 and EUR 37, respectively. The related pension liability totalled EUR 43 and EUR 50 at December 31, 2008 and December 31, 2007, respectively.

in millions, except share and per share information

Certain employees are covered under multi-employer pension plans administered by unions. The data available from administrators of the plans is not sufficient to determine the projected benefit obligation or the net assets attributable to the Company. Consequently, these plans are reported as defined contribution plans. Contributions made to those plans during 2008, 2007, and 2006, amounted to EUR 5, EUR 5, and EUR 4, respectively.

Defined benefit plans
The Company sponsors defined benefit plans principally in Switzerland, the Netherlands, the UK, and the US. These plans provide benefits primarily based on years of service and level of compensation, and are in accordance with local regulations and practices. The defined benefit obligations and related assets of all major plans are reappraised annually by independent actuaries. On January 1, 2008, the Company adopted the measurement provisions of SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106, and 132(R)" ("SFAS No. 158") and therefore the measurement date in 2008 for all defined benefit plans is December 31. The adoption of the measurement provisions of SFAS No. 158 resulted in a decrease, net of tax, of EUR 1 in retained earnings. For the previous periods presented, the measurement date used for the Swiss defined benefit plan was September 30 and the measurement date for the other major defined benefit plans was December 31. Plan assets are recorded at fair value, and consist primarily of marketable equity securities, fixed income instruments, and real estate. The projected benefit obligation ("PBO") is the actuarial present value of benefits attributable to employee service rendered to date, including the effects of estimated future pay increases. The accumulated benefit obligation ("ABO") is the actuarial present value of benefits attributable to employee service rendered to date, but excluding the effects of estimated future pay increases.

Actuarial gains and losses are recognised as a component of other comprehensive income/(loss), net, in the period when they arise. Those amounts are subsequently recognised as a component of net period pension cost using the corridor method.

The components of pension expense, net, for the defined benefit plans are:

	Swiss plan			Non-Swiss plans		
in EUR	**2008**	**2007**	**2006**	**2008**	**2007**	**2006**
Components of pension expense						
Service cost	9	9	10	2	1	2
Interest cost	2	2	2	5	4	4
Expected return on plan assets	(4)	(4)	(4)	(5)	(3)	(4)
Amortisation of net (gain)/loss				(3)	2	(5)
Pension expense, net	**7**	**7**	**8**	**(1)**	**4**	**(3)**

The following table provides a reconciliation of the changes in the benefit obligations, the change in the fair value of assets, and the funded status of the Company's defined benefit plans as of the above described measurement dates:

	Swiss plan		Non-Swiss plans	
in EUR	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Pension liabilities and assets				
Projected benefit obligation, beginning of period	**76**	**80**	**89**	**93**
Service cost	9	9	2	1
Interest cost	2	2	5	4
Participant contributions	26	20	1	1
Actuarial (gain)/loss	8	(10)	(18)	(6)
Plan amendments				2
Benefits paid	(34)	(23)	(2)	(2)
Curtailments and settlements			(1)	(1)
Foreign currency translation	9	(2)	(6)	(3)
Adoption of SFAS No. 158 measurement provisions	3			
Projected benefit obligation, end of period	**99**	**76**	**70**	**89**
Plan assets, beginning of period	**87**	**81**	**76**	**77**
Actual return/(decrease) on assets	(15)	2	(10)	1
Employer contributions	13	9	4	2
Participant contributions	26	20	1	1
Benefits paid	(34)	(23)	(2)	(2)
Curtailments and settlements				(1)
Foreign currency translation	10	(2)	(5)	(2)
Adoption of SFAS No. 158 measurement provisions	1			
Plan assets, end of period	**88**	**87**	**64**	**76**
Funded status of the plan	(11)	11	(6)	(13)
Contributions from measurement date to fiscal year end		2		
Amount recognised	**(11)**	**13**	**(6)**	**(13)**
Accumulated benefit obligation, end of period	**98**	**75**	**63**	**79**

The amounts recognised in the consolidated balance sheets as of December 31, 2008 and December 31, 2007, were:

	Swiss plan		Non-Swiss plans	
in EUR	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Pension related assets		13	14	9
Pension related liabilities	(11)		(20)	(22)
Total	**(11)**	**13**	**(6)**	**(13)**

in millions, except share and per share information

As of December 31, 2008, the Company recognised a net loss of EUR 14 for Swiss defined benefit plans and a net gain of EUR 2 for non-Swiss defined benefit plans in accumulated other comprehensive income/(loss), net. The estimated amount that will be amortised from accumulated other comprehensive income/(loss), net, into pension expense, net, over the next fiscal year is an expense of EUR 2 for Swiss defined benefit plans and a benefit of EUR 1 for non-Swiss defined benefit plans. As of December 31, 2007, the Company recognised a net gain for Swiss defined benefit plans of EUR 6 in accumulated other comprehensive income/(loss), net.

For plans with a PBO in excess of the fair value of plan assets as of December 31, 2008 and December 31, 2007, the total PBO was EUR 137 and EUR 48, respectively, and the fair value of the plan assets was EUR 106 and EUR 26, respectively.

Certain of the Company's pension plans have an ABO that exceeds the fair value of plan assets. For plans with an ABO that exceeds the fair value of plan assets, the aggregated ABO was EUR 131 and EUR 25 as of December 31, 2008 and December 31, 2007, respectively, and the fair value of the plan assets of those plans was EUR 106 and EUR 9, respectively.

The assumptions used for the defined benefit plans reflect the different economic conditions in the various countries. The weighted-average actuarial assumptions are:

	Swiss plan			Non-Swiss plans		
in %	2008	2007	2006	2008	2007	2006
Weighted-average actuarial assumptions						
Discount rate	3.0	3.5	3.0	5.7	5.2	4.6
Rate of increase in compensation levels	2.0	2.0	2.0	2.4	2.5	2.4
Expected long-term rate of return on plan assets	4.5	4.5	5.0	5.7	6.4	5.9

The overall expected long-term rate of return on plan assets for the Company's defined benefit plans is based on inflation rates, inflation-adjusted interest rates, and the risk premium of equity investments above risk-free rates of return. Long-term historical rates of return are adjusted when appropriate to reflect recent developments.

The Swiss and non-Swiss pension plans' target weighted-average asset allocations at December 31, 2008, and the actual weighted-average asset allocations at the measurement dates, by asset category, are as follows:

	Swiss plan			Non-Swiss plans		
		Actual allocation			Actual allocation	
in %	Target allocation range	31.12.2008	31.12.2007	Target allocation range	31.12.2008	31.12.2007
Weighted-average asset allocations						
Equity securities	20–40	23	33	10–20	18	30
Debt securities	20–60	32	29	40–70	48	65
Real estate	5–15	8	7	0–10	2	3
Other	5–40	37	31	15–35	32	2
Total		**100**	**100**		**100**	**100**

The investment policy and strategy for the assets held by the Company's pension plans is directed at achieving a long-term return. Factors included in the investment strategy are the achievement of consistent year-over-year results, effective and appropriate risk management, and effective cash flow management.

The Company expects to contribute EUR 11 to its pension plan in Switzerland and EUR 3 to its non-Swiss plans in 2009.

Future benefits payments, which include expected future service, are estimated as follows:

in EUR	Swiss plan	Non-Swiss plans
Future benefits payments		
2009	36	2
2010	9	2
2011	9	2
2012	8	2
2013	6	3
Years 2014–2018	25	17

Note 10 • Financial instruments

Risk and use of derivative instruments

The Company conducts business in various countries and funds its subsidiaries in various currencies, and is therefore exposed to the effects of changes in foreign currency exchange rates, including the US dollar, the British pound, the Japanese yen, and the Euro against the Swiss franc. In order to mitigate the impact of currency exchange rate fluctuations, the Company assesses its exposure to currency risk and hedges certain risks through the use of derivative instruments. The Company has also issued bonds and long-term notes in various currencies. Accordingly, the Company manages exposure to fixed and floating interest rates and currency fluctuations through the use of derivative instruments.

The main objective of holding derivative instruments is to minimise the volatility of earnings arising from these exposures in the absence of natural hedges. The responsibility for assessing exposures as well as entering into and managing derivative instruments is centralised in the Company's treasury department. The activities of the treasury department are covered by corporate policies and procedures approved by the Board of Directors, which generally limit the use of derivative instruments for trading and speculative purposes. Group management approves the hedging strategy and monitors the underlying market risks.

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in millions, except share and per share information

Fair value of financial instruments

The following table shows the carrying value and the fair value of financial instruments:

in EUR	31.12.2008 Carrying value	31.12.2008 Fair value	31.12.2007 Carrying value	31.12.2007 Fair value
Financial instruments other than derivative instruments				
Current assets:				
• Cash and cash equivalents	574	574	555	555
• Available-for-sale securities	7	7	8	8
• Trade accounts receivable, net	3,046	3,046	3,773	3,773
• Financial instruments included in other current assets	3	3		
Current liabilities:				
• Accounts payable	221	221	243	243
• Short-term debt	55	55	35	35
• Current maturities of long-term debt	1	1	322	323
Non-current liabilities:				
• Long-term debt	1,142	1,121	1,072	1,079
Derivative instruments				
Current assets:				
• Foreign currency contracts	15	15	3	3
Non-current assets:				
• Call options on own shares			5	5
• Interest rate swaps	8	8		
Current liabilities:				
• Foreign currency contracts	28	28	4	4
• Interest rate swaps			1	1
Non-current liabilities:				
• Interest rate swaps			6	6

The Company uses the following methods and assumptions to estimate the fair value of each class of financial instruments:

- Cash equivalents, trade accounts receivable, net, accounts payable, and short-term debt
  The carrying amount approximates the fair value given the short maturity of such instruments.
- Available-for-sale securities
  The fair value for these instruments is based on quoted market prices.
- Current maturities of long-term debt
  The fair value of the Company's current maturities of publicly traded long-term debt is estimated using quoted market prices. The carrying amount for the other current maturities of long-term debt approximates the fair value given the short maturity of those instruments.
- Long-term debt
  The fair value of the Company's publicly traded long-term debt is estimated using quoted market prices. The fair value of other long-term debt is estimated by discounting future cash flows using interest rates currently available for similar debt with identical terms, similar credit ratings, and remaining maturities. See Note 6 for details on debt instruments.
- Foreign currency contracts
  The fair value is calculated by using the present value of future cash flows based on quoted market information.
- Call options on own shares
  The fair value of these derivative instruments is based on information obtained from financial institutions.
- Interest rate swaps
  The fair value for interest rate swaps is calculated using the present value of future cash flows based on quoted market information.

Fair value hedges

EUR 350 of interest rate swaps that contain a receipt of fixed interest rate payments and payment of floating interest rate payments have been designated as fair value hedges of the EUR 500 fixed rate guaranteed notes issued by Adecco International Financial Services BV. The outstanding contracts have an original contract period of five to seven years and expire in 2013.

EUR 120 of interest rate swaps that contained a receipt of fixed interest rate payments and payment of floating interest rate payments were designated as fair value hedges of the EUR 122 Olsten EUR guaranteed notes which were repaid in 2008. The contracts had an original contract period of two years and expired in 2008.

No significant gains or losses were recorded in 2008, 2007, and 2006, respectively, due to ineffectiveness in fair value hedge relationships. No significant gains or losses were excluded from the assessment of hedge effectiveness of the fair value hedges in 2008, 2007, or 2006.

Cash flow hedges

During the year 2007, the Company acquired cash settled call options on Adecco S.A. shares. The options were designated as cash flow hedges of the senior management share-linked bonus plan for the years 2007 to 2009, to minimise volatility of future cash flows arising from fluctuations in the share price of Adecco S.A. The majority of the contracts expired in 2008.

As of December 31, 2008 and December 31, 2007, no significant balances were included in accumulated other comprehensive income/(loss), net, in connection with cash flow hedges. No significant gains or losses were recorded in 2008, 2007, and 2006, respectively, due to ineffectiveness in cash flow hedge relationships. In 2008 and 2007, a loss of EUR 5 and EUR 17, respectively, due to the change of time value of the options, was excluded from the assessment of hedge effectiveness of the share-linked bonus plan cash flow hedge, and was recognised in SG&A in the accompanying consolidated statements of operations. No significant reclassifications into earnings of gains and losses that are reported in accumulated other comprehensive income/(loss), net, are expected within the next 12 months.

in millions, except share and per share information

Net investment hedges
During 2004, the Company restructured the financing of its investment in the US operations and entered into forward foreign currency contracts to hedge a portion of the Company's exposure to fluctuations in the US dollar against the Swiss franc. All net investment hedges were terminated by September 2005.

As of December 31, 2008, the net loss relating to net investment hedges included as a component of accumulated other comprehensive income/(loss), net, amounted to EUR 60. No reclassifications of losses reported in accumulated other comprehensive income/(loss), net, into earnings are expected within the next 12 months.

Other hedge activities
The Company has entered into certain derivative contracts that are not designated or do not qualify as hedges under SFAS No. 133. These are mainly forward foreign currency contracts used to hedge the net exposure of short-term subsidiary funding advanced in the local operations' functional currency. These contracts are entered into in accordance with the written treasury policies and procedures and represent economic hedges. Gains and losses on these contracts are recognised in earnings, as foreign exchange gain/(loss), net, in the accompanying consolidated statements of operations. In connection with these activities, the Company recorded a net loss of EUR 5, EUR 4, and less than EUR 1 in 2008, 2007, and 2006, respectively.

Credit risk concentration
Financial instruments that potentially expose the Company to concentrations of credit risk consist principally of cash investments, short-term investments, trade accounts receivable, and derivative financial instruments. The Company places its cash and short-term investments in major financial institutions throughout the world, which management assesses to be of high credit quality, in order to limit the exposure of each investment.

Credit risk with respect to trade accounts receivable is dispersed due to the international nature of the business, the large number of customers, and the diversity of industries serviced. The Company's receivables are well diversified and management performs credit evaluations of its customers and, where available and cost-effective, utilises credit insurance.

To minimise counterparty exposure on derivative instruments, the Company enters into derivative contracts with several large multinational banks and limits the exposure in combination with the short-term investments with each counterparty.

Note 11 • Fair value measurement

The following table represents the Company's assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2008, consistent with the fair value hierarchy provisions of SFAS No. 157:

in EUR	Level 1	Level 2	Level 3	Total
Assets:				
Available-for-sale securities	7			7
Derivative assets		23		23
Other current assets		3		3
Liabilities:				
Derivative liabilities		28		28

Note 12 • Other income/(expenses), net

For the years 2008, 2007, and 2006, other income/(expenses), net, consist of the following:

in EUR	2008	2007	2006
Foreign exchange gain/(loss), net	(5)	(2)	(4)
Interest income	18	31	22
Other non-operating income/(expenses), net	6	1	2
Total other income/(expenses), net	**19**	**30**	**20**

in millions, except share and per share information

Note 13 • Income taxes

Adecco S.A. is incorporated in Switzerland but the Company operates in various countries with differing tax laws and rates. A substantial portion of the Company's operations are outside Switzerland. Since the Company operates worldwide, the weighted-average effective tax rate will vary from year to year according to the earnings by country. The weighted-average tax rate is calculated by aggregating pre-tax operating income or loss in each country in which the Company operates multiplied by the country's statutory income tax rate. Income before income taxes and minority interests in Switzerland totalled EUR 236, EUR 477, and EUR 422 in 2008, 2007, and 2006, respectively. Foreign source income before income taxes and minority interests amounted to EUR 473, EUR 551, and EUR 363 in 2008, 2007, and 2006, respectively. The provision for income taxes consists of the following for the fiscal years:

in EUR	2008	2007	2006
Provision for income taxes			
Current tax provision:			
Domestic	44	46	30
Foreign	133	276	204
Total current tax provision	**177**	**322**	**234**
Deferred tax provision/(benefit):			
Domestic	13	7	8
Foreign	20	(44)	(74)
Total deferred tax provision/(benefit)	**33**	**(37)**	**(66)**
Total provision for income taxes	**210**	**285**	**168**

The difference between the provision for income taxes and the weighted-average tax rate is reconciled as follows for the fiscal years:

in EUR	2008	2007	2006
Tax rate reconciliation			
Income taxed at weighted-average tax rate	186	236	169
Items taxed at other than weighted-average tax rate	(12)	75	57
Non-deductible expenses	11	8	18
Net change in valuation allowance	3	(10)	(74)
Non-deductible impairment of goodwill	17		
Adjustments to deferred tax assets due to rate changes	(1)	(25)	4
Other, net	6	1	(6)
Total provision for income taxes	**210**	**285**	**168**

As of December 31, 2008 and December 31, 2007, a deferred tax liability of EUR 36 and EUR 24 has been provided for non-Swiss withholding taxes and additional Swiss taxes due upon the future dividend payment of cumulative undistributed earnings.

In 2007, the reconciling item "adjustments to deferred tax assets due to rate changes" included a net decrease in the tax provision of EUR 27 attributable to the change in the German statutory income tax rate.

Temporary differences that give rise to deferred income tax assets and liabilities are summarised as follows:

in EUR	31.12.2008	31.12.2007
Temporary differences		
Net operating loss carryforwards	157	156
Tax credits	19	55
Depreciation	12	10
Deferred compensation and accrued employee benefits	86	102
Accrued expenses	49	52
Financial amortisation in excess of tax amortisation	12	22
Intercompany transactions	28	33
Other	30	30
Gross deferred tax assets	**393**	**460**
FIN 48 provision, net	(69)	(68)
Valuation allowance	(53)	(57)
Deferred tax assets, net	**271**	**335**
Intangible assets basis in excess of tax basis	(132)	(149)
Accrued expenses	(1)	(1)
Tax amortisation in excess of financial amortisation	(5)	
Undistributed earnings of foreign subsidiaries	(36)	(24)
Other	(16)	(16)
Deferred tax liabilities	**(190)**	**(190)**
Deferred tax assets, net of deferred tax liabilities	**81**	**145**

Management's assessment of the realisation of deferred tax assets is made on a country-by-country basis. The assessment is based upon the weight of all available evidence, including factors such as the recent earnings history and expected future taxable income. A valuation allowance is recorded to reduce deferred tax assets to a level which, more likely than not, will be realised.

Valuation allowances on deferred tax assets of foreign and domestic operations decreased by EUR 4 in 2008. Included in the change of the valuation allowance is a decrease of EUR 4 for fluctuations in foreign exchange rates and EUR 3 related to losses which expired during the year. This was partially offset by an increase of EUR 3 for losses originated in 2008.

in millions, except share and per share information

Other current assets include current net deferred tax assets of EUR 148 and EUR 168 as of December 31, 2008 and December 31, 2007, respectively. Other long-term assets include EUR 104 and EUR 147 of net deferred tax assets as of December 31, 2008 and December 31, 2007, respectively. Other accrued expenses include current deferred tax liabilities of EUR 6 and EUR 3 as of December 31, 2008 and December 31, 2007, respectively. Other liabilities include EUR 165 and EUR 167 of non-current deferred tax liabilities as of December 31, 2008 and December 31, 2007, respectively.

As of December 31, 2008, the Company had approximately EUR 471 of net operating loss carryforwards. These losses will expire as follows:

in EUR	**2009**	**2010**	**2011**	**2012**	**2013**	**Thereafter**	**No expiry**	**Total**
Expiration of losses by period	7	4	8	5	6	236	205	471

The largest net operating loss carryforwards are in the US, Germany, and Brazil, and total EUR 328 as of December 31, 2008. The losses in the US begin to expire in 2021. The losses in Germany and Brazil do not expire. In addition, tax credits of EUR 14 are predominately related to the US operations and begin to expire in 2018.

As of December 31, 2008, the amount of unrecognised tax benefits including interest is EUR 310 of which EUR 264 would, if recognised, decrease the Company's effective tax rate. As of December 31, 2007, the amount of unrecognised tax benefits including interest was EUR 332 of which EUR 242 would have, if recognised, decreased the Company's effective tax rate.

The following table summarises the activity related to the Company's unrecognised tax benefits:

in EUR	**Unrecognised tax benefits**
Balance at January 1, 2007	**291**
Increases related to current year tax positions	57
Expiration of the statutes of limitation for the assessment of taxes	(4)
Settlements with tax authorities	(2)
Additions to prior years	20
Decreases to prior years	(13)
Foreign exchange currency movement	(24)
Balance at December 31, 2007	**325**
Increases related to current year tax positions	39
Expiration of the statutes of limitation for the assessment of taxes	(6)
Settlements with tax authorities	(13)
Additions to prior years	13
Decreases to prior years	(78)
Foreign exchange currency movement	9
Balance at December 31, 2008	**289**

In 2008, the item "decreases to prior years" includes EUR 50 related to a settlement of pre-acquisition contingencies with limited impact to the income tax expense.

The Company recognises interest and penalties related to unrecognised tax benefits as a component of the provision for income taxes. As of December 31, 2008 and December 31, 2007, the amount of interest and penalties recognised in the balance sheet amounted to EUR 21 and EUR 31, respectively. The total amount of interest and penalties recognised in the statement of operations in 2008 was a net benefit of EUR 10. The total amount of interest and penalties recognised in the statement of operations in 2007 was not significant.

The Company and its subsidiaries file income tax returns in multiple jurisdictions with varying statutes of limitation. The open tax years by major jurisdiction are the following:

Country	Open tax years
US	1996 onwards
France	2006 onwards
Germany	2002 onwards
UK	2003 onwards
Spain	2004 onwards
Japan	2002 onwards

In certain jurisdictions, the Company may have more than one tax payer. The table above reflects the statutes of years open to examination for the major tax payers in each major tax jurisdiction.

Based on the outcome of examinations, or as a result of the expiration of statutes of limitation for specific jurisdictions, it is reasonably possible that the related unrecognised tax benefits for tax positions taken regarding previously filed tax returns could materially change from those recorded as liabilities for uncertain tax positions in the financial statements. An estimate of the range of the possible change cannot be made until issues are further developed or examinations close.

Significant estimates are required in determining income tax expense and benefits. Various internal and external factors may have favourable or unfavourable effects on the future effective tax rate. These factors include, but are not limited to, changes in tax laws, regulations and/or rates, changing interpretations of existing tax laws or regulations, results of tax audits, and changes in the overall level of pre-tax earnings.

in millions, except share and per share information

Note 14 • Earnings per share

The following table sets forth the computation of basic and diluted earnings per share:

in EUR (except number of shares)	2008 Basic	2008 Diluted	2007 Basic	2007 Diluted	2006 Basic	2006 Diluted
Numerator						
Net income	495	495	735	735	611	611
Interest on convertible bond, net of tax		7		6		7
Net income available for earnings per share calculation	**495**	**502**	**735**	**741**	**611**	**618**
Denominator						
Weighted-average shares	175,414,832	175,414,832	185,107,346	185,107,346	186,343,724	186,343,724
Incremental shares for assumed conversions:						
• Convertible bond		9,441,281		9,523,810		9,523,810
• Employee stock options		3,537		647,897		665,426
Total average equivalent shares	**175,414,832**	**184,859,650**	**185,107,346**	**195,279,053**	**186,343,724**	**196,532,960**
Per share amounts						
Net earnings per share	**2.82**	**2.71**	**3.97**	**3.80**	**3.28**	**3.14**

Stock options of 5,522,846 in 2008, 5,180,559 in 2007, and 6,936,122 in 2006 were excluded from the computation of diluted net income per share as the effect would have been anti-dilutive.

Note 15 • Segment reporting

The Company is organised in a geographical structure (which corresponds to the primary segments). The heads of the main geographies directly manage the office and industrial business lines as well as the professional business lines. The classification into business lines is determined by the largest business line revenue share generated in a specific branch.

The Company evaluates the performance of its segments based on operating income before amortisation and impairment of goodwill and intangible assets, which is defined as the amount of income before amortisation and impairment of goodwill and intangible assets, interest expense, other income/(expenses), net, income applicable to minority interests, and provision for income taxes. Corporate items consist of certain assets and expenses which are separately managed at the corporate level. Segment assets include current assets, property, equipment, and leasehold improvements, net, other assets, intangible assets, net, and goodwill. The accounting principles used for the segment reporting are those used by the Company.

Approximately 92% of the Company's revenues in 2008 were related to temporary staffing, whereas in 2007 and 2006 temporary staffing represented 93% of the Company's revenues. The remaining portion relates to permanent placement and other services.

in EUR	France	USA & Canada	UK & Ireland	Germany	Japan	Italy	Iberia	Other	Corporate	Total
2008 segment reporting										
Revenues	6,574	2,697	1,404	1,538	1,463	1,170	1,028	4,091		19,965
Depreciation	(18)	(15)	(10)	(8)	(4)	(4)	(3)	(15)	(7)	(84)
Operating income before amortisation and impairment of goodwill and intangible assets	272	114	23	157	107	70	53	197	(85)	908
Amortisation of intangible assets										(44)
Impairment of goodwill and intangible assets										(116)
Operating income										748
Interest expense, and other income/(expenses), net										(39)
Provision for income taxes										(210)
Income applicable to minority interests										(4)
Net income										**495**
Capital expenditures	(28)	(9)	(15)	(12)	(3)	(5)	(6)	(22)	(6)	(106)
Segment assets	1,734	1,130	321	1,911	328	201	268	1,093	544	7,530
Long-lived assets[1]	69	83	31	28	33	9	14	59	25	351

in EUR	France	USA & Canada	UK & Ireland	Germany	Japan	Italy	Iberia	Other	Corporate	Total
2007 segment reporting										
Revenues	6,891	3,199	1,879	1,251	1,385	1,252	1,157	4,076		21,090
Depreciation	(21)	(18)	(10)	(7)	(4)	(3)	(3)	(15)	(8)	(89)
Operating income before amortisation and impairment of goodwill and intangible assets	405	150	41	137	96	85	76	199	(108)	1,081
Amortisation of intangible assets										(27)
Impairment of goodwill and intangible assets										
Operating income										1,054
Interest expense, and other income/(expenses), net										(26)
Provision for income taxes										(285)
Income applicable to minority interests										(8)
Net income										**735**
Capital expenditures	(17)	(14)	(12)	(10)	(3)	(5)	(6)	(19)	(5)	(91)
Segment assets	1,967	1,216	572	2,093	266	270	357	1,133	380	8,254
Long-lived assets[1]	63	93	35	26	27	8	11	62	28	353

1 Long-lived assets include fixed assets and other non-current assets.

in millions, except share and per share information

in EUR	France	USA & Canada	UK & Ireland	Germany	Japan	Italy	Iberia	Other	Corporate	Total
2006 segment reporting										
Revenues	6,777	3,709	1,827	774	1,432	1,156	1,089	3,653		20,417
Depreciation	(26)	(20)	(9)	(4)	(6)	(4)	(3)	(14)	(8)	(94)
Operating income before amortisation and impairment of goodwill and intangible assets	256	155	62	80	85	72	68	177	(127)	828
Amortisation of intangible assets										(12)
Impairment of goodwill and intangible assets										
Operating income										816
Interest expense, and other income/(expenses), net										(31)
Provision for income taxes										(168)
Income applicable to minority interests										(6)
Net income										**611**
Capital expenditures	(17)	(19)	(13)	(6)	(3)	(3)	(2)	(16)	(6)	(85)
Segment assets	2,192	1,342	622	845	264	264	351	1,050	752	7,682
Long-lived assets[1]	69	109	41	15	30	6	8	41	28	347

1 Long-lived assets include fixed assets and other non-current assets.

Revenues by business line are as follows:

in EUR	Office	Industrial	Information Technology	Engineering & Technical	Finance & Legal	Medical & Science	Sales, Marketing & Events	Human Capital Solutions	Emerging Markets[1]	Total
Revenues										
2008	4,358	10,963	1,173	823	474	278	436	265	1,195	19,965
2007[2]	4,765	11,521	1,381	908	516	244	425	243	1,087	21,090
2006[2]	4,758	11,005	1,396	868	537	218	415	235	985	20,417

1 Emerging Markets excluding professional business lines.

2 The 2008 information includes certain changes in the allocation of branches to business lines, most notably from Finance & Legal to Office and from Office to Sales, Marketing & Events, as well as from Emerging Markets to Office & Industrial (Austria previously reported under Emerging Markets is now reported together with Switzerland). The 2007 and 2006 information has been reclassified to conform to the current year presentation.

Note 16 • Commitments and contingencies

The Company leases facilities under operating leases, certain of which require payment of property taxes, insurance, and maintenance costs. Operating leases for facilities are usually renewable at the Company's option.

Total rent expense under operating leases amounted to EUR 223, EUR 210, and EUR 194 during 2008, 2007, and 2006, respectively. Future minimum annual lease payments under operating leases are as follows:

in EUR	2009	2010	2011	2012	2013	Thereafter	Total
Lease payments by period	170	126	96	72	59	50	573

As of December 31, 2008, the Company has future purchase and service contractual obligations of approximately EUR 106 primarily related to IT development and maintenance agreements, earn-out agreements related to acquisitions, marketing sponsorship agreements, equipment purchase agreements, and other vendor commitments. Future payments under these arrangements are as follows:

in EUR	2009	2010	2011	2012	2013	Thereafter	Total
Contractual obligations by period	41	28	24	8	3	2	106

Guarantees

The Company has entered into certain guarantee contracts and standby letters of credit that total EUR 836, including those letters of credit issued under the multicurrency revolving credit facility (EUR 87). The guarantees primarily relate to government requirements for operating a temporary staffing business in certain countries and are generally renewed annually. Other guarantees relate to operating leases and credit lines. The standby letters of credit mainly relate to workers' compensation in the US. If the Company is not able to obtain and maintain letters of credit and/or guarantees from third parties then the Company would be required to collateralise its obligations with cash. Due to the nature of these arrangements and historical experience, the Company does not expect to be required to collateralise its obligations with cash.

Contingencies

In the ordinary course of business, the Company is involved in various legal actions and claims, including those related to social security charges, other payroll related charges, and various employment related matters. Although the outcome of the legal proceedings cannot be predicted with certainty, the Company believes it has adequately reserved for such matters.

in millions, except share and per share information

French antitrust procedure

Two of the Company's French subsidiaries, Adecco France (formerly Adecco Travail Temporaire) and Adia SASU (formerly Adia SAS) and two of its competitors were investigated by the French competition authority concerning alleged anti-competitive practices in France. The investigation started in November 2004 when certain documents were collected by the authorities. In November 2007, Adecco France and Adia France received a Statement of Objections by the "Conseil de la Concurrence", the French Competition Council, alleging infringements of competition rules, i.e. exchange of commercially sensitive information with competitors in 2003 and 2004 and in one case concerning Adecco France and Adia France, involvement in a concerted practice in response to a tender offer of a French company. On February 1, 2008, the Company entered into an agreement ("La Transaction") with the "Rapporteur Général" meaning that the Company will not oppose the factual statements listed in the Statement of Objections thus receiving a certain rebate on the potential fine in exchange of certain commitments made in the agreement. On February 11, 2008, the Company submitted their comprehensive answer to the Statement of Objections. On June 3, 2008 and August 1, 2008, a further written exchange between the competition authorities and the Company took place. A general hearing before the members of the Competition Council occurred in Paris on October 1, 2008.

On February 2, 2009, the Company received the decision of the Competition Council. The decision imposed a fine of EUR 34. The Company decided to appeal against certain aspects of the decision relating to the calculation of the fine before the Paris Court of Appeal, since it considers the level of the fine too high. However, it is difficult to estimate whether such appeal, which normally takes about eighteen months, will finally end in a reduction of the fine. The Company has accrued EUR 34 for this matter.

Note 17 • Risk management

The Board of Directors, who is ultimately responsible for the risk management of the Company, has delegated its execution to Group Management.

The risk management process is embedded into the Company's strategic and organisational context. The process is focused on managing risks as well as identifying opportunities. The Company's risk management process covers the significant risks for the Company including financial, operational and strategic risks. All countries perform the risk management process on a regular basis and report their results to Group Management. The Company's risk management activities consist of risk identification, risk assessment, risk response and risk monitoring.

The Company's Global Risk Categorisation Model has been used to support the countries when identifying risks. This model divides the risks into external and internal driven risks. Within this model, Group Management has defined common key risks, which can have a significant impact on the Company's results. All countries are required to assess those key risks. The key risks are economic trends/situation (e.g. GDP growth), client attraction/retention, associate attraction/retention, colleague attraction/retention, financial reporting, IT environment, change in regulatory/legal and political environment, and fraudulent activities. Furthermore, the Company has identified three key risks which are managed centrally: liquidity risk, financial market risk (primarily related to foreign exchange, interest rates, and equity market risk), and M&A activities. In addition, the countries assess specific country risks.

The risk assessment includes the following steps: estimation of the potential risk impact on the financial results, assessment of the likelihood of the risk occurrence, assessment of the effectiveness of existing internal controls, and development of action plans needed to mitigate the risk to an acceptable level.

The risk assessment is aligned with the Company's decentralised organisational structure. The countries report to Group Management a comprehensive risk assessment, including mitigating actions. At the Group Management level the individual country results are reviewed and discussed with the countries before being categorised and consolidated. Risk monitoring is performed at Group level on a regular basis.

The financial reporting risk includes the failure to comply with external reporting requirements due to failure of internal controls and lack of knowledge of external reporting requirements relating to accounting and reporting. The Company has implemented a Group Policy environment as well as an Internal Control System in order to mitigate the risk of failure to comply with financial reporting requirements. The Company's Internal Control System is designed to provide reasonable assurance to the Company's Management and Board of Directors regarding the reliability of financial reporting and the preparation and fair presentation of its published consolidated financial statements.

The financial market risk primarily relates to foreign exchange, interest rates, and equity market risk and is further discussed in Note 10. Except for the equity market risk, these exposures are actively managed by the Company in accordance with written policies approved by the Board of Directors. The Company's objective is to minimise, where deemed appropriate, fluctuations in earnings and cash flows associated with changes in foreign currency exchange rates and interest rates. It is the Company's policy to use a variety of derivative financial instruments to hedge the volatility relating to these exposures in the absence of natural hedges.

The Company concluded that the risk management process has worked properly throughout 2008.

Report of the Statutory Auditor on the Consolidated Financial Statements to the General Meeting of Adecco S.A., Chéserex

As statutory auditor, we have audited the accompanying consolidated financial statements of Adecco S.A., which are comprised of the consolidated balance sheets as of December 31, 2008 and 2007, and the related consolidated statements of operations, cash flows, changes in shareholders' equity, and notes thereto, for each of the three years in the period ended December 31, 2008.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Swiss law, Swiss Auditing Standards and auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements, referred to above, present fairly, in all material respects, the consolidated financial position of Adecco S.A. as of December 31, 2008 and 2007, and of the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2008, in accordance with accounting principles generally accepted in the United States and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Robin Errico

Dominick Giuffrida
Certified Public Accountant (U.S.)

Robin Errico
Licensed audit expert
(Auditor in charge)

Zurich, Switzerland
March 18, 2009

Adecco S.A. (Holding Company) – Balance sheets

in millions, except share and per share information and compensation table data

As of (in CHF)	31.12.2008	31.12.2007
Assets		
Current assets:		
• Cash and cash equivalents	97	58
• Receivables from subsidiaries	42	54
• Receivables from third parties	1	7
• Accrued income, prepaid expenses, and withholding taxes	35	19
Total current assets	**175**	**138**
Non-current assets:		
• Investments in subsidiaries	7,047	6,749
• Loans to subsidiaries	688	1,429
• Provisions on investments in and loans to subsidiaries	(565)	(874)
• Treasury shares	546	449
• Intangible assets	88	37
• Financial assets	2	8
Total non-current assets	**7,806**	**7,798**
Total assets	**7,981**	**7,936**
Liabilities and shareholders' equity		
Liabilities		
Current liabilities:		
• Amounts due to subsidiaries	151	160
• Amounts due to third parties	1	23
• Accrued liabilities	97	80
Total current liabilities	**249**	**263**
Non-current liabilities:		
• Long-term debt to subsidiaries	897	684
• Provisions and non-current liabilities	101	112
Total non-current liabilities	**998**	**796**
Total liabilities	**1,247**	**1,059**
Shareholders' equity		
Share capital	189	189
General reserve	2,103	2,103
Reserve for treasury shares	908	449
Retained earnings	3,534	4,136
Total shareholders' equity	**6,734**	**6,877**
Total liabilities and shareholders' equity	**7,981**	**7,936**

Adecco S.A. (Holding Company) – Statements of operations

in millions, except share and per share information and compensation table data

For the fiscal years ended December 31 (in CHF)	2008	2007
Operating income		
Royalties and license fees	590	636
Dividends from subsidiaries	44	46
Gain on sale of investments		6
Release of provision on loans and investments	43	44
Interest income from subsidiaries	96	93
Other income	19	134
Total operating income	**792**	**959**
Operating expenses		
Interest expense to subsidiaries	(73)	(71)
Interest expense to third parties	(19)	(3)
Taxes	(17)	(72)
Financial expense	(465)	(11)
Other expenses (including depreciation of CHF 4 in 2008 and CHF 7 in 2007)	(97)	(168)
Total operating expenses	**(671)**	**(325)**
Net income	**121**	**634**

Adecco S.A. (Holding Company) – Notes to financial statements

in millions, except share and per share information and compensation table data

Note 1 • Contingent liabilities

in CHF	31.12.2008	31.12.2007
Guarantees	2,301	2,949
Letters of comfort	139	127
Total contingent liabilities	**2,440**	**3,076**

Adecco S.A. has irrevocably and unconditionally guaranteed the fixed rate notes of CHF 747 (EUR 500) due 2013 issued by Adecco International Financial Services BV, a wholly-owned subsidiary of Adecco S.A.

Adecco S.A. has irrevocably and unconditionally guaranteed the zero-coupon convertible bonds of CHF 900 and accrued interest of CHF 71 due 2013 issued by Adecco Financial Services (Bermuda) Ltd. ("AFS"), a wholly-owned subsidiary of Adecco S.A. During 2008, AFS repurchased bonds with nominal amount of CHF 43, which were held as treasury bonds as of December 31, 2008. Adecco S.A. granted to AFS a right to subscribe for the maximum of 9,523,810 registered shares of Adecco S.A. The nominal value of each share is CHF 1 and the initial exercise price is CHF 94.50. On December 15, 2003, AFS paid to Adecco S.A. CHF 101 as a consideration for granting the above right.

Adecco S.A. has guaranteed the amount of CHF 48 utilised from the revolving credit facility in the form of letters of credit as of December 31, 2008.

Approximately CHF 592 of the credit facilities issued to several subsidiaries in Europe, North America, South America, Asia, and Australia have been guaranteed. Adecco S.A. has also guaranteed the outstanding acquisition commitments of its subsidiaries in the amount of CHF 34. Additionally, Adecco S.A. has provided guarantees and letters of comfort amounting to CHF 91 relating to government requirements for operating a temporary staffing business and to operating leases of its subsidiaries mainly in the US.

Note 2 • Treasury shares

The reserve for treasury shares held by Adecco S.A. is transferred to/from retained earnings. As of December 31, 2008 and December 31, 2007, all treasury shares held by the Company are held by Adecco S.A.

	Carrying value (in CHF millions)	Number of shares	Average purchase/sale price per share (in CHF)	Highest price per share (in CHF)	Lowest price per share (in CHF)
January 1, 2007	**285**	**3,964,705**			
Disposed of	(43)	(601,992)	71	97	58
Acquired	207	3,253,500	64	70	60
December 31, 2007	**449**	**6,616,213**			
Acquired	459	8,458,891	54	60	34
Written down	(362)				
December 31, 2008	**546**	**15,075,104**			

On November 2, 2007, the Company announced that its Board of Directors had decided to purchase the Company's shares for up to EUR 400 by the end of 2008. On July 1, 2008, the Company announced that it had completed the repurchase programme. The shares are intended to be used for future acquisitions or to minimise potential dilution related to the outstanding convertible bond. In 2008, the Company purchased 8,234,500 treasury shares for a total consideration of CHF 451 (EUR 274) under this share buy-back programme. In 2007 the Company purchased 3,253,500 treasury shares for a total consideration of CHF 207 (EUR 124).

On August 12, 2008, the Company announced that its Board of Directors had decided to purchase up to an additional 2% of the Company's shares. The shares are intended to be used for future acquisitions. In 2008, the Company acquired 224,391 treasury shares for a total consideration of CHF 8 (EUR 5) under this new share buy-back programme.

The Company has written down the carrying value of treasury shares to the December 2008 average stock price.

Note 3 • Shareholders' equity

in CHF	Share capital	General reserve	Reserve for treasury shares	Retained earnings	Total
January 1, 2008	**189**	**2,103**	**449**	**4,136**	**6,877**
Dividend distribution				(264)	(264)
Net movement in reserve for treasury shares			459	(459)	
Net income				121	121
December 31, 2008	**189[1]**	**2,103**	**908**	**3,534**	**6,734**

1 Common shares of CHF 189,263,506 at CHF 1 par value.

On May 6, 2008, Adecco S.A. held its Annual General Meeting of Shareholders in Lausanne.

Adecco S.A. (Holding Company) – Notes to financial statements

in millions, except share and per share information and compensation table data

Conditional capital

As of December 31, 2008, Adecco S.A. had conditional capital under Art. 3^{quater} of the Articles of Incorporation of Adecco S.A. of 15,400,000 shares, for a maximum aggregate amount of CHF 15 for issue of a maximum of 15,400,000 registered shares, which shall be fully paid by the exercise of option and conversion rights to be granted in relation with bond issues or other obligations of Adecco S.A. or affiliated companies. 9,523,810 shares have been reserved for issuance upon conversion of the outstanding guaranteed zero-coupon convertible bond issued by AFS. The remaining 5,876,190 shares represent conditional capital that was originally authorised without time limitation in connection with the issuance of a convertible bond in 1999, which was repaid in 2004 without conversion. This conditional capital remains available for issuance upon conversion of any financial instruments that Adecco S.A. or its subsidiaries may issue in the future.

Adecco S.A. had 4,166,804 shares of conditional capital reserved for issuance of common shares to employees and members of the Board of Directors upon the exercise of stock options as of December 31, 2008 and December 31, 2007, under Art. 3ter of the Articles of Incorporation of Adecco S.A. These shares shall be fully paid up by the exercise of option rights which the Board of Directors has granted to the employees and to the members of the Board of Directors of Adecco S.A. or of its affiliated companies. During 2008, Adecco S.A. did not issue any shares.

Note 4 • Significant shareholders

The Company has only registered shares. Not all shareholders register with the Company's share register. The following figures are based on information from the share register as of December 31, 2008, on shareholders' disclosure or on other information available to the Company.

43,065,512 and 54,854,179 shares in 2008 and 2007, respectively, held by a shareholder group with pooled voting rights, consisting of Jacobs Holding AG, Zurich, Switzerland; Klaus J. Jacobs' heirs, Renata I. Jacobs, Royston, UK; Lavinia Jacobs, Kusnacht, Switzerland; Nicolas Jacobs, São Paulo, Brazil; Philippe Jacobs, Shanghai, China; Nathalie Jacobs, Zurich, Switzerland; Jacobs Venture AG, Baar, Switzerland; and Triventura AG, Baar, Switzerland.

10,163,580 shares in 2008 and 2007, held by Akila Finance S.A., Luxembourg, controlled by Mr Philippe Foriel-Destezet, London, UK.

9,933,656 shares, as disclosed per January 4, 2008 (no information was disclosed in 2007), held by Group Franklin Templeton Investments, Ft. Lauderdale, USA, with pooled voting rights, consisting of Franklin Advisers, Inc., San Mateo, USA; Fiduciary International Inc., New York, USA; Franklin Templeton Investments Corp., Toronto, Canada; Franklin Templeton Investment Management Limited, Edinburgh, UK; Templeton Global Advisors Limited, Nassau, Bahamas; Templeton Investment Counsel, Ft. Lauderdale, USA.

9,421,391 shares as disclosed per January 28, 2009 and 9,496,700 shares as disclosed per November 20, 2007, held by Harris Associates L.P., Chicago, USA.

Refer to Note 2 for details on shares held by the Company.

For further detailed information see the links listed under item 1.2 of the Corporate Governance section.

Note 5 • Restriction regarding the distribution of dividends

Swiss law requires that Adecco S.A. retains at least 5% of its annual net profits as general reserves until such reserves cover 20% of Adecco S.A.'s nominal paid-in share capital (Art. 671 sec. 1, Swiss Code of Obligations). Any remaining net profits may be distributed as dividends, pursuant to a resolution of the General Meeting of Shareholders.

Note 6 • Compensation, shareholdings, and loans

Compensation and shareholding of acting members of the Board of Directors and the Executive Committee

The members of the Board of Directors are compensated in the form of cash. The amount conferred to the members of the Board of Directors for the fiscal year 2008 amounted to CHF 5. This amount includes honorariums (fees), salaries, credits, bonuses, and benefits in kind (according to market value at time of conferral). The total of all compensation conferred for the fiscal year 2008 to the Executive Committee, including bonus payments for 2008 due in 2009, amounted to CHF 17. Not included are bonus payments due for 2007 but made during 2008.

Further information on the compensation of the Board and the Executive Committee of the Company can be found in the Remuneration Report.

in millions, except share and per share information and compensation table data

Individual compensation and shareholding for 2008 and 2007 are presented in the tables below:

Board of Directors Compensation

For the year 2008

in CHF (except shares)	Office/ compensation period in 2008	Net cash compensation: Base fee for term served	Compensation in kind	Social contributions[1]: Old age insurance/pensions and others	Fees for further work	Total conferred	Shareholding as of December 31, 2008[2]
Name and function							
Jürgen Dormann, Chairman[3]	since Jan. 2008	759,600		80,800		840,400	28,500
Rolf Dörig, Vice-Chairman[4]	since Jan. 2008	758,340		84,128		842,468	
Jakob Baer	since Jan. 2008	426,015		48,425		474,440	3,601
Andreas Jacobs	since Jan. 2008	412,500				412,500	3,300[5]
Francis Mer	since Jan. 2008	428,123		44,191		472,314	
Thomas O'Neill	since Jan. 2008	283,590		33,123		316,713	2,000
David Prince	since Jan. 2008	297,000		3,000		300,000	1
Wanda Rapaczynski[6]	since May 2008	200,000				200,000	
Judith A. Sprieser[6]	since May 2008	200,000				200,000	
Philippe Marcel	until May 2008	150,000	8,741[7]	14,001	300,000	472,742	n.a.
Peter V. Ueberroth	until May 2008	142,500				142,500	n.a.
Total						**4,674,077**	**37,402**

1 Including director's and Company's social contributions.

2 The members of the Board of Directors and the Executive Committee are required to disclose to the Company direct or indirect purchases and sales of equity related securities of Adecco S.A. Such transactions are published on the website of the Company (see: http://www.adecco.com).

3 Until December 31, 2008.

4 Chairman as of January 1, 2009. In case of retirement from the Board of Directors before the Annual General Meeting of 2014 due to resignation or non-reelection, a cash compensation to Rolf Dörig in the amount of one annual fixed board fee will become due. The annual fixed board fee from January 1, 2009 on amounts to CHF 1,800,000 (net of social security charges) of which CHF 300,000 are payable in Adecco S.A. shares.

5 See Corporate Governance section, item 1.2 "Significant shareholders" and Note 4 "Significant shareholders" regarding shares held by a group to which Andreas Jacobs is a member.

6 Elected May 6, 2008 as new member of the Board of Directors.

7 Includes car allowance for private use.

For the year 2007

in CHF (except shares)	Office/ compensation period in 2007	Cash compensation: Base fee for term served[1]	Cash compensation: Annual bonus	Cash compensation: Loyalty bonus[2]	Compensation in kind[3]	Social contributions: Old age insurance/pensions and others	Fees for further work	Total conferred	Shareholding as of December 31, 2007[4]
Name and function									
Jürgen Dormann, Chairman[5]	since Jan. 2007	800,000	559,600	559,600		160,659[6]		2,079,859	30,301
Rolf Dörig, Vice-Chairman[7]	since May 2007	533,500				28,178		561,678	1
Jakob Baer	since Jan. 2007	450,000				24,247		474,247	3,601
Andreas Jacobs	since Jan. 2007	300,000						300,000	3,301[8]
Philippe Marcel[9]	since Jan. 2007	639,643[10]			14,594			654,237	155,501[11]
Francis Mer	since Jan. 2007	450,000				22,314		472,314	1
Thomas O'Neill	since Jan. 2007	300,000				16,521		316,521	2,001
David Prince	since Jan. 2007	300,000					722,252[12]	1,022,252	2
Peter V. Ueberroth	since Jan. 2007	450,000						450,000	1
Klaus J. Jacobs, Chairman[13]	until May 2007							–	n.a.
Total								**6,331,108**	**194,710**

1 Including director's social contributions (where applicable).

2 Bonus conferred and accrued for 2007 under the loyalty bonus plan, payable in 2009, subject to continued function with the Company through to December 31, 2008.

3 Car allowance for private use and housing allowance.

4 The members of the Board of Directors and the Executive Committee are required to disclose to the Company direct or indirect purchases and sales of equity related securities of Adecco S.A. Such transactions are published on the website of the Company (see: http://www.adecco.com).

5 Since May 8, 2007, before Vice-Chairman.

6 In addition to the amount disclosed in the 2007 Annual Report, this includes CHF 120,317 accrued in 2007.

7 Elected May 8, 2007 as new member of the Board.

8 See Corporate Governance section, item 1.2 "Significant shareholders" and Note 4 "Significant shareholders" regarding shares held by a group to which Andreas Jacobs is a member.

9 Stock options held by Philippe Marcel as per December 31, 2007: See table "Stock options held" below.

10 In addition to CHF 300,000 Adecco S.A. board membership fee, amount includes fee for board membership in the Adecco France organisation.

11 Of which 79,080 shares were held by members of Philippe Marcel's family and 15,420 shares were held by an investment company in which Philippe Marcel reported a 50% ownership and parties related to Philippe Marcel participate as well.

12 For consultancy services performed.

13 Until May 8, 2007. See Annual Report 2007 Corporate Governance section, item 1.2 "Significant shareholders" and Note 4 "Significant shareholders" regarding shares held by a group to which Klaus J. Jacobs was a member.

in millions, except share and per share information and compensation table data

Executive Committee Compensation

For the year 2008

in CHF (except shares)	Office/ compensation period in 2008	Gross cash compensation[1]: Annual base salary for term served	Gross cash compensation[1]: Annual bonus	Gross cash compensation[1]: Loyalty bonus[3]	Compen-sation in kind[4]	Social contributions[2]: Old age insurance/ pensions and others	Social contributions[2]: Additional health/acci-dent insurance	Severance payments	Total conferred	Sharehold-ing as of December 31, 2008[5]
Name and function										
Dieter Scheiff, CEO[6]	since Jan. 2008	1,657,250	896,040		7,020	211,784	17,222		2,789,316	27,120
Dominik de Daniel, CFO[7]	since Jan. 2008	828,625	597,360			154,135	2,061		1,582,181	29,978
François Davy, Country Manager France[8]	since Jan. 2008	801,552	477,567		8,859	447,692	11,450		1,747,120	
Theron I (Tig) Gilliam, Country Manager USA & Canada[9]	since Jan. 2008	541,577	477,567		38,545	52,909			1,110,598	
Christian Vasino, Chief HR Officer	since Jan. 2008	450,000	368,536[10]		7,850	93,646	2,281		922,313	1,000
Annalisa Gigante, Chief Business Development and Marketing Officer	since Aug. 2008	168,750	75,000		49,032	32,566			325,348	
Jean-Manuel Bullukian, President Business Lines Engineering & Technical and Information Technology[11]	until March 2008	432,000			3,650	134,998	7,091	1,697,335	2,275,074	n.a.
Jan-Pieter Gommers, President Business Line Sales, Marketing & Events[11]	until March 2008	256,500			12,273	115,370	2,527	1,578,964	1,965,634	n.a.
Gonzalo Fernandez-Castro, Chief Marketing & Business Development Officer[11]	until March 2008	270,000			16,830	159,238	2,071	1,830,000	2,278,139	n.a.
Ekkehard Kuppel, President Business Line Human Capital Solutions[12, 13]	until March 2008	127,737	183,022	183,022	10,397	46,687	2,925		553,790	n.a.
Neil Lebovits, President Business Line Finance & Legal[11]	until March 2008	166,806			84,498	62,918	4,908	346,609	665,739	n.a.
Francois-Xavier Quilici, Chief Information Officer[12]	until March 2008	112,500			1,170	18,411			132,081	n.a.
René Schuster, Country Manager UK & Ireland[12, 14]	until March 2008	173,970			17,082	26,095	1,710		218,857	n.a.
Total									**16,566,190**	**58,098**

1 Including employee's social contributions.

2 Including employer's social contributions.

3 Bonuses conferred and accrued for 2008 under the loyalty bonus plan, payable in 2009, subject to continued function with the Company through to December 31, 2008.

4 Car allowance for private use, car lease financed by the Company, membership fees, housing allowance, relocation, education, health insurance, representation allowance.

5 The members of the Board of Directors and the Executive Committee are required to disclose to the Company direct or indirect purchases and sales of equity related securities of Adecco S.A. Such transactions are published on the website of the Company (see: http://www.adecco.com).

6 Minimum contract duration until June 30, 2011.

7 Minimum contract duration until December 31, 2010.

8 Severance payment of EUR 1,500,000 (CHF 2,240,100) due in case of termination of the employment contract by the employer.

9 Severance payment of USD 1,000,000 (CHF 1,068,240) due in case of termination of the employment contract by the employer.

10 Includes a bonus of CHF 31,036 for services performed in a specific project.

11 Membership in the Executive Committee ended March 3, 2008. Compensation conferred in the fiscal year 2008 until termination of employment.

12 Member of the Executive Committee until March 3, 2008; function no longer represented in the Executive Committee from March 4, 2008 onwards. Compensation received in the fiscal year 2008 for activities as member of the Executive Committee only, i.e. excluding compensation received in relation to other positions after such activity as member of the Executive Committee.

13 Minimum contract duration until December 31, 2008.

14 Severance payment of EUR 1,000,000 (CHF 1,493,400) due in case of termination of the employment contract by the employer.

Adecco S.A. (Holding Company) – Notes to financial statements

in millions, except share and per share information and compensation table data

For the year 2007

in CHF (except shares)	Office/ compensation period in 2007	Cash compensation: Annual base salary for term served	Cash compensation: Annual bonus	Cash compensation: Loyalty bonus[1]	Compensation in kind[2]	Social contributions: Old age insurance/ pensions and others	Social contributions: Additional health/accident insurance	Severance payments	Total conferred	Shareholding as of December 31, 2007[3]
Name and function										
Dieter Scheiff, CEO[4]	since Jan. 2007	1,614,242	1,159,246	1,159,246[5]	329,348	179,957	20,190		4,462,229	27,120[6]
Dominik de Daniel, CFO[7]	since Jan. 2007	810,808	579,623	579,623[5]		123,551	2,422		2,096,027	29,978[6]
François Davy, Country Manager France[8]	since Jan. 2007	820,823	851,193	851,193	38,152	664,867[9]			3,226,228	
Theron I (Tig) Gilliam, Country Manager USA & Canada[10]	since March 2007	555,520	601,813[11]	293,384	3,237	48,678	20,044		1,522,676	
Christian Vasino, Chief HR Officer[12,13]	since April 2007	337,500	405,000	111,375	4,230	52,359	2,508		912,972	1,000
Jean-Manuel Bullukian, President Business Lines Engineering & Technical and Information Technology[14]	since Jan. 2007	576,000	405,736		13,245	91,658	11,820		1,098,459	
Jan-Pieter Gommers, President Business Line Sales, Marketing & Events[14]	since Jan. 2007	342,000	405,736		32,724	62,633	4,211		847,304	
Gonzalo Fernandez-Castro, Chief Marketing & Business Development Officer[15]	since Jan. 2007	360,000	405,736		22,440	62,157	3,298		853,631	
Ekkehard Kuppel, President Business Line Human Capital Solutions[16,17]	since Jan. 2007	545,000	405,736	405,736[5]	293,967	102,053	13,003		1,765,495	
Neil Lebovits, President Business Line Finance & Legal[12,14]	since Feb. 2007	463,396	291,899		25,818	29,006	18,204		828,323	
Francois-Xavier Quilici, Chief Information Officer[16]	since Jan. 2007	450,000	194,893	194,893	4,630	74,436			918,852	
René Schuster, Country Manager UK & Ireland[16,18]	since Jan. 2007	824,489	257,654	257,654	51,559	10,307			1,401,663	
Ray Roe, former Country Manager USA & Canada[12,19]	until Feb. 2007	144,802	93,558	93,558	257,873	20,648			610,439	n.a.
Thomas Flatt, former Chief HR Officer and former Head Business Line Medical & Science	until March 2007	125,744			7,050	20,214	987	1,174,348	1,328,343	n.a.
Jim Fredholm, former Head Business Line Finance & Legal	until Jan. 2007	60,833			2,677	9,382	3,788	1,440,198	1,516,878	n.a.
Total									**23,389,519**	**58,098**

1 Bonuses conferred and accrued for 2007 under the loyalty bonus plan, payable in 2009, subject to continued function with the Company through to December 31, 2008.

2 Car allowance for private use, car lease financed by the Company, membership fees, housing allowance, relocation, education, health insurance, representation allowance.

3 The members of the Board of Directors and the Executive Committee are required to disclose to the Company direct or indirect purchases and sales of equity related securities of Adecco S.A. Such transactions are published on the website of the Company (see: http://www.adecco.com).

4 Minimum contract duration until June 30, 2011.

5 Payable after December 31, 2008, subject to no breach of employment contract by employee up to this point in time.

6 During 2007, DIS options were forfeited in exchange for Adecco S.A. shares. The number of shares exchanged represented the equivalent value of the options at the DIS acquisition date plus a premium for the share price performance of Adecco S.A. from acquisition through to the date of the exchange.

7 Minimum contract duration until December 31, 2010.

8 Severance payment of EUR 1,500,000 (CHF 2,485,875) due in case of termination of the employment contract by the employer.

9 In addition to the amount disclosed in the 2007 Annual Report, this includes CHF 539,109 accrued in 2007.

10 Severance payment of USD 1,000,000 (CHF 1,126,155) due in case of termination of the employment contract by the employer.

11 In addition to the amount disclosed in the 2007 Annual Report, this includes CHF 308,429 accrued in 2007.

12 Compensation received in the fiscal year 2007 for activities as member of the Executive Committee only, i.e. excluding compensation received in relation to other positions prior to or after such activity as member of the Executive Committee.

13 Annual bonus based on Economic Value Added only. Loyalty bonus based on operating profit.

14 Membership in the Executive Committee and function with the Company ended March 3, 2008.

15 Member of the Executive Committee and Chief Marketing & Business Development Officer until March 3, 2008.

16 Function no longer represented in the Executive Committee from March 4, 2008 onwards.

17 Minimum contract duration until December 31, 2008.

18 Severance payment of EUR 1,000,000 (CHF 1,657,250) due in case of termination of the employment contract by the employer.

19 Severance payment of USD 1,000,000 (CHF 1,126,155) due in case of termination of the employment contract.

Adecco S.A. (Holding Company) – Notes to financial statements

in millions, except share and per share information and compensation table data

Compensation of former members of Governing Bodies (Board of Directors, Executive Committee, and closely linked parties)
No compensation payments were made to other former members of Governing Bodies in relation to their former offices.

Shares and stock options allocated to Governing Bodies
In 2008, no Adecco S.A. shares nor stock options were allocated to current or former members of Governing Bodies.

Share ownerships of Governing Bodies
For the individual share ownerships of the Board of Directors and the Executive Committee, see the tables "Board of Directors Compensation" and "Executive Committee Compensation" above and item 1.2 "Significant shareholders" of the Corporate Governance section. As per December 31, 2008, the members of the Board of Directors, including parties closely linked, reported to hold 37,402 shares; not included are the shares held by a group to which Mr Andreas Jacobs is a member (see item 1.2 "Significant shareholders" of the Corporate Governance section). As per December 31, 2008, the members of the Executive Committee, including parties closely linked, reported to hold 58,098 shares. The members of the Board of Directors and the Executive Committee are required to disclose to the Company direct or indirect purchases and sales of equity related securities in accordance with the requirements of the SIX Swiss Exchange. Such transactions are published on the website of the Company (see: http://www.adecco.com).

Stock options held by Governing Bodies
Stock options granted since the merger of Adia and Ecco in 1996 to, exercised by, lapsed from, and held by the members of Governing Bodies in office as of December 31, 2008 and as of December 31, 2007, are presented in the tables below (no stock options were granted since 2004):

As of December 31, 2008

Year of grant	Last year of expiry detail Christian Vasino	Strike price (CHF)	Granted	Exercised	Lapsed	Held
Stock options held						
2003	2012	78.50	2,500		(500)	2,000

As of December 31, 2007

Year of grant	Year of expiry	Last year of expiry detail Philippe Marcel	Neil Lebovits	Christian Vasino	Strike price (CHF)	Granted	Exercised	Lapsed	Held	Held by Philippe Marcel	Held by Neil Lebovits	Held by Christian Vasino
Stock options held												
1997	2006				43.00	1,000	(1,000)					
1998	2007/2008	2008			53.30	176,000	(141,000)		35,000	35,000		
1999	2007/2008		2008		102.20	146,050		(145,600)	450		450	
2000	2009		2009		108.00	4,000		(2,400)	1,600		1,600	
2001	2009/2010	2009	2010		85.27	270,000		(91,334)	178,666	166,666	12,000	
2002	2010				60.00	20,000	(20,000)					
2003	2011	2011			60.00	100,000			100,000	100,000		
2003	2011/2012			2012	78.50	22,500	(20,000)		2,500			2,500
Total						**739,550**	**(182,000)**	**(239,334)**	**318,216**	**301,666**	**14,050**	**2,500**

One option entitles the holder to purchase one Adecco S.A. share under the conditions as outlined in the respective plan.

Options shown as "held" in the tables above are included as part of the total options outstanding presented in the table appearing in the Corporate Governance section, item 2.7 "Convertible notes and options".

For additional information on stock options, see Corporate Governance section, item 2.7 "Convertible notes and options".

Additional fees and remuneration of Governing Bodies
Philippe Marcel, a member of the Board of Directors, has received honorariums in the amount of CHF 0.3.

Loans granted to Governing Bodies
In 2008, the Company did not grant any guarantees nor loans or advances or credits to members of the Board of Directors or to members of the Executive Committee, including closely linked parties.

Note 7 • Risk management

The detailed disclosure regarding risk management required by Swiss law is included in Note 17 to the Adecco Group consolidated financial statements.

Note 8 • Proposed appropriation of available earnings

in CHF	2008	2007
Available earnings of previous year	4,136	3,888
Profit for the year	121	634
Net movement on treasury share provision	(459)	(164)
Dividend distribution	(264)	(222)
Total available earnings	**3,534**	**4,136**
Proposed dividend of CHF 1.50 per registered share	(291)[1]	(303)
Proposed balance to be carried forward	**3,243**	**3,833**

1 This amount represents the maximum amount of dividends payable based on the total number of shares issued (excluding treasury shares) of 174,188,402 and conditional shares of 19,566,804, which were not in circulation as of December 31, 2008.

Report of the Statutory Auditor on the Financial Statements to the General Meeting of Adecco S.A., Chéserex

As statutory auditor, we have audited the accompanying financial statements of Adecco S.A., which comprise the balance sheet, statement of operations and notes for the year ended December 31, 2008.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended December 31, 2008 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Over-sight Act (AOA) and independence (Art. 728 Code of Obligations [CO] and Art. 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Dominick Giuffrida
Certified Public Accountant (U.S.)

Robin Errico

Robin Errico
Licensed audit expert
(Auditor in charge)

Zurich, Switzerland
March 18, 2009

Major consolidated subsidiaries

Name of legal entity	Country	Registered seat of legal entity	Ownership	Type[1]	Currency of share capital	Share capital in thousands
Adecco Argentina S.A.	Argentina	Buenos Aires	100%	O	ARS	44,526
Adecco Industrial Pty Ltd	Australia	Melbourne	100%	O	AUD	5
Icon Recruitment Pty Ltd	Australia	Melbourne	100%	O	AUD	24,469
Adecco Personnel Services NV	Belgium	Brussels	100%	O	EUR	4,151
Adecco Coordination Center NV	Belgium	Brussels	100%	F	EUR	1,332,468
Adecco Financial Services (Bermuda) Ltd	Bermuda	Hamilton	100%	F	USD	12
Adecco Employment Services Limited	Canada	Toronto, Ontario	100%	H/O	CAD	90,615
Ajilon Canada Inc.	Canada	Toronto, Ontario	100%	O	CAD	14,884
Adecco A/S	Denmark	Frederiksberg	100%	O	DKK	10,000
Adecco France SASU	France	Villeurbanne	100%	O	EUR	85,317
ADIA SASU	France	Villeurbanne	100%	O	EUR	83,293
Adecco Medical SASU	France	Villeurbanne	100%	O	EUR	230
Altedia SA	France	Paris	100%	O	EUR	3,027
Adecco Holding France SASU	France	Villeurbanne	100%	H	EUR	601,200
Groupe Datavance SAS	France	Paris	100%	H	EUR	5,708
Adecco Germany Holding GmbH	Germany	Düsseldorf	100%	H	EUR	25
Adecco Personaldienstleistungen GmbH	Germany	Fulda	100%	O	EUR	31
DIS Deutscher Industrie Service AG	Germany	Düsseldorf	100%	O	EUR	12,300
TUJA Zeitarbeit GmbH	Germany	Ingolstadt	100%	O	EUR	40
euro engineering AG	Germany	Ulm	100%	O	EUR	540
Adecco Személyzeti Közvetitö Kft.	Hungary	Budapest	100%	O	HUF	49,000
Adecco Flexione Workforce Solutions Limited	India	Bangalore	100%	O	INR	500
Adecco Italia SpA	Italy	Milan	100%	O	EUR	2,976
Adecco Ltd	Japan	Tokyo	100%	O	JPY	5,562,863
Ecco Servicios de Personal SA de CV	Mexico	Mexico City	100%	H/O	MXN	101,854
Adecco Personeelsdiensten BV	Netherlands	Utrecht	100%	O	EUR	227
Adecco International Financial Services BV	Netherlands	Utrecht	100%	F	EUR	2,500
DNC de Nederlanden Compagnie N.V.	Netherlands	The Hague	100%	H	EUR	11,422
Adecco Norge AS	Norway	Oslo	100%	O	NOK	50,000
Adecco Poland Sp. z o.o.	Poland	Warsaw	100%	O	PLN	50
Adecco Recursos Humanos	Portugal	Lisbon	100%	O	EUR	1,925
Adecco Personnel Pte Ltd	Singapore	Singapore	100%	O	SGD	100
Adecco TT SA Empresa de Trabajo Temporal	Spain	Madrid	100%	O	EUR	1,759
Alta Gestión SA Empresa de Trabajo Temporal	Spain	Madrid	100%	O	EUR	6,420
Atlas Servicios Empresariales S.A.U.	Spain	Madrid	100%	O	EUR	60
Eurocén Europea de Contratas SA	Spain	Madrid	100%	O	EUR	661
Adecco Sweden AB	Sweden	Stockholm	100%	O	SEK	3,038
Adecco Ressources Humaines S.A.	Switzerland	Lausanne	100%	O	CHF	7,000
Adecco S.A.	Switzerland	Chéserex		H	CHF	189,264
Adecco management & consulting S.A.	Switzerland	Lausanne	100%	S	CHF	500
Adecco Invest S.A.	Switzerland	Luzern	100%	H	CHF	100
Adecco UK Ltd	United Kingdom	Borehamwood	100%	O	GBP	15,000
Ajilon (UK) Ltd	United Kingdom	Borehamwood	100%	O	GBP	10
Office Angels Ltd	United Kingdom	Borehamwood	100%	O	GBP	2,657
Roevin Management Services Ltd	United Kingdom	Borehamwood	100%	O	GBP	<1
Adecco USA, Inc.	United States	Wilmington, DE	100%	O	USD	<1
Adecco Inc.	United States	Wilmington, DE	100%	H	USD	<1
Ajilon LLC	United States	Wilmington, DE	100%	O	USD	n/a[2]
Ajilon Professional Staffing LLC	United States	Wilmington, DE	100%	O	USD	n/a[2]
Lee Hecht Harrison LLC	United States	Wilmington, DE	100%	O	USD	n/a[2]
Olsten Staffing Services Corp.	United States	Wilmington, DE	100%	O	USD	<1

1 H – Holding; O – Operating; S – Services; F – Financial.

2 Subsidiary is registered as a Limited Liability Company ("LLC"). No shares have been issued as LLCs have membership interests rather than shares.

Corporate Governance

Applicable Corporate Governance standards

This Corporate Governance disclosure reflects the requirements of the Directive on Information Relating to Corporate Governance, issued by the SIX Swiss Exchange (formerly SWX Swiss Stock Exchange) as amended on March 29, 2006. The principles and the more detailed rules of Adecco S.A.'s Corporate Governance are defined in Adecco S.A.'s Articles of Incorporation, the Internal Policies, and in the Charters of the Committees of the Board of Directors. Adecco S.A.'s principles take into account the recommendations set out in the Swiss Code of Best Practice for Corporate Governance as amended on September 6, 2007.

Statements throughout this Corporate Governance disclosure using the term "the Company" refer to the Adecco Group which comprises Adecco S.A., a Swiss corporation, its majority-owned subsidiaries and other affiliated entities.

Corporate Governance financial information is presented as of December 31, unless indicated otherwise, as the statutory fiscal year of Adecco S.A. is the calendar year.

The Corporate Governance information included in this report is presented in Euro, except for information on shares, share capital, and dividends, which is provided in Swiss francs. Income, expenses, and cash flows are translated at the average exchange rates prevailing during the period, and assets and liabilities are translated at period end exchange rates.

Structure, shareholders, and capital

1. Structure and shareholders

1.1 Legal and management structure

Adecco S.A. is a stock corporation (société anonyme) organised under the laws of Switzerland with its registered office at Chéserex, Switzerland. The Company's principal corporate office is the office of its management company, Adecco management & consulting S.A., at Sägereistrasse 10, Glattbrugg, Switzerland.

Adecco S.A. is listed on the SIX Swiss Exchange with trading also on SWX Europe Limited (symbol ADEN, security number 1213860; ISIN CH0012138605) and on Euronext Paris of Euronext (symbol ADE, Euronext Code CH0012138605, ISIN CH0012138605). Adecco S.A. delisted its American Depositary Shares ("ADS") from the New York Stock Exchange (NYSE) on June 4, 2007. On the same date, Adecco S.A. terminated its American Depositary Receipts ("ADR") programme. As a result of the termination of these programmes, the registration of the Adecco S.A. shares under the U.S. Securities Exchange Act of 1934 was terminated. As of December 31, 2008, the market capitalisation of Adecco S.A., based on the then outstanding number of shares and the closing price of shares on the SIX Swiss Exchange, amounted to approximately CHF 6.2 billion. On March 12, 2009, this market capitalisation amounted to approximately CHF 6.0 billion.

The Company is the global leader in human resource services including temporary staffing, permanent placement, outsourcing, outplacement, and career services consulting.

The Company is organised in a geographical structure (which corresponds to the primary segments). The heads of the main geographies – consisting of France, USA & Canada, UK & Ireland, Germany, Japan, Italy, Iberia, Nordics, Benelux, Switzerland & Austria, and Australia & New Zealand – directly manage the office and industrial business lines as well as the professional business lines. They are supported and guided by a global business line head for the professional business line Adecco Human Capital Solutions and by the corporate business development department for the professional business lines Adecco Information Technology; Adecco Engineering & Technical; Adecco Finance & Legal; Adecco Medical & Science; and Adecco Sales, Marketing & Events. In addition, the countries in the Emerging Markets are directly managed by five regional heads. The classification into business lines is determined by the largest business line revenue share generated in a specific branch.

The Company provides services to businesses and organisations located throughout Europe, North America, Asia Pacific, Latin America, and Africa.

As of January 1, 2009, the Company's Executive Committee was composed as follows:

- Dieter Scheiff, Chief Executive Officer;
- Dominik de Daniel, Chief Financial Officer;
- François Davy, Country Manager, France;
- Theron I (Tig) Gilliam Jr., Country Manager, USA & Canada;
- Christian Vasino, Chief Human Resources Officer;
- Annalisa Gigante, Chief Business Development & Marketing Officer.

The Company comprises numerous legal entities around the world. The major consolidated subsidiaries are listed on page 152 of this Annual Report. The shares of DIS Deutscher Industrie Service AG ("DIS"), a German subsidiary of the Company with its registered seat in Düsseldorf, were delisted from the Frankfurt Stock Exchange on August 20, 2008. No subsidiary has shares listed on a stock exchange; however, a subsidiary has issued convertible bonds, as described further in section 2.7 "Convertible notes and options".

1.2 Significant shareholders

As of December 31, 2008, the total number of shareholders directly registered with Adecco S.A. was 19,626. The major shareholders and their shareholdings were disclosed to the Company as listed in the table below. For all disclosures see http://www.six-swiss-exchange.com/marketpulse/shares/companies/major_shareholders_de.html?fromDate=19980101&issuer=Adecco+SA and http://www.adecco.com/InvestorRelations/CorporateGovernance/Pages/DisclosureOfShareholding.aspx or http://ir.adecco.com

Please note that percentages of shareholdings refer to the date of disclosure unless indicated otherwise and may have changed in the meantime. Swiss disclosure rules stipulate, amongst others, a requirement to disclose information when the voting rights exceed a threshold of 3%.

The following table lists the significant shareholders and – in bold letters – their latest disclosure as well as – in unbold letters – their previous disclosures. For details of the disclosure refer to the links listed next to the disclosure.

Investor	Date of Adecco publication	Percentage of voting rights as disclosed	Links to disclosure publication
Group Franklin Templeton Investments	**10.01.2008**	**5.26% (equity)**	SHAB No. 10, 16.01.2008, p. 44. http://hugin.info/100102/R/1181552/235635.pdf
Adecco S.A.	**21.07.2008**	**9.19% purchase positions of which 7.85% equity, 2.98% sale positions**	SHAB No. 144, 28.07.2008, p. 42. http://hugin.info/100102/R/1237415/264374.pdf
	11.01.2008	5.02% purchase positions of which 4.36% equity, 3.14% sale positions	SHAB No. 10, 16.01.2008, p. 44. http://hugin.info/100102/R/1181542/235633.pdf
Group Deutsche Bank AG	**16.09.2008**	**19.87% purchase positions of which 0.43% equity, 18.56% sale positions**	SHAB No. 188, 29.09.2008, p. 42. http://hugin.info/100102/R/1252052/272371.pdf
	11.09.2008	20.04% purchase positions of which 0.61% equity, 18.75% sale positions	SHAB No. 188, 29.09.2008, p. 42. http://hugin.info/100102/R/1250789/271802.pdf
	13.06.2008	19.81% purchase positions of which 0.50% equity, 18.60% sale positions	SHAB No. 121, 25.06.2008, p. 55. http://hugin.info/100102/R/1227867/260270.pdf
	11.06.2008	20.04% purchase positions of which 0.73% equity, 18.60% sale positions	SHAB No. 117, 19.06.2008, p. 50. http://hugin.info/100102/R/1227135/259934.pdf
	06.06.2008	19.97% purchase positions of which 0.67% equity, 18.61% sale positions	SHAB No. 115, 17.06.2008, p. 59. http://hugin.info/100102/R/1226373/259552.pdf
	02.06.2008	20.00% purchase positions of which 0.86% equity, 18.61% sale positions	SHAB No. 112, 12.06.2008, p. 51. http://hugin.info/100102/R/1224831/258758.pdf
	23.05.2008	19.93% purchase positions of which 0.70% equity, 18.63% sale positions	SHAB No. 106, 04.06.2008, p. 50. http://hugin.info/100102/R/1222284/257550.pdf
	08.05.2008	20.01% purchase positions of which 0.75% equity, 18.67% sale positions	SHAB No. 94, 19.05.2008, p. 42. http://hugin.info/100102/R/1217724/254964.pdf
	08.05.2008	19.99% purchase positions of which 0.73% equity, 18.61% sale positions	SHAB No. 94, 19.05.2008, p. 42. http://hugin.info/100102/R/1217722/254963.pdf
	07.05.2008	20.00% purchase positions of which 0.72% equity, 18.64% sale positions	SHAB No. 94, 19.05.2008, p. 42. http://hugin.info/100102/R/1217187/254598.pdf
	30.04.2008	19.98% purchase positions of which 0.70% equity, 18.64% sale positions	SHAB No. 90, 13.05.2008, p. 45. http://hugin.info/100102/R/1215347/253614.pdf
	08.04.2008	20.70% purchase positions of which 1.47% equity, 18.69% sale positions	SHAB No. 74, 17.04.2008, p. 51. http://hugin.info/100102/R/1207624/248908.pdf
	31.03.2008	27.55% purchase positions of which 1.64% equity, 24.93% sale positions	SHAB No. 67, 08.04.2008, p. 48. http://hugin.info/100102/R/1204686/247359.pdf
	31.03.2008	26.96% purchase positions of which 1.41% equity, 25.04% sale positions	SHAB No. 67, 08.04.2008, p. 48. http://hugin.info/100102/R/1204691/247363.pdf

Investor	Date of Adecco publication	Percentage of voting rights as disclosed	Links to disclosure publication
Jacobs Group	**17.09.2008**	**22.65% purchase positions, all equity**	SHAB No. 188, 29.09.2008, p. 42. http://hugin.info/100102/R/1252417/272477.pdf
	28.03.2008	22.68% purchase positions, all equity	SHAB No. 67, 08.04.2008, p. 48. http://hugin.info/100102/R/1204343/247175.pdf
Group JPMorgan Chase & Co.	**23.10.2008**	**Falling below threshold of 3%**	SHAB No. 212, 31.10.2008, p. 58. http://hugin.info/100102/R/1263320/277297.pdf
Group Credit Suisse	**25.02.2009**	**5.11% purchase positions of which 0.35% equity, 3.43% sale positions**	http://hugin.info/100102/R/1292884/292627.pdf
	25.02.2009	4.94% purchase positions of which 0.18% equity, 3.41% sale positions	http://hugin.info/100102/R/1292883/292626.pdf
	24.02.2009	5.01% purchase positions of which 0.24% equity, 3.41% sale positions	http://hugin.info/100102/R/1292612/292476.pdf
	24.09.2008	4.88% purchase positions of which 0.30% equity, 4.33% sale positions	SHAB No. 189, 30.09.2008, p. 35. http://hugin.info/100102/R/1254613/273290.pdf
	22.09.2008	5.06% purchase positions of which 0.38% equity, 4.33% sale positions	SHAB No. 188, 29.09.2008, p. 42. http://hugin.info/100102/R/1253647/272916.pdf
	28.03.2008	4.48% purchase positions of which 0.72% equity, 5.07% sale positions	SHAB No. 67, 08.04.2008, p. 48. http://hugin.info/100102/R/1204333/247169.pdf
	28.03.2008	3.71% purchase positions of which 0.35% equity, 4.25% sale positions	SHAB No. 67, 08.04.2008, p. 48. http://hugin.info/100102/R/1204336/247171.pdf
	11.02.2008	5.06% purchase positions of which 0.73% equity, 5.51% sale positions	SHAB No. 34, 19.02.2008, p. 55. http://hugin.info/100102/R/1190414/239579.pdf
	06.02.2008	5.42% purchase positions of which 0.82% equity, 4.36% sale positions	SHAB No. 31, 14.02.2008, p. 29. http://hugin.info/100102/R/1189134/238993.pdf
	22.01.2008	4.18% purchase positions of which 0.50% equity, 4.00% sale positions	SHAB No. 18, 28.01.2008, p. 43. http://hugin.info/100102/R/1184302/236748.pdf
	22.01.2008	4.98% purchase positions of which 0.71% equity, 4.33% sale positions	SHAB No. 18, 28.01.2008, p. 43. http://hugin.info/100102/R/1184292/236742.pdf

Investor	Date of Adecco publication	Percentage of voting rights as disclosed	Links to disclosure publication
UBS AG	**24.12.2007**	**Falling below threshold of 3%**	SHAB No. 4, 08.01.2008, p. 48. http://hugin.info/100102/R/1178701/234489.pdf
UBS Fund Management (Switzerland) AG	**02.10.2008**	**Falling below threshold of 3%**	SHAB No. 194, 07.10.2008, p. 35. http://hugin.info/100102/R/1256602/274095.pdf
	09.05.2008	4.03% equity	SHAB No. 98, 23.05.2008, p. 62. http://hugin.info/100102/R/1219335/255830.pdf
Morgan Stanley	**22.01.2009**	**Falling below threshold of 3%**	http://hugin.info/100102/R/1284290/287720.pdf
	01.12.2008	3.57% purchase positions of which 0.56% equity	http://hugin.info/100102/R/1274718/283553.pdf
	24.11.2008	6.26% purchase positions of which 1.86% equity	http://hugin.info/100102/R/1272554/282530.pdf
Harris Associates L.P.	**30.01.2009**	**4.98% equity**	http://hugin.info/100102/R/1285821/288428.pdf
	22.11.2007	5.03% equity	SHAB No 233, 30.11.2007, p. 53. http://hugin.info/100102/R/1170614/230796.pdf
Sonata Securities SA	**08.04.2008**	**17.20% purchase positions of which 0% equity, 17.20% sale positions**	SHAB No. 74, 17.04.2008, p. 51. http://hugin.info/100102/R/1207627/248911.pdf
Akila Finance SA	**09.12.2005**	**5.44% equity**	SHAB No. 245, 16.12.2005, p. 60. http://hugin.info/100102/R/1024859/162642.pdf

As of December 31, 2008, Adecco S.A. is not aware of any person or legal entity, other than those stated above, that directly or indirectly owned 3% or more of voting rights in Adecco S.A., as defined by the Swiss disclosure requirements entered into force as of December 1, 2007. Adecco S.A. is not aware of shareholders' agreements, other than those described in the above mentioned disclosures, between its shareholders pertaining to Adecco S.A. shares held.

According to Art. 20 of the Swiss Stock Exchange Act, any investor who directly, indirectly, or together with another person acquires, holds, or disposes of voting rights in Adecco S.A., for his own account, and thereby attains, falls below, or exceeds the thresholds of 3, 5, 10, 15, 20, 25, 33⅓, 50 or 66⅔% of the voting rights, whether or not such rights may be exercised, must notify Adecco S.A. and the Disclosure Office of the SIX Swiss Exchange. Such notification must be made no later than four trading days after the obligation to disclose arises.

1.3 Cross-shareholdings and shareholdings in listed companies

As of December 31, 2008, there were no cross-shareholdings exceeding 5% of a party's share capital.

2. Capital structure

2.1 Share capital

As of December 31, 2008, Adecco S.A.'s share capital registered with the Commercial Register amounted to CHF 189,263,506 divided into 189,263,506 fully paid up registered shares with a nominal value of CHF 1 each.

2.2 Authorised and conditional capital

Adecco S.A. has no authorised capital in the sense of the Swiss Code of Obligations.

Conditional capital of up to CHF 4,166,804 divided into 4,166,804 registered shares with a nominal value of CHF 1 each is reserved for further exercise of option rights granted to employees and members of the Board of Directors of Adecco S.A. or of its affiliated companies. The subscription rights of shareholders as well as the preferential option subscription rights of the shareholders are excluded. The exercise conditions depend on the respective underlying stock option plan; the share capital will only be increased if and when the holder of the option exercises such stock option, unless treasury shares are used.

Conditional capital of up to CHF 15,400,000 divided into 15,400,000 registered shares with a nominal value of CHF 1 each is reserved for the exercise of option or conversion rights granted in relation to financial instruments such as bonds or similar debt instruments of Adecco S.A. or its affiliates. The subscription rights of the shareholders regarding the subscription of the shares are excluded. The shareholders' preferential bond subscription rights in the issue of the bonds or similar debt instruments may be limited or excluded by the Board of Directors. Part of this conditional capital is reserved for the convertible debt issued by Adecco Financial Services (Bermuda) Ltd. (see item 2.7 "Convertible notes and options").

For details on the terms and conditions of the issuance/creation of shares under conditional capital, see Art. 3ter and 3^{quater} of the Articles of Incorporation (Internet: www.aoi.adecco.com).

2.3 Changes in share capital

Adecco S.A.'s capital structure as of the dates indicated below was as follows:

	Issued shares		Conditional capital		Reserves[1]	Retained earnings
in CHF millions, except shares	Shares	Amount	Shares	Amount	Amount	Amount
01.01.2006	187,607,395	187.6	21,222,915	21.2	2,099	3,774
Changes	1,193,772	1.2	(1,193,772)	(1.2)	257	114
31.12.2006	188,801,167	188.8	20,029,143	20.0	2,356	3,888
Changes	462,339	0.5	(462,339)	(0.5)	196	248
31.12.2007	189,263,506	189.3	19,566,804	(19.5)	2,552	4,136
Changes	–	–	–	–	459	(602)
31.12.2008	**189,263,506**	**189.3**	**19,566,804**	**(19.5)**	**3,011**	**3,534**

1 Reserves include both the general reserve and the reserve for treasury shares.

Details of Adecco S.A.'s general reserves and retained earnings are included in Note 3 to Adecco S.A. (Holding Company) financial statements.

2.4 Shares and participation certificates

Adecco S.A.'s shares have a par value of CHF 1 each. All shares are fully paid registered shares and bear the same dividend and voting rights. Pursuant to Art. 7 of the Articles of Incorporation (Internet: www.aoi.adecco.com), the right to vote and all other rights associated with a registered share may only be exercised by a shareholder, usufructuary, or nominee who is registered in the share register as the shareholder, usufructuary, or nominee with right to vote.

As of December 31, 2008, there were no outstanding participation certificates.

2.5 Bonus certificates

Adecco S.A. has not issued bonus certificates ("Genussscheine").

2.6 Limitations on registration, nominee registration, and transferability

Each Adecco S.A. share represents one vote.

Acquirers of registered shares are recorded in the share register as shareholders with the right to vote upon request, provided that they declare explicitly to have acquired the registered shares in their own name and for their own account (Art. 4 sec. 2 of the Articles of Incorporation; Internet: www.aoi.adecco.com). Upon such declaration, any person or entity will be registered with the right to vote.

The Board of Directors may register nominees with the right to vote in the share register to the extent of up to 5% of the registered share capital as set forth in the Commercial Register. Registered shares held by a nominee that exceed this limit may be registered in the share register if the nominee discloses the names, addresses, and the number of shares of the persons for whose account it holds 0.5% or more of the registered share capital as set forth in the Commercial Register. Nominees within the meaning of this provision are persons who do not explicitly declare in the request for registration to hold the shares for their own account or with whom the

Board of Directors has entered into a corresponding agreement (see Art. 4 sec. 3 of the Articles of Incorporation; Internet: www.aoi.adecco.com). The Board of Directors may grant exemptions to this registration restriction (see Art. 4 sec. 6 of the Articles of Incorporation; Internet: www.aoi.adecco.com). In 2008, there were no such exemptions granted.

Corporate bodies and partnerships or other groups of persons or joint owners who are inter-related to one another through capital ownership, voting rights, uniform management, or otherwise linked as well as individuals or corporate bodies and partnerships who act together to circumvent the regulations concerning the nominees (especially as syndicates), are treated as one nominee respectively as one person within the meaning of paragraph 3 of this article (see Art. 4 sec. 4 of the Articles of Incorporation; Internet: www.aoi.adecco.com).

For further information regarding the procedure and conditions for cancelling statutory privileges and limitations on transferability of shares, see the Articles of Incorporation; Internet: www.aoi.adecco.com.

2.7 Convertible notes and options

On August 26, 2003, Adecco Financial Services (Bermuda) Ltd., a wholly-owned subsidiary of the Company, issued CHF 900 million unsubordinated bonds guaranteed by and convertible into shares of Adecco S.A., due August 26, 2013. The bonds are structured as zero-coupon, 10-year premium redemption convertible bonds with a yield to maturity of 1.5% per annum. Bondholders may put the bonds on August 26, 2010, at the accreted principal amount. The Company may call the bonds at any time after the end of year seven (August 26, 2010) at the accreted principal amount or at any time after a substantial majority of the bonds has been redeemed, converted, or repurchased. The current share price of Adecco S.A. suggests that the bondholders will exercise the put option. At any time from October 6, 2003 to August 12, 2013, at the option of the bondholder, the bonds are convertible into shares of Adecco S.A. at a conversion price of CHF 94.50 per share. If all bonds were converted, Adecco S.A. would issue 9,523,810 additional shares (Art. 3^{quater} of the Articles of Incorporation; Internet: www.aoi.adecco.com). If not converted, the Company will pay a redemption price of up to 116.05% of the principal amount of the bonds. In November 2007, the terms of the bond were amended. The amendment allows the Company to deliver treasury shares held at the time of conversion instead of issuing shares of Adecco S.A. out of the approved conditional capital. Nevertheless, Adecco S.A. has to retain enough conditional capital to issue the full amount of 9,523,810 shares if required upon conversion. In the last quarter of 2008, the Company repurchased bonds with nominal amount of CHF 43 million (EUR 27 million). The gain on the repurchase amounted to CHF 5 million (EUR 3 million). The bonds are kept in treasury.

The Company has stock option plans whereby employees and members of the Board of Directors received options to purchase shares. There are global and country-specific plans in place.

Certain options granted under the plans are tradeable at the SIX Swiss Exchange. The options were granted to employees or members of the Board of Directors of the Company and give the optionee a choice of selling the option on the market or exercising the option to receive an Adecco S.A. share.
If the option holder chooses to sell the option on the market, the options may be held by a non-employee or non-director of the Company. The trading and valuation of the tradeable options are managed by a Swiss bank.

The purpose of the plans was to furnish incentives to selected employees and members of the Board of Directors, to encourage employees to continue employment with the Company, and to align the interests of selected employees and directors with those of the shareholders. Upon exercise of stock options, Adecco S.A. may deliver either shares from its conditional capital, of which up to 4,166,804 shares are reserved for this purpose, or treasury shares bought back on the market.

The Nomination & Compensation Committee is responsible for making proposals, based upon the recommendations of the Executive Committee, to the Board of Directors regarding the individuals to whom options shall be granted, the size of the option grant for each optionee, the conditions, the exercise price, and the grant date. The Board of Directors must approve all the option grants as well as the conditions thereof. The exercise price for one share is generally fixed at or above the fair market value at the date of grant. Depending on the conditions of the plans, options vest with certain waiting periods of up to five years and are subsequently exercisable over a number of years. All options may be exercised and tradeable options may be sold at any time within the exercise period except for limitations set forth in the Company Insider Trading Statement of Policy and by regulatory authorities. No options were granted under any of the Company's stock option plans during 2008. The Board of Directors may modify, amend, suspend, or discontinue the plans.

Summary of the status of the stock option plans as of December 31, 2008:

	Number of shares	Weighted-average exercise price per share (in CHF)	Weighted-average remaining life (in years)	Aggregate intrinsic value (in CHF millions)
Summary of stock option plans				
Options outstanding and vested as of January 1, 2008	**5,648,625**	**75**	**2.1**	
Forfeited	(160,360)	82		
Expired	(1,418,140)	73		
Options outstanding and vested as of December 31, 2008	**4,070,125**	**76**	**1.5**	**0**

For further details, see Note 8 to the consolidated financial statements.

Board of Directors as of January 1, 2009

David Prince

- *Member of the Audit Committee*

Andreas Jacobs

- *Chairman of the Nomination and Compensation Committee*

Judith A. Sprieser

- *Member of the Nomination and Compensation Committee*

Jakob Baer

- *Chairman of the Audit Committee*
- *Member of the Corporate Governance Committee*

Board of Directors, Executive Committee, and Compensation

3. Board of Directors

As per December 31, 2008, the Board of Directors of Adecco S.A. consisted of nine members, and as of January 1, 2009 consists of eight members.

3.1 Biographies of members of the Board of Directors

The following table sets forth the name, year of birth, entry date, and terms of office, nationality, professional education, and principal positions of those individuals who served as members of the Board of Directors as of December 31, 2008:

Jakob Baer (1944)

- Member of the Board of Directors, Chairman of the Audit Committee, and member of the Corporate Governance Committee (all since October 1, 2004); his one year term of office ends on the day of the Annual General Meeting of Shareholders 2009.
- Swiss nationality.
- Graduated Dr. iur. from the University of Bern, Switzerland; Attorney at law.
- Mr Baer was a member of the KPMG Switzerland executive team from 1992 until 1994. From 1994 until September 30, 2004, he held the position of KPMG Switzerland's Chief Executive and was a member of KPMG's European and International Leadership Board. Mr Baer is Counsel at Niederer Kraft & Frey, attorneys at law, Zurich, Switzerland (since 2004).
- Board memberships: Non-executive Board member of Swiss Re[1] (since 2005), Rieter Holding AG[1] (since 2006), Allreal Holding AG[1] (since 2005), Stäubli Holding AG (since 2007, Chairman), and of two other small-sized companies, all in Switzerland.

Rolf Dörig (1957)

- Chairman since January 1, 2009, and member of the Board of Directors since May 2007 (Vice-Chairman from May 2007 until December 31, 2008), member of the Nomination and Compensation Committee (from May 2007 until December 31, 2008), member of the Corporate Governance Committee until May 2008; his one year term of office ends on the day of the Annual General Meeting of Shareholders 2009.
- Swiss nationality.
- Graduated Dr. iur. from the University of Zurich, Switzerland; Attorney at law.
- Mr Dörig joined Credit Suisse in 1986 and held a number of executive positions in various areas of banking and in different geographical markets. As a member of the Group Executive Board, he was assigned responsibility for Swiss corporate and retail banking from 2000 onwards. In 2002, he held the position of Chairman Switzerland. From November 2002 until May 2008, Mr Dörig was Chief Executive

Wanda Rapaczynski

- *Member of the Corporate Governance Committee*

Francis Mer

- *Chairman of the Corporate Governance Committee*
- *Member of the Audit Committee*
- *Member of the Nomination & Compensation Committee*

Rolf Dörig

- *Chairman*

Thomas O'Neill

- *Vice-Chairman*
- *Member of the Audit Committee*
- *Member of the Corporate Governance Committee*

Officer of Swiss Life Group and was elected to the Board of Directors in May 2008.

- Board memberships: Mr Dörig is member of the Board Committee of economiesuisse, Switzerland (since 2003), Delegate of the Board of Directors of Swiss Life Holding AG[1], Switzerland (since 2008), Vice-Chairman of the Board of Directors of Kaba Holding AG[1], Switzerland (since 2004), Chairman of the Board of Directors of Danzer AG, Switzerland (since 2002).

Jürgen Dormann (1940)

- Chairman of the Board of Directors from May 2007 to December 31, 2008. Member of the Board of Directors from June 2004 until December 31, 2008.
- German nationality.
- Masters degree in Economics from the University of Heidelberg, Germany.
- Mr Dormann held a series of positions with Hoechst AG and held the position of Chief Executive Officer from 1994 until 1999. In 1999, Mr Dormann was appointed Chairman of the Management Board of Aventis and in May 2002 was elected Chairman of the Supervisory Board of Aventis. With the creation of Sanofi-Aventis in 2004, Mr Dormann was elected Vice-Chairman. As member of the Board of ABB Ltd.[1], Switzerland, from 1998 to 2007, he served as ABB's Chairman of the Board (2001 to 2007), assuming as well the role of ABB's Chief Executive Officer from 2002 to 2004. Mr Dormann was a member of the Board of Directors of IBM[1], USA (1996 to 2003, and 2005 to 2008), and Sanofi-Aventis[1], France (2004 to 2008).
- Board memberships: Mr Dormann is a member of the Board of Directors of BG Group[1], UK (since 2005), Chairman of the Board of V-Zug, Switzerland (since 2007), and Chairman of the Board of Metall Zug AG[1], Switzerland (since 2008).

Andreas Jacobs (1963)

- Member of the Board of Directors and the Nomination & Compensation Committee, since May 2006, Chairman of the Nomination & Compensation Committee since May 2008; his one year term of office ends on the day of the Annual General Meeting of Shareholders 2009.
- German nationality.
- Graduated Dr. iur. from the University of Freiburg i. Br., Germany, and MBA from INSEAD, Fontainebleau, France.
- From 1991 to 1993, Mr Jacobs worked as a consultant and project manager at The Boston Consulting Group in Munich, Germany. Since 1992, Mr Jacobs has been an independent entrepreneur with a stake in several European and North American companies.
- Board memberships: Mr Jacobs is serving as Chairman of Jacobs Holding AG, Switzerland (since 2004), Chairman of Barry Callebaut AG[1], Switzerland (since 2005), and he is a member of the Board of Infront Sports & Media AG, Switzerland (since 2004).

1 Listed company.

Francis Mer (1939)

- Member of the Board of Directors, Chairman of the Corporate Governance Committee, and member of the Nomination & Compensation Committee (all since June 2004), and of the Audit Committee since May 2006; his one year term of office ends on the day of the Annual General Meeting of Shareholders 2009.
- French nationality.
- Graduated from the Ecole Polytechnique; Commandeur de la Légion d'Honneur.
- Mr Mer joined Saint Gobain Group in 1970 and was appointed Chairman and Chief Executive Officer of Pont-au-Mousson S.A. in 1982. From 1986 to 2002, Mr Mer was Chairman of the steel group Usinor Sacilor. Chairman of Eurofer from 1990 until 1997, he served as Chairman of the International Iron and Steel Institute from 1997 to 1998. In 2002, Mr Mer was Co-Chairman of the Board of Arcelor S.A., Luxembourg. In 2005 and 2006, he was member of the Board of Directors of Alstom S.A.[1], France and of Inco Ltd.[1], Canada.
- Board memberships: Rhodia SA[1], France (since 2004), Safran SA[1], France, Chairman of the Board (since January 2007), member of the Supervisory Board of Fondation pour l'Innovation Politique, France.
- French Minister of Economy, Finance and Industry from May 2002 until March 2004.

Thomas O'Neill (1945)

- Vice-Chairman since January 1, 2009, member of the Board of Directors and of the Audit Committee (since June 2004), and member of the Corporate Governance Committee since May 2006; his one year term of office ends on the day of the Annual General Meeting of Shareholders 2009.
- Canadian nationality.
- Graduated from Queen's University in Kingston, Canada, with a Bachelor of Commerce degree in 1967, and received his Chartered Accountant designation in 1970, FCA designation in 1987. He received an Honorary LLD from Queen's University Kingston, Canada, in 2005.
- In 1967, Mr O'Neill joined the audit staff of Price Waterhouse in Toronto and became a partner in 1978. Until his departure in 2002, he held various leadership positions in both the Canadian firm (Toronto) and in the global firm (New York), including the position of CEO and Chairman of PwC Consulting (global). Mr O'Neill was member of the Board of Dofasco Inc.[1], Canada, from May 2003 to February 2006, and of Ontario Teachers' Pension Plan, Canada, from January 2003 until April 2007.
- Board memberships: BCE Inc.[1], Canada (since January 2003; Chairman since February 2009), Loblaw Companies Ltd.[1], Canada (since May 2004), Nexen Inc.[1], Canada (since January 2003), Scotiabank[1], Canada (since May 2008).
- Non-profit board memberships: Queen's University Kingston, Canada (Vice-Chairman), until May 2008, and St. Michael's Hospital, Canada (member).
- Member of the International Monetary Fund's External Audit Committee since January 2008.

David Prince (1951)

- Member of the Board of Directors since June 2004, member of the Audit Committee from June 2004 to April 2006 and from May 2008, and member of the Corporate Governance Committee from June 2004 to May 2006; his one year term of office ends on the day of the Annual General Meeting of Shareholders 2009.
- British nationality.
- Awarded management trainee scholarship with British Gas and attended Business School in the UK.
- Associate member of CIMA.
- Early career included four years at Cable & Wireless in both general management and group marketing roles before going on to spend 12 years working in the Hong Kong telecommunications market, where Mr Prince held a variety of senior management and public company board positions. From 1994 to 2000, he was Group Finance Director and later Deputy CEO of Hong Kong Telecom. In 2000, Mr Prince joined PCCW plc as Group CFO before becoming Group Finance Director of Cable & Wireless in 2002, a position he held until the end of 2003.
- Board memberships: ARK Therapeutics[1], UK, (since April 2004), SmarTone Telecommunications Holdings Ltd.[1], Hong Kong (since 2005).

Wanda Rapaczynski (1947)

- Member of the Board of Directors and of the Corporate Governance Committee since May 2008; her one year term of office ends on the day of the Annual General Meeting of Shareholders 2009.
- American nationality.
- Holds a Master's degree in management from Yale University and earned a PhD in psychology from the City University of New York.
- Ms Rapaczynski was the co-founder and Chief Executive Officer of the media group Agora, Poland. Previously she held leading positions at Citibank, USA, and today she serves as a member of the Board of Trustees of the Central European University in Budapest, Hungary. She is a member of the international advisory boards of Yale University and Brookings Institution in Washington, D.C., USA. Between 1980 and 1982, she held the position of Project Director at the Family Television Research and Consultation Center at Yale University, USA. Before, she was a postdoctoral fellow at the Educational Testing Service in Princeton, USA.
- Ms Rapaczynski is a member of the Polish group in the Trilateral Commission, and she serves as a member of the main Supervisory Board of the Polish Union of Private Employers in Media and Advertising.

Judith A. Sprieser (1953)

- Member of the Board of Directors and of the Nomination & Compensation Committee since May 2008; her one year term of office ends on the day of the Annual General Meeting of Shareholders 2009.
- American nationality.
- Holds a Bachelor of Arts degree in linguistics and an MBA from Northwestern University, USA.
- Ms Sprieser was the Chief Executive Officer of the US technology software and services company Transora, Inc., USA, until 2005. Previously she held various senior executive positions at Sara Lee Corporation, USA, until May 2000, having joined the company in 1987.
- Board memberships: Ms Sprieser serves as a non-executive director of Allstate Insurance Company[1], USA (since 1999), USG Corporation[1], USA (since 1994), Reckitt Benckiser[1], USA (since 2003), Royal Ahold, N.V.[1], the Netherlands (since 2006), and Intercontinental Exchange[1], USA (since 2004). She has been a member of the Board of Trustees of Northwestern University, USA since 1995.

1 Listed company.

3.2 Other activities and vested interests of the Board of Directors

Except those described in section 3.1, no permanent management/consultancy functions for significant domestic or foreign interest groups and no significant official functions or political posts are held by the members of the Board of Directors of Adecco S.A. The Board of Directors assesses independence of its members.

As per December 31, 2008, all members of the Board of Directors were non-executive. The members of the Board of Directors do not have important business connections with Adecco S.A. or with any of its subsidiaries or affiliates.

A family member of Mr Andreas Jacobs is a partner of the law firm White & Case. From time to time, the Company procures certain legal services from this firm. The fees are charged at going market rates.

In addition, the Company provides services in the normal course of business at arm's length terms to entities that are affiliated with certain of its officers, Board members, and significant shareholders through investment or Board directorship.

3.3 Cross-involvement

Section 3.3 of the Directive on Information Relating to Corporate Governance of SIX Swiss Exchange has been deleted from the Directive without replacement.

3.4 Elections and terms of office

Pursuant to the Articles of Incorporation, the Board of Directors consists of five to nine members (Art. 20 sec. 1 of the Articles of Incorporation; Internet: www.aoi.adecco.com). Members of the Board of Directors are elected for a term of office of one year, until the date of the next Annual General Meeting of Shareholders, and may be re-elected for successive terms (Art. 20 sec. 2 and 3 of the Articles of Incorporation; Internet: www.aoi.adecco.com). Adecco S.A.'s Articles of Incorporation do not limit the number of terms a member may be re-elected to the Board of Directors. Candidates to be elected or re-elected to the Board of Directors are proposed by the Board of Directors to the General Meeting of Shareholders.

3.5 Internal organisation structure

The Board of Directors holds the ultimate decision-making authority of Adecco S.A. for all matters except those reserved by law or the Articles of Incorporation to the shareholders. It determines the overall strategy of the Company and supervises the management of the Company. The Board of Directors operates under the direction of the Chairman and the Vice-Chairman who are appointed by the Board of Directors. As of January 1, 2009, the Board of Directors is composed of eight non-executive members. The agenda of the Board of Directors' meetings is set by the Chairman. Any member of the Board of Directors may request that an item be included on the agenda. Members of the Board of Directors are provided, in advance of meetings, with adequate materials to prepare for the items on the agenda. The Board of Directors recognises the importance of being fully informed on material matters involving the Company and seeks to ensure that it has sufficient information to make appropriate decisions through, at the decision of the Chairman, inviting members of the management or other individuals to report on their areas of responsibility, conducting regular meetings of the respective committees with the management, and retaining outside consultants and external auditors where appropriate, as well as through regular distribution of important information to its members. Decisions are taken by the Board of Directors as a whole, with the support of its three committees described below (the Audit Committee, the Corporate Governance Committee, and the Nomination & Compensation Committee). The Chairman has no casting vote. If a member of the Board of Directors has a personal interest in a matter, other than an interest in his/her capacity as a shareholder of Adecco S.A., such member shall abstain from voting, where adequate. Amongst others, the Board of Directors has established Statements of Policy on Insider Trading as well as on Conflicts of Interest. The compliance with all Statements of Policy is closely monitored.

Each committee has a written charter outlining its duties and responsibilities and regularly meets with management and, where appropriate, outside consultants. Committee members are provided, in advance of meetings, with adequate materials to prepare for the items on their agenda.

In 2008, the Board of Directors held fourteen meetings and phone conferences.

Attendance at meetings & phone conferences during 2008:

	Full Board of Directors	Audit Committee	Corporate Governance Committee	Nomination & Compensation Committee
Number of meetings in person	8	4	3	4
Number of phone conferences	6	5		
Average duration in hours				
• Meetings in person	3 hrs	2 ½ hrs	½ hr	1 hr
• Phone conferences	½ hr	¾ hr		
Jakob Baer	13	8	3	
Rolf Dörig	14		2	4
Jürgen Dormann	14			
Andreas Jacobs	14			4
Francis Mer	12	7	3	4
Thomas O'Neill	13	9	1	
David Prince	14	9		
Wanda Rapaczynski (since May 2008)	8		2	
Judith A. Sprieser (since May 2008)	6			2
Philippe Marcel (until May 2008)	6			1[1]
Peter V. Ueberroth (until May 2008)	5			

1 Guest, without voting right.

The Board of Directors has discussed and assessed its own and its members' performance. The Board was found to be efficiently and appropriately organised.

3.5.1 Audit Committee ("AC")

The AC's primary responsibility is to assist the Board of Directors in carrying out its responsibilities as they relate to the Company's accounting policies, internal controls, and financial reporting practice, thus overseeing management regarding the:

- integrity of the Company's financial statements and other financial reporting and disclosure to any governmental or regulatory body and to the public and other users thereof;
- adequacy and effectiveness of the systems of the Internal Controls Over Financial Reporting (ICOFR) and of the disclosure controls;
- performance of the Company's internal audit function;
- qualifications, engagement, compensation, independence, and performance of the Company's independent auditors, their conduct of the annual audit and interim reviews, and their engagement for any other services (see item 8. "Auditors"); and
- the Company's compliance with legal and regulatory requirements relating to accounting, auditing, financial reporting, and disclosure, or other financial matters.

In 2008, the AC held nine meetings and phone conferences. For specific subjects, the CEO represents the Executive Committee in the meetings. The CFO, the Head of Group Accounting, the Head of Group Internal Audit, and the partners of the external auditors typically participate in the meetings.

As of December 31, 2008, the members of the AC were:

Name	Position
Jakob Baer	Chairman of the AC
Francis Mer	Member
Thomas O'Neill	Member
David Prince	Member

3.5.2 Corporate Governance Committee ("CGC")

The CGC's primary responsibility is to assist the Board of Directors in carrying out its responsibilities as they relate to Corporate Governance principles. The CGC is charged with developing and recommending appropriate Corporate Governance principles and independence rules to the Company, including principles and measures on Corporate Responsibility as well as reviewing and reassessing such principles and rules to ensure that they remain relevant and in line with legal and stock exchange requirements. Recommendations as to best practice are also reviewed to ensure compliance.

In 2008, the CGC held three meetings. For specific subjects, the CEO represents the Executive Committee in the meetings. The Chief Human Resources Officer and the Head of Group Compliance typically participate in the meetings.

As of December 31, 2008, the members of the CGC were:

Name	Position
Francis Mer	Chairman of the CGC
Jakob Baer	Member
Thomas O'Neill	Member
Wanda Rapaczynski	Member

3.5.3 Nomination & Compensation Committee ("NCC")

The NCC's primary responsibility is to assist the Board of Directors in carrying out its responsibilities as they relate to the Company's nomination and compensation matters. The NCC is primarily responsible for the adequacy of the following functions:

- providing recommendations to the Board of Directors regarding the general compensation policy for the Company, including incentive compensation plans and equity-based plans;
- providing recommendations to the Board of Directors regarding the selection of candidates for certain management positions, the terms of their employment, and the evaluation of their performance;
- reviewing and approving the objectives relevant to the compensation of the Executive Committee and a further group of senior managers; and
- establishing principles for the selection of candidates for election or re-election to the Board of Directors, including candidates for committees of the Board of Directors, and including recommendations on compensation of the members of the Board of Directors.

In 2008, the NCC held four meetings. For specific subjects, the CEO represents the Executive Committee in the meetings. The Chief Human Resources Officer typically participates in the meetings.

As of December 31, 2008, the members of the NCC were:

Name	Position
Andreas Jacobs	Chairman of the NCC
Rolf Dörig	Member (until December 31, 2008)
Francis Mer	Member
Judith A. Sprieser	Member

3.6 Responsibilities of the Board of Directors and the Chief Executive Officer ("CEO")

In addition to the determination of the overall strategy of the Company and the supervision of management, the Board of Directors addresses key matters such as acquisitions, long-term financial commitments, management structure, risk management, budget approval, compensation policy, corporate identity policy, guidelines, and policy statements. The Board of Directors approves the strategy of the Company and the annual financial plans developed by the Chief Executive Officer together with the Executive Committee. With support of the AC, it reviews and approves the statutory financial statements of Adecco S.A. and the consolidated accounts of the Company. The Board of Directors also considers other matters of strategic importance to the Company. Subject to the powers reserved to the Board of Directors set out above, the Board of Directors has delegated the coordination of the day-to-day business operations of the Company to the CEO. The CEO is responsible for the implementation of the strategic and financial plans as approved by the Board of Directors. The CEO represents the overall interests of the Company vis-à-vis third parties.

3.7 Information and control instruments

The Board of Directors' instruments of information and control vis-à-vis management consist of the following main elements:

- All members of the Board of Directors regularly receive information about current developments.
- The CEO reports to the Chairman of the Board of Directors on a regular basis. Extraordinary and urgent events are communicated immediately by the CEO or by members of the Executive Committee.
- Formal meetings of the Board of Directors and of the Board's Committees including sessions with the CEO and with other members of the Executive Committee or other individuals, at the invitation of the Chairman.
- Informal meetings and phone conferences between members of the Board of Directors and the CEO, as well as with other members of the Executive Committee.

- The management information system of the Company which includes (i) the monthly financial results including key performance indicators and (ii) a structured quarterly operational review of the major countries. Summarised consolidated monthly reports are distributed to each member of the Board of Directors; further details are provided to the members of the Board of Directors upon request.
- The Internal Audit function as established by the Board of Directors; the Head of Group Internal Audit reports to the Chairman of the Audit Committee; the responsibilities of Internal Audit are defined by the Audit Committee as part of their oversight function in coordination with the CEO and CFO. Internal Audit is concerned with the assessment of how the Company (i) complies with pertinent laws, regulations and stock exchange rules relating to accounting, auditing, financial reporting and disclosure or other financial matters and (ii) conducts its related affairs and (iii) maintains related controls.
- The Company has a risk management process in place which focuses on managing risks as well as identifying opportunities. The process is embedded in the Company's strategic and organisational context and covers the significant risks for the Company including financial, operational and strategic risks. The Board oversees the management's risk analysis and the measures taken based on the findings of the risk review process.
- External Audit: See section 8. "Auditors".

4. Executive Committee

4.1 Members of the Executive Committee

The following table sets forth the name, year of birth, year of entry to the Company, nationality, professional education, and principal positions of those individuals who served as members of the Executive Committee of the Company as of December 31, 2008.

Dieter Scheiff (1952)
- Chief Executive Officer and member of the Executive Committee since August 2006.
- German nationality.
- Graduated in Business Administration, University of Applied Sciences (Fachhochschule), Aachen, Germany.
- Before joining Adecco, Mr Scheiff had served for five years with DIS, whereof four years as CEO. Between 1998 and 2001, Mr Scheiff worked in senior positions with Johnson & Johnson Cordis becoming Vice President Europe in 2001. Prior to 1998, Mr Scheiff worked for 18 years with 3M assuming various sales and marketing roles.

Dominik de Daniel (1975)
- Chief Financial Officer and member of the Executive Committee since April 2006.
- German nationality.
- Mr de Daniel was a bank trainee at Deutsche Bank AG before completing vocational studies in banking and business administration at the Bankakademie.
- Mr de Daniel held the function of CFO of DIS from 2002 until March 2006. Before joining DIS, Mr de Daniel was a senior analyst at Deutsche Bank AG for temporary employment companies and consumer good manufacturers.

François Davy (1956)
- Country Manager France and member of the Executive Committee since January 2007.
- French nationality.
- Holds an Executive MBA (Insead, France), and a diploma in Food Engineering (ENITIAA, Nantes, France).
- Previous positions include Sales and Marketing Director of the Mail Division of La Poste, France from 2005 to 2006, and from 2000 to 2005, Vice President Mergers and Acquisitions, Vice President Global Accounts, Vice President for Southern Europe and Country Manager France of Motorola. From 1996 to 2000 Mr Davy served as Managing Director of Cadbury Schweppes France; from 1987 to 1996, at Danone Group, France; from 1978 to 1987, at Bel Group, France.

Theron I (Tig) Gilliam Jr (1964)
- Country Manager USA & Canada and member of the Executive Committee since March 2007.
- American nationality.
- Mr Gilliam holds an MBA (Columbia University, USA), and an MS in Systems Engineering (University of Virginia's School of Engineering and Applied Sciences, USA).

- He joined the Adecco Group in March 2007 as Country Manager USA & Canada. Prior to this, Mr Gilliam served as Global Supply Chain Management Leader and Consumer Products Industry Leader for Global Business Services at IBM. Before 2002, he had been a Partner with Price Waterhouse and PricewaterhouseCoopers Consulting for 15 years.

Annalisa Gigante (1966)
- Chief Business Development & Marketing Officer and member of the Executive Committee (all since August 2008).
- Italian nationality.
- Holds an MA from Cambridge University and an MBA from SDA Bocconi in Milan.
- After an early career with Bain and Monsanto, from 2000 to 2004, Ms Gigante was Director for Global Strategy and Business Development at Manpower before she decided to take a career break after the birth of her daughter. In 2006, she joined Royal DSM N.V., the Dutch life sciences and materials sciences company, as Vice President for Commercialisation, Innovation and Product Launch. Ms Gigante is a Board Member of the European Professional Women's Network and co-author of "Women on Boards – Moving Mountains" (2007).

Christian Vasino (1972)
- Chief Human Resources Officer and member of the Executive Committee since April 2007.
- Italian nationality.
- Holds a degree in law (University Turin, Italy) and commenced his career as a lawyer.
- Mr Vasino joined Adecco in December 2003 as Director of Human Resources Adecco Italy. In May 2005, he became Vice President Human Resources of the Adecco Group.
- From 2001 to 2003, he was Director of Human Resources of Irisbus Italy (IVECO Group), and from 1998 to 2001, he held various management functions in Human Resources.

4.2 Other activities and vested interests

Except those described above in 4.1 "Members of the Executive Committee", no further permanent management/consultancy functions for significant domestic or foreign interest groups and no significant official functions or political posts are held by the members of the Executive Committee of Adecco S.A.

4.3 Management contracts

There are no significant management contracts between the Company and external providers of services.

5. Compensation

Please refer to the Remuneration Report.

Further information

6. Shareholders' rights

See also the Articles of Incorporation (Internet: www.aoi.adecco.com).

Information rights
Swiss law allows any shareholder to obtain information from the Board of Directors during the General Meeting of Shareholders provided that no preponderant interests of Adecco S.A., including business secrets, are at stake and the information requested is required for the exercise of shareholders' rights. Shareholders may only obtain access to the books and records of Adecco S.A. if authorised by the Board of Directors or the General Meeting of Shareholders. Should Adecco S.A. refuse to provide the information requested, shareholders may seek a court order to gain access to such information. In addition, if the shareholders' inspection and information rights prove to be insufficient, each shareholder may petition the General Meeting to appoint a special commissioner who shall examine certain specific transactions or any other facts in a so-called special inspection. If the General Meeting approves such a request, Adecco S.A. or any shareholder may within 30 days ask the court of competent jurisdiction at Adecco S.A.'s registered office to appoint a special commissioner. Should the General Meeting deny such a request, one or more shareholders who hold at least 10% of the equity capital, or shares with an aggregate nominal value of at least CHF 2 million, may petition the court of competent jurisdiction to appoint a special commissioner. Such request must be granted and a special commissioner appointed if the court finds prima facie evidence that the Board of Directors breached the law or did not act in accordance with Adecco S.A.'s Articles of Incorporation. The costs of the investigation are generally allocated to Adecco S.A. and only in exceptional cases to the petitioner(s).

Dividend payment
Swiss law requires that Adecco S.A. retains at least 5% of its annual net profits as general reserves until such reserves cover 20% of Adecco S.A.'s nominal paid-in share capital (Art. 671 sec. 1, Swiss Code of Obligations). Any remaining net profits may be distributed as dividends, pursuant to a resolution of the General Meeting of Shareholders. A claim for payment of dividends declared is time-barred after a period of five years. The payment and amount of dividends on Adecco S.A. shares are subject to the recommendation of Adecco S.A.'s Board of Directors and the approval of the holders of Adecco S.A. shares with voting rights at the General Meeting of Shareholders. The method for determining the amounts of capital, reserves, and retained earnings for purposes of determining allowable dividend or retention of reserves is fixed in accordance with Swiss law.

Liquidation and dissolution
The Articles of Incorporation do not limit Adecco S.A.'s duration.

Adecco S.A. may be dissolved and liquidated at any time by a resolution of a General Meeting of Shareholders taken by at least two-thirds of the votes allocated to all issued shares (Art. 27 of the Articles of Incorporation; Internet: www.aoi.adecco.com). Under Swiss law, Adecco S.A. may also be dissolved by a court order upon the request of holders of Adecco S.A. shares representing at least 10% of Adecco S.A.'s share capital who assert significant grounds for the dissolution of Adecco S.A. The court may also grant other relief. The court may at any time, upon request of a shareholder or obligee decree the dissolution of Adecco S.A. if the required corporate bodies are missing. Adecco S.A. may also be dissolved following bankruptcy proceedings.

Swiss law requires that any net proceeds from a liquidation of Adecco S.A., after all obligations to its creditors have been satisfied, be used first to repay the nominal equity capital of Adecco S.A. Thereafter, any remaining proceeds are to be distributed to the holders of Adecco S.A. shares in proportion to the nominal value of those Adecco S.A. shares.

Further capital calls by Adecco S.A.
Adecco S.A.'s share capital is fully paid up. Hence, the shareholders have no liability to provide further capital to Adecco S.A.

Subscription rights
Under Swiss law, holders of Adecco S.A. shares have pre-emptive rights to subscribe to any issuance of new Adecco S.A. shares in proportion to the nominal amount of Adecco S.A. shares held by that holder. A resolution adopted at a General Meeting with a supermajority may suspend these pre-emptive rights for significant and material reasons only. Pre-emptive rights may also be excluded or limited in accordance with

Adecco S.A.'s Articles of Incorporation (Internet: www.aoi.adecco.com).

6.1 Voting rights and representation restrictions

For further details see section 2.6 "Limitations on registration, nominee registration, and transferability".

Pursuant to the Articles of Incorporation, a shareholder may be represented by (i) the shareholder's legal representative, (ii) a third person who need not be a shareholder with written proxy, (iii) a corporate body of Adecco S.A., (iv) an independent proxy, or (v) a depository (Art. 17 sec. 2 of the Articles of Incorporation; Internet: www.aoi.adecco.com). At a General Meeting of Shareholders, votes are taken by poll.

6.2 Legal and statutory quorums

There is no provision either in the Articles of Incorporation or under Swiss law requiring a quorum to be present for a General Meeting of Shareholders except for the one according to Art. 27 of the Articles of Incorporation. The General Meeting shall constitute a quorum regardless of the number of shareholders present and regardless of the number of shares represented (Art. 18 sec. 1 of the Articles of Incorporation; Internet: www.aoi.adecco.com).

There are no quorums in Adecco S.A.'s Articles of Incorporation which require a majority greater than set out by applicable law except for the case of a dissolution where at least a two-thirds majority of the votes allocated to all issued shares is required (see Art. 27 of the Articles of Incorporation; Internet: www.aoi.adecco.com).

In addition to the powers described above, the General Meeting has the power to vote on amendments to Adecco S.A.'s Articles of Incorporation (including the conversion of registered shares to bearer shares), to elect the members of the Board of Directors, the statutory auditors and any special auditor for capital increases, to approve the Annual Report, including the statutory financial statements and the annual group accounts, and to set the annual dividend. In addition, the General Meeting has competence in connection with the special inspection and the liquidation of Adecco S.A.

6.3 Convocation of the General Meeting of Shareholders

Notice of a General Meeting of Shareholders must be provided to the shareholders by publishing a notice of such meeting in the "Swiss Official Gazette of Commerce" ("Schweizerisches Handelsamtsblatt") at least 20 days before the meeting. The notice must state the items on the agenda and the proposals of the Board of Directors and the shareholders who demanded that a General Meeting be called or asked for items to be put on the agenda. Admission to the General Meeting is granted to any shareholder registered in Adecco S.A.'s share register at a certain date, which will be published together with the invitation to the General Meeting in the "Swiss Official Gazette of Commerce" ("Schweizerisches Handelsamtsblatt").

6.4 Agenda

Under Swiss corporate law, an ordinary General Meeting of Shareholders shall be held within six months after the end of each fiscal year. Extraordinary General Meetings of Shareholders may be called by the Board of Directors or, if necessary, by the statutory auditors. In addition, an extraordinary General Meeting of Shareholders may be called by a resolution of the shareholders adopted during any prior General Meeting of Shareholders or, at any time, by holders of shares representing at least 10% of the share capital.

The Swiss Code of Obligations is applicable to the right to request that a specific item be put on the agenda of a General Meeting of Shareholders and discussed and voted upon. Holders of Adecco S.A. shares with a nominal value of at least CHF 1 million have the right to request that a specific proposal be discussed and voted upon at the next General Meeting.

6.5 Registration in the share register

Shareholders will be registered in the share register of Adecco S.A. until the date defined in the invitation to a General Meeting of Shareholders to be published in the "Swiss Official Gazette of Commerce" ("Schweizerisches Handelsamtsblatt"). Only shareholders who hold shares registered in the share register with a right to vote at a certain date, or their representatives, are entitled to vote. There are no specific rules regarding the granting of exemptions from the above deadline.

7. Changes of control and defence measures

7.1 Duty to make an offer

The Articles of Incorporation of Adecco S.A. do not contain opting-up or opting-out clauses in the sense of Art. 22 and 32 of the Federal Act on Stock Exchanges and Securities Trading ("SESTA"). Therefore, pursuant to the applicable provisions of the SESTA, if any person acquires shares of Adecco S.A., whether directly or indirectly or acting together with another person, which, added to the shares already owned, exceed the threshold of 33⅓% of the voting rights of Adecco S.A., irrespective of whether the voting rights are exercisable or not, that person must make an offer to acquire all of the listed equity securities of Adecco S.A. There is no obligation to make a bid under the foregoing rules if the voting rights in question are acquired as a result of a donation, succession or partition of an estate, a transfer based upon matrimonial property law, or execution proceedings or if an exemption is granted.

Adecco S.A.'s Articles of Incorporation do not contain any provisions other than those mentioned in this report (see section 2.6 "Limitations on registration, nominee registration, and transferability") that would have an effect of delaying, deferring, or preventing a change in control of Adecco S.A.

7.2 Change of control clause

There are no change of control clauses in favour of members of the Board of Directors or members of the Executive Committee in place. However, in case of resignation or non-reelection, the Chairman is entitled to compensation (see Note 6 to Adecco S.A. (Holding Company) financial statements and the Remuneration Report). Furthermore, Dieter Scheiff and Dominik de Daniel as current members of the Executive Committee have employment contracts with a minimum contract duration as indicated in Note 6 to Adecco S.A. (Holding Company) financial statements and in the Remuneration Report.

Some further current and former members of the Executive Committee are promised severance payments in case of termination of their employment contract: See footnotes (regarding Tig Gilliam, François Davy, and Ray Roe) in Note 6 to Adecco S.A. (Holding Company) financial statements and in the Remuneration Report.

8. Auditors

Each year, the Annual General Meeting of Shareholders of Adecco S.A. elects the statutory auditor. On May 6, 2008, the Annual General Meeting of Shareholders elected Ernst & Young Ltd, Zurich, as statutory auditor of the Company for the business year 2008.

Ernst & Young Ltd has served the Group as its Independent Auditors since 2002. Jan Birgerson coordinated the audit of Adecco S.A.'s statutory financial statements and the Company's consolidated financial statements from 2004 to 2007. Beginning in 2008 this role was taken over by Dominick Giuffrida.

The total fee for the Group audit of the Company and for the statutory audits of the Company's subsidiaries for the fiscal year 2008, amounted to EUR 5.7 million.

For the fiscal year 2008, additional fees of EUR 0.4 million were charged for audit-related services such as advice on matters not directly related to the Group audit and other. Fees for tax services and other services were not significant.

The Audit Committee oversees the Company's financial reporting process on behalf of the Board of Directors.

In this capacity, the Audit Committee discusses, together with the Independent Auditors, the conformity of the Company's financial statements with accounting principles generally accepted in the United States and the requirements of Swiss law.

The Audit Committee regularly meets with the Independent Auditors, at least four times a year, to discuss the results of their examinations, and the overall quality of the Company's financial reporting. During 2008, the Independent Auditors attended eight meetings and phone conferences of the Audit Committee. The Independent Auditors regularly have private sessions with the Audit Committee, without the CEO, the CFO, or any other member of the Executive Committee attending. The Audit Committee assessed with the Company's Independent Auditors the overall scope and plan for the 2008 audit of the Company. The Independent Auditors are responsible for expressing an opinion on the consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States and the requirements of Swiss law. Further, the Independent Auditors are required, under the auditing standards generally accepted in the United States, to discuss, based on written reports, with the Audit Committee their judgments as to the quality, not just the acceptability, of the Company's accounting policies as applied in the Company's financial reporting, including the consistency of the accounting policies and their application and the clarity and completeness of the financial statements and disclosures. Further, the Independent Auditors are responsible for expressing opinions on the stand-alone financial statements of Adecco S.A. and certain Swiss subsidiaries in accordance with Swiss statutory requirements.

The Audit Committee oversees the work of the Independent Auditors and it reviews, at least annually, their qualification, performance and independence. It discusses with the Independent Auditors the auditor's independence from management and the Company, and monitors the audit partner rotation (service of the coordinating partner and of the independent review partner is limited to seven years). The Audit Committee considers the compatibility of non-audit services with the auditors' independence and pre-approved all audit and non-audit services provided by the Independent Auditors. Services may include audit-related services, tax services and other services.

The Audit Committee proposes the Independent Auditors to the Board of Directors for election by the shareholders and is responsible for approving the audit fees. At the beginning of each year a proposal for fees for audit services is submitted by the Independent Auditors and validated by the CFO, before it is submitted to the Audit Committee for approval.

9. Information policy

The Annual General Meeting of Shareholders for the fiscal year 2008 is planned to be held on May 13, 2009, at Beaulieu Lausanne Centre de Congrès et d'Expositions, in Lausanne, Switzerland. The venue details will be published in the "Swiss Official Gazette of Commerce" ("Schweizerisches Handelsamtsblatt") at least 20 days before the meeting.

Adecco S.A. provides quarterly media releases on the Company's consolidated and divisional results as per the following agenda:

May 6, 2009	Q1 2009 results;
May 13, 2009	Annual General Meeting;
August 11, 2009	Q2 2009 results;
November 5, 2009	Q3 2009 results.

For further investor information, including inscription to push and pull services, refer to Internet http://ir.adecco.com.

To order a free copy of this Annual Report and for further information, please refer to the contact addresses listed on the inside back cover of the Annual Report (Internet: http://contacts.adecco.com).

Remuneration Report

Adecco's Remuneration Report reflects the requirements of Section 5. of the Directive on Information Relating to Corporate Governance, issued by the SIX Swiss Exchange (formerly SWX Swiss Stock Exchange) as amended on March 29, 2006. Adecco S.A.'s principles regarding remuneration take into account the recommendations set out in the Swiss Code of Best Practice for Corporate Governance as amended on September 6, 2007. In addition, the Remuneration Report comprises information as required under the Swiss Code of Obligations (Art. 663b^{bis} and 663c para. 3), which is included in Note 6 to Adecco S.A. (Holding Company) financial statements. Please note that further information regarding Adecco's Corporate Governance is provided in the Corporate Governance Report.

1. Determination of remuneration principles and compensation

In order to maintain its competitive positioning, the Company reviews market conditions on a continuing basis. Compensation is dependent on outside influences including geographic location, industry, competition, and general business climate. Therefore the Company's country organisations conduct annual local salary surveys and review country-specific economic data to determine their merit increase guidelines.

The Company's compensation programmes are approved by the Board of Directors. The Board has entrusted the Board's Nomination & Compensation Committee (NCC), which is composed of independent Board members only, with providing recommendations to the Board of Directors regarding the remuneration principles and general compensation philosophy of the Company and reviewing and approving the objectives relevant to the compensation of the Executive Committee and a further group of senior managers (for further details on NCC composition, tasks and activities see the Corporate Governance report, section 3.5.3).

The remuneration of the Board of Directors is determined by the full Board of Directors, upon recommendation from the NCC.

The compensation of the Executive Committee and of a further group of senior managers is authorised by the full Board of Directors, upon recommendation from the NCC.

The compensation of the other employees of the Company is authorised by the responsible members of management, based on the remuneration principles and general compensation philosophy of the Company.

2. Remuneration principles

2.1 The Company's compensation philosophy

The Company's compensation philosophy seeks to recognise and reward performance. Taking into consideration Group and business unit contributions as well as individual contributions, the programmes are designed to attract, retain, motivate, and reward employees in order to achieve the Company's financial and strategic objectives and also to ensure that the total compensation opportunity is internally consistent and externally competitive.

It is the Company's aim to align its compensation philosophy with the shareholders' interests and to foster collaboration between countries, units and departments. The compensation should be fair and competitive and therefore the base salaries are aligned at median level. The Company strives to recognise and reward team performance. Thus, as a general rule, individual quantitative targets are not used for bonus purposes in the current compensation programmes. Economic Value Added (EVA) targets, defined in line with the strategic five-year plan of the Company, are used for the short-term bonuses for the Group and in the countries. In addition to this, for members of the Executive Committee and selected next level managers, long-term incentives have been introduced to foster a mindset aiming at a more long-term perspective.

2.2 Elements of the Board of Directors' compensation

The Board members are currently compensated with an annual fee depending on their function whilst the current Chairman is compensated with a fixed fee, partially paid in Adecco S.A. shares. The former Chairman participated in a bonus and loyalty bonus programe, based on the same elements as the 2008 Executive Committee's plan.

2.3 Elements of the Executive Committee's compensation

Effective January 1, 2009, the Board of Directors has implemented a new compensation programme. For the 2008 disclosure of compensation, the previous plans are described hereinafter, followed by a description of the new plans.

2.3.1 Compensation programme 2008 for the Executive Committee

The Company's compensation programme for the Executive Committee (only four of the current six members of the Executive Committee participated in the short- and long-term incentives), included fix and variable elements as follows:

- base salary;
- short-term incentives – two variable plans on a yearly performance-related focus:
  - a cash bonus plan linked with the Economic Value Added growth ("The yearly Economic Value Added growth bonus plan");
  - a share-linked bonus plan ("The yearly share-linked bonus plan");
- long-term incentive (loyalty bonus plan);
- social charges, usual pension plan contributions, and fringe benefits; and
- transitional arrangements (special conditions for assignments abroad).

In 2008, no Adecco S.A. shares nor stock options were granted to the Executive Committee and no special pension arrangement/contributions were made to members of the Executive Committee.

The short- and long-term incentive plans as described above were terminated as per the end of 2008.

Details of the 2008 plans (expired)

Base salary: The annual base salary represents payment for due job performance and was determined based on local market conditions and industry practices.

Short-term incentives: Annual bonuses were an integral part of the target compensation and were based on quantitative and qualitative objectives. The plans rewarded for yearly growth of Economic Value Added and share price appreciation.

- *The yearly Economic Value Added growth bonus plan* required a growth of either the Company, the relevant Business Line, or country, applying a progressive pay-out curve and a threshold performance. The bonus was to be calculated by multiplying the yearly growth in percentage by a factor of 2 (for economic profit growth below 15%, this is applicable only to the Group CEO and CFO) or 3 (for a growth from 15% to 29.99% growth, applicable for all participants) or a factor of 4 (growth of 30% and more, applicable for all participants) multiplying the bonus base amount times an adjustment factor related to compliance. The yearly bonus was due at the beginning of the following fiscal year after approval of the annual financial statements by the auditors. This amount was subject to reduction by 10% or 20% if there were compliance issues with an impact on the financial audit. No cap applied for the maximum pay-out.
- *The yearly share-linked bonus plan* rewarded the annual share price appreciation against a predefined basis over three years (baseline for the 2006–2008 plan was CHF 60). The payout curve was progressive. The actual bonus was to be calculated by multiplying the bonus base amount times the share price growth against the share price baseline by a factor of 1 (below 10% growth), 2 (from 10% to below 20% growth), 3 (from 20% to below 30% growth) or 4 (growth of 30% and more). The yearly bonus was due at the beginning of the following fiscal year.

For 2008, a discretionary bonus under the short-term incentive plan for the participating members of the Executive Committee has been conferred. The respective bonus amounts are in a range of 44% to 88% of the respective individual's base salary.

Long-term incentive: The objective of the long-term incentive programme was to promote "loyalty" (retention plan in the phase of the turnaround of the Company) and to reward excellence over a defined period. If the respective member of the Executive Committee remained (neither the Company nor respective member having given notice; in the case of fixed-term contracts, no breach of contract by the employee having occurred) with the Company until December 31 of the third year after enrolment into the plan, the participant was entitled to receive an amount equal to the sum of all bonus payments received during the past three years under the yearly Economic Value Added growth bonus plan and the yearly share-linked bonus plan. This plan expired at the end of 2008 and no member of the Executive Committee is entitled to any further payments thereunder, beyond the remuneration disclosed in this report. Two members of the Executive Committee did not participate in the yearly share-linked bonus plan nor in the long-term incentive plan (see "3. Details of compensation elements").

Social charges, pension plan contributions and fringe benefits: Payments and contributions were based on local regulations, market conditions, and industry practices.

In previous years, a stock option based plan was utilised. The last stock option grant occurred in 2004. All stock options granted will remain outstanding until the earlier of exercise or expiry.

2.3.2 Compensation programme 2009 for the Executive Committee

The compensation model described above expired at the end of 2008. To emphasise compatibility with Swiss (as currently stated in the best practice recommendations by economiesuisse) and international standards of best practice in Corporate Governance, the NCC has launched the development of a new compensation scheme for the members of the Executive Committee and a further group of senior managers. In order to ensure that the new scheme is in line with market standards for compensation (benchmarks), the NCC has asked a professional international provider of such services, Hay Group, for support in the design and implementation phase. Hay Group was asked for support to benchmark the Company's pay practice and policy against a Swiss and a pan-European sample of large companies of comparable size and business complexity, taking into account comparable job sizes and job profiles. Hay Group has no other significant mandates with the Company.

The new compensation scheme, as approved by the Board of Directors based on the recommendations of the NCC, includes fix and variable elements as follows:

- a base salary;
- a short-term incentive plan, based on annual, ambitious and transparent performance objectives in relation to the major key performance indicators of the Company and the area of responsibility of the job holder;
- a long-term incentive plan, based on ambitious internal performance objectives and external performance objectives for out-performance in comparison with a group of peers;
- social charges and benefits as already mentioned in the former policy.

Details of the 2009 plans

Base salary: The annual base salary represents payment for due job performance and is determined based on market conditions and industry practices.

Short-Term Incentive Plan as from 2009 ("STIP"): The short-term incentive plan is a general incentive programme. For members of the Executive Committee with country responsibility, 50% of the STIP base is related to the Economic Value Added ("EVA") of the Group and 50% is related to the EVA at the country level, with the Group's EVA concept being based on net operating profit after taxes minus cost of invested capital. For the members of the Executive Committee who do not have direct responsibility for a specific country, the STIP is based on the EVA of the Group for the relevant financial year. The STIP bonus base for members of the Executive Committee ranges between 60% and 90% of the individual's base salary. For 2009, the entitlement to the STIP based bonus is capped at 120% of the STIP bonus base. The short-term bonus is paid out in the following fiscal year, after due finalisation of the Group audit.

Long-Term Incentive Plan as from 2009 ("LTIP"): Under the LTIP, the NCC may grant awards to members of the Executive Committee and other key individuals (currently to an identified group of approximately 20 individuals). Annual awards contain a promise to deliver a number of Adecco S.A. shares to the participants of the plan after a period of approximately three years, provided and to the extent that certain performance conditions are met. The performance conditions relate to financial performance (earnings per share development; "EPS" element) of Adecco S.A. and to the relative change in Adecco S.A.'s shareholder value (total shareholder return; "TSR" element), compared to that of a pre-defined group of peers. At the end of the performance period, the performance conditions are measured and the awards are released accordingly to the respective participants, and all restrictions on the awards are lifted. Those awards which do not vest, lapse immediately. Participants, who terminate their employment with the Group at their own will, and those who are terminated for cause before the end of the performance period, will no longer be entitled to the award.

The LTIP target bonus base amount is defined as a percentage of the participant's base salary. Such percentage depends upon the participant's function. For members of the Executive Committee, the percentage ranges between 60% and 90%. 50% of the LTIP target bonus base is allocated to the EPS element (EPS target amount) and 50% is allocated to the TSR element of the plan (TSR target amount). The vesting of the shares under the LTIP is subject to approval by the NCC who determines whether and to which extent the performance targets are reached.

Earnings per share (EPS) condition – measurement principles: EPS performance is evaluated by comparing EPS of the year before the award is granted with EPS of the last year of the performance period, taking into account the compound annual growth rate of the EPS, dilution impact and, as the case may be, further impact caused by exceptional items. Any EPS performance adjustments are at the discretion of the NCC.

Total shareholder return (TSR) condition - measurement principles: The share price performance of Adecco S.A. including reinvested dividends during the performance period is compared with the weighted average TSR of a pre-defined group of peers. The composition of the group of peers is determined by the NCC. For the 2009 award, the TSR performance conditions have been determined by the NCC as follows: With a TSR below the TSR of the group of peers, there will be no entitlement to a release of the TSR part of the award. With an equal TSR, the participants are entitled to the release of 25% of the TSR part of the award, while with a 5% over-performance, the entitlement amounts to 100% of the TSR part of the award (capped; in straight-line interpolation).

Social charges, pension plan contributions and fringe benefits: Payments and contributions are based on local regulations, market conditions, and industry practices.

3. Details of compensation elements

3.1 Compensation and shareholding of acting members of the Board of Directors and the Executive Committee

The members of the Board of Directors are compensated in the form of cash. The amount conferred to the members of the Board of Directors for the fiscal year 2008 amounted to CHF 5 million. This amount includes honorariums (fees), salaries, credits, bonuses, and benefits in kind (according to market value at time of conferral). The total of all compensation conferred for the fiscal year 2008 to the Executive Committee, including bonus payments for 2008 due in 2009, amounted to CHF 17 million. Not included are bonus payments due for 2007 but made during 2008.

Individual compensation and shareholding for 2008 and 2007 are presented in the tables below:

3.1.1 Board of Directors Compensation

For the year 2008

in CHF (except shares)	Office/ compensation period in 2008	Net cash compensation: Base fee for term served	Compensation in kind	Social contributions[1]: Old age insurance/pensions and others	Fees for further work	Total conferred	Shareholding as of December 31, 2008[2]
Name and function							
Jürgen Dormann, Chairman[3]	since Jan. 2008	759,600		80,800		840,400	28,500
Rolf Dörig, Vice-Chairman[4]	since Jan. 2008	758,340		84,128		842,468	
Jakob Baer	since Jan. 2008	426,015		48,425		474,440	3,601
Andreas Jacobs	since Jan. 2008	412,500				412,500	3,300[5]
Francis Mer	since Jan. 2008	428,123		44,191		472,314	
Thomas O'Neill	since Jan. 2008	283,590		33,123		316,713	2,000
David Prince	since Jan. 2008	297,000		3,000		300,000	1
Wanda Rapaczynski[6]	since May 2008	200,000				200,000	
Judith A. Sprieser[6]	since May 2008	200,000				200,000	
Philippe Marcel	until May 2008	150,000	8,741[7]	14,001	300,000	472,742	n.a.
Peter V. Ueberroth	until May 2008	142,500				142,500	n.a.
Total						**4,674,077**	**37,402**

1 Including director's and Company's social contributions.

2 The members of the Board of Directors and the Executive Committee are required to disclose to the Company direct or indirect purchases and sales of equity related securities of Adecco S.A. Such transactions are published on the website of the Company (see: http://www.adecco.com).

3 Until December 31, 2008.

4 Chairman as of January 1, 2009. In case of retirement from the Board of Directors before the Annual General Meeting of 2014 due to resignation or non-reelection, a cash compensation to Rolf Dörig in the amount of one annual fixed board fee will become due. The annual fixed board fee from January 1, 2009 on amounts to CHF 1,800,000 (net of social security charges) of which CHF 300,000 are payable in Adecco S.A. shares.

5 See Corporate Governance section, item 1.2 "Significant shareholders" and Note 4 "Significant shareholders" regarding shares held by a group to which Andreas Jacobs is a member.

6 Elected May 6, 2008 as new member of the Board of Directors.

7 Includes car allowance for private use.

For the year 2007

in CHF (except shares)	Office/ compensation period in 2007	Cash compensation: Base fee for term served[1]	Cash compensation: Annual bonus	Cash compensation: Loyalty bonus[2]	Compensa-tion in kind[3]	Social contributions: Old age insur-ance/pensions and others	Fees for further work	Total conferred	Shareholding as of December 31, 2007[4]
Name and function									
Jürgen Dormann, Chairman[5]	since Jan. 2007	800,000	559,600	559,600		160,659[6]		2,079,859	30,301
Rolf Dörig, Vice-Chairman[7]	since May 2007	533,500				28,178		561,678	1
Jakob Baer	since Jan. 2007	450,000				24,247		474,247	3,601
Andreas Jacobs	since Jan. 2007	300,000						300,000	3,301[8]
Philippe Marcel[9]	since Jan. 2007	639,643[10]			14,594			654,237	155,501[11]
Francis Mer	since Jan. 2007	450,000				22,314		472,314	1
Thomas O'Neill	since Jan. 2007	300,000				16,521		316,521	2,001
David Prince	since Jan. 2007	300,000					722,252[12]	1,022,252	2
Peter V. Ueberroth	since Jan. 2007	450,000						450,000	1
Klaus J. Jacobs, Chairman[13]	until May 2007							–	n.a.
Total								**6,331,108**	**194,710**

1 Including director's social contributions (where applicable).

2 Bonus conferred and accrued for 2007 under the loyalty bonus plan, payable in 2009, subject to continued function with the Company through to December 31, 2008.

3 Car allowance for private use and housing allowance.

4 The members of the Board of Directors and the Executive Committee are required to disclose to the Company direct or indirect purchases and sales of equity related securities of Adecco S.A. Such transactions are published on the website of the Company (see: http://www.adecco.com).

5 Since May 8, 2007, before Vice-Chairman.

6 In addition to the amount disclosed in the 2007 Annual Report, this includes CHF 120,317 accrued in 2007.

7 Elected May 8, 2007 as new member of the Board.

8 See Corporate Governance section, item 1.2 "Significant shareholders" and Note 4 "Significant shareholders" regarding shares held by a group to which Andreas Jacobs is a member.

9 Stock options held by Philippe Marcel as per December 31, 2007: See table "Stock options held" below.

10 In addition to CHF 300,000 Adecco S.A. board membership fee, amount includes fee for board membership in the Adecco France organisation.

11 Of which 79,080 shares were held by members of Philippe Marcel's family and 15,420 shares were held by an investment company in which Philippe Marcel reported a 50% ownership and parties related to Philippe Marcel participate as well.

12 For consultancy services performed.

13 Until May 8, 2007. See Annual Report 2007 Corporate Governance section, item 1.2 "Significant shareholders" and Note 4 "Significant shareholders" regarding shares held by a group to which Klaus J. Jacobs was a member.

3.1.2 Executive Committee Compensation

For the year 2008

in CHF (except shares)	Office/ compensation period in 2008	Gross cash compensation[1]: Annual base salary for term served	Annual bonus	Loyalty bonus[3]	Compen- sation in kind[4]	Social contributions[2]: Old age insurance/ pensions and others	Additional health/acci- dent insurance	Severance payments	Total conferred	Sharehold- ing as of December 31, 2008[5]
Name and function										
Dieter Scheiff, CEO[6]	since Jan. 2008	1,657,250	896,040		7,020	211,784	17,222		2,789,316	27,120
Dominik de Daniel, CFO[7]	since Jan. 2008	828,625	597,360			154,135	2,061		1,582,181	29,978
François Davy, Country Manager France[8]	since Jan. 2008	801,552	477,567		8,859	447,692	11,450		1,747,120	
Theron I (Tig) Gilliam, Country Manager USA & Canada[9]	since Jan. 2008	541,577	477,567		38,545	52,909			1,110,598	
Christian Vasino, Chief HR Officer	since Jan. 2008	450,000	368,536[10]		7,850	93,646	2,281		922,313	1,000
Annalisa Gigante, Chief Business Development and Marketing Officer	since Aug. 2008	168,750	75,000		49,032	32,566			325,348	
Jean-Manuel Bullukian, President Business Lines Engineering & Technical and Information Technology[11]	until March 2008	432,000			3,650	134,998	7,091	1,697,335	2,275,074	n.a.
Jan-Pieter Gommers, President Business Line Sales, Marketing & Events[11]	until March 2008	256,500			12,273	115,370	2,527	1,578,964	1,965,634	n.a.
Gonzalo Fernandez-Castro, Chief Marketing & Business Development Officer[11]	until March 2008	270,000			16,830	159,238	2,071	1,830,000	2,278,139	n.a.
Ekkehard Kuppel, President Business Line Human Capital Solutions[12, 13]	until March 2008	127,737	183,022	183,022	10,397	46,687	2,925		553,790	n.a.
Neil Lebovits, President Business Line Finance & Legal[11]	until March 2008	166,806			84,498	62,918	4,908	346,609	665,739	n.a.
Francois-Xavier Quilici, Chief Information Officer[12]	until March 2008	112,500			1,170	18,411			132,081	n.a.
René Schuster, Country Manager UK & Ireland [12, 14]	until March 2008	173,970			17,082	26,095	1,710		218,857	n.a.
Total									**16,566,190**	**58,098**

1 Including employee's social contributions.

2 Including employer's social contributions.

3 Bonuses conferred and accrued for 2008 under the loyalty bonus plan, payable in 2009, subject to continued function with the Company through to December 31, 2008.

4 Car allowance for private use, car lease financed by the Company, membership fees, housing allowance, relocation, education, health insurance, representation allowance.

5 The members of the Board of Directors and the Executive Committee are required to disclose to the Company direct or indirect purchases and sales of equity related securities of Adecco S.A. Such transactions are published on the website of the Company (see: http://www.adecco.com).

6 Minimum contract duration until June 30, 2011.

7 Minimum contract duration until December 31, 2010.

8 Severance payment of EUR 1,500,000 (CHF 2,240,100) due in case of termination of the employment contract by the employer.

9 Severance payment of USD 1,000,000 (CHF 1,068,240) due in case of termination of the employment contract by the employer.

10 Includes a bonus of CHF 31,036 for services performed in a specific project.

11 Membership in the Executive Committee ended March 3, 2008. Compensation conferred in the fiscal year 2008 until termination of employment.

12 Member of the Executive Committee until March 3, 2008; function no longer represented in the Executive Committee from March 4, 2008 onwards. Compensation received in the fiscal year 2008 for activities as member of the Executive Committee only, i.e. excluding compensation received in relation to other positions after such activity as member of the Executive Committee.

13 Minimum contract duration until December 31, 2008.

14 Severance payment of EUR 1,000,000 (CHF 1,493,400) due in case of termination of the employment contract by the employer.

For the year 2007

in CHF (except shares)	Office/ compensation period in 2007	Cash compensation: Annual base salary for term served	Cash compensation: Annual bonus	Cash compensation: Loyalty bonus[1]	Compen- sation in kind[2]	Social contributions: Old age insurance/ pensions and others	Social contributions: Additional health/acci- dent insurance	Severance payments	Total conferred	Sharehold- ing as of December 31, 2007[3]
Name and function										
Dieter Scheiff, CEO[4]	since Jan. 2007	1,614,242	1,159,246	1,159,246[5]	329,348	179,957	20,190		4,462,229	27,120[6]
Dominik de Daniel, CFO[7]	since Jan. 2007	810,808	579,623	579,623[5]		123,551	2,422		2,096,027	29,978[6]
François Davy, Country Manager France[8]	since Jan. 2007	820,823	851,193	851,193	38,152	664,867[9]			3,226,228	
Theron I (Tig) Gilliam, Country Manager USA & Canada[10]	since March 2007	555,520	601,813[11]	293,384	3,237	48,678	20,044		1,522,676	
Christian Vasino, Chief HR Officer[12,13]	since April 2007	337,500	405,000	111,375	4,230	52,359	2,508		912,972	1,000
Jean-Manuel Bullukian, President Business Lines Engineering & Technical and Information Technology[14]	since Jan. 2007	576,000	405,736		13,245	91,658	11,820		1,098,459	
Jan-Pieter Gommers, President Business Line Sales, Marketing & Events[14]	since Jan. 2007	342,000	405,736		32,724	62,633	4,211		847,304	
Gonzalo Fernandez-Castro, Chief Marketing & Business Development Officer[15]	since Jan. 2007	360,000	405,736		22,440	62,157	3,298		853,631	
Ekkehard Kuppel, President Business Line Human Capital Solutions[16,17]	since Jan. 2007	545,000	405,736	405,736[5]	293,967	102,053	13,003		1,765,495	
Neil Lebovits, President Business Line Finance & Legal[12,14]	since Feb. 2007	463,396	291,899		25,818	29,006	18,204		828,323	
Francois-Xavier Quilici, Chief Information Officer[16]	since Jan. 2007	450,000	194,893	194,893	4,630	74,436			918,852	
René Schuster, Country Manager UK & Ireland[16,18]	since Jan. 2007	824,489	257,654	257,654	51,559	10,307			1,401,663	
Ray Roe, former Country Manager USA & Canada[12,19]	until Feb. 2007	144,802	93,558	93,558	257,873	20,648			610,439	n.a.
Thomas Flatt, former Chief HR Officer and former Head Business Line Medical & Science	until March 2007	125,744			7,050	20,214	987	1,174,348	1,328,343	n.a.
Jim Fredholm, former Head Business Line Finance & Legal	until Jan. 2007	60,833			2,677	9,382	3,788	1,440,198	1,516,878	n.a.
Total									**23,389,519**	**58,098**

1 Bonuses conferred and accrued for 2007 under the loyalty bonus plan, payable in 2009, subject to continued function with the Company through to December 31, 2008.

2 Car allowance for private use, car lease financed by the Company, membership fees, housing allowance, relocation, education, health insurance, representation allowance.

3 The members of the Board of Directors and the Executive Committee are required to disclose to the Company direct or indirect purchases and sales of equity related securities of Adecco S.A. Such transactions are published on the website of the Company (see: http://www.adecco.com).

4 Minimum contract duration until June 30, 2011.

5 Payable after December 31, 2008, subject to no breach of employment contract by employee up to this point in time.

6 During 2007, DIS options were forfeited in exchange for Adecco S.A. shares. The number of shares exchanged represented the equivalent value of the options at the DIS acquisition date plus a premium for the share price performance of Adecco S.A. from acquisition through to the date of the exchange.

7 Minimum contract duration until December 31, 2010.

8 Severance payment of EUR 1,500,000 (CHF 2,485,875) due in case of termination of the employment contract by the employer.

9 In addition to the amount disclosed in the 2007 Annual Report, this includes CHF 539,109 accrued in 2007.

10 Severance payment of USD 1,000,000 (CHF 1,126,155) due in case of termination of the employment contract by the employer.

11 In addition to the amount disclosed in the 2007 Annual Report, this includes CHF 308,429 accrued in 2007.

12 Compensation received in the fiscal year 2007 for activities as member of the Executive Committee only, i.e. excluding compensation received in relation to other positions prior to or after such activity as member of the Executive Committee.

13 Annual bonus based on Economic Value Added only. Loyalty bonus based on operating profit.

14 Membership in the Executive Committee and function with the Company ended March 3, 2008.

15 Member of the Executive Committee and Chief Marketing & Business Development Officer until March 3, 2008.

16 Function no longer represented in the Executive Committee from March 4, 2008 onwards.

17 Minimum contract duration until December 31, 2008.

18 Severance payment of EUR 1,000,000 (CHF 1,657,250) due in case of termination of the employment contract by the employer.

19 Severance payment of USD 1,000,000 (CHF 1,126,155) due in case of termination of the employment contract.

3.2 Compensation of former members of Governing Bodies (Board of Directors, Executive Committee, closely linked parties)

No compensation payments were made to other former members of Governing Bodies in relation to their former offices.

3.3 Shares and stock options allocated to Governing Bodies

In 2008, no Adecco S.A. shares nor stock options were allocated to current or former members of Governing Bodies.

3.4 Share ownerships of Governing Bodies

For the individual share ownerships of the Board of Directors and the Executive Committee, see the tables "Board of Directors Compensation" and "Executive Committee Compensation" above and item 1.2 "Significant shareholders" of the Corporate Governance section. As per December 31, 2008, the members of the Board of Directors, including parties closely linked, reported to hold 37,402 shares; not included are the shares held by a group to which Mr Andreas Jacobs is a member (see item 1.2 "Significant shareholders" of the Corporate Governance section). As per December 31, 2008, the members of the Executive Committee, including parties closely linked, reported to hold 58,098 shares. The members of the Board of Directors and the Executive Committee are required to disclose to the Company direct or indirect purchases and sales of equity related securities in accordance with the requirements of the SIX Swiss Exchange. Such transactions are published on the website of the Company (see: http://www.adecco.com).

3.5 Stock options held by Governing Bodies

Stock options granted since the merger of Adia and Ecco in 1996 to, exercised by, lapsed from, and held by the members of Governing Bodies in office as of December 31, 2008 and as of December 31, 2007, are presented in the tables below (no stock options were granted since 2004):

As of December 31, 2008

	Last year of expiry detail					
Year of grant	Christian Vasino	Strike price (CHF)	Granted	Exercised	Lapsed	Held
Stock options held						
2003	2012	78.50	2,500		(500)	2,000

As of December 31, 2007

Year of grant	Year of expiry	Last year of expiry detail: Philippe Marcel	Neil Lebovits	Christian Vasino	Strike price (CHF)	Granted	Exercised	Lapsed	Held	Held by Philippe Marcel	Held by Neil Lebovits	Held by Christian Vasino
Stock options held												
1997	2006				43.00	1,000	(1,000)					
1998	2007/2008	2008			53.30	176,000	(141,000)		35,000	35,000		
1999	2007/2008		2008		102.20	146,050		(145,600)	450		450	
2000	2009		2009		108.00	4,000		(2,400)	1,600		1,600	
2001	2009/2010	2009	2010		85.27	270,000		(91,334)	178,666	166,666	12,000	
2002	2010				60.00	20,000	(20,000)					
2003	2011	2011			60.00	100,000			100,000	100,000		
2003	2011/2012			2012	78.50	22,500	(20,000)		2,500			2,500
Total						**739,550**	**(182,000)**	**(239,334)**	**318,216**	**301,666**	**14,050**	**2,500**

One option entitles the holder to purchase one Adecco S.A. share under the conditions as outlined in the respective plan.

Options shown as "held" in the tables above are included as part of the total options outstanding presented in the table appearing in the Corporate Governance section, item 2.7 "Convertible notes and options".

For additional information on stock options, see Corporate Governance section, item 2.7 "Convertible notes and options".

3.6 Additional fees and remuneration of Governing Bodies

Philippe Marcel, a member of the Board of Directors, has received honorariums in the amount of CHF 0.3 million.

3.7 Loans granted to Governing Bodies

In 2008, the Company did not grant any guarantees nor loans or advances or credits to members of the Board of Directors or to members of the Executive Committee, including closely linked parties.

Glossary

Affinity group A small group of individuals responsible for a given activity, issue, role or skill.
Aging workforce The next few decades will see substantial demographic changes due to aging of the workforce. This development will reshape all aspects of our lives, including businesses, workplaces, health and education systems, requiring active intervention by all concerned.
Associate A person who works for Adecco on a temporary basis (external colleague).
Baby boomers Individuals born between 1946 and 1964.
Blog (weblog) A blog is a public journal posted online that can be used as a way to give website visitors frequent updates on news and events.
Blue-collar worker Broadly refers to workers performing work of a manual nature, often in industrial settings.
Brain drain 1) The emigration of highly skilled and educated workers to other locations in search of better career opportunities and compensation. 2) The loss of skilled workers. In particular, this term refers to the loss of skills, knowledge and relationships that older workers have acquired during their careers.
CAGR (Compound average growth rate) The average growth rate over multiple periods.
Call centre delivery A model of service delivery without face-to-face interaction with the client.
Candidate Any person interested in becoming an external colleague or having a permanent placement.
Capability mapping A method used by benchmarking teams to analyse the nuts and bolts of an organisation in order to determine its unique capabilities.
Capacity development The process by which individuals, groups and organisations develop their abilities to perform functions, solve problems and achieve objectives.
Career management addresses the needs of both employers and employees throughout their working lives.
Change management The development of a planned approach to changing a method of management or business practice in an organisation. Typically, the objective is to maximise the collective efforts of everybody involved in the change.
Client A buyer of Adecco Group's HR-Services.
Compensatory time A type of work schedule that allows employees to take time off instead of receiving overtime pay.
Competence-based training Training that focuses exclusively on teaching the skills, facts and attitudes associated with a specific job.
Contract business Service rendered in large volumes to large account clients according to conditions agreed in a framework contract.
Corporate culture The inherent personality of a company or business. This includes a company's values, visions, principles, traditions, operating methods and work environment. The company places equal value on its colleagues (internal and external), customers, shareholders, suppliers and communities, because all these elements are important to the company and its business.
Decentralisation Significant decision-making delegated throughout the organisation, down to regional, national and local management levels.
Delivery/distribution The way to approach and serve the client.
DSO (Days sales outstanding) The average number of days that a company takes to collect revenue after a service has been delivered.
E-delivery All forms of approach to clients and service delivery using the Internet or other electronic platforms.
Emergency replacement planning A contingency process developed by a company or business to quickly identify and properly replace employees should they resign or be dismissed from an organisation.
Executive search A search at C level.
External colleague A person who is employed by an Adecco Group company and works for an Adecco Group client on a temporary or a permanent basis.
Flexicurity Refers to the combination of labour market flexibility in a dynamic economy with security for workers. Flexicurity is a three-sided mix of flexibility in the labour market, combined with social security and an active labour market policy with rights and obligations for the unemployed.
Futuring The attempt to identify and plan for future trends and events.
Generation X Individuals born between 1965 and 1977. Adecco describes Generation Xers as being influenced by technology, television, day care and divorce. They represent an age of accelerated schedules, multitasking and the information revolution.
Generation Y Individuals born between 1978 and 1989. Adecco describes Generation Yers as pragmatic and hardworking, as well as wanting independence and job satisfaction. They are a generation of volunteers who seek such opportunities outside the workplace.

HR BPO (Human resource business process outsourcing) Total or partial outsourcing of HR duties (e.g. payroll, recruiting, training, benefits, employee orientation, staffing).

Intergenerational programme Programmes that bring together participants of different ages.

Internal colleague A person who is employed on a permanent basis by Adecco Group or one of its companies.

KPI (Key performance indicator) A parameter used to determine whether the desired input or outcome has been achieved.

Knowledge retention The retention of procedural and technical information within a company. This is especially important when an employee with several years of work experience, knowledge and relationships leaves a company.

Leadership development The development of leaders within an organisation. Companies may implement programmes that instruct and guide employees on how to become leaders in both their professional lives and their communities.

Learning styles Different approaches to learning. Recognised styles include visual, auditory, kinesthetic and intrapersonal.

Lifelong learning In an era of rapidly evolving knowledge and ever-increasing globalisation, patterns of working, learning, and living need to change with the times. Lifelong learning is a continuous process of formal and informal learning to keep employees up to date.

Mentorship Relationship between a (usually) senior and a junior employee. The senior employee instructs and guides the junior employee on a company's work practices, skills, and career choices and decisions.

MSP (Managed service provider) Responsible for managing a client's temporary/contingent workforce programme; in many cases combined with a vendor management system (VMS). The MSP manages the recruiting process by providing candidates from its own pool, as well as from other agencies (mostly from a preferred-supplier list).

Multigenerational workplace Refers to today's workforce, which for the first time in history includes at least four generations: the silent generation, baby boomers, generation X and generation Y. According to Adecco, the multigenerational workplace provides a strong impetus for businesses to take a closer look at the generational distribution of their workforce and understand each group's needs, enabling them to run a more efficient and effective workplace.

Offshoring The process of relocating business processes (labour, machinery, factories, etc.).

On-site A model of service delivery where an Adecco representative (potentially a team) responsible for client management is physically present at the client's facility.

Outplacement The process of placing employees in other positions or training courses following loss of a job.

Outsourcing The practice of using external workers and/or machinery for certain business tasks.

Payrolling Adecco administers payrolling services, but is not involved in the search and placement process.

Peer review An assessment conducted by a person of the same level.

PEO (Professional employer organisation) Providing management and administration of human resources and employer's risk for its clients, in a long-term relationship, often without a fixed period.

Performance management The process of observing, setting goals, revising and implementing change within an organisation to increase or enhance performance.

Permanent placement The placement of a candidate (potentially an associate) for an indeterminate period.

Project staffing/consulting The assignment of an employee or a team from the Adecco staff (potentially complemented by associate[s]) to the client for the execution of a project, with the resources remaining on Adecco's payroll and integrated into Adecco's reporting structure.

Public-Private Partnership (PPP) All forms of co-operation between public authorities and the private sector. PPP is becoming an increasingly important factor in the labour market owing to the need for greater flexibility on the part of companies, safeguarding of social security for employees and the growing importance of career changes.

Remote worker An individual who works from a remote location (other than the office), usually linked by computer, e-mail and telephone.

Retail business Service rendered to small account clients.

RPO (Recruiting process outsourcing) Total or partial outsourcing of recruiting duties (e.g. CV screening, job-board searching, job posting). The agency makes the recruitment decision.

Secondment The assignment of an Adecco employee (not from the associate pool) to a client, with the employee remaining on Adecco's payroll, but fully integrated into the client's organisation.

Selective supervision The procedure for supervising specific activities on a less frequent basis due to time constraints.

Skill shortage is an economic condition in which there are insufficient qualified candidates/employees to fill the marketplace demands for employment at any price.
Succession planning The process by which successors are identified for key positions throughout an organisation. According to Adecco, the process should focus not only on the top levels of the company, but also on other vital roles throughout the organisation. Succession planning should take into account the strategic vision and culture of the organisation.
Talent management The management of an organisation's employees or workers. Talent management requires that a company recognise the individual strengths and weaknesses of its employees or workforce, as well as strive to revise and improve the talents and skills of its workforce.
Telecommute A term used for employees who tend to work from a remote location, usually from home, and are reachable by one or more of the following: e-mail, telephone and fax.
Temporary placement The placement of human resources for non-permanent employment needs. Placements may be defined or undefined.
Thought leadership The process of providing specific, predetermined information on a certain subject. Individuals or entities can be "thought leaders" and can drive or lead discussions on a certain topic.
Training The development of a company's human capital.
TWA Temporary work agencies.
VMS (Vendor management system) A web-based application for automating the procurement of contingent staff.
Voluntary reduced worktime Time/income trade-off arrangements that allow full-time employees to reduce work hours for a specified period of time, with a corresponding reduction in compensation.
White-collar worker Broadly refers to employees who perform knowledge work, such as those in professional, managerial or administrative positions, often in an office environment.
Work-life balance A situation where an employee's work and personal life are balanced. Employees may be given options such as telecommuting, flexible work schedules, maternal or paternal leave to accommodate their personal lives with their careers.
360° feedback A performance review method that allows an employee to get feedback from supervisors, peers, staff members, co-workers and sometimes customers.

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History

The Adecco Group is the result of over 50 years' expansion and growth by acquisitions around the world. The founding companies, Adia and Ecco, merged in 1996 to form the global leader.

1957

- **Adia SA is founded in Lausanne, Switzerland, by Henri Lavanchy.** The firm grows rapidly in its home country before expanding abroad.

1964

- **Philippe Foriel-Destezet founded Ecco in Lyon.** By the early 1980s, Ecco is France's largest supplier of temporary personnel.

1961–1980

- **In the 1960s, Adia opens offices in various European countries** and then in 1972 takes a first step overseas, with a branch in Menlo, California. In 1974, **Lavanchy recruits Martin O. Pestalozzi** and a phase of expansion by acquisitions begins. In the next 12 years, **Adia buys over 85 companies**, **tripling in size** and gaining footholds in more than a dozen countries, including France (1975) and the UK (1977), where it **buys the market leader: Alfred Marks Bureau Ltd.**

Early 1980s

- Further expansion overseas, **including Australia, New Zealand, Japan, Hong Kong and Canada.** Meanwhile, **Ecco is focusing on its home market.** By the mid-1980s, it is the market leader in France, a decade later **world no. 2.** The growth of both companies is part of a wider trend: temporary staffing becomes the world's third-fastest growing industry in the 1980s. Adia's Pestalozzi states in 1985: "We want balanced growth; **we want to be known as the best, rather than the biggest** in our markets."

Late 1980s

- **Sales topping USD 1 billion in 1986 make Adia the European leader.** Its success is partly down to a focus on quality and high-value services. The 1990s see a growing **trend towards specialised skills,** e.g. accounting and word-processing, including in-house training programmes.

1990s

- Further acquisitions from the late 1980s onwards strengthen base in highly skilled, specialised fields. Also, a move into **social programmes focused on more mature workers.**

  In 1991, recognising the importance of the industry's role in job creation and its growth potential, **Klaus J. Jacobs** invests in Adia en route to becoming **majority shareholder.**

1996

- **Adia and Ecco merge to form Adecco.** Two of the world's top three personnel services firms, with complementary geographical profiles, merge to form a strong global leader with annualised **revenues of over EUR 5.4 billion.** Operations are combined to form a **global network of 2,500 branches.** The new Company has an exceptional range and quality of services. The core staffing business places around **250,000 people** in work **each day.**

1997–2000

- Following its **takeover of TAD Resources International, Massachusetts,** in 2000, Adecco acquires **Olsten Staffing of Melville (NY)** to become the **no. 1 recruitment company in the US.** That year, the merged Company generates combined **revenues of over EUR 11.6 billion**.

2002

- Recognising the **increasing demand for professional and expert services** as well as the growing importance of attracting talent, Adecco consolidates its businesses under three leading names and creates three dedicated global divisions to deliver its services.

2005

- **After a strategy review, Adecco** makes a commitment to expand through realignment across six professional business lines defined by occupational fields, **complementing its office and industrial core business**.

2006

- **Adecco** announces a **dual strategy focused on professional and general staffing.** Following the acquisition of DIS AG, Germany, **Dieter Scheiff** assumes the position of Chief Executive Officer, Adecco Group. **Dominik de Daniel** becomes Chief Financial Officer.

2007

- The annual General Meeting of Shareholders approves the **nomination of Jürgen Dormann,** former Vice-Chairman, as Chairman of the Board. **Rolf Dörig becomes Vice-Chairman.** Klaus J. Jacobs, the co-founder of Adecco, hands back his mandate.

2008

- The strategy announced in 2006 moves into its second phase: **development of professional staffing,** with devolution of more operational responsibility to foster the businesses at country level.

  September 11: Klaus J. Jacobs, founder and Honorary President of Adecco Group, passes away. Jürgen Dormann steps down at year end, as Chairman of the Board of Directors; he is succeeded by **Rolf Dörig** as of January 1, 2009.

2009

- January 1: **Rolf Dörig** starts as Chairman of the Board of Directors of the Adecco Group. June 1: **Patrick De Maeseneire** takes over as Chief Executive Officer of the Adecco Group from Dieter Scheiff.

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