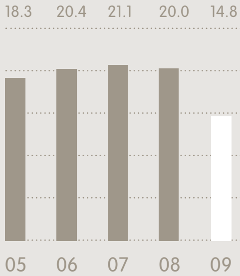
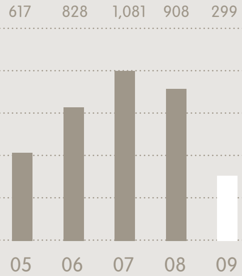
Annual Report 2009

Adecco Group

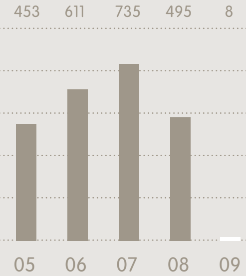
Revenues
in EUR billions



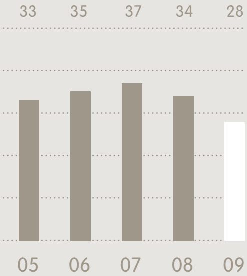
EBITA
in EUR millions



Net income attributable to Adecco shareholders
in EUR millions



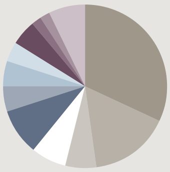
Employees FTE (year-end)
in thousands



Key figures

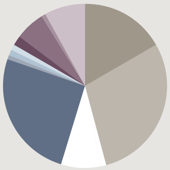
- Over 28,000 full-time-equivalent employees
- Currently over 500,000 associates on assignment daily
- Over 100,000 clients every day
- Over 5,500 offices in more than 60 countries and territories

2009 Revenue split by geography *in %*



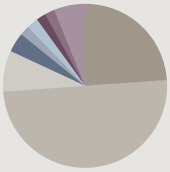
- France 32%
- North America 16%
- UK & Ireland 6%
- Germany & Austria 7%
- Japan 9%
- Italy 5%
- Iberia 5%
- Nordics 4%
- Benelux 5%
- Switzerland 2%
- Australia & New Zealand 2%
- Emerging Markets 7%

2009 EBITA split by geography *in %*



- France 18%
- North America 30%
- UK & Ireland* –3%
- Germany & Austria 9%
- Japan 26%
- Italy 1%
- Iberia 1%
- Nordics 1%
- Benelux 2%
- Switzerland 6%
- Australia & New Zealand 1%
- Emerging Markets 8%

2009 Revenue split by business lines *in %*

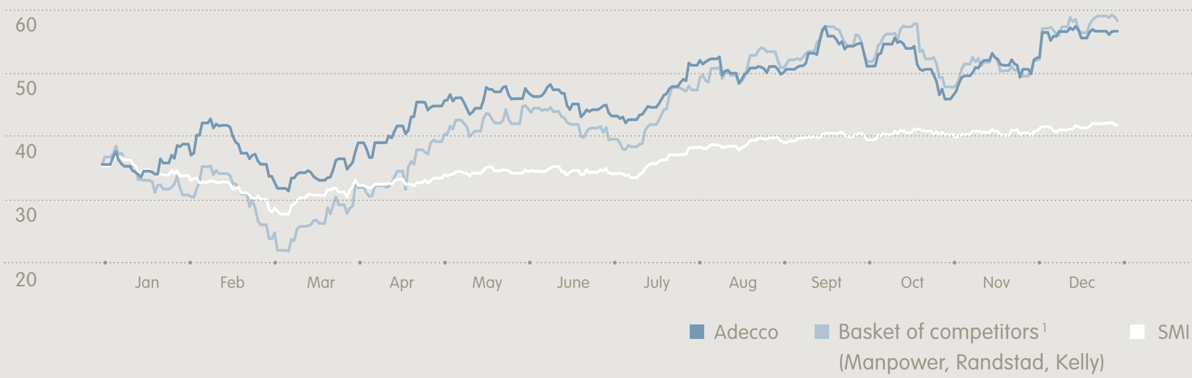


- Office 23%
- Industrial 50%
- Information Technology 8%
- Engineering & Technical 4%
- Finance & Legal 2%
- Medical & Science 2%
- Sales, Marketing & Events 2%
- Human Capital Solutions 2%
- Emerging Markets** 7%

** UK & Ireland not included in the pie-chart*

*** Emerging Markets, excluding professional business lines.*

Share price performance comparison 2009



Share information

Tickers

SWX Europe*	ADEN
Euronext	ADE
Bloomberg	ADEN VX
Reuters	ADEN.VX
ISIN	CH0012138605

** Formerly known as virt-x*

Share price *in CHF*

• Year-end	57.05
• Average	46.12
• High/low	57.85/31.50

Historical data

for the years *in EUR millions[2] (except shares)*	2009	2008	2007	2006	2005
Statement of operations data					
Revenues	14,797	19,965	21,090	20,417	18,303
Gross profit	2,649	3,673	3,927	3,546	3,086
EBITA[3]	299	908	1,081	828	617
Net income attributable to Adecco shareholders	8	495	735	611	453
Other financial indicators					
Cash flow from operating activities	477	1,054	1,062	747	298
Free cash flow[4]	385	948	971	662	230
Net debt[5]	110	617	866	556	424
Key ratios (as % of revenues)					
Gross margin	17.9%	18.4%	18.6%	17.4%	16.9%
SG&A ratio[6]	15.9%	13.8%	13.5%	13.3%	13.5%
EBITA margin	2.0%	4.5%	5.1%	4.1%	3.4%
Per-share figures					
Basic EPS in EUR	0.04	2.82	3.97	3.28	2.43
Diluted EPS in EUR	0.04	2.71	3.80	3.14	2.34
Cash dividend in CHF	0.75[7]	1.50	1.50	1.20	1.00
Number of shares					
Basic weighted-average shares	177,606,816	175,414,832	185,107,346	186,343,724	186,599,019
Diluted weighted-average shares	177,613,991	184,859,650	195,279,053	196,532,960	196,546,937
Outstanding (year-end)	174,079,431	174,188,402	182,647,293	184,836,462	186,097,645

1 SMI and basket of competitors are relative to Adecco's share price: 1.1.2009 = 35.78.

2 For 2009, 2008, 2007 and 2006, the Company's fiscal year included the full calendar year ending December 31, 2009, December 31, 2008, December 31, 2007 and December 31, 2006 respectively. In 2005, the Company's fiscal year contained 52 weeks ended December 31, 2005.

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 Excluding amortisation of intangible assets and impairment of goodwill and intangible assets.

7 Proposed by the Board of Directors.

Contents

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 Human Resources services group – a business that has a positive impact on millions of people every day – we are conscious of our global role.

Dear shareholder,

What was expected at the end of 2008 to develop into the most serious global economic crisis in recent history became reality – and had a considerable impact on the HR industry throughout 2009. The company experienced severe pressure on its top line, as demand for staffing services was hit by reduced economic activity. Our revenues declined by 26% to EUR 14,797 million in 2009. Consequently, Adecco accelerated headcount reductions and restructuring measures in most countries in order to protect profitability, resulting in restructuring costs of EUR 121 million for the reporting year.

At the same time, we intensified our efforts to improve the business structurally, reducing the cost base through branch network optimisation, centralising administrative processes and improving client segmentation. Despite lacklustre demand for our services, we remained price-disciplined and reported a gross margin of 17.9% in 2009. EBITA[1] amounted to EUR 299 million, a decline of 67%. Our pro-active approach in managing the cost base and staying disciplined on the pricing side resulted in an EBITA margin of 2.0%. But more importantly, we built the basis for strong operational leverage in the years to come. Our operating income was affected by impairment charges on goodwill and intangible assets of EUR 192 million. Net income in 2009 declined by 98% to EUR 8 million. Operating cash flow remained strong at EUR 477 million.

In view of these solid operating results in an exceptionally difficult year, and considering our sound financial position, the Board of Directors is pleased to propose a dividend of CHF 0.75 per share for 2009.

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

Patrick De Maeseneire
Chief Executive Officer

Rolf Dörig
Chairman of the Board of Directors

The 2009 results reflect not only the disciplined and strictly cost-oriented approach to the economic downturn, but equally the significant strategic progress we have made. It has been a year in which we improved the competitiveness of the Adecco Group, in readiness for the next upturn, in two main directions.

With the recent acquisitions of Spring Group in the UK and the US-based MPS Group, Adecco continued to pursue its stated strategy of strengthening the higher-margin professional staffing business, which offers attractive growth prospects over the coming years. Following these two transactions, the proportion of our professional staffing business is increased from 20% of 2009 Group revenues to 28% on a pro-forma basis. Our strong balance sheet and investment grade rating allowed us to make these important strategic moves at the right time of the economic cycle.

With the successful placement of a EUR 500 million bond in April 2009 and the CHF 900 million mandatory convertible bond issued in November 2009, we have maintained a strong balance sheet despite the recent acquisitions. Secondly, under the new leadership, we reinforced our strategy and extended the Group Executive Committee, which enhances the representation of the different markets we operate in and more directly connects key decision-makers in the Group, ensuring a systematic implementation of our proven strategy.

With the two acquisitions in 2009/2010, we are now also the world's leading provider of professional staffing services. At the same time, we demonstrate our strategic commitment to market needs by strictly applying our dual-market approach. We will continue to develop our general staffing business, maintain cost leadership and optimise the service delivery models. Our value-based approach and systematic application of the EVA concept throughout the Adecco Group remains a key strategic pillar and should enable us to continue delivering strong cash flows in the years to come.

Most sectors had a hard struggle in 2009, with companies making drastic headcount reductions. Providing flexibility in human resources is our business, and that means we are highly exposed to economic fluctuations. This downturn once again demonstrated the value of flexibility to our clients. As a direct result of these developments, we expect greater market penetration for our offerings in the next economic upturn.

Some future trends are already discernible: demographic change, the aging workforce and the rising demand for skilled work are unavoidable facts of life that will affect the labour market in the next decade. These trends will result in skill shortages and the need for lifelong learning, better integration of labour market entrants and increased mobility. Our strategic approach not only provides greater stability in a downturn, thanks to a better-balanced business mix, but even more importantly, the aforementioned trends confirm the importance of our dual strategy, with a strong offering in professional staffing. With this in mind, the opportunities for growth in an economic rebound are immense. We are convinced that our industry will surge above previous highs in terms of size and scope.

The positive development of the revenue trend observed during the fourth quarter of 2009 continued into the new year. While visibility on demand in the coming months remains low, management is gaining confidence on the recovery of the industry. Management's focus remains on price discipline and strict cost control, while seeking opportunities to take advantage of improved market conditions.

The structural measures taken to improve the cost base in the recent downturn, coupled with the higher exposure to professional staffing through recent acquisitions, best position the Adecco Group to take advantage of better market conditions and to further enhance its leading market position in both general and professional staffing. As a result, management is committed to improve the EBITA margin to above 5.5% mid-term.

As we look back on an exceptionally challenging 2009, we would like to acknowledge and thank our clients and shareholders for their continued loyalty, and our employees and associates who have worked so hard to deliver the services to our clients.

Rolf Dörig
Chairman of the Board of Directors

Patrick De Maeseneire
Chief Executive Officer

Alongside our clients and candidates – every day

Interview with Patrick De Maeseneire, CEO

1. The financial crisis of 2008 turned into a severe global economic crisis, with dramatic revenue decline rates and unemployment figures in 2009 – and with a strong negative impact on the industry. What is your assessment of the status of the global economy, and the impact on the HR industry, specifically Adecco?

"The worst is over. Demand has been improving in early-cycle businesses since summer 2009. We remain cautious on the cost side. The good news is that the financial crisis has made our customers value flexibility even more. They all tell us they needed a bigger flexible workforce during this severe downturn."

2. You started as CEO of the Adecco Group in the middle of extremely challenging times. What have been the main challenges during the first months in your new role?

"Clearly, to stay ahead of the curve: we took out costs faster than anyone else in our industry, without leaving any markets. We have also introduced structural changes to gain a lot more productivity in our branches. This will give us greater operational leverage in the future. And we used an optimal window of opportunity for acquisitions."

3. Important strategic moves in 2009 and early 2010 included the acquisition of Spring Group in the UK, and MPS Group in the USA. What led to your decision to acquire these two companies?

"Focusing our portfolio on our two core businesses – general and professional staffing – gives us a competitive edge. The acquisition of Spring and MPS strengthen our professional staffing business from 20% of 2009 Group revenues to 28% on a pro-forma basis. This step also makes us the world's leading provider in the professional staffing segment. Professional staffing is forecast to achieve higher mid-term growth rates, at attractive profitability levels."

4. What are your plans in terms of further acquisitions? Are you satisfied with the progress made, and is your focus on organic growth or on growth via acquisitions in 2010?

"After our two most recent acquisitions our focus is now on the successful integration of these two companies and on growing first and foremost on an organic basis."

"Our work has a direct impact on the lives of hundreds of thousands of people every day."

5. How did the dual-portfolio strategy, encompassing general and professional staffing, and the resulting customer mix develop and affect performance?

"Very positively. Our increasingly specialised approach appeals to workforces worldwide, as well as clients across virtually every business sector. In general staffing, we are segmenting our business to offer clients more customised solutions, while encouraging serial appointments. In professional staffing, we hire experts who understand the needs of specialist candidates and clients. We are continuing to optimise our global branch network and centralise back-office operations."

6. Can you explain in more detail how you managed the cost side during this severe downturn?

"Roughly 70% of our SG&A costs are for personnel, so we reduced the number of full-time employees by 20% organically[1], compared with year-end 2008. Decisions like that are never easy, but absolutely vital to protect the competitiveness and sustainability of our business. We also used this downturn to optimise our cost base through branch network optimisation, centralisation of back-office functions and better client segmentation. We will take advantage of the next upswing, with a much leaner cost structure."

7. As market leader in HR solutions, how did the Adecco Group leverage its key value drivers in 2009?

"We have continued to build on our entrepreneurial organisational capabilities and the passion of colleagues in our branches in order to keep moving forward during difficult times. That is what has always made us so competitive. We also have a strong position in most key markets, an attractive portfolio of businesses, and a diverse customer mix. That is why we are the global market leader."

8. How do you judge Adecco's financial strength, and how does that strength help the company differentiate itself in the market?

"We have a very solid balance sheet and an investment grade rating. We successfully placed a EUR 500 million bond in April 2009 to increase our flexibility with respect to the refinancing of the outstanding zero-coupon convertible bond as well as for general corporate purposes. And in November 2009, we issued a CHF 900 million mandatory convertible bond to increase Adecco's financial flexibility specifically in relation to the acquisition of MPS Group.Our solid balance sheet is an important competitive advantage."

1 Organic growth is a non-U.S. GAAP measure and excludes the impact of currency, acquisitions and divestitures.

"The financial crisis has made our customers value flexibility in their workforce even more."

9. What are your operational priorities for 2010?

"The successful integration of MPS Group and Spring Group, organic growth of our professional staffing business and work on the specialised delivery model for our general staffing business. Also, improving margins through strict cost management, whilst enforcing price discipline. We will continue to invest in optimising our branch network and accelerate the trategic IT spending. We will further strengthen our lead in Managed Services Programmes (MSP) and Recruitment Process Outsourcing (RPO). And we will leverage our market leadership to seize growth opportunities."

10. How do you expect pricing to develop in 2010 and how will this affect your gross profit margin?

"We have done an excellent job on pricing during the downturn. The disciplined application of EVA has paid off. At the beginning of an upturn, the pricing environment is highly competitive. The business mix may adversely affect gross profit margin, as lower-margin industrial temping rebounds, while permanent placement revenues recover with a lag, and our counter-cyclical outplacement revenues continue to slow. On the other hand, we will profit from our increased exposure to the higher-margin professional staffing business."

11. During this recession, temporary work suffered. While governments and industries see great potential for the temporary staffing industry when business conditions improve, the public view is more sceptical. How are you addressing this sensitive topic in the developed markets?

"It is clear that traditional employment models are changing dramatically, driven by macro-socioeconomic factors such as aging populations and globalisation. In a changing world, labour mobility, reskilling and corporate flexibility are a must. Individuals are taking charge of their working lives, as employability rather than job security becomes the realistic goal. Temporary employment is coming of age. We have consultants, surgeons, IT specialists and managers who work on a temporary basis."

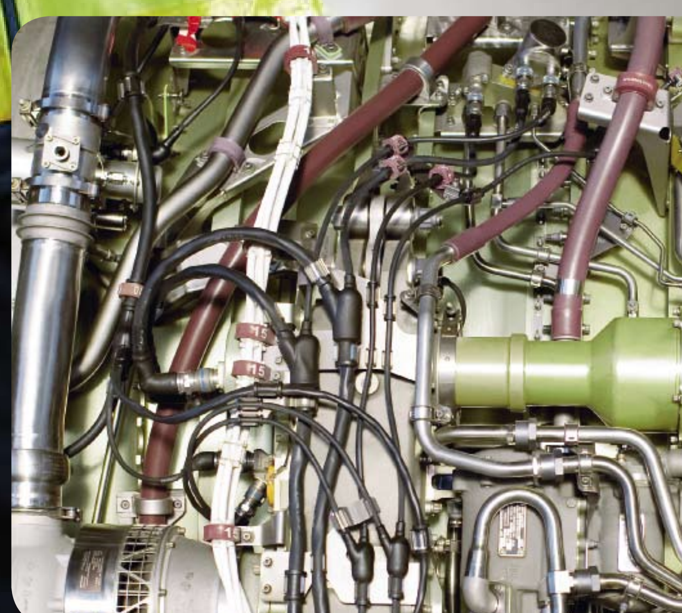
12. What is your personal long-term vision for the Adecco Group?

"The work we do has a direct impact on the lives of hundreds of thousands of people every day. The importance of work and what we do to help people find jobs cannot be overstated. Work is one way to define who we are. It can give purpose and meaning to our lives. It permits us to apply our talents to contribute to society. It is essential for our financial well-being. To foster and enhance the key role we play is clearly my long-term goal. Adecco wants to be alongside our customers and candidates at each stage of their life cycle."

Chief Executive Human Resources and Information Management, Lufthansa Technik, Berlin, Germany:

"We see the cooperation model for apprenticeships with DIS AG as part of our responsibility to the younger generation."

Well-grounded skills. Lufthansa Technik in Berlin is an international leader in training staff for aircraft maintenance, repair and overhaul (MRO). DIS AG, which has a long-standing partnership with Lufthansa, was asked in 2007 to help develop MRO training partnerships. Jürgen Grau at DIS headquarters in Düsseldorf, who is leading the project, recruited Michael Kottlowski for a three-and-a-half-year apprenticeship in aircraft maintenance. Jürgen will act as Michael's mentor. His training is funded by DIS AG, which also pays his salary. The client benefits, in all ways: it acquires the skills it needs by investing in long-term relationships with a motivated and highly qualified workforce, and even earns money doing it. A number of DIS offices in Germany work with clients in various industries to develop and run training schemes for a range of skills and professional expertise.



Michael Kottlowski, 22, German, aircraft mechanic:

"Since building model aircraft as a child, my dream has always been to work in aviation."

Skill shortages are endemic in many industries, limiting growth and reducing competitiveness. To help redress this situation, Adecco offers various training programmes around the world. Our industry experts work with employers to shape specific training courses. Then we recruit candidates with the talent and motivation to train for the jobs concerned. In many cases, we take over the cost of training, pay the apprentice's salary and act as mentor. For candidates, the acquisition of versatile skills enhances employability and opens up opportunities to integrate into the workforce. Where formal training places are limited, temporary work and in-job experience in a multitude of roles and situations can offer another route to enhanced skills.

Adecco and many of its partners see such programmes as part of their responsibility towards the younger generation. We build continuous relationships with clients and candidates alike, preparing the young for the work they want, while providing companies with the skilled workforce they need.

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

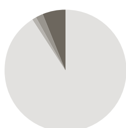
Global leader in HR services As the world's leading provider of general and professional staffing solutions, we offer a wide variety of services to our more than 100,000 clients around the globe. These fall into the broad categories of temporary staffing, permanent placement, outsourcing, consulting and outplacement. In 2009 we generated the majority of our business – 91% of our revenues – in the temporary staffing segment. Permanent placement represented 1% of revenues, outplacement 2%, while outsourcing, consulting services and others accounted 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 tailored solutions, focusing on industry know-how and cost leadership, with the aim of building longer-lasting relationships with motivated associates. This segment is referred to as our **general staffing business**, and represents the majority of the Adecco Group business, accounting for 80% of total revenues (Office & Industrial and Emerging Markets[1]) in 2009. Within the general staffing segment, we make a further distinction between the Office and Industrial businesses, which represent 32% and 68%, respectively of general staffing revenues excluding Emerging Markets.
- 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 associates. This segment represents our **professional staffing business**, and in 2009, represented 20% 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), the latter mainly representing our outplacement business. With the January 2010 acquisition of MPS Group we considerably strengthened our Information Technology, Engineering & Technical, Finance & Legal and Medical & Science business lines.

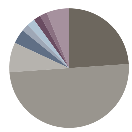
1 Emerging Markets, excluding professional business lines.

2009 Revenue split by service type *in %*



- Temporary 91%
- Permanent 1%
- Outplacement 2%
- Outsourcing, consulting services and others 6%

2009 Revenue split by general and professional staffing *in %*



- Office 23%
- Industrial 50%

General staffing

- Information Technology 8%
- Engineering & Technical 4%
- Finance & Legal 2%
- Medical & Science 2%
- Sales, Marketing & Events 2%
- Human Capital Solutions 2%

Professional staffing

- Emerging Markets* 7%

** Emerging Markets, excluding professional business lines.*

How we are organised We are organised in a geographical structure. The geographies in which we operate are France, North America, Germany & Austria, Japan, UK & Ireland, Italy, Benelux, Nordics, Iberia, Switzerland, Australia & New Zealand, as well as Emerging Markets. The heads of each country or geography have operational responsibility for both the general and the professional staffing 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 efficient service delivery. Cost leadership, especially in the general staffing market – itself characterised by lower margins – is an important advantage. The size and global reach 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 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 relatively lower-margin nature of the business, cost leadership and price discipline are key factors. Strategically, we aim to build longer-lasting relationships with candidates 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 at client companies 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 associates. 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.

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**

In order to enhance the Group's earnings mix, our strategy is to grow the professional staffing business. In October 2009, Adecco successfully completed the acquisition of Spring Group in the UK, and in January 2010, we acquired US-based MPS Group, in a move to further expand our professional staffing offering, particularly in the USA and in the UK, the largest professional staffing markets. The two companies are an ideal strategic fit, enhancing Adecco's position in this highly attractive market segment.

Decentralised country approach Our business is a local business since HR markets are local markets. Every country has its own characteristics in terms of client needs, client structure, demographics, culture 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, profitable growth.

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, both structurally and in alignment with the demanding market conditions, is a priority for us. Rigorous cost management is achieved through stringent reporting, review processes, as well as the application of the "Economic Value Added" (EVA) concept. These measures, allied with ongoing structural cost improvements, and value-enhancing acquisitions in the professional staffing field, put us in a good position to reach our EBITA[2] margin target of above 5.5% mid-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 economically challenging times, we are continuing to ensure that the Adecco Group's strategy is embedded in our local operations. Over the course of 2009, we continued to carry out the 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 and regional heads worked on areas in need of improvement in their respective countries, while expert groups at

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

Adecco's equation for EVA

Adecco EVA

=

NOPAT

minus

Invested capital x **WACC (10%)**

the corporate level facilitated best practice and idea-sharing among the country and regional organisations. With our dual service offering and decentralised management approach, as well as the focus on structurally optimising the cost base, while strengthening our professional staffing business, we are confident of being in pole position for the next economic 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.

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). Invested capital is defined as total assets minus liabilities, excluding cash and interest-bearing liabilities, but includes gross acquired goodwill and other gross acquired intangibles since the introduction of the EVA concept. 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 other 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 valuable 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 other 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)
- EVA

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 83 in the Financial Review section.

Performance in 2009

- Group revenues in 2009 declined by 26% to EUR 14,797 million, and by 27% organically[3]. Acquisitions added 1% to revenues. In 2009, the industry was confronted with an exceptionally challenging business environment.
- Gross profit in 2009 decreased 28% to EUR 2,649 million. Adjusted[4] and organically, the gross profit declined by 29%. The adjusted gross margin declined by 20 bps to 17.8%. Strict price discipline applied within the Company helped limit the pressure on the gross margin, despite strongly declining revenues.
- During 2009, the Company maintained strong cost control throughout the organisation. The aims of the cost reductions were to implement structural improvements as well as to protect profitability, while pressure on revenues persisted. SG&A in 2009 declined by 15%. On an adjusted basis and organically, SG&A declined by 19%.
- EBITA decreased 67% to EUR 299 million in 2009. On an adjusted and organic basis, EBITA decreased by 57%. The adjusted EBITA margin amounted to 2.7%, a decline of 180 bps compared with the prior year.
- In 2009, DSO improved by 4 days to 53 days compared with 2008. This is a reflection of the focus on EVA within the Adecco Group, but was also helped by a change of law in France, mandating shorter payment terms.

Medium-term target The structural measures taken to improve the cost base in the recent downturn, coupled with the higher exposure to professional staffing through recent acquisitions, best position the Adecco Group to take advantage of better economic conditions and to further enhance its leading market position in both general and professional staffing. As a result, management is committed to improve the EBITA margin to above 5.5% mid-term.

3 Organic growth is a non-U.S. GAAP measure and excludes the impact of currency, acquisitions and divestitures.

4 Adjusted is a non-U.S. GAAP measure excluding in 2009 the positive impact on gross profit of EUR 25 million due to favourable developments in France, resulting in the reassessment of existing accruals and the negative impact of EUR 7 million on gross profit due to a sales tax accrual in the UK related to prior years, as well as the negative impact on SG&A of EUR 121 million associated with restructuring costs. It also excludes in 2008 the positive impact on gross profit of EUR 63 million due to a modification of the calculation of certain social security charges in France for 2005, the negative impact on SG&A of EUR 19 million for the provision of the antitrust procedure in France, and the negative impact on EBITA of EUR 32 million restructuring costs (EUR 40 million negative impact on SG&A and EUR 8 million positive impact on gross profit due to lower profit sharing).

CEO, GlycoVaxyn, Schlieren, Switzerland:

"When you're looking to recruit specialists, you need to call in the experts."

Teamwork and dialogue. GlycoVaxyn is a fast-growing biotechnology company using proprietary glycoprotein technology to develop novel antibacterial vaccines against major diseases. It needed to fill various specialist posts, including a group leader for a bioconjugate vaccine project. Evgueni Voronkov, Branch Manager, Adecco Life Sciences, and his team made contact with the company and quickly recruited Martin Braun. He has devoted his entire career to bacterial research, with a number of notable discoveries to his name. Before joining GlycoVaxyn in March 2009, Martin worked via a Swiss NGO for a small company in El Salvador creating biological tools for disease and pest control in agriculture. GlycoVaxyn was so impressed by the teamwork and results of the recruitment drive, they now work with Adecco Life Sciences on a regular basis, benefiting from our highly effective networks and expertise in professional staffing.

Martin Braun, Swiss, 38, biochemist:

"In pioneering scientific research, teamwork is paramount. The skills I learned in the developing world really count here."

In professional staffing generally, and the scientific professions in particular, the competition for talent is intense. Our long-term strategy for these highly specialised segments focuses on building lasting relationships with associates and clients. The Adecco Life Sciences teams, for example, include specialists with first-hand knowledge of the pharmaceutical, medical technology and related industries. They have a highly tuned network of contacts, and proactively monitor the specific recruitment needs of the companies in their areas. We call this approach "experts talk to experts". It enables our teams to deal with recruitment needs, for permanent and temporary positions, through higher-level points of contact and rewarding long-term relationships with clients. It also means we are able to attract sought-after individuals with the right talents, skills and qualifications.

Labour market deregulation, skill shortages and socio-demographic changes will contribute to the business opportunities in the global HR services market in the future.

Market overview

The HR services market explained Human resource 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 185 billion[1] in 2009. Compared with EUR 232 billion[2] in 2008, this represents a decline of 20%. Professional staffing accounted for around 34%[1] of the market, while the share of general staffing was 66%[1]. The decline in the professional staffing segment was –19%[1], compared with –23%[1] for the general staffing segment.

1 Adecco estimate.

2 Ciett estimate (International Confederation of Private Employment Agencies).

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 2009, the USA represented the single largest market for HR services measured by revenues, with a share of approximately 27%[1], followed by Japan with 26%[1] and the UK with 11%[1]. Europe as a whole represented 38%[1] of the global market in 2009, whereas the Emerging Markets accounted for 7%[1]. Given difficult economic conditions, the various HR services markets globally were stagnant or declined to varying degrees, in some cases by as much as –35%[1]. The Emerging Markets held up well with an estimated market size equal to the level of 2008.

Competitive landscape The global HR services market is very fragmented, but the competitive landscape varies considerably from one country to another. According to Ciett, the estimated number of private employment agencies worldwide was 71,000 in 2008, a small increase compared with the 67,500 estimated for 2007. The three biggest markets – USA, Japan and the UK – are very fragmented, with the Japanese market showing the highest number of staffing companies, followed by the UK, Germany and USA.

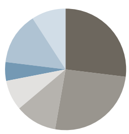
The French market, by contrast, is much less fragmented; it is dominated by three companies, with a total market share of approximately 70%[1]. Looking at the global picture, the top three listed staffing companies represent 21%[1] of the overall market. The Adecco Group is the world leader in HR services, 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 and faster growing specialist segment.

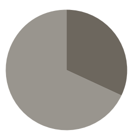
Adecco's market position in 2009

	% of Adecco revenues	Market share[1] in %	Market position[1]
North America	16	4	2
France	32	30	1
UK & Ireland	6	7	2
Germany & Austria	7	10	2
Japan	9	3	3
Italy	5	15	1
Iberia	5	25	2
Nordics	4	14	2
Benelux	5	7	3
Switzerland	2	21	1
Australia & New Zealand	2	7	2
Emerging Markets	7	7	1

2009 global HR services market by revenues[1] *in %*



- USA 27%
- Japan 26%
- UK 11%
- France 8%
- Germany 5%
- Rest EU 14%
- Rest Global 9%



- Professional 34%
- General 66%

Key growth drivers

Deregulation The regulatory framework of labour markets in individual countries has 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 3%[1]. France, Germany, the Nordics, Spain, Italy and Japan have all seen an increase in opportunities as a result of labour market liberalisation in recent years.

The most recent liberalisation occurred in France during 2009, when the French parliament voted to open up its public sector to temporary staffing. According to estimates by Eurociett, this development will add the equivalent of approximately 130,000 full-time employees, representing 25% of the estimated French temporary staffing market. Adecco estimates that over a five- to eight-year period, the French public sector could represent a market potential of EUR 3–5 billion.

In the EU countries, the Agency Work Directive adopted in October 2008 is expected to facilitate 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.

Socio-demographic changes The impact of socio-demographic 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 • Transition from school to work	• 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

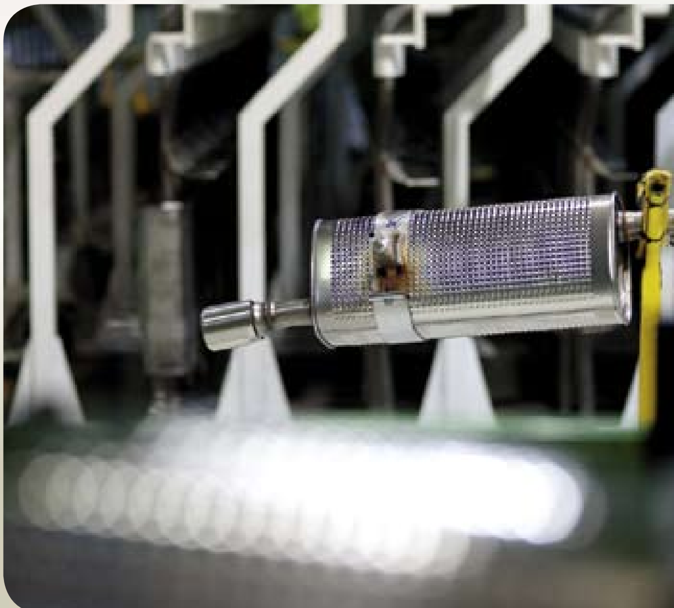
Economic environment Growth in our industry, in particular for temporary staffing services, is heavily dependent on GDP developments. When the global economy accelerates, growth rates for staffing and HR services increase; when the economy slows down, so does demand for staffing and HR services. Economic indicators across the globe suggest that business conditions are gradually improving from the low levels experienced in 2009, pointing to a recovery in most countries. Unemployment rates are expected to reach peak levels in the first half of 2010.
Compared with temporary staffing, which usually picks up shortly after GDP trends start to improve, unemployment rates are typically a late-cyclical indicator, only improving once economic activity and business confidence have returned. 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. The recent opening of the French public sector to temporary employment underlines this trend. 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 Global economic activity is showing first signs of improvement in a number of regions, after bottoming out in mid-2009. While clients continue to be cautious about recruiting, the severity of the recent economic downturn has highlighted the importance of a flexible workforce in adapting to fluctuations in demand and changes in business trends. It is therefore expected that clients will make greater use of temporary personnel in the future. Nonetheless, visibility in terms of future demand and the development of revenues remains limited. Adecco's management does not foresee a major economic recovery in 2010 but believes that market conditions will improve during the course of the year.

Site Manager, Faurecia Emissions Control Technologies, Aulnay-sous-Bois, France:

"For our flexible workforce we rely on getting people with the right aptitude and attitude. That's why we work with Adecco."

Changing lives. In 2008, Anne-Marie da Costa Lopes, manager of Adecco's Île-de-France agency, was contacted by Peugeot Citroën Automobile (PCA) with a request for a temporary production worker for its plant in Aulnay-sous-Bois, on the outskirts of Paris. The chosen candidate, Patrick Bayiha, a Cameroon national, trained and worked at the plant for nine months. The feedback from PCA was so positive, Adecco decided to offer him funding for three CACES modules. This earned Patrick a certificate of proficiency in the safe operation of equipment, qualifying him as a forklift truck driver. In 2009, Adecco placed him with Faurecia, a subcontractor of PCA, initially on a temporary basis. After nine months, he was offered a CDI employment contract with an unlimited term. Adecco also helped Patrick resettle his family in an apartment close to his work.



Patrick Bayiha, 36, Cameroonian, forklift driver:

"Since signing with Adecco I've never been out of work. I've learned two new trades and got a job contract, plus a home for my family. And all that in a time of crisis!"

Skills and integration are focal points of our corporate responsibility programme. We believe that the workplace is a key factor in social integration, contributing to the well-being of society at large. As flexible workforces become an increasingly important fact of economic life and the number of temporary workers rises, our industry plays a vital role in improving the efficiency and diversity of the labour markets and integrating disadvantaged people. We see temporary work as an ongoing opportunity to provide training and career development for the people working with us.

This approach is fundamental to our ability to attract, motivate and retain the best candidates available. And to build long-term relationships with employers who value the quality and versatility of the people we engage. Workers benefit by acquiring transferable skills in a multitude of roles and situations, enhancing their employability and job security.

Adecco took the worldwide lead also in professional staffing through the acquisition of MPS Group and Spring Group. The Company maintained price discipline and focused on reducing costs to weather the economic downturn.

Business review

Review of Group results

Highlights for the Adecco Group The economic downturn presented a highly challenging business environment for Adecco throughout 2009. The company experienced severe pressure on its top line as demand for staffing services was dampened by reduced economic activity. However, Adecco was well prepared for these developments, having started to take out costs already in 2007, and further responded by accelerating the reduction of full-time employees and restructuring measures in most countries in order to protect profitability, resulting in restructuring costs of EUR 121 million in 2009. While maintaining strict price discipline, management at the same time intensified its efforts to structurally improve the business, reducing the cost base through branch network optimisation, centralising administrative processes and improving client segmentation. The combined effect of these measures significantly strengthened Adecco's position in a demanding business environment, leaving the company well prepared to take advantage of the next upturn. The underlying profitability and solid cash flow generation achieved under the very challenging market conditions experienced during most of 2009 are a direct result of the systematic application of the EVA concept throughout the Adecco Group.

In October 2009, Adecco successfully completed the acquisition of Spring Group in the UK, and in January 2010, we acquired US-based MPS Group in a move to further expand our professional staffing offering, particularly in the USA and in the UK, the largest professional staffing markets. Following these two transactions, Adecco's revenue mix is significantly improved, with the proportion of the professional staffing business increasing from 20% of 2009 Group revenues to 28% on a pro-forma basis, thereby better mirroring the global staffing market. The professional staffing business offers attractive growth and margin potential over the coming years, with demand driven by a tight labour market, shortage of qualified personnel and lower penetration rates for skilled professionals, coupled with the retirement of baby boomers in the USA and Western Europe.

Main financial highlights for our company in 2009:

- Revenues down 26% to EUR 14,797 million (–27% organically[1])
- Gross margin down 50 bps to 17.9% and 20 bps to 17.8% on an adjusted[2] basis

1 Organic growth is a non-U.S. GAAP measure and excludes the impact of currency, acquisitions and divestitures.

2 Adjusted is a non-U.S. GAAP measure excluding in 2009 the positive impact on gross profit of EUR 25 million due to favourable developments in France, resulting in the reassessment of existing accruals and the negative impact of EUR 7 million on gross profit due to a sales tax accrual in the UK related to prior years, as well as the negative impact on SG&A of EUR 121 million associated with restructuring costs. It also excludes in 2008 the positive impact on gross profit of EUR 63 million due to a modification of the calculation of certain social security charges in France for 2005, the negative impact on SG&A of EUR 19 million for the provision of the antitrust procedure in France, and the negative impact on EBITA of EUR 32 million restructuring costs (EUR 40 million negative impact on SG&A and EUR 8 million positive impact on gross profit due to lower profit sharing).

Key figures at a glance

in EUR millions, except EPS, Dividend	**2009**	**2008**
Revenues	14,797	19,965
Gross profit	2,649	3,673
SG&A	(2,350)	(2,765)
EBITA	299	908
Net income attributable to Adecco shareholders	8	495
Basic EPS	0.04	2.82
Diluted EPS	0.04	2.71
Dividend per share in CHF	0.75[1]	1.50

1 Proposed by the Board of Directors.

- EBITA[3] was EUR 299 million, declining 67% or 57% adjusted and organically
- EBITA margin down 250 bps to 2.0% and down 180 bps to 2.7% on an adjusted basis
- Operating income declined by 91%, affected by higher impairment charges on goodwill and intangible assets (EUR 192 million in 2009, EUR 116 million in 2008)
- Net income attributable to Adecco shareholders was down 98% to EUR 8 million

Other highlights in 2009 included:

- In April 2009, Adecco placed a five-year EUR 500 million bond. The proceeds further increased the Group's flexibility with respect to the refinancing of the outstanding zero-coupon convertible bond, as well as for general corporate purposes.
- In November 2009, Adecco Investment (Bermuda) Ltd., a wholly-owned subsidiary of the Company, which is not consolidated, issued a three-year CHF 900 million mandatory convertible bond with a coupon of 6.5%. For further details on this transaction refer to page 108. The net proceeds of the offering increased Adecco's financial flexibility and strengthened its balance sheet in conjunction with the announced acquisition of MPS Group. The shares underlying the bond will be sourced from existing treasury shares and/or from conditional capital.

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

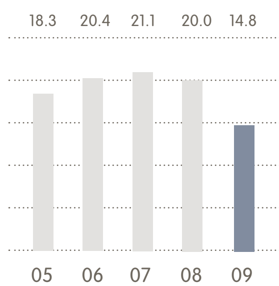
4 Emerging Markets, excluding professional business lines.

Review of operational results

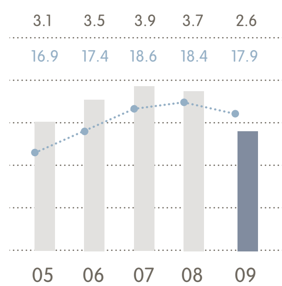
Revenues In 2009, our revenues declined by 26% to EUR 14,797 million, and by 27% organically. This decrease was largely driven by a fall in temporary staffing volumes, as temporary hours sold were down 22% to 991 million. Permanent placement revenues amounted to EUR 178 million in 2009, which is a decline of 50%, or 49% in constant currency compared with the prior year. Outplacement revenues were EUR 298 million in 2009, which represents an increase of 43% or 39% in constant currency. Acquisitions and divestitures had a positive impact of 1% on 2009 revenues. From a business line perspective, revenues in the Office & Industrial businesses were down 30%, or 31% in constant currency, while the professional staffing revenues declined by 11%, or 17% organically. Revenues in the Emerging Markets[4] were lower by 5%, and increased 2% in constant currency.

Gross profit was down 28% to EUR 2,649 million, and by 29% adjusted and organically. The gross margin fell by 50 bps to 17.9% compared with 2008. On an adjusted basis, the decline in the gross margin was 20 bps to 17.8%. The negative impact on gross margin from the temporary staffing business (–70 bps) and the weak permanent placement business (–50 bps) was partially compensated by the positive contribution of the outplacement business (+80 bps). Other businesses added 20 bps to the Company's gross margin.

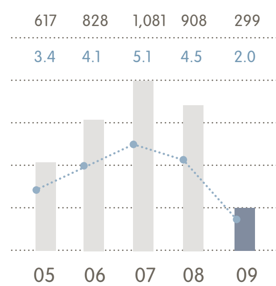
Revenues *in EUR billions*



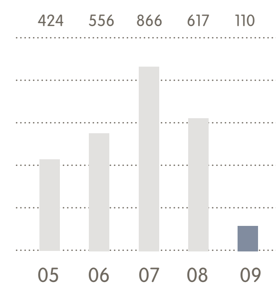
Gross profit *in EUR billions*
Gross margin *in %*



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



Net debt *in EUR millions*



Selling, general and administrative expenses (SG&A) In order to protect profitability in what can be considered the most challenging year in the Company's history, management, as in 2008, made the reduction of costs its top priority. SG&A declined by 15% and was down 19% adjusted and organically. Given our stringent approach to reducing capacity in order to protect margins, the organic decline in the number of FTEs was 20% comparing year-end 2009 with 2008. Likewise, branches were reduced by 16%. Personnel expenses, which comprised approximately 70% of total SG&A, declined by 15% to EUR 1,621 million in 2009. On December 31, 2009, the number of branches and FTE employees exceeded 5,500 and 28,000, respectively.

EBITA In 2009, EBITA declined by 67% to EUR 299 million. On an adjusted and organic basis, EBITA declined by 57%. The adjusted EBITA margin was down 180 bps to 2.7% compared with the adjusted EBITA margin of 4.5% in the prior year.

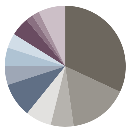
Operating income In 2009, operating income was EUR 65 million, down 91% compared with 2008, affected by impairment charges on goodwill and intangible assets of EUR 192 million in 2009 and EUR 116 million in 2008.

Net income attributable to Adecco shareholders and EPS Net income in 2009 was down 98% to EUR 8 million. Basic EPS was EUR 0.04 (EUR 2.82 in 2008).

Cash flow, net debt and DSO Operating cash flow amounted to EUR 477 million in 2009. The Group invested EUR 152 million in various acquisitions and spent EUR 91 million in capital expenditure. Additionally, in 2009, in connection with the placement of a three-year CHF 900 million mandatory convertible bond, the Group completed a prepaid forward sale of Adecco S.A. shares resulting in a EUR 587 million cash inflow and purchased a call spread option on Adecco S.A. shares for EUR 108 million. Dividends paid were EUR 173 million in 2009. Net debt at the end of December 2009 was EUR 110 million, compared with EUR 617 million at the year-end of 2008. In 2009, DSO improved by 4 days to 53 days compared with 2008.

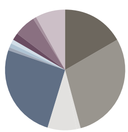
Outlook and priorities in 2010 Adecco's management expects a gradual improvement of market conditions in 2010 which should enable the majority of staffing markets to return to year-on-year growth over the course of the year. During the past several quarters, we have taken substantial measures to adjust our cost base, not only to cope with the strong decline in demand for our services, but also to structurally optimise our cost base, which should lead to improved operational leverage for the Company in the next economic upturn, and for years to come. While

2009 Revenue split by geography *in %*



- France 32%
- North America 16%
- UK & Ireland 6%
- Germany & Austria 7%
- Japan 9%
- Italy 5%
- Iberia 5%
- Nordics 4%
- Benelux 5%
- Switzerland 2%
- Australia & New Zealand 2%
- Emerging Markets 7%

2009 EBITA split by geography *in %*



- France 18%
- North America 30%
- UK & Ireland * –3%
- Germany & Austria 9%
- Japan 26%
- Italy 1%
- Iberia 1%
- Nordics 1%
- Benelux 2%
- Switzerland 6%
- Australia & New Zealand 1%
- Emerging Markets 8%

** UK & Ireland not included in the pie-chart*

we expect demand for our services to improve, we will remain cost-conscious. At the same time, we remain committed to value-based management and continue to apply criteria of strict financial discipline with respect to pricing and investments. With the recent acquisitions of Spring Group and MPS Group, Adecco continued to pursue its strategy of strengthening the higher-margin professional staffing business, which promises attractive growth over the coming years. An important operational priority in 2010, therefore, is the integration of these recent acquisitions.

Country reviews

France Within Europe, France is a key market for staffing, with an approximate share of 8% [5] 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 70% [5]. We are the market leader in France, with a market share of 30% [5]. In terms of revenues, France is a key market for our Company. We generated 32% of our total revenues in 2009 in that country. The majority of our revenues, approximately 90%, stem from the general staffing business, the largest part of which comprises blue-collar industrial staffing. Professional staffing still represents a minor part of our business in France.

Steady deregulation of the temporary staffing industry in France has opened up opportunities for our Company. Since 2005, permanent placements have been permitted in the temporary staffing industry, which has led to strong growth in that segment. In 2009, the French parliament voted in favour of opening up the public sector to temporary staffing services, paving the way for temporary staffing in hospitals, as well as in state and local administrations. According to estimates by Eurociett, this move could add the equivalent of approximately 130,000 full-time employees, representing 25% of the estimated French temporary staffing market. The public sector could therefore offer a market potential of EUR 3–5 billion over the next five to eight years. Furthermore, the government employment office Pôle Emploi announced a public tender as part of the government's EUR 466 million Plan d'Urgence, under which private employment agencies are mandated to bring 320,000 unemployed individuals back into the labour market by 2011. Adecco expects to be awarded approximately 15% of this initiative. The Plan d'Urgence can be seen as a clear signal that governments, not only in France, but in Europe in general, will seek services from private employment agencies to help tackle unemployment.

In 2009, revenues in France declined 27% compared with the previous year. Demand contraction in the French temporary staffing market was particularly marked during the first half of 2009, but client activity, mainly in the industrial segment, started to pick up

5 Adecco estimate.

slowly as of the third quarter. To cope with the difficult business conditions, we remained firmly committed to a pro-active, cost-focused approach, in order to protect profitability. During 2009, we successfully executed the social plan announced in October 2008, and in June 2009 we announced further measures to reduce our headcount in order to adapt to the difficult market conditions. At the same time, price discipline remained a priority and we continued to optimise our branch network structure by merging branches, while removing administrative functions such as payrolling and cash-collection from branches into shared-services centres. As a result of these measures, we reduced the number of FTE employees by over 900 organically comparing year-end 2009 with 2008, and SG&A was cut by 15% adjusted and organically compared with the prior year. EBITA declined by 75% to EUR 68 million, resulting in an EBITA margin of 1.4%, 270 bps lower than the previous year. Adjusted EBITA amounted to EUR 92 million, a decline of 62%, and the corresponding EBITA fell by 180 bps to 1.9%.

Priorities for our French business in 2010 include client segmentation, with a special focus on the small and medium-size clients and on the office segment, improving the candidate experience, and optimising delivery models. We will also focus our efforts on the newly opened public sector for temporary staffing services.

North America The North American market, which represents 27%[5] of the global staffing market, is the largest worldwide. It is highly fragmented, and while we are the largest publicly listed player, our market share is only about 4%[5]. From a regulatory perspective, this market is amongst the most liberalised in our industry.

The region generated 16% of the Group's total revenues in 2009. The share of revenues generated in the professional staffing segment is among the highest when compared with our other markets, representing roughly 40% of total revenues in North America, while 60% stems from the general staffing segment. After three years of declining revenues, we saw the first signs of stabilisation in our North American revenues during the third quarter of 2009. Despite the prolonged period of negative revenues, we were successful in protecting our profitability through disciplined pricing, cost adjustments, the optimisation of our branch network and a strong contribution from our counter-cyclical outplacement business. In 2009, we generated revenues of EUR 2,316 million, down 20%, or 23% in constant currency. The EBITA margin increased by 50 bps to 4.8% compared with the prior year, while EBITA declined by 10% to EUR 112 million, equivalent to a fall of 14% in constant currency. Adjusted EBITA declined by 5%, or 9% in constant currency, to EUR 119 million. The adjusted EBITA margin increased by 80 bps to 5.1%.

A key highlight for us was the announcement in October 2009 that we were acquiring MPS Group, one of the largest professional staffing firms in North America. This acquisition, which was successfully completed in January 2010, represents an important step in our strategy of strengthening the higher-margin professional staffing business, which promises attractive growth over the coming years. In fact, with this move, we are taking the lead in professional staffing, not only in the North American market, but also worldwide. Acquiring MPS Group also enhances Adecco's Managed Service Provider (MSP) and Recruitment Process Outsourcing (RPO) offering through MPS Group's leading technology platform (Beeline). The Company will become the leading provider of MSP and RPO services and technology solutions. Having the flexibility to offer services, technology or combined programmes is increasingly becoming a strategic advantage within the HR industry, as clients seek to outsource HR processes and streamline their supplier relationships.

The key priority in 2010 will be the integration of MPS Group, in particular combining the forces of Adecco's professional staffing business with the operations of MPS Group.

Germany & Austria Globally and within Europe, Germany is a key market for staffing, with a roughly 5%[5] share of the total global market. Our market share, in what we continue to view as one of the most attractive markets, is 10%[5], making us the number two in this market. Given that liberalisation of this market took place as recently as 2004, penetration rates are still extremely low, at approximately 1%, in a fragmented and high-margin market. In the medium term, this offers structural growth opportunities for us. Although unlikely in the near future, the potential lifting of the ban on temporary workers in the construction industry would offer additional revenue potential for our industry.

The German economy was particularly hard hit by the global economic downturn and experienced an exceptionally strong GDP decline compared with other European markets, owing to its high exposure to export-oriented sectors such as the capital goods industry and the automotive business. In 2009, our revenues in Germany & Austria declined by 37% to EUR 1,033 million. This decline was among the sharpest within the Adecco Group markets. From a service perspective, professional staffing revenues represented approximately 20% of our revenues in Germany & Austria, while general staffing contributed 80%. Compared with 2008, EBITA declined by 79% to EUR 31 million. This resulted in an EBITA margin of 3.0%, down 630 bps compared with the prior year. Adjusted EBITA declined by 77% to EUR 37 million. The adjusted EBITA margin declined by 610 bps to 3.6%.

FTE employees and branches at year-end by geography

	FTE employees			Branches		
	2009	2008	% variance	2009	2008	% variance
Geographical breakdown (year-end)						
France	7,108	7,995	(11)	1,659	1,808	(8)
North America	5,208	6,098	(15)	950	1,104	(14)
UK & Ireland	2,081	2,437	(15)	353	316	12
Germany & Austria	2,279	2,933	(22)	515	587	(12)
Japan	2,177	2,616	(17)	171	172	(1)
Italy	1,461	1,903	(23)	428	581	(26)
Iberia	1,499	2,055	(27)	387	624	(38)
Nordics	1,009	1,481	(32)	204	266	(23)
Benelux	1,485	1,963	(24)	348	470	(26)
Switzerland	442	577	(23)	106	123	(14)
Australia & New Zealand	495	620	(20)	83	88	(6)
Emerging Markets	3,051	3,747	(19)	395	482	(18)
Corporate	213	271	(21)	–	–	–
Adecco Group	**28,508**	**34,696**	**(18)**	**5,599**	**6,621**	**(15)**

The lower profitability is attributable to the decline in revenues and the fact that temporary associates in Germany are on our own payroll – a regulation particular to the German market, where temporary employees are effectively permanent employees of the staffing firm. While having the temporary associates on our own payroll is to some extent a liability during economically difficult times, it also allows for premium pricing to factor in this risk, resulting in higher overall operating margins.

The late-cyclical nature of the German economy and the introduction of the short-term work concept (Kurzarbeit) may result in a delayed upturn in Germany. After having implemented a new front-as well as back-office system for all major brands in Germany (Adecco, DIS, Tuja), the focus in 2010 is on growth, while achieving strong operational leverage.

Japan The Japanese market is the second-largest staffing market in the world, representing roughly 26%[5] of the global market. This market has seen high growth since the beginning of liberalisation in 1996. Fragmentation is high, with the five largest players representing roughly 16%[5] of the market, while the remainder is dominated by numerous small regional staffing firms. Adecco is currently the third-largest player in the Japanese market. The Japanese economy reacted to the economic downturn with a slight lag and Adecco Japan has an almost 80% exposure in terms of revenues to the late-cyclical office and clerical business. This resulted in an accelerating decline in revenues over the first three quarters of the year, followed by stabilisation of business activity during the fourth quarter.

For the full year, our revenues in Japan declined by 8%, down 22% in constant currency, reaching EUR 1,343 million. Despite demanding market conditions, management continued to excel in terms of cost management. While EBITA declined by 12% to EUR 95 million or 26% in constant currency, the EBITA margin retreated only 20 bps to 7.1% in 2009. With this result, we have again proved ourselves to be the clear cost leader in the market, delivering by far the highest profitability compared with our mainly local peers. Our efficient service model is the main differentiating factor in the Japanese market. During the past several years we have modified our traditional branch model, mainly in major urban areas, by separating the sales and recruitment processes. The aim was to attract a higher number of candidates in a market characterised by supply shortage as well as to improve client service. Our presence at high-traffic locations enables us to funnel a high number of candidates into an efficient screening 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 17% of our revenues stem from the professional staffing segment, while roughly 83% are generated in general staffing.

UK & Ireland Representing 11%[5] of global staffing revenues, the UK is the third-largest market in the industry worldwide. As in the USA, the UK staffing market is highly fragmented and labour markets are fairly liberalised. Through the acquisition of the UK staffing company Spring Group, we hold a market share of 7%[5] in the highly fragmented UK staffing market. With the acquisition of US-based MPS Group, which generated 34% of its 2008 revenues in the UK, we will become the clear market leader in the UK. With these moves, we strengthened our management capabilities in the UK, added scale and expanded our professional staffing offerings.

In 2009, our revenues amounted to EUR 947 million, down 33%, or 23% in constant currency. This represented 6% in terms of the Group's total revenues. The acquisition of Spring Group had a positive impact of 5% on UK & Ireland's revenue development. From a business mix perspective, roughly 40% of our revenues stem from the professional staffing segment, while 60% are generated in general staffing. The EBITA was EUR –13 million. The EBITA margin came in at –1.3%, down 290 bps compared with 2008. The adjusted EBITA amounted to EUR 4 million, a decline of 87%, or 86% in constant currency. The adjusted EBITA margin was 0.4%, down 160 bps compared with the prior year. While we continued to manage our cost base, the overall deterioration in the 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. Following the acquisition of Spring Group, Adecco appointed Spring Group's CEO, Peter Searle, to the position of country manager of Adecco UK & Ireland. In view of his significant operational expertise and proven track record, we are convinced that Peter Searle, together with his management team, will strengthen Adecco's capabilities and play a key role in further developing our commercial activities in this strategically important market.

Our top priorities in the UK are clear: the integration of Spring Group and MPS Group, continued improving 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 with the impact of the current economic environment on demand for our services, we are confident that we have identified and addressed the right issues in order to get back on track.

Please note: a further discussion of countries, in addition to the above, can be found in the Financial Review, starting on p. 85.

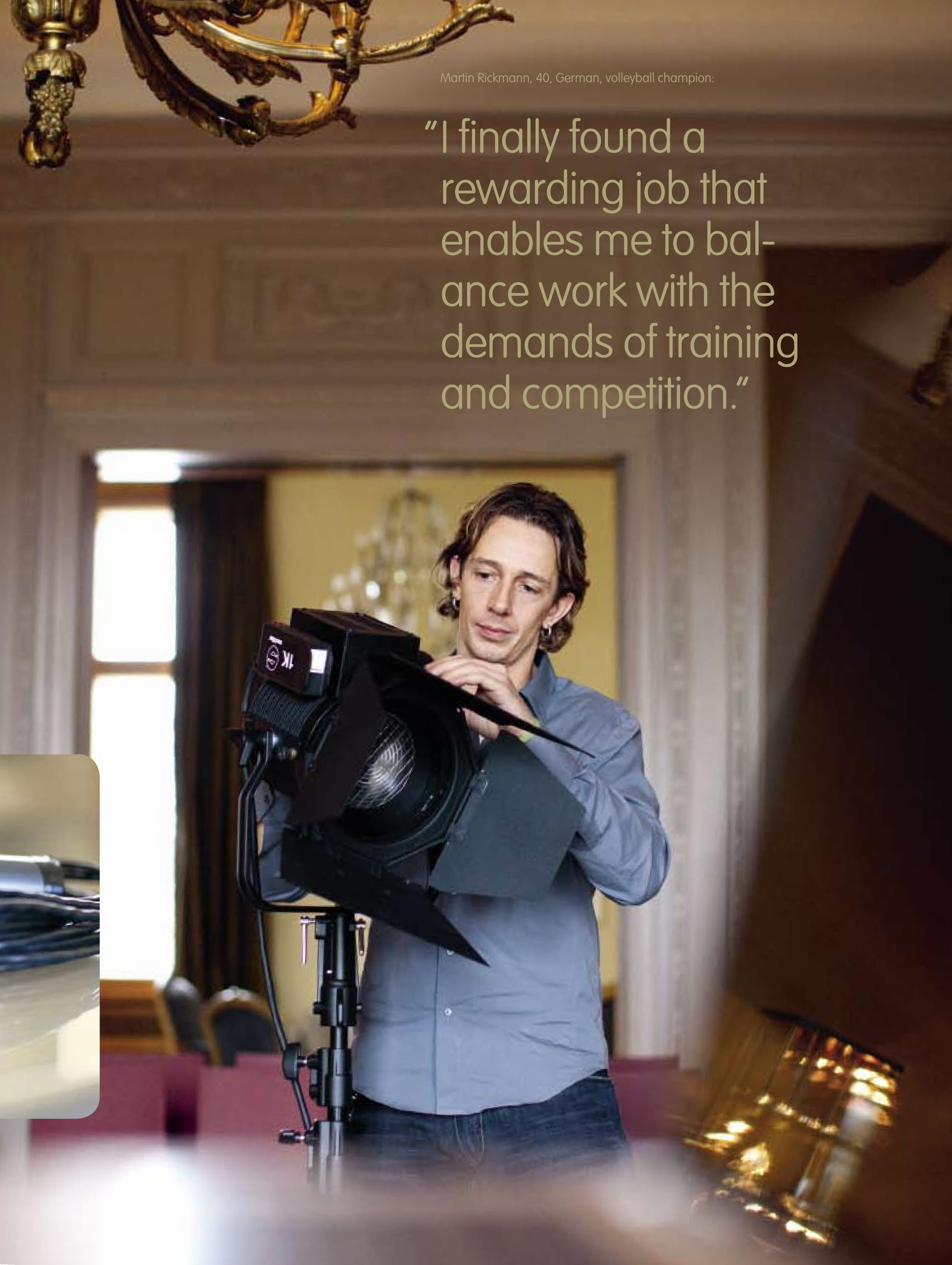
Chief of the Chancellery,
Swiss Embassy, Berlin, Germany:

"We needed a part-time facility manager. We got a man who is fully committed to excelling in all he does."

A winning combination. The Swiss Embassy in Berlin was looking for a part-time facility manager. Steffen Frisch at Adecco's Berlin branch had just the person they needed. Martin Rickmann is an attacker in the German national sitting volleyball team, a World silver medallist in 2002, fourth place at the 2004 Paralympics and national champion in 2006. A sports injury ended his career as an electrician. He retrained as a salesman and then screen designer, but found it hard to balance work and sport. The Olympic Training Centre in Berlin put him in touch with Adecco. Initially employed on a one-year contract, his qualities shone through and the Swiss Embassy quickly hired him on a permanent basis. Now, working 28 hours a week on flexitime, he can give his best in a responsible position and focus on sport as well.

Martin Rickmann, 40, German, volleyball champion:

"I finally found a rewarding job that enables me to balance work with the demands of training and competition."



Launched in 2005, the IOC Athlete Career Programme helps Olympic and Paralympic athletes successfully manage the difficult transition from elite sport to a new career. The IOC and IPC Athlete Career Programme in cooperation with Adecco Group has already supported nearly 5,000 athletes. We have established career programmes in around 30 countries worldwide to help Olympic and Paralympic athletes enter or re-enter the social and professional mainstream through educational, career planning and job placement services that bring them into contact with leading companies. The programme can also help athletes still active in competition to find a job that enables them to balance work, life and sport.

Apart from our commitment to the IOC ACP, we have been helping people with disabilities find work for many years, with corresponding programmes in a number of countries. As the world's largest HR services group, employing millions of people every year, we are conscious of our global role. And we are in a unique position to help shape the workplace for the better – whatever the abilities of those concerned.

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

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 on page 140 in 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 a downturn, companies tend to reduce their quota of temporary employees before dismissing 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 low visibility of the staffing business, it is important that management at country level is aware of economic developments in order to adjust 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.

How do we respond to it? On a half-yearly basis, we conduct a Global Satisfaction Survey addressing clients, candidates and associates. 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.

Associate attraction and retention We depend on our ability to attract and retain associates 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 a challenge. The continued success of our business depends in part on our ability to offer attractive conditions to retain associates.

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

Employee 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. Frequent, honest and transparent communication, as well as clear direction from top management, is essential in ensuring 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 disruption. 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 with a multi-branding approach, nurturing a healthy range of powerful brands that secure a strong presence and positioning in the local markets and segments where we operate.

Brand management

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. We want to be alongside our customers and candidates at each stage of their life cycle.

Brand strategy Adecco is our principal brand worldwide. It is supported by a number of well-known and prestigious segment and local brands, especially in professional staffing, 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 specialty segments.

Brand architecture The Adecco Group has a number of specialty brands which enable us to penetrate and build recognition in niche markets. Examples of these include Adecco Finance and Adecco Medical & Science. Strong brands with significant equity, which builds on a specific visual identity and taxonomy, continue in their own right; examples include Lee Hecht Harrison, DIS AG, 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 associates.

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

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
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
2009 Acquisition of Spring Group
2010 Acquisition of MPS Group

Our brand management The Adecco Group brand portfolio is managed at Group Headquarters in Glattbrugg/Zurich, 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 brand portfolio accessible and a positive force for our various constituencies: our clients, candidates, associates and shareholders, and society at large. Our brand values translate the sense of responsibility felt by each of our employees in this regard.

Our business at a glance

Office and Industrial*

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.

Brands

Core brands

- Adecco Office
- Adecco Industrial

Secondary brands**

Adia	France
TUJA	Germany
Office Angels	UK

Further specialised networks are also utilised, such as:

Adecco Office:
- Adecco Top Secretaries
- Adecco Gov. Solutions (USA)
- Adecco à Domicile (France)

Adecco Industrial:
- Adecco Automotive
- Adecco Transport & Logistics
- Adecco Hospitality
- Adecco Airport
- Adecco Construction
- Adecco Retail

Professional business lines

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.

Brands

Core brands

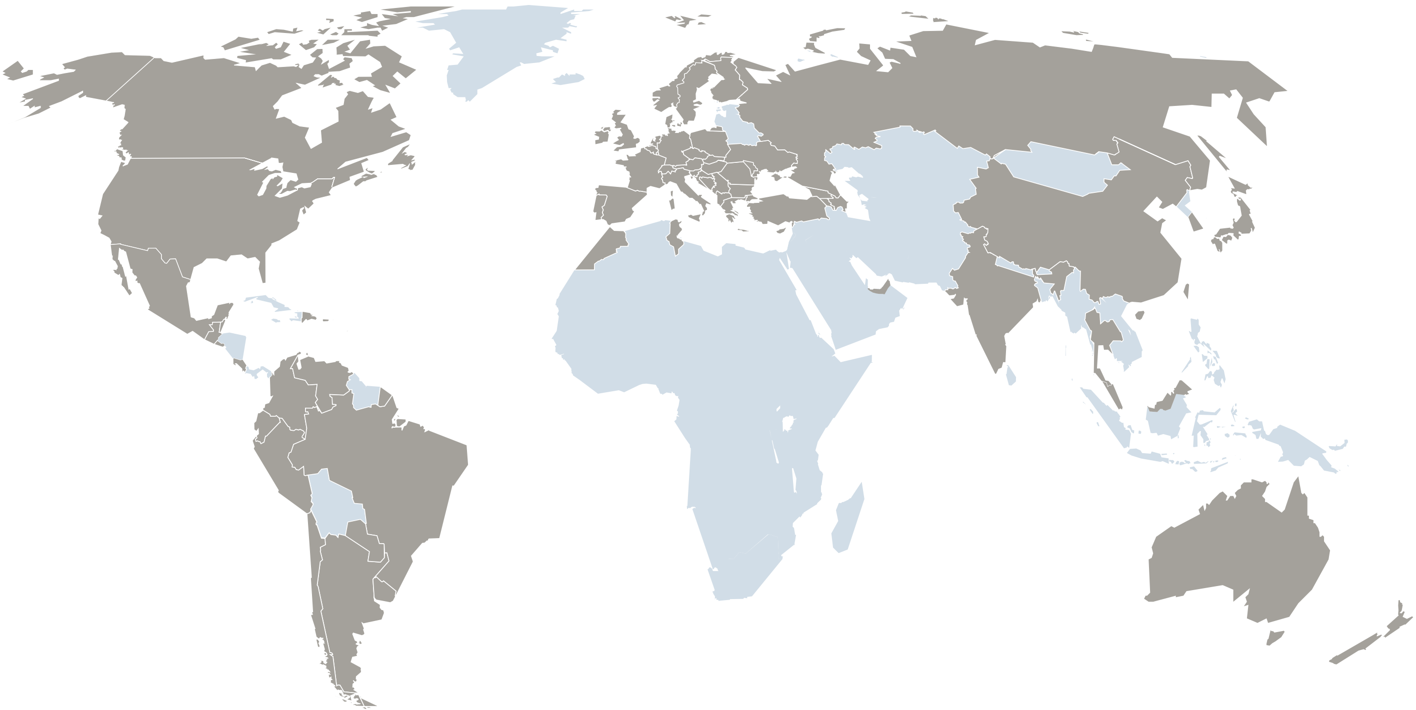
- Adecco Human Capital Solutions
- Adecco Sales, Marketing & Events
- Adecco Medical & Science
- Adecco Information Technology
- Adecco Engineering & Technical
- Adecco Finance & Legal

Secondary brands**

Ajilon	USA, Australia
DIS AG	Germany
Lee Hecht Harrison	USA
Altedia	France

** 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 Korea
- Spain
- Sweden
- Switzerland
- Taiwan
- Thailand
- Tunisia
- Turkey
- Ukraine
- United Arab Emirates
- United Kingdom
- United States
- Uruguay
- Venezuela

Key figures

	2009
in EUR millions	
Revenues G11*	10,854
Revenues Emerging Markets	951
Revenues total	**11,805**
Associates (average)	500,000
FTE employees (year-end)	22,000
Countries	58

Countries (alphabetically)

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

Key figures

	2009
in EUR millions	
Revenues total	**2,992**
Associates (average)	50,000
FTE employees (year-end)	6,000
Countries	22

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


CITIZEN
OLYMPUS
aol.com
Wilson
JPMorganChase

Patrick De Maeseneire, CEO Adecco Group, Glattbrugg, Switzerland:

"Sponsoring such a great personality as Kim Clijsters exemplifies our vision of helping passionate people achieve their professional and personal goals in life."

Kim Clijsters, 26, Belgian, mother and tennis champion:

"Motherhood is a full-time role, but there is room for other dreams. Like me, many young mothers want to be inspired and fulfilled by both family and career."

Great return. Kim Clijsters left professional tennis in 2007 to start a family, and in February 2008 gave birth to daughter Jada. During the first phase of her career, she won 34 WTA singles and 11 doubles titles, and was world no. 1 for a total of 16 weeks. In the summer of 2009, she decided to make a comeback. In only her third tournament, the 2009 US Open, Kim triumphed after an inspiring run, despite starting unseeded. She puts her success down to hard work, dedication, a willingness to listen and learn, and being a team player. So teaming up with Adecco, the world no. 1 in human resources services, is a perfect match. Kim is the epitomy of a great champion who can inspire individuals to live a balanced personal life and achieve ambitious professional goals.


Adecco

It is our mission and responsibility to create greater choice in the domain of work, for the benefit of all concerned. For example, mothers who want to return to work. We cooperate with companies at local, national and regional level in programmes designed to help mothers combine family life with work.

Supporting athletes around the world also has a long tradition at Adecco. We work with the International Olympic Committee and International Paralympic Committee to run the Athlete Career Programme, which provides training and placements that enable athletes to combine elite sport with work and education. And when their years in competition come to an end, we ease them through the transition to a second career by placing them in contact with companies who value their outstanding talent and commitment.

Our people and the bond of trust we share are the key to our success. Everything we do is driven by a combination of expertise and passion. With a cool head, a warm heart and working hands.

People – our main asset

People – our main asset Every day, there are more than 500,000 people who are part of the Adecco Group. It is our main goal to help them develop according to their individual aspirations and potential. This fuels their performance and that of Adecco as a whole. Training and career development is one of the reasons the Adecco Group is able to attract, motivate and retain talented colleagues and associates.

Employee development Against a background of constant social evolution, volatile markets and ever-changing organisational set-ups, one of the critical challenges we face is to ensure that we have a supply of suitable individuals ready to move into leadership roles. We manage this by continuously identifying and nurturing the leaders of tomorrow through 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 at Group Headquarters, and who have the potential to offer key contributions to sustain our business performance across geographical regions.

A key pillar of our development strategy is represented by the Adecco Leadership Programme, developed and run in partnership with the IMD business school in Lausanne, where our leaders of tomorrow undertake training in the following areas:

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

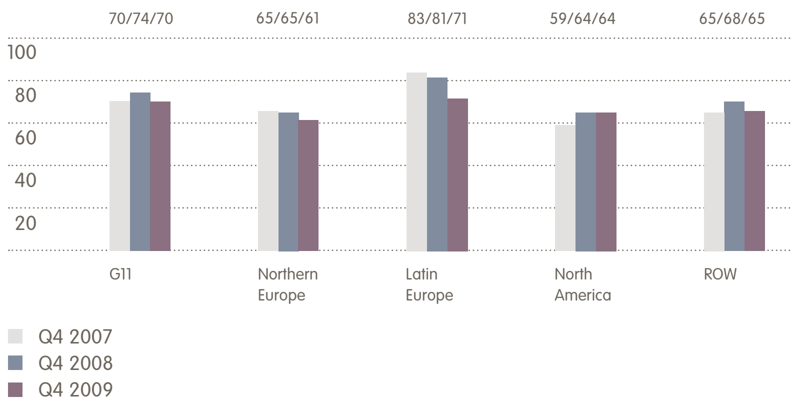
The three-year programme was launched in 2004, and to date more than 500 senior managers have been involved.

Associate development Training for associates is a priority for us. The training available to them is diverse, reflecting local market needs. E-learning is widely used, and in the USA, for example, the complete SkillSoft catalogue of e-learning courses has been made available to associates working at Adecco and Ajilon.

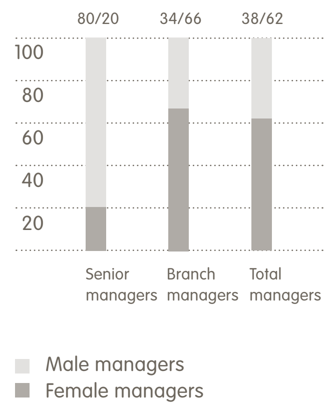
With our international mobility programme for associates, we are opening up mobility opportunities worldwide by finding work for people across borders. Since the beginning of 2006, Adecco has helped approximately 15,000 people in more than 33 countries to migrate in order to take up employment opportunities.

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

Retention rate 2007–2009 *in %*



Gender distribution in 2009 *in %*



to expand career development opportunities, we are increasingly measuring the length and nature of the relationship between our clients and associates working for Adecco.

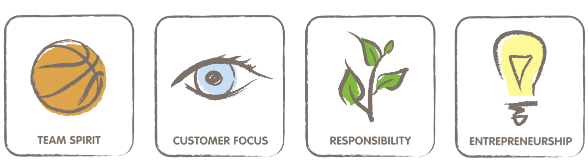
Equal treatment and diversity In 2009, the Adecco Group received the Disability Matters Diversity Award in the USA. The Group sees diversity not only as an ethical imperative, but also as a way of staying competitive. Workplaces with ethnic, age and gender diversity are more likely to be in step with consumers and customers and therefore more commercially successful. Group wide we have a well-established Code of Business Conduct, which is reviewed at regular intervals to accurately reflect our values and principles as well as independently verified compliance and ethics reporting tools. More recently, we have begun to measure key aspects of diversity across the Adecco Group. The figures for 2009 show that 20% of Adecco's senior managers and 66% of branch managers are female. In an effort to promote women in leadership, Adecco has entered into a partnership with the Global Women's Leadership Forum, which was launched in 2008 in the UK, and in March 2009 in the USA. The purpose of this forum is to enable women to learn how to talk about equalities and diversity, and build a strategic network to support advancement and retention, develop role modelling, visibility and branding, and link the importance of women to the organisational business proposition.

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 16 in the 2008/2009 survey. Both DIS and Tuja in Germany ranked on the Best Workplaces list in Germany, while in Norway, Adecco has for several years been on the Best Workplace list. In 2009, *The Sunday Times* ranked Office Angels (an Adecco brand in the UK) sixth 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 people who work with us will continue to be what gives the Adecco Group its competitive edge.

Excellence Awards 2009: regional teams compete to bring Adecco values to life in day-to-day business.

Living the core values

In the course of 2009, the Adecco Group refocused its core values. We defined Team Spirit, Customer Focus, Responsibility and Entrepreneurship as the principles underlying all that we do. In order to attune the whole organisation to these principles, regional and country project teams were invited to compete for the first annual Adecco Excellence Awards. Their chosen project had to epitomise at least one of the four values. The winning teams were announced at the 2010 Managers' Conference in Cannes.



Excellence Awards: winning teams

Spain: Fundación Adecco Last year marked the tenth anniversary of the Foundation's activities to promote and facilitate job placements for social groups who have great difficulty finding employment. During those years, Adecco Fundación has helped more than 200,000 disadvantaged people find work. The project demonstrates a clear mission and purpose, close relationships with the business units, and intense activity and media presence, from an outstanding team with a firm conviction about their corporate social responsibility.

Team: All 76 employees of the Fundación Adecco

USA: Lee Hecht Harrison Global Sales Team The merger of two leading electronics companies in 2008 led to a global workforce reduction of 36,700 over three years. Building on the excellent customer service provided to both companies prior to the takeover, LHH won a global Career Transition contract for 2009. For LHH, this meant providing services to over 9,000 individuals in 38 countries. A project of this complexity requires a high level of commitment in sales, project management and collaboration with global teams.

Team: Rosanne Altrows, Veda Collins, Chuck Copley, Dan Countryman, Jeff Hollowell, Laura Holmes, Kendra Jordan, Kristen Leverone, David Longo, Russel Williams

Norway: International Mobility Adecco Norway is a trailblazer in international recruitment for the construction and industrial sectors. The focus is on qualified, properly trained personnel. Initiatives include setting up courses abroad to educate personnel in the language and culture of the country, and coach them about the special requirements for working in Norway.

Combined with a strong sales focus, these initiatives have enabled the company to achieve a market share of over 60% in this sector.

Team: John Berg, Tony Goffredo, Iwona Kilanowska, Erling Kornkveen, Kennet Pettersen, Torstein Ravndal, Alicja Zadrozna

Australia: Ajilon Western Australia business unit
Ajilon WA achieved dramatic improvements in revenues and performance in 2009, in a generally adverse environment. Ajilon WA, with more than 350 consultants, is focused on business and IT consulting, serving numerous major government and commercial clients in Perth, where it is seen as the premier consulting company. Ajilon's secret is to focus on its people and culture, developing great integrity, trust and respect within the business unit.

Team: Jonno Andrews, Chris Benthien, Susanna DeBari, Annabel Flynn, Karl Johns, Anne McCormack, Jason Pentony, Chuen Seet, Mark Smith, Gordon Webster

USA: Adecco Solutions Client Relationship Team
In 2009, Adecco was awarded the Managed Service Provider programme (MSP) of a leading financial institution. Adecco has expanded its programme to manage the client's contingent staffing needs across all domestic lines of business, representing a projected 500% growth. The consistent performance of the entire team, the development of the key relationships and the success of multi-generation implementations convinced the institution's leadership that our success would continue to bring and enhance value to the overall MSP programme.

Team: Jennifer Barrett, Kate Dyer, Alex Garcia, Irit Gross, Steve Hinckley, Gayle Jacobs, Cristine Kane, Diana Karabelas, Julie Nalesnik, Mindy Notte, Glen Tolleson, Buffy White

CEO, Procurement Services for Health Enterprises (PSHE), Vadsø, Norway:

"For this first-ever tender for a national contract, we chose the no. 1 – the best, not the cheapest."

A world of opportunity. Procurement Services for Health Enterprises is owned by the four Regional Health Enterprises in Norway, responsible for coordinating and conducting national tenders on behalf of the healthcare enterprises. The Norwegian government put out a tender for a preferred supplier of contract nurse recruitment covering over 100 hospitals. Adecco project manager Bård Kristiansen and his team impressed the panel with the completeness of their offer and the process proposed, as well as the "experts talk to experts" approach – several Adecco recruiters are qualified nurses. They are now recruiting 1,500 nurses a year. One of the first, Terese Pirak, came to Norway because of the project and found a job in one of the hospitals.

Terese Pirak, 33, Swedish, nurse:

"If you are ambitious and flexible, there are great opportunities for nurses here. It's close to home and the language is no barrier."

Like many other countries, Norway is affected by macro-economic trends such as the aging of the population, which increases demand for medical professionals. With unemployment very low, about 2.5%, the labour market is highly competitive, and there are simply not enough nurses. That is why Adecco is recruiting abroad – in Sweden, Poland and even Iceland. With a common policy in public healthcare, there is great potential for improving efficiency, cutting costs, enhancing product quality and helping solve logistical problems for governments.

This is how HR services benefit labour markets: as the number of temporary workers increases, our industry improves the efficiency of the markets. Staffing agencies such as Adecco are effective in addressing skill shortages and consequently helping to reduce unemployment. They have the industry expertise and international reach to match scarce skills with the right opportunities wherever they are.

Work is one way to define who we are and it can give purpose and meaning to our lives.

Our corporate responsibility

The work we do every day has a direct impact on the lives of hundreds of thousands of people. The importance of work and what we do to help people find jobs cannot be overstated. It permits us to realise our talents and to contribute to society. It is essential for our financial well-being. To foster and enhance the key role we play is clearly our long-term goal. Adecco wants to be alongside our customers and candidates at each stage of their life cycle.

In the midst of the global recession, the value of 'work' has crystallised in the minds of governments, companies, families and individuals. Work is at the core of the Adecco business, and optimising our positive contribution to the economy and society is a vital part of our corporate responsibility.

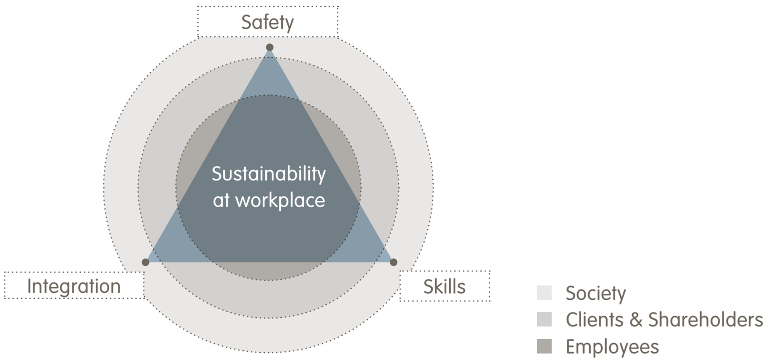
Our areas of focus

As the world's leading Human Resources services group, operating in 60 markets worldwide and doing business that has a positive impact on more than 500,000 people every day, we are conscious of our global role.

In 2009, our corporate responsibility management system was enhanced by the addition of specific performance indicators to measure accident frequency rates, training and development, retention, as well as diversity and mobility in our organisations. These performance indicators were derived from the three main areas of focus of Adecco's corporate responsibility strategy:

Prioritising activities

Adecco Group: Three main areas of focus



- The first, 'safety', encompasses all our efforts to guarantee employees' safety from threats and risks in the workplace.
- The second area of focus is 'skills'. Our people benefit from our experience in developing talent, not just finding people their next job, 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.

Adecco runs many initiatives and programmes at local, national and global level which exemplify these three aspects of our action on corporate responsibility. In this Olympic year, we would like to mention only a Group-wide programme that stands as an example of talent development, career guidance and integration: the IOC and the IPC Athlete Career Programme, which we run in cooperation with the International Olympic and Paralympic Committees. The programme helps elite athletes around the world make the transition from sport to their next career, focusing on their integration into the workforce by leveraging and developing their special skills. These dedicated individuals devote their formative years to training and competition, often at the expense of their education and career prospects.

An in-depth account of our CR strategy, initiatives and performance can be found on the relevant corporate web page or in our latest Corporate Responsibility Report.

Manager for Athletes' Study and Career Planning,
Finnish Olympic Committee, Helsinki, Finland:

"The IOC Athlete Career Programme proves we can solve the tricky equation of engineering studies + elite sports = good career prospects."

Career-best performance. Jenni Mikkonen is majoring in industrial management at the Tampere University of Technology in southwestern Finland. She started canoeing in her home town of Lahti at the age of 9 and took up serious training when she was 14. Jenni holds multiple national solo kayaking titles. She competed in the Athens 2004 Olympic Games and Beijing in 2008, and won bronze at the World Championships in 2006 and silver at the 2008 European Championships. Her main goal is an Olympic medal in London in 2012. Under the auspices of the IOC Athlete Career Programme, Jenni took part in a career seminar for athletes run by Adecco. Her adviser was Virpi Ojakangas-Palmunen, who is responsible for the implementation of the IOC Athlete Career Programme in Finland. Despite intensive training commitments, Jenni hopes to complete her bachelor's degree in 2010 and master's in engineering before the London Games in 2012.

Jenni Mikkonen, 29, Finnish, Olympic kayaker

"The main lesson I've learnt is that a sports career counts as valuable work experience."

The IOC Athlete Career Programme (ACP) in Finland is run jointly by the Finnish Olympic Committee and Adecco Finland. Some 200 Finnish athletes and coaches are currently involved. Launched in 2005, the programme helps Olympic and Paralympic athletes successfully manage the difficult transition from elite sport to a new career. It has already supported some 5,000 athletes.

Adecco operates career programmes in around 30 countries worldwide to help elite athletes enter or re-enter the social and professional mainstream through educational, career planning and job placement services that bring them into contact with leading companies. The IOC ACP can also help athletes still active in competition to find a job that enables them to balance work, life and sport. Talented athletes who make the sacrifices necessary to excel in their sports deserve an equal chance to excel in their careers.

Adecco S.A. shares are registered in Switzerland (ISIN: CH0012138605), with listings on the SIX Swiss Exchange (ADEN) in Switzerland and on Euronext in France (ADE). Adecco is a constituent of the Swiss Market Index (SMI), Switzerland's most important stock market index, containing the 20 largest and most liquid Swiss stocks.

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 the 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 the Company at all times.

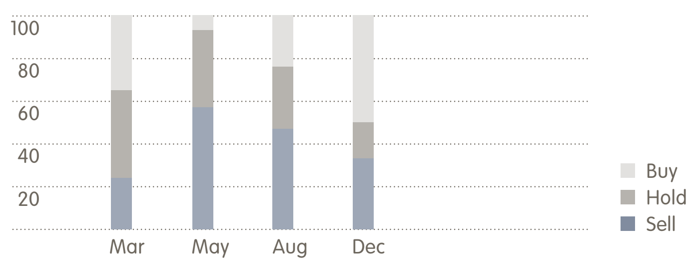
To guarantee equal and legally compliant distribution of price-sensitive information, our communication strategy relies upon the following tenets:

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 maintained an efficient and open dialogue with the market through our IR activities in 2009, devoting 49 days to market communications around the time of our quarterly results releases, compared with 54 days in 2008. The Adecco Group CEO and CFO, as well as IR, held more than 289 meetings, talking to over 565 institutional investors, analysts, portfolio managers and brokers in North America, the UK and Ireland, continental Europe, the Middle East and Asia. We participated in 7 broker conferences and 34 roadshows in Europe and the USA during 2009.

Moreover, the IR pages on the Adecco S.A. website, www.Adecco.com/InvestorRelations, aim to provide the investment community with a broad source of up-to-date information at all times.

Distribution of broker ratings in 2009* *in %*



** After presentation of quarterly results.*

Coverage Adecco S.A.'s share price developments are closely monitored by the financial community.

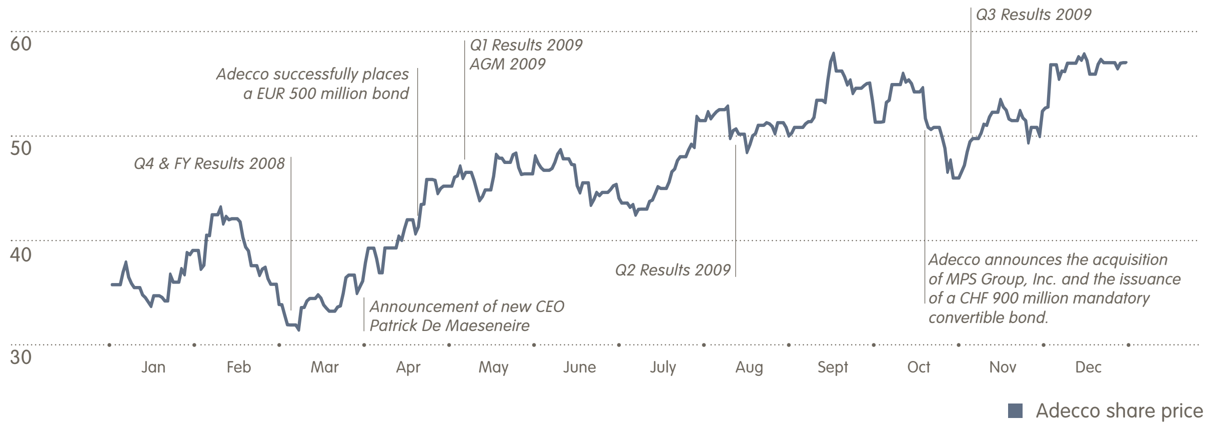
In 2009, financial analysts' perception of the Company's strategy, results and valuation varied considerably during the course of the year. In the second quarter of 2009, only 7% of analysts covering the shares recommended to buy, 27% recommended to hold and 57% recommended selling the shares. After the release of the third-quarter results at the beginning of November, however, 52% of analysts recommended to buy the stock, 17% recommended to hold, while only 31% of analysts recommended selling. The change in perception is largely attributable to the first signs of an improvement in the revenue trend of the Adecco Group, as well as the successful execution of necessary cost reductions during the downturn and structural cost improvements.

More than 20 brokers are covering Adecco, maintaining regular contact with the IR department. They include: Bank am Bellevue, Bank Vontobel, Berenberg, Cazenove, Cheuvreux, Credit Suisse, Deutsche Bank, Evolution Securities, Exane BNP Paribas, Fortis, Goldman Sachs, Helvea, HSBC, ING, Kepler, MainFirst, Merrill Lynch, Morgan Stanley, Natixis, Neue Zürcher Bank, Nomura, Rabobank, UBS and Zürcher Kantonalbank.

Dividend history From 2002 until 2007, the Company saw a steady increase in its dividend, from CHF 0.60 for 2002 to CHF 1.50 for 2007. The dividend was kept stable at CHF 1.50 per share for 2008, reflecting the healthy financial position of the Company and in line with the historical payout ratio of about 25% to 30% of adjusted net earnings. The Board of Directors will propose a dividend of CHF 0.75 per share for 2009, equivalent to a 30% payout ratio on adjusted net earnings.

Performance report Fears of a long-lasting global recession, as well as uncertainty about the consequences of the financial crisis, led to a tough start for equity markets in 2009. Adecco S.A.'s shares were trading at CHF 35.78 at the beginning of the year and reached their lowest level of CHF 31.50 shortly after the release of the full-year 2008 results in March 2009. Towards the end of March 2009, equity market participants started to regain faith in the financial system and money started to shift back into equities, despite continued low visibility on future corporate business developments. This marked the beginning of a rally in the markets overall, also supported by historically low interest rates and ample liquidity provided by all major central banks. Adecco took advantage of the improved financial market conditions and successfully placed a EUR 500 million bond in April to further increase the Group's financial flexibility.

Adecco share price and main events 2009



On the back of the market rally during the spring and summer months, Adecco S.A. shares posted a strong performance, increasing by 84% from the March low to an all-year high of CHF 57.85 at the beginning of September. Comments regarding stabilisation of Adecco's revenue trend during the second quarter and signs of improving business during the third quarter contributed to the good share price performance.

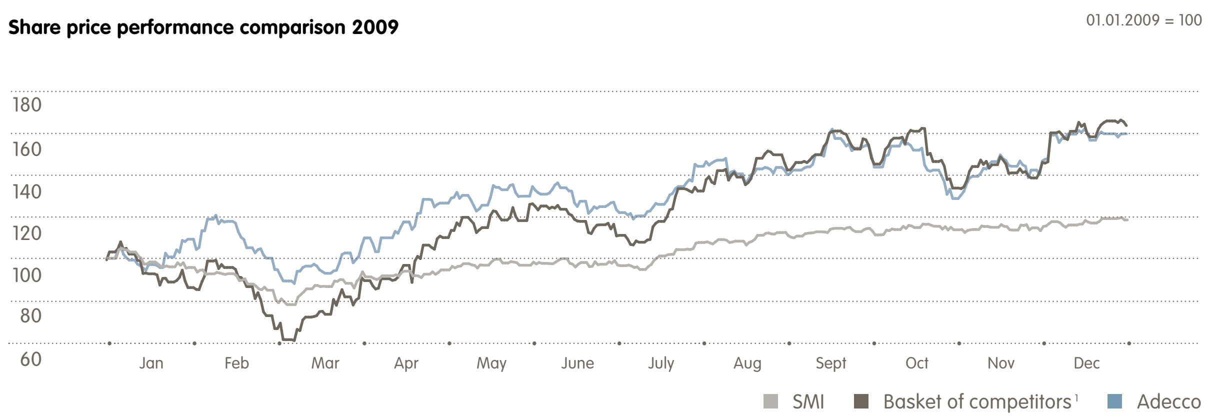
On October 20, 2009, the Adecco Group announced the acquisition of MPS Group, a leading provider of professional staffing services, for an expected enterprise value of EUR 782 million[1], and shortly after posted a strong set of third-quarter results. The Adecco S.A. share price consolidated somewhat during September and October, partly due to comments by some peers on staffing sector developments, suggesting that performance would be weaker than anticipated. Adecco S.A. shares rose again during November and December on the back of the strong third-quarter results, nearly reaching all-year highs in December.

Adecco S.A. shares posted a 59% increase in 2009, reaching CHF 57.05 on December 31, 2009, compared with CHF 35.78 on December 31, 2008. Adecco S.A. shares outperformed the Swiss Market Index (SMI) by 41%, but the share price performance was in line with a basket of key competitors in the staffing industry. Market capitalisation was CHF 9.9 billion at the end of 2009, compared with CHF 6.2 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 62% of all issued shares held by institutional investors, 29% held by insiders and Adecco S.A., and only 4% 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 23% of issued shares at the end of 2009. The percentage held by European institutions also increased to 37%, while the percentage of holdings by institutions from the rest of the world remained constant compared with 2008.

1 Based on 1.49 USD/EUR exchange rate.

Share price performance comparison 2009



Investor structure

in % of shares issued	2009	2008	2007
Institutional:			
• Europe	37%	29%	33%
• North America	23%	21%	18%
• Rest of world	2%	2%	1%
Retail	4%	6%	3%
Insider and treasury	29%	31%	33%
Unassigned	5%	11%	12%

Insider and treasury holdings

as of year-end 2009	*in % of shares issued*
Group represented by Jacobs Holding AG	20.7%
Treasury shares	8.0%
Management and Board	0.1%

Key data

	2009	2008
Shares issued	189,263,506	189,263,506
Treasury shares	15,184,075	15,075,104
Shares outstanding	174,079,431	174,188,402
Basic weighted-average shares	177,606,816	175,414,832
Basic earnings per share in EUR	0.04	2.82
Diluted earnings per share in EUR	0.04	2.71
Dividend per share in CHF	0.75[2]	1.50
Year-end share price in CHF	57.05	35.78
Highest share price in CHF	57.85	64.00
Lowest share price in CHF	31.50	33.12
Year-end market capitalisation in CHF millions	9,931	6,232
Price/earnings ratio[3]	n.m.	8.5
Enterprise value[4]/ operating income	n.m.	6.4

1 Manpower, Randstad, Kelly.

2 Proposed by the Board of Directors.

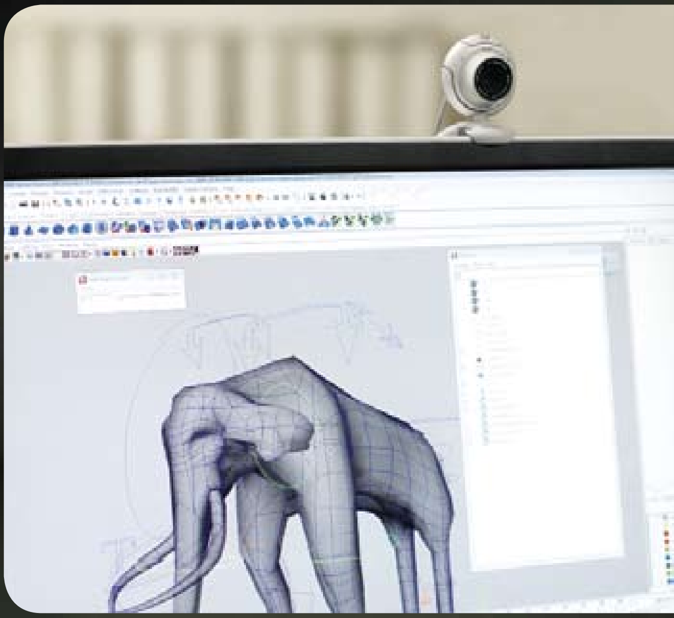
3 Based on basic earnings per share and share price at year-end CHF/EUR per year-end 2008: 1.49.

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

CEO, Heatwave Interactive™, Austin, Texas, USA:

"In a fast-moving industry, it takes quick-witted people with experience and drive to make the difference."

Ahead of the game. Heatwave Interactive™ was founded in 2007 with a mission to revolutionise entertainment through cross-media platforms for gaming, film, music and television. The company was looking for a CFO with special talents to help it access more venture capital, drive expansion and gain industry leadership. Ajilon Finance found Patrick Goodwin, with experience in public accounting and the video-game industry, in faraway Seattle. It was a real challenge to find the required skill-sets combined in one person. Ariana Anderson, Senior Account Manager at Ajilon Finance in Austin, tracked Patrick down through a business-oriented social networking site. Ajilon helped him plan for relocation with his family from Seattle to Austin. Prompted by the success of the project, Heatwave is working with Ajilon on other recruitment matters.



Patrick Goodwin, 48, American, CFO:

"It was a big opportunity, but also a big move for my family. Ajilon did a great job of coaching me to take the right decision!"

To become the industry leader in professional staffing you have to be expert at finding candidates with special skills in unusual combinations. This is particularly valuable for clients who have no access to nationwide or international networks. In today's interconnected world, passive recruitment, for example through job ads, often plays a secondary role. In many cases, active recruitment is the best way to find the right person for the job. Our recruiters spot companies looking for particular talents and search out suitable candidates through all kinds of channels, for example online communities.

Whatever the resources deployed, we aim to build relationships that look beyond the immediate needs of placement and recruitment. Candidates benefit through opportunities to develop their talents, while we gain and retain the loyalty of clients by delivering the special skills they need – no matter how unusual the combination. We call this approach: "Let experts talk to experts".

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 consolidated subsidiaries, as well as variable interest entities for which Adecco is considered the primary beneficiary (for further details, refer to section "Principles of consolidation" in Note 1 to the consolidated financial statements).

1.1 Business and industry background

The Company is the world's leading provider of human resource solutions including temporary staffing, permanent placement, outsourcing, outplacement, and career services consulting. The Company had a network of over 5,500 branches and over 28,000 full-time equivalent employees in over 60 countries and territories at the end of 2009. In 2009, the Company connected on average on a daily basis over 500,000 associates with over 100,000 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 macroeconomic 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 the Company's internal cost structure. This coupled with the ability to maximise overall resources and to enhance competitive advantage through the Company's wide variety of services and locations while maintaining standards of quality to both 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 geographies – consisting of France, North America, Germany & Austria, Japan, UK & Ireland, Italy, Benelux, Nordics, Iberia, Switzerland, Australia & New Zealand, and Emerging Markets – directly manage the office and industrial business lines as well as the professional business lines. The geographies 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. The classification of a specific branch into a business line is determined by the business line generating the largest revenue share in that specific branch.

1.3 Service lines

Revenues and gross profits derived from temporary staffing totalled 91% and 75% in 2009 and 93% and 79% in 2008 of the respective consolidated totals, when excluding the positive impact in 2009 of the reassessment of existing accruals in France and in 2008 of the modification of the calculation of French social charges, and the negative impact in 2009 of the sales tax accrual in the UK related to prior years. 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 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 9% and 25% in 2009 and 7% and 21% in 2008 of the respective consolidated totals, when excluding the positive impact in 2009 of the reassessment of existing accruals in France and in 2008 of the modification of the calculation of French social charges, and the negative impact in 2009 of the sales tax accrual in the UK related to prior years. 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

The Company monitors 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 uses 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 internal and external personnel, 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 2009, 55% 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 2009, the average exchange rate for the US Dollar, Japanese Yen, and Swiss Franc, which comprised 13%, 9%, and 2% of total revenues, respectively, strengthened against the Euro, whereas the British Pound, the Norwegian Krone, the Australian Dollar, and the Canadian Dollar, which comprised 6%, 2%, 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 the US Dollar and the Japanese Yen weakened against the Euro, whereas the Swiss Franc, the British Pound, the Norwegian Krone, the Australian Dollar, and the Canadian Dollar all strengthened 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	31.12.2009	31.12.2008
Net debt		
Short-term debt and current maturities of long-term debt	456	56
Long-term debt, less current maturities	1,114	1,142
Total debt	**1,570**	**1,198**
Less:		
Cash and cash equivalents	1,458	574
Short-term investments	2	7
Net debt	**110**	**617**

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. Revenues decreased in 2009 compared to 2008 by 26% to EUR 14,797 or by 27% excluding acquisitions and currency impact. Excluding the impact of acquisitions and currency, revenues declined in 2009 by double digit percentages in all geographies except in the Emerging Markets.

Operating income decreased 91% to EUR 65 and net income attributable to Adecco shareholders decreased 98% to EUR 8 in 2009 compared to 2008, mainly caused by the revenue decline but also by lower gross profit as well as an increase in restructuring charges and an increase in impairment charges to goodwill and intangible assets in 2009.

3.2 Revenues

Revenues decreased by 26% to EUR 14,797 in 2009 or 26% in constant currency. This reduction was driven primarily by a temporary staffing volume decrease as temporary hours sold contracted by 22% to 991 million. Permanent placement revenues were EUR 178 in 2009, which represents a decrease of 50%, or 49% in constant currency, versus 2008 and outplacement revenues were EUR 298 in 2009 which represents an increase of 43%, or 39% in constant currency. Acquisitions had a positive impact of 1% on 2009 revenues.

Geographical performance

The geographical breakdown of revenues is presented below:

			Variance %	
in EUR	2009	2008	EUR	Constant currency
Revenues				
France	4,806	6,574	(27)	(27)
North America [1]	2,316	2,898	(20)	(23)
Germany & Austria [1]	1,033	1,646	(37)	(37)
Japan	1,343	1,463	(8)	(22)
UK & Ireland	947	1,404	(33)	(23)
Italy	683	1,170	(42)	(42)
Benelux	801	957	(16)	(16)
Nordics	596	959	(38)	(33)
Iberia	676	1,028	(34)	(34)
Switzerland [1]	342	462	(26)	(30)
Australia & New Zealand	288	395	(27)	(23)
Emerging Markets [1]	966	1,009	(4)	2
Adecco Group	**14,797**	**19,965**	**(26)**	**(26)**

1 The 2009 information includes certain changes in allocation of the geographies, most notably from Emerging Markets to North America (Mexico and Puerto Rico previously reported under Emerging Markets are now reported in North America). Austria previously reported together with Switzerland is now reported together with Germany. The 2008 information has been restated to conform to the current year presentation.

in millions, except share and per share information

France

Revenues in France decreased 27% to EUR 4,806 in 2009. Temporary hours sold fell by 29% and temporary staffing services bill rates remained unchanged. In 2009, France accounted for 32% of the Company's revenues.

North America

Revenues in North America decreased by 20%, or by 23% in constant currency, to EUR 2,316 in 2009. Temporary hours sold fell by 24% and bill rates decreased by 2% in constant currency. The outplacement business increased revenues by 49%, or 42% in constant currency. Permanent placement revenues were weak. North America contributed 16% to the Company's revenues in 2009.

Germany & Austria

Germany & Austria's revenues decreased by 37% to EUR 1,033 in 2009, reflecting a 40% reduction in temporary hours sold and a 3% increase in bill rates. Revenues in Germany & Austria accounted for 7% of the Company's revenues in 2009.

Japan

In Japan, revenues declined by 8%, or 22% in constant currency, to EUR 1,343. Temporary hours sold decreased by 24% and bill rates remained unchanged in constant currency. In 2009, 9% of the Company's revenues were generated in Japan.

UK & Ireland

UK & Ireland's revenues contracted 33%, or 23% in constant currency, to EUR 947 in 2009. Temporary hours sold decreased 27% and bill rates grew 7% in constant currency. Permanent placement revenues were weak. UK & Ireland generated 6% of the Company's revenues in 2009. The acquisition of Spring Group ("Spring") had a positive impact of 5% on the UK & Ireland revenue development.

Italy

In Italy, revenues contracted 42% to EUR 683 in 2009 as temporary hours sold decreased by 43% and bill rates grew 2%. Italy accounted for 5% of the Company's revenues in 2009.

Benelux

In the Benelux countries, revenues decreased by 16% to EUR 801 in 2009. Acquisitions had a 7% positive impact on the Benelux revenues in 2009. Temporary hours sold decreased by 21% and bill rates increased by 6%. The Benelux revenues in 2009 accounted for 5% of the Company's revenues.

Nordics

Revenues in the Nordic countries declined by 38%, or 33% in constant currency, to EUR 596. Temporary hours sold decreased by 36% and the bill rates increased by 4% in constant currency. The Nordics revenues in 2009 accounted for 4% of the Company's revenues.

Iberia

In Iberia, revenues decreased by 34% to EUR 676. A 38% decline in temporary hours sold and a 4% decrease in bill rates resulted in a temporary staffing revenue decline of 40%, which was partly offset by a lower decrease in outsourcing revenues. In 2009, Iberia contributed 5% to the Company's revenues.

Switzerland

In Switzerland, revenues decreased 26%, or 30% in constant currency, to EUR 342. Switzerland revenues represented 2% of the Company's revenues in 2009.

Australia & New Zealand

In Australia & New Zealand, revenues decreased by 27%, or 23% in constant currency, to EUR 288 in 2009. Australia & New Zealand contributed 2% of the Company's revenues in 2009.

Emerging Markets

In the Emerging Markets, revenues declined 4%, but increased 2% in constant currency, to EUR 966. The Emerging Markets represented 7% of the Company's revenues in 2009.

Business line performance

The business line breakdown of revenues is presented below:

			Variance %	
in EUR	2009	2008	EUR	Constant currency
Revenues [1]				
Office	3,465	4,510	(23)	(25)
Industrial	7,389	11,094	(33)	(34)
Total Office & Industrial	**10,854**	**15,604**	**(30)**	**(31)**
Information Technology	1,100	1,175	(6)	(5)
Engineering & Technical	615	805	(24)	(24)
Finance & Legal	336	464	(28)	(29)
Medical & Science	245	275	(11)	(10)
Sales, Marketing & Events	355	382	(7)	(12)
Human Capital Solutions	341	263	30	26
Total Professional Business Lines	**2,992**	**3,364**	**(11)**	**(12)**
Emerging Markets [2]	**951**	**997**	**(5)**	**2**
Adecco Group	**14,797**	**19,965**	**(26)**	**(26)**

1 Breakdown of revenues is based on dedicated branches.
The 2009 information includes certain changes in the allocation of branches to business lines, most notably from Sales, Marketing & Events to Office and from Emerging Markets to Office & Industrial. Puerto Rico and Mexico previously reported under Emerging Markets are now reported in North America. The 2008 information has been restated to conform to the current year presentation.
2 Emerging Markets excluding professional business lines.

Office & Industrial

The Company's Office & Industrial businesses contracted 30% or 31% in constant currency to EUR 10,854 in 2009, which represents 73% of the Company's revenues.

In the Office business, revenues declined in constant currency by double digit percentage figures in Japan, North America, UK & Ireland, France, and the Nordics. Japan, North America, UK & Ireland, France, and the Nordics generated more than 80% of the revenues in the Office business.

In the Industrial business, revenues declined in constant currency by double digit percentage figures in all countries with a particularly strong decrease in Germany & Austria, Italy, and Iberia. France, North America, Germany & Austria, Italy, Benelux, and Iberia accounted for over 90% of the revenues in the Industrial business.

Information Technology

In Information Technology, the Company's revenues decreased by 6%, or 5% in constant currency, compared to 2008, experiencing a decline in North America, the UK & Ireland, Japan, and Australia & New Zealand. Excluding acquisitions, France had a small positive development. North America, the UK & Ireland, France, Japan, and Australia & New Zealand contributed over 85% of the business line's revenues. Acquisitions had a 13% positive impact on the revenues of the Information Technology business.

Engineering & Technical

Revenues in the Company's Engineering & Technical business line contracted by 24% both as reported and in constant currency. The Company saw declining demand in North America and Germany & Austria. Approximately two thirds of the business line's revenues were generated in North America and Germany & Austria.

in millions, except share and per share information

Finance & Legal

In Finance & Legal, the Company experienced a revenue contraction of 28% or 29% in constant currency. Demand decreased strongly in North America and to a lesser degree in the Nordics and in Germany & Austria. North America, the Nordics, and Germany & Austria contributed over 70% of revenues in the business line Finance & Legal. Acquisitions had a 4% positive impact on the revenues of the business line.

Medical & Science

Medical & Science revenues declined 11%, or 10% in constant currency, driven by the Nordics as France declined only slightly. France and the Nordics accounted for over 75% of the business line's revenues.

Sales, Marketing & Events

In Sales, Marketing & Events, revenues declined by 7%, or 12% in constant currency. Iberia, Japan, and France were the main contributors to the business line's revenues.

Human Capital Solutions

The Company's Human Capital Solutions revenues grew by 30%, or 26% in constant currency, reflecting the generally good conditions in the outplacement market. Over 85% of the Human Capital Solutions business line revenues were generated in North America and France.

3.3 Gross profit

Gross profit decreased by 28%, or 29% in constant currency, to EUR 2,649 in 2009. Excluding in 2009 the positive impact of EUR 25 for the reassessment of existing accruals in France and in 2008 the modification of the calculation of French social charges of EUR 63 as well as lower profit sharing expenses in France of EUR 8 as a result of the restructuring costs, and the negative impact in 2009 of the sales tax accrual in the UK related to prior years of EUR 7, gross margin was down 20 bps. Lower gross margins in the temporary staffing business and the weak permanent placement business partly offset by the higher contribution of outplacement are the main drivers behind this decline.

The change in gross margin in 2009 compared to 2008 is attributable to:

	bps
Temporary staffing	(70)
Permanent placement	(50)
Outplacement	80
Other	20
Excluding France and UK impact	**(20)**
France and UK impact	(30)
Total	**(50)**

3.4 Selling, general and administrative expenses

During 2009, the Company maintained its emphasis on cost control and restructuring. Selling, general and administrative expenses ("SG&A") decreased by 15%, or 16% in constant currency, reflecting an increase in SG&A as a percentage of revenues of 210 bps to 15.9% from 13.8% in 2008. SG&A in 2009 and 2008 included restructuring expenses of EUR 121 and EUR 40, respectively, associated with headcount reductions and branch optimisation in France, Italy, Iberia, Benelux, UK & Ireland, North America, Germany & Austria, and other countries. In 2008, SG&A included a provison for the French antitrust case of EUR 19.

Personnel expenses, which comprised approximately 70% of total SG&A, decreased by 15% (also in constant currency) to EUR 1,621 in 2009. The decrease was mainly due to a reduction in the number of FTE employees, partly offset by restructuring expenses. The average FTE employees and the average number of branches during 2009 decreased by 17% to 30,037 and by 13% to 5,850, respectively. At year end, the number of FTE employees and the number of branches exceeded 28,000 and 5,500, respectively.

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

	FTE employees			Branches		
	2009	2008	% variance	2009	2008	% variance
Geographical breakdown (yearly average)						
France	7,473	8,393	(11)	1,775	1,829	(3)
North America[1]	5,342	6,581	(19)	979	1,196	(18)
Germany & Austria[1]	2,512	3,046	(18)	528	598	(12)
Japan	2,379	2,701	(12)	172	172	0
UK & Ireland	1,869	2,665	(30)	301	326	(8)
Italy	1,506	2,005	(25)	476	584	(18)
Benelux	1,675	1,881	(11)	365	466	(22)
Nordics	1,138	1,579	(28)	214	269	(21)
Iberia	1,742	2,311	(25)	438	624	(30)
Switzerland[1]	499	612	(18)	114	121	(6)
Australia & New Zealand	513	666	(23)	81	99	(18)
Emerging Markets[1]	3,162	3,676	(14)	407	478	(15)
Corporate	227	283	(20)			
Adecco Group	**30,037**	**36,399**	**(17)**	**5,850**	**6,762**	**(13)**

1 The 2009 information includes certain changes in the allocation of the geographies, most notably from Emerging Markets to North America (Mexico and Puerto Rico previously reported under Emerging Markets are now reported in North America). Austria previously reported together with Switzerland is now reported together with Germany. The 2008 information has been restated to conform to the current year presentation.

Marketing expenses were EUR 58 in 2009, compared to EUR 95 in 2008. Bad debt expense decreased by EUR 19 to EUR 16 in 2009.

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

Amortisation of intangible assets decreased to EUR 42 from EUR 44 in 2008.

In 2009, the Company recorded an impairment charge to goodwill and indefinite-lived and definite-lived intangible assets of EUR 192. The goodwill impairment charge of EUR 125 relates to the German operations and the intangible assets impairment charge of EUR 67 mainly relates to the write-down of the Tuja customer base intangible assets and the Tuja trade names in Germany.

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 Tuja trade names in Germany.

3.6 Operating income

Operating income decreased 91%, or 92% in constant currency, to EUR 65 in 2009. The 2009 operating income was negatively affected by the impairment charge to goodwill and intangible assets of EUR 192, the EUR 121 restructuring costs incurred in France, Italy, Iberia, Benelux, UK & Ireland, North America, Germany & Austria, and other countries (for further details refer to Note 6 to the consolidated financial statements), as well as by the sales tax accrual in the UK related to prior years of EUR 7 and positively affected by the reassessment of existing accruals in France of EUR 25. The 2008 operating income was positively impacted by the modification of the calculation of French social charges of EUR 63 (for further details refer to Note 1 to the consolidated financial statements) and negatively impacted by restructuring charges of EUR 32 (net of lower profit sharing expenses in France of EUR 8 as a result of the restructuring charges), as well as the provision for the French antitrust case of EUR 19 and by the impairment charge to goodwill and intangible assets of EUR 116.

in millions, except share and per share information

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

in EUR	2009	2008	Variance % EUR	Variance % Constant currency
Operating income				
France	68	272	(75)	(75)
North America[1]	112	124	(10)	(14)
Germany & Austria[1]	31	154	(79)	(79)
Japan	95	107	(12)	(26)
UK & Ireland	(13)	23	(155)	(164)
Italy	5	70	(93)	(93)
Benelux	6	50	(89)	(89)
Nordics	4	46	(91)	(90)
Iberia	4	53	(93)	(93)
Switzerland[1]	22	48	(54)	(57)
Australia & New Zealand	4	9	(54)	(48)
Emerging Markets[1]	28	37	(23)	(19)
Total operating units	**366**	**993**	**(63)**	**(64)**
Corporate expenses	(67)	(85)		
Amortisation of intangible assets	(42)	(44)		
Impairment of goodwill and intangible assets	(192)	(116)		
Adecco Group	**65**	**748**	**(91)**	**(92)**

1 The 2009 information includes certain changes in the allocation of the geographies, most notably from Emerging Markets to North America (Mexico and Puerto Rico previously reported under Emerging Markets are now reported in North America). Austria previously reported together with Switzerland is now reported together with Germany. The 2008 information has been restated to conform to the current year presentation.

France
Operating income in France decreased by 75% to EUR 68 in 2009. The operating income margin decreased by 270 bps to 1.4% in 2009 compared to 2008, partly due to the increase in restructuring expenses (EUR 49 in 2009; EUR 15 in 2008, net of lower profit sharing expenses as a result of the restructuring charges) and the positive impact of the modification of the calculation of French social charges in 2008 (EUR 63), partly offset by the positive impact in 2009 of the reassessment of existing accruals (EUR 25) and the negative impact of a provision for the antitrust case (EUR 19) in 2008.

North America
North America's operating income decreased by 10%, or 14% in constant currency, to EUR 112 in 2009. As a result of the improved conditions in the outplacement business, the operating income margin increased 50 bps to 4.8% in 2009 compared to 2008.

Germany & Austria
Germany & Austria's operating income decreased by 79% to EUR 31 in 2009 and the operating income margin was 3.0%, a decline of 630 bps compared to 2008 due to declining revenues and lower utilisation of those temporary workers where the Company has the obligation to pay wages even when the temporary workers are not seconded to a client.

Japan
Operating income for Japan decreased 12% or 26% in constant currency to EUR 95 in 2009 while the operating income margin declined only by 20 bps to 7.1% compared to 2008. Efficient cost management led to a stable SG&A as a percentage of revenues.

UK & Ireland
The UK & Ireland's operating income decreased from EUR 23 operating income in 2008 to an operating loss of EUR 13 in 2009. The negative results were partly caused by a weakening demand in permanent placement, restructuring costs as well as integration costs related to the acquired Spring Group of EUR 9 and a EUR 7 sales tax accrual related to prior years. The operating income margin declined by 290 bps to –1.3% in 2009 compared to 2008.

Italy
In Italy, operating income declined by 93% to EUR 5 in 2009 and the operating income margin contracted 530 bps to 0.7% compared to 2008, partly due to restructuring expenses in 2009 of EUR 19.

Benelux
In the Benelux countries, operating income decreased by 89% to EUR 6 in 2009. The operating income margin decreased by 460 bps to 0.7% in 2009 compared to 2008, partly due to restructuring expenses of EUR 14.

Nordics
Operating income in the Nordics decreased 91% or 90% in constant currency to EUR 4 in 2009. The operating income margin decreased by 410 bps to 0.7% in 2009 compared to 2008, due to declining revenues, a gross margin decline and restructuring expenses.

Iberia
In Iberia, operating income declined by 93% to EUR 4 in 2009. The operating income margin decreased by 460 bps to 0.5% in 2009 compared to 2008, partly caused by increased restructuring expenses (EUR 15 in 2009; EUR 5 in 2008).

Switzerland
In Switzerland, operating income decreased 54% or 57% in constant currency to EUR 22 in 2009 compared to 2008. The operating income margin declined 400 bps to 6.4% due to higher SG&A as a percentage of revenues.

Australia & New Zealand
In Australia & New Zealand, operating income decreased 54% or 48% in constant currency to EUR 4 in 2009 compared to 2008. The operating income margin decreased 80 bps to 1.5% in 2009 compared to 2008.

Emerging Markets
In the Emerging Markets, the Company experienced a decrease in operating income of 23% or 19% in constant currency to EUR 28. The operating income margin declined from 3.6% in 2008 to 2.9% in 2009.

3.7 Interest expense

Interest expense decreased by EUR 3 to EUR 55 in 2009 compared to EUR 58 in 2008.

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 expenses of EUR 1 in 2009 compared to income of EUR 19 in 2008. The decrease in income in 2009 compared to 2008 can mainly be attributed to lower interest income in 2009 of EUR 5 compared to EUR 18 in 2008.

3.9 Provision for income taxes

The provision for income taxes decreased by EUR 209 to EUR 1 in 2009 compared to EUR 210 in 2008. The effective tax rate for the fiscal year 2009 was 5% compared with 30% in the prior year. The 2009 effective tax rate was positively impacted by the change in the mix of earnings and the successful resolution of prior years' audits, which was partly offset by higher impairment charges with no tax benefit.

3.10 Net income attributable to Adecco shareholders

Net income attributable to Adecco shareholders for 2009 decreased by 98% to EUR 8 compared to EUR 495 in 2008. Basic earnings per share ("EPS") was EUR 0.04 in 2009 compared to EUR 2.82 in 2008. The modified calculation of French social charges had a positive impact on basic EPS of EUR 0.23 in 2008.

4. Outlook

The positive development of the revenue trend observed during the fourth quarter of 2009, continued into 2010, with the main markets France and North America returning back to year-on-year growth in recent weeks. While visibility on demand in the coming months remains low, management is gaining confidence in the recovery of the industry. Management's focus remains on price discipline and strict cost control, while seeking opportunities to take advantage of improved market conditions.

Based on current developments, management expects a continued improvement of market conditions.

The structural measures taken to improve the cost base in the recent downturn coupled with the higher exposure to professional staffing through recent acquisitions best position the Company to take advantage of better economic conditions and to further enhance its leading market position in both general and professional staffing. As a result, the Company is committed to improve the EBITA margin to above 5.5% mid-term.

Successful closing of the acquisition of MPS Group ("MPS")
On January 19, 2010, Adecco successfully completed the acquisition of MPS, a leading provider of professional staffing services. This acquisition significantly enhances the Company's position in the professional staffing business, particularly in North America and the UK. The integration of MPS has been initiated immediately after the closing of the deal. The Company expects the transaction to be accretive on an adjusted EPS [1] basis in 2010. The acquisition will be Economic Value Added [2] positive within three years, in line with the Company's value based strategy and financial discipline. The Company expects to achieve EUR 25 of annual synergies from the integration of MPS within two years. Integration costs are expected to amount to approximately one time the annual synergies.

1 Excluding amortisation and integration costs.

2 Economic Value Added (EVA) based on Adecco's cost of capital.

5. Liquidity and capital resources

Currently, cash needed to finance the Company's existing business activities is primarily generated through operating activities, bank overdrafts, the existing multicurrency credit facility, and, when necessary, the issuance of bonds and capital instruments.

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 59% of total current assets. Accrued salaries and wages, payroll taxes and employee benefits and sales and value added taxes comprise 55% 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 issue additional shares to finance acquisitions.

5.1 Analysis of cash flow statements

Cash and cash equivalents and short-term investments increased by a total of EUR 879 to EUR 1,460 at the end of 2009. The increase was mainly due to the generation of EUR 477 in operating cash flows, the EUR 587 cash inflow in connection with the prepaid forward sale of Adecco S.A. shares, the issuance of EUR 500 guaranteed Euro medium-term notes and the EUR 116 loan from Adecco Investment (Bermuda) Ltd. ("Adecco Investment"), a wholly-owned subsidiary which is not consolidated (for further details refer to Note 1 to the consolidated financial statements). This was partly offset by the acquisition of Spring (EUR 94, net of cash acquired), the repayment of long-term debt (EUR 223), the payment of dividends (EUR 173), the purchase of a call spread option on Adecco S.A. shares of EUR 108 from Adecco Investment and capital expenditures (EUR 92).

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 various countries.

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

in EUR	2009	2008
Summary of cash flows information		
Net cash from operating activities	477	1,054
Net cash from/(used in) investing activities	(278)	(210)
Net cash from/(used in) financing activities	652	(800)

Cash flows from operating activities decreased by EUR 577 to EUR 477 in 2009 compared to 2008. This decrease is primarily attributable to lower net income as well as an increase in non-cash tax benefits. This was partially offset by the increase of non-cash impairment charges. DSO decreased to 53 days for the full year 2009 compared to 57 days for the full year 2008, primarily driven by improvements in France and North America. This reflects the focus on Economic Value Added within the Company, but was also helped by a change of law in France, mandating shorter payment terms.

Cash flows used in investing activities increased by EUR 68 to EUR 278 in 2009 compared to 2008. The Company made several acquisitions in 2009 and 2008. In 2009, Spring was acquired for a consideration, net of cash acquired, of EUR 94. In 2008, DNC de Nederlanden Compagnie N.V. ("DNC") and Groupe Datavance ("Datavance") were acquired for a consideration, net of cash acquired, of EUR 56 and EUR 41, respectively. The Company's capital expenditures amounted to EUR 92 in 2009 and EUR 106 in 2008.

Cash flows from financing activities totalled EUR 652 which compares to cash flows used in financing activities of EUR 800 in 2008. In 2009, the Company issued EUR 500 guaranteed Euro medium-term notes. Furthermore, in 2009 the Company received EUR 587 (CHF 887) in connection with the prepaid forward sale of Adecco S.A. shares and EUR 116 (CHF 176) for the loan granted by Adecco Investment and paid EUR 108 (CHF 164) for the purchase of the call spread option on Adecco S.A. shares. Additionally, in 2009 and in 2008, the Company repaid debt of EUR 223 and EUR 371, respectively. The 2009 debt repayments consisted primarily of the repurchase of the guaranteed zero-coupon convertible bond. The 2008 debt repayments included the EUR 200 floating rate guaranteed notes and the EUR 122 Olsten guaranteed notes. Furthermore, the Company paid dividends of EUR 173 and EUR 163 in 2009 and 2008, respectively. In 2008, the Company acquired 8,458,891 treasury shares for a total consideration of EUR 279.

5.2 Additional capital resources

As of December 31, 2009, the Company's total capital resources amounted to EUR 5,243 comprising EUR 1,570 in debt and EUR 3,673 in equity, excluding treasury shares and noncontrolling interests. Long-term debt, including current maturities, was EUR 1,556 as of December 31, 2009 and EUR 1,143 as of December 31, 2008 and includes long-term notes, a convertible bond, and medium-term loans. The borrowings, which are unsecured, are denominated in Swiss Francs and Euros. The majority of the borrowings outstanding as of December 31, 2009 mature in 2013 and in 2014. The convertible bond includes, however, a put option for the bondholders, which could trigger early redemption in 2010. During 2009, the Company increased its short- and long-term debt including foreign currency effect by EUR 372.

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, 2009 and December 31, 2008, there were no outstanding borrowings under the credit facility. As of December 31, 2009, the Company had EUR 471 available under the new five-year facility after utilising EUR 79 in the form of letters of credit.

Furthermore, as of December 31, 2009, the Company had uncommitted lines of credit amounting to EUR 435, of which EUR 14 was used.

Net debt decreased by EUR 507 to EUR 110 as of December 31, 2009. Net debt is reconciled to the most comparable financial measures calculated in accordance with U.S. GAAP on page 84.

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, 2009, the Company was in compliance with all financial covenants.

For further details regarding financing arrangements refer to Note 7 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.

The Company's current cash and cash equivalents and short-term investments are invested primarily within Europe and the USA. 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	2010[1]	2011	2012	2013	2014	Thereafter	Total
Contractual obligations by period							
Short-term debt obligations	14						14
Long-term debt obligations	442	40	59	515	499	1	1,556
Interest on debt obligations	67	62	62	45	12		248
Operating leases	163	112	83	63	52	61	534
Purchase and service contractual obligations	948	27	27	2		1	1,005
Total	**1,634**	**241**	**231**	**625**	**563**	**63**	**3,357**

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 7 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 24 in 2013 instead of EUR 4 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 the CHF 600 convertible bond and the EUR 500 fixed rate notes, both due in 2013, as well as the EUR 500 medium-term notes due in 2014. 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 600 convertible bond includes a put option for the bondholders on 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 likely exercise the put option.

Future minimum rental commitments under non-cancellable leases comprise the majority of the operating lease obligations of EUR 534 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, 2009, the Company had future purchase and service contractual obligations of approximately EUR 1,005, primarily related to the MPS acquisition (approximately EUR 900 – refer to Note 19 to the consolidated financial statements for further details), 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 100 in property, equipment, and leasehold improvements for existing operations in 2010. The focus of these investments will be on information technology.

Further planned cash outflows include distribution of dividends for 2009 in the amount of CHF 0.75 per share to shareholders of record on the date of payment. The maximum amount of dividends payable based on the total number of outstanding shares (excluding treasury shares) of 174,079,431 is EUR 88 (CHF 131 – based on CHF/EUR exchange rate at December 31, 2009 of 1.48). Payment of dividends is subject to approval by the shareholders at the Annual General Meeting.

The Company has entered into certain guarantee contracts and standby letters of credit that total EUR 798, including the letters of credit issued under the multicurrency revolving credit facility (EUR 79). 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 USA. 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. In addition, as of December 31, 2009, the Company has also guaranteed the outstanding acquisition commitments in connection with the MPS acquisition in the amount of approximately EUR 900. As of January 19, 2010, this guarantee was honoured on closing of the MPS acquisition and is no longer outstanding.

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 information currently available, 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

As of December 31, 2009, the Company's long-term credit rating was Baa3 with stable outlook from Moody's and BBB from Standard & Poor's. Standard & Poor's placed the rating on credit watch negative as of October 20, 2009, subsequent to the announcement of the MPS acquisition. On January 18, 2010, following MPS shareholders' approval of the acquisition, Standard & Poor's changed the Company's rating to BBB– stable.

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 related 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 USA, the UK, Japan, and subsidiaries whose functional currency is the Euro. Consequently, the Company enters into various contracts, such as foreign currency forward contracts, swaps and cross currency interest rate swaps, 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 11 to the consolidated financial statements.

7. Controls and compliance

The Company is committed to maintaining the highest standards of ethical business conduct. The Company's Chief Human Resources Officer and Head of Group Compliance oversee worldwide compliance practices and business ethics and report regularly on these topics to the Corporate Governance Committee. In addition, the Company's Head of Group Internal Audit reports directly to 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, 2009. 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, 2009, the Company's internal control over financial reporting is effective.

The Company's internal control system is designed to provide reasonable assurance to the Company's Management and the 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 the countries in which the Company operates may 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 records 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 USA, 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 for temporary workers 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 recorded 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, 2009 and December 31, 2008, the Company had recorded an allowance for doubtful accounts of EUR 125 and EUR 130, respectively. Bad debt expense of EUR 16 and EUR 35 was recorded in 2009 and 2008, respectively.

8.3 Income taxes

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 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 2009 and 2008, the Company recorded goodwill impairment charges of EUR 125 and EUR 58, respectively. The 2009 impairment relates to the reporting unit Germany and the 2008 impairment relates to the reporting unit UK & Ireland.

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. Impairment charges for indefinite-lived intangible assets amounting to EUR 11 and EUR 58 were recognised in 2009 and 2008, respectively. The impairment charge in 2009 relates to the write-down of trade names in Germany and in Iberia. The impairment charge in 2008 mainly relates to the write-down of the Tuja trade names acquired in Germany.

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 Impairment of definite-lived intangible assets

Definite-lived intangible assets are evaluated for impairment by first comparing the carrying amount of a definite-lived intangible asset with the expected undiscounted future cash flows from the operations to which the asset relates. The asset is regarded as not recoverable if the carrying amount exceeds the undiscounted future cash flows. The impairment loss is then calculated as the difference between the asset's carrying value and its fair value, which is calculated using a discounted cash flow model. In 2009, the Company recorded an impairment charge of EUR 56 in connection with definite-lived intangible assets. The impairment charge is related to the decreased value of the Tuja customer base relationships in Germany.

8.6 Accounting for restructuring costs

In recording severance reserves for ongoing benefits, the Company accrues a liability when the following conditions have been met: the employees' rights to receive compensation are attributable to employees' services already rendered, the obligation relates to rights that vest or accumulate, payment of the compensation is probable, and the amount can be reasonably estimated. For one-time termination benefits which require employees to render services beyond a "minimum retention period", liabilities associated with employee termination benefits are recorded as employees render services over the future service period. Otherwise, liabilities associated with employee one-time termination benefits are recorded at the point when management has taken a decision to terminate a specific group of employees, the employees have been notified of the decision, and the type and amount of benefits to be received by the employees is known. Liabilities for contract termination and other exit costs are recorded at fair value when a contract is formally terminated in accordance with the contract term, or the Company ceases using the right conveyed by the contract.

8.7 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.

8.8 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 17 to the consolidated financial statements, the Company is currently involved in various claims and legal proceedings. 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, a 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 March 12, 2010, and the Company assumes 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 the Company's 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 operates;
- integration of acquired companies;
- changes in the Company's ability to attract and retain qualified internal and external personnel or clients;
- the potential impact of disruptions related to IT; 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]	2009	2008	2007	2006	2005
Statements of operations					
Revenues	14,797	19,965	21,090	20,417	18,303
Amortisation of intangible assets	(42)	(44)	(27)	(12)	(3)
Impairment of goodwill and intangible assets	(192)	(116)			
Operating income	65	748	1,054	816	614
Net income attributable to Adecco shareholders	8	495	735	611	453

As of (in EUR)	31.12.2009	31.12.2008	31.12.2007	31.12.2006	31.12.2005
Balance sheets					
Cash and cash equivalents and short-term investments	1,460	581	563	888	848
Trade accounts receivable, net	2,560	3,046	3,773	3,846	3,659
Goodwill	2,657	2,666	2,646	1,882	1,434
Total assets	7,831	7,530	8,254	7,682	6,839
Short-term debt and current maturities of long-term debt	456	56	357	38	550
Accounts payable and accrued expenses	2,716	3,053	3,476	3,544	3,287
Long-term debt, less current maturities	1,114	1,142	1,072	1,406	722
Total liabilities	4,717	4,732	5,374	5,175	4,702
Total shareholders' equity	3,114	2,798	2,880	2,507	2,137

For the fiscal years (in EUR) [1]	2009	2008	2007	2006	2005
Cash flows from operations					
Cash flows from operating activities	477	1,054	1,062	747	298
Cash flows from/(used in) investing activities	(278)	(210)	(941)	(308)	(241)
Cash flows from/(used in) financing activities	652	(800)	(424)	(13)	(478)
Other indicators					
Capital expenditures	92	106	91	85	68

As of	31.12.2009	31.12.2008	31.12.2007	31.12.2006	31.12.2005
Other indicators					
Net debt (in EUR) [2]	110	617	866	556	424
Additional statistics					
Number of FTE employees at end of year (approximate)	28,000	34,000	37,000	35,000	33,000

1 For 2009, 2008, 2007, and 2006, the Company's fiscal year included the full calendar year ended December 31, 2009, December 31, 2008, December 31, 2007, and December 31, 2006, respectively. In 2005, the Company's fiscal year contained 52 weeks ended December 31, 2005.

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 84.

Adecco Group –
Consolidated balance sheets

in millions, except share and per share information

As of (in EUR)	Note	31.12.2009	31.12.2008
Assets			
Current assets:			
• Cash and cash equivalents		1,458	574
• Short-term investments		2	7
• Trade accounts receivable, net	3	2,560	3,046
• Other current assets	14	331	389
Total current assets		**4,351**	**4,016**
Property, equipment, and leasehold improvements, net	4	245	236
Other assets	14	276	219
Intangible assets, net	2,5	302	393
Goodwill	2,5	2,657	2,666
Total assets		**7,831**	**7,530**
Liabilities and shareholders' equity			
Liabilities			
Current liabilities:			
• Accounts payable and accrued expenses:			
• Accounts payable		324	221
• Accrued salaries and wages		714	839
• Accrued payroll taxes and employee benefits		687	822
• Accrued sales and value added taxes		354	459
• Accrued income taxes		26	65
• Other accrued expenses	14	611	647
• Total accounts payable and accrued expenses	6	2,716	3,053
• Short-term debt and current maturities of long-term debt	7	456	56
Total current liabilities		**3,172**	**3,109**
Long-term debt, less current maturities	7	1,114	1,142
Other liabilities	6,14	431	481
Total liabilities		**4,717**	**4,732**
Shareholders' equity			
Adecco shareholders' equity			
• Common shares	8	118	118
• Additional paid-in capital	8	2,597	2,140
• Treasury shares, at cost	8	(561)	(558)
• Retained earnings		1,229	1,394
• Accumulated other comprehensive income/(loss), net	8	(271)	(301)
Total Adecco shareholders' equity		**3,112**	**2,793**
Noncontrolling interests		2	5
Total shareholders' equity		**3,114**	**2,798**
Total liabilities and shareholders' equity		**7,831**	**7,530**

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)	Note	2009	2008	2007
Revenues	16	14,797	19,965	21,090
Direct costs of services		(12,148)	(16,292)	(17,163)
Gross profit		**2,649**	**3,673**	**3,927**
Selling, general and administrative expenses		(2,350)	(2,765)	(2,846)
Amortisation of intangible assets	5	(42)	(44)	(27)
Impairment of goodwill and intangible assets	5	(192)	(116)	
Operating income	16	**65**	**748**	**1,054**
Interest expense		(55)	(58)	(56)
Other income/(expenses), net	13	(1)	19	30
Income before income taxes		**9**	**709**	**1,028**
Provision for income taxes	14	(1)	(210)	(285)
Net income		**8**	**499**	**743**
Net income attributable to noncontrolling interests			(4)	(8)
Net income attributable to Adecco shareholders		**8**	**495**	**735**
Basic earnings per share	15	**0.04**	**2.82**	**3.97**
Basic weighted-average shares	15	177,606,816	175,414,832	185,107,346
Diluted earnings per share	15	**0.04**	**2.71**	**3.80**
Diluted weighted-average shares	15	177,613,991	184,859,650	195,279,053

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)	2009	2008	2007
Cash flows from operating activities			
Net income	8	499	743
Adjustments to reconcile net income to cash flows from operating activities:			
• Depreciation and amortisation	123	128	116
• Impairment of goodwill and intangible assets	192	116	
• Bad debt expense	16	35	19
• Stock-based compensation	1		3
• Deferred tax provision/(benefit)	(76)	33	(37)
• Tax impact of treasury shares valuation in Holding Company	(22)	22	
• Excess tax benefit on exercise of stock options			(6)
• Other, net	19	19	21
Changes in operating assets and liabilities, net of acquisitions:			
• Trade accounts receivable	577	692	61
• Accounts payable and accrued expenses	(393)	(470)	90
• Other assets and liabilities	32	(20)	52
Cash flows from operating activities	**477**	**1,054**	**1,062**
Cash flows from/(used in) investing activities			
Capital expenditures	(92)	(106)	(91)
Proceeds from sale of property and equipment	1	1	1
Acquisition of Spring, net of cash acquired	(94)		
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)
Purchase of auction rate securities		(31)	(597)
Proceeds from sale of auction rate securities		31	596
Purchase of other available-for-sale securities		(5)	(4)
Proceeds from sale of other available-for-sale securities		10	10
Cash settlements on derivative instruments	(35)	50	(22)
Other acquisition and investing activities	(58)	(47)	(35)
Cash flows from/(used in) investing activities	**(278)**	**(210)**	**(941)**

For the fiscal years ended December 31 (in EUR)	**2009**	**2008**	**2007**
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	(43)	18	(1)
Repayment of long-term debt	(223)	(352)	
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	612		
Prepaid forward sale of Adecco S.A. shares	587		
Purchase of call spread option on Adecco S.A. shares	(108)		
Dividends paid to shareholders	(173)	(163)	(135)
Common stock options exercised			40
Cash settlements on derivative instruments			(1)
Purchase of treasury shares, net	(3)	(279)	(124)
Excess tax benefit on exercise of stock options			6
Other financing activities	3	(5)	(2)
Cash flows from/(used in) financing activities	**652**	**(800)**	**(424)**
Effect of exchange rate changes on cash	**33**	**(25)**	**(17)**
Net increase/(decrease) in cash and cash equivalents	**884**	**19**	**(320)**
Cash and cash equivalents:			
• Beginning of year	574	555	875
• End of year	1,458	574	555
Supplemental disclosures of cash paid			
Cash paid for interest	22	46	52
Cash paid for income taxes	96	273	279

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 other comprehensive income/(loss), net	Non-controlling interests	Total shareholders' equity
January 1, 2007	**117**	**2,100**	**(182)**	**466**	**(35)**	**41**	**2,507**
Comprehensive income:							
Net income				735		8	743
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							**627**
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)
Cash dividends						(1)	(1)
Acquisition of noncontrolling interests						(41)	(41)
Other		1					1
December 31, 2007	**118**	**2,121**	**(279)**	**1,064**	**(151)**	**7**	**2,880**
Comprehensive income:							
Net income				495		4	499
Other comprehensive income/(loss)							
• Currency translation adjustment, net of tax					(132)		(132)
• Pension related adjustments, net of tax					(18)		(18)
Total comprehensive income							**349**
Tax impact of treasury shares valuation in Holding Company		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)
Cash dividends						(2)	(2)
Acquisition of noncontrolling interests						(4)	(4)
Other		(1)		(1)			(2)
December 31, 2008	**118**	**2,140**	**(558)**	**1,394**	**(301)**	**5**	**2,798**
Comprehensive income:							
Net income				8			8
Other comprehensive income/(loss)							
• Currency translation adjustment, net of tax					30		30
Total comprehensive income							**38**
Tax impact of treasury shares valuation in Holding Company		(22)					(22)
Prepaid forward sale of Adecco S.A. shares		587					587
Purchase of call spread option on Adecco S.A. shares		(108)					(108)
Stock-based compensation		1					1
Treasury shares transactions			(3)				(3)
Cash dividends, CHF 1.50 per share				(173)			(173)
Acquisition of noncontrolling interests						(3)	(3)
Other		(1)					(1)
December 31, 2009	**118**	**2,597**	**(561)**	**1,229**	**(271)**	**2**	**3,114**

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 consolidated subsidiaries as well as variable interest entities in which Adecco is considered the primary beneficiary (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, South America, and Africa. At the end of 2009, the Company's worldwide network consists of over 5,500 branches and more than 28,000 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 geographies – consisting of France, North America, Germany & Austria, Japan, UK & Ireland, Italy, Benelux, Nordics, Iberia, Switzerland, Australia & New Zealand and Emerging Markets – directly manage the office and industrial business lines as well as the professional business lines. The geographies 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. The classification of a specific branch into a business line is determined by the business line generating the largest revenue share in that 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 consolidated subsidiaries and entities for which the Company has been determined to be the primary beneficiary under the Financial Accounting Standards Board ("FASB") Accounting Standard Codification ("ASC") 810, "Consolidation" ("ASC 810"). The consolidated subsidiaries include all majority-owned subsidiaries of the Company except for the variable interest entity Adecco Investment (Bermuda) Ltd. ("Adecco Investment") – see below. Noncontrolling interests for entities fully consolidated but not wholly owned by the Company are accounted for in accordance with ASC 810 and are reported as a component of equity. 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 ASC 810 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.

On November 26, 2009, Adecco Investment, a wholly-owned subsidiary of the Company which is not consolidated, issued CHF 900 Senior Secured Limited Recourse Mandatory Convertible Bonds ("MCB") due November 26, 2012. The bonds will convert at maturity into shares of Adecco S.A. The number of shares to be delivered will be calculated based on the closing price of the shares of Adecco S.A., the minimum conversion price being CHF 50.50 per share and the maximum conversion price being CHF 60.60 per share. The number of shares will be adjusted for dividend payments on the shares of Adecco S.A. during the lifetime of the MCB. Excluding the dividend adjustment, the maximum number of shares to be delivered is 17,821,782 and the minimum number of shares to be delivered is 14,851,485. The bonds have an annual coupon of 6.5%, which can be deferred in case no dividend payment is made on the shares of Adecco S.A. Adecco Investment entered into a prepaid forward contract ("prepaid forward") with the Company, where it acquired 17,821,782 shares of the Company for EUR 587 (CHF 887), net of costs. At maturity, Adecco Investment will receive the shares of Adecco S.A. from the Company with the settlement of the prepaid forward. The shares can be delivered out of treasury shares or conditional capital at the discretion of the Company. Adecco Investment financed the coupon payments with EUR 108 (CHF 164) from the sale of a call spread option ("call spread option") to Adecco Financial Services (Bermuda) Ltd., a wholly-owned subsidiary of the Company. The call spread option gives the Company the right to benefit from appreciation of the shares underlying the prepaid forward between floor and cap defined in the agreement. The call spread option is settled in shares, reducing the net number of shares the Company has to deliver in combination with the prepaid forward. In addition, the Company has made a payment of EUR 8 (CHF 12) to Adecco Investment, which has been treated as a deemed capital contribution. The number of shares underlying the prepaid forward, the call spread option and the MCB are subject to anti-dilution provisions. The bondholders only have recourse against the prepaid forward. Subsequently, Adecco Investment has granted a loan of EUR 116 (CHF 176) to the Company.

The Company has a variable interest in Adecco Investment related to the call spread option. The assets of Adecco Investment consist of the prepaid forward and the EUR 118 (CHF 176) – as per December 31, 2009 – loan to the Company. The call spread option only absorbs variability caused by changes in the fair value of the shares to be delivered by the Company under the prepaid forward and therefore the Company is not exposed to any overall variability due to the call spread option. As the Company will not absorb a majority of Adecco Investment's expected losses or receive a majority of the entity's expected residual returns, the Company is not required to consolidate it. The prepaid forward and the call spread option are recorded as equity instruments in the Company's consolidated financial statements. The Company also owns the common shares of Adecco Investment in the amount of USD 10 thousand and a deemed capital contribution of EUR 8 (CHF 12), which is not a variable interest. At December 31, 2009, the Company has an investment in Adecco Investment with a carrying amount of EUR 5 recorded within other assets.

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 63 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 ASC 605.45, "Revenue Recognition – Principal Agent Considerations" ("ASC 605.45"). 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, Board members, and significant shareholders through investment or board directorship.

Marketing costs
Marketing costs totalled EUR 58, EUR 95, and EUR 104 in 2009, 2008, and 2007, respectively. These costs are included in SG&A and are generally 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 USA 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, 2009 and December 31, 2008, 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.

in millions, except share and per share information

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 ASC 350, "Intangibles – Goodwill and Other" ("ASC 350"), 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 ASC 805, "Business Combinations" ("ASC 805"), 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 ASC 360-10-35-15, "Impairment or Disposal of Long-Lived Assets" ("ASC 360-10-35-15"). 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.

Accounting for restructuring costs

In recording severance reserves for ongoing benefits, the Company accrues a liability when the following conditions have been met: the employees' rights to receive compensation are attributable to employees' services already rendered, the obligation relates to rights that vest or accumulate, payment of the compensation is probable, and the amount can be reasonably estimated. For one-time termination benefits which require employees to render services beyond a "minimum retention period", liabilities associated with employee termination benefits are recorded as employees render services over the future service period. Otherwise, liabilities associated with employee one-time termination benefits are recorded at the point when management has taken a decision to terminate a specific group of employees, the employees have been notified of the decision, and the type and amount of benefits to be received by the employees is known.

Liabilities for contract termination and other exit costs are recorded at fair value when a contract is formally terminated in accordance with the contract term, or the Company ceases using the right conveyed by the contract.

Income taxes

The Company accounts for income taxes and uncertainty in income taxes recognised in the Company's financial statements in accordance with ASC 740, "Income Taxes" ("ASC 740"). ASC 740 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. ASC 740 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 ASC 260, "Earnings per Share" ("ASC 260"), basic earnings per share is computed by dividing net income available to Adecco 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 ASC 815, "Derivatives and Hedging" ("ASC 815"), 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 ASC 815, 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

The Company accounts for assets and liabilities which are required to be accounted for at fair value in accordance with ASC 820, "Fair Value Measurements and Disclosures" ("ASC 820"). Fair value is defined by ASC 820 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. ASC 820 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 guidance

In September 2006, the FASB issued new accounting guidance on fair value measurements. This guidance also 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 this guidance 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 and for non-financial assets and liabilities on January 1, 2009. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

In December 2007, the FASB issued new guidance on business combinations and on noncontrolling interests. The new guidance requires most identifiable assets, liabilities, non-controlling interests, and goodwill acquired in a business combination to be recorded at full fair value and requires non-controlling interests to be reported as a component of equity. In April 2009, the FASB issued a staff position which amends and clarifies the initial and subsequent accounting and disclosures of contingencies in a business combination. The Company adopted the new business combinations guidance on January 1, 2009 and will apply it prospectively to business combinations completed after January 1, 2009. The Company adopted the new noncontrolling interests' guidance on January 1, 2009. Pursuant to the transition provisions, the presentation and disclosure requirements have been applied retrospectively for all periods presented.

In May 2009, the FASB issued new guidance on subsequent events which was further amended in February 2010. The standard and the amendment provide guidance on management's assessment of subsequent events and incorporates this guidance into accounting literature. This guidance is effective prospectively for interim and annual periods ending after June 15, 2009. The implementation of this guidance did not have a material impact on the Company's consolidated financial statements.

In June 2009, the FASB issued an amendment to the accounting and disclosure requirements for the consolidation of variable interest entities. The guidance affects the overall consolidation analysis and requires enhanced disclosures on involvement with variable interest entities. The guidance is effective for fiscal years beginning after November 15, 2009. The Company will adopt this standard on January 1, 2010 and does not expect its implementation to have a material impact on the consolidated financial statements.

Presentation and reclassifications

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

Other disclosures required by Swiss law:

in EUR	**2009**	**2008**
Personnel expenses	1,621	1,905

The detailed disclosures regarding the executive remuneration that are required by Swiss law are included in Note 7 to Adecco S.A. (Holding Company) financial statements and in the Remuneration Report.

The fire insurance value of property, equipment, and leasehold improvements amounted to EUR 603 and EUR 632 as of December 31, 2009 and December 31, 2008, respectively.

in millions, except share and per share information

Note 2 • Acquisitions

The Company made several acquisitions in 2009, 2008, and 2007. With the exception of the acquisitions of Tuja Group ("Tuja") and the remaining 16% of outstanding DIS Deutscher Industrie Service AG ("DIS") shares in 2007, the Company does not consider any of its 2009, 2008, or 2007 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 2009 and 2008 acquisitions:

in EUR	2009	2008
Impact of acquisitions		
Net tangible assets acquired	65	3
Identified intangible assets	18	46
Goodwill	89	143
Debt acquired	(3)	(38)
Deferred tax liabilities	(5)	(12)
Noncontrolling interests	3	4
Total consideration	**167**	**146**

In October 2009, the Company acquired 100% of the outstanding shares of Spring Group plc. ("Spring") for EUR 94, net of cash acquired. As a result of this acquisition, EUR 52 and EUR 11 of goodwill and intangible assets, respectively, were recorded. Spring is a multi-branded recruitment services provider with operations in the UK, Europe, USA and Asia Pacific. Spring's three core businesses – Professional Staffing, General Staffing and Managed Solutions – cover a broad range of industry sectors and clients ranging from market leading multinationals to small and medium sized enterprises. The Spring acquisition was financed with available cash.

In November and December 2008, the Company acquired 100% of the outstanding shares of DNC de Nederlanden Compagnie N.V. ("DNC") for EUR 56, net of cash acquired. As a result of this acquisition, 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 EUR 41, net of cash acquired and an additional maximum contingent consideration of EUR 27 payable between 2010 and 2012. The contingent consideration is 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 available cash.

Total acquisition related costs expensed in 2009 and 2008 amounted to EUR 5 in both years and are included in SG&A within the consolidated statement of operations.

Note 3 • Trade accounts receivable

in EUR	31.12.2009	31.12.2008
Trade accounts receivable	2,685	3,176
Allowance for doubtful accounts	(125)	(130)
Trade accounts receivable, net	**2,560**	**3,046**

Note 4 • Property, equipment, and leasehold improvements

	31.12.2009		31.12.2008	
in EUR	Gross	Accumulated depreciation	Gross	Accumulated depreciation
Land and buildings	40	(15)	40	(15)
Furniture, fixtures, and office equipment	142	(115)	148	(101)
Computer equipment and software	638	(506)	603	(500)
Leasehold improvements	239	(178)	244	(183)
Total property, equipment, and leasehold improvements	**1,059**	**(814)**	**1,035**	**(799)**

Depreciation expense was EUR 81, EUR 84, and EUR 89 for 2009, 2008, and 2007, respectively.

Note 5 • Goodwill and intangible assets

The changes in the carrying amount of goodwill for the years ended December 31, 2009 and December 31, 2008, are as follows:

in EUR	France	North America	Germany & Austria	Japan	UK & Ireland	Benelux	Other	Total
Changes in goodwill								
January 1, 2008	**266**	**529**	**1,334**	**22**	**189**	**8**	**298**	**2,646**
Additions	45	2	15			67	14	143
Impairment charge					(58)			(58)
Currency translation adjustment		22		7	(36)		(35)	(42)
Other	(3)	(19)					(1)	(23)
December 31, 2008	**308**	**534**	**1,349**	**29**	**95**	**75**	**276**	**2,666**
Additions	9	13	19		41	7		89
Impairment charge			(125)					(125)
Currency translation adjustment		(8)		(2)	9		29	28
Other		(1)				1	(1)	(1)
December 31, 2009	**317**	**538**	**1,243**	**27**	**145**	**83**	**304**	**2,657**

in millions, except share and per share information

As of December 31, 2009, the gross goodwill and accumulated impairment charges amounted to EUR 2,840 and EUR 183, respectively. As of December 31, 2008, the gross goodwill and accumulated impairment charges amounted to EUR 2,724 and EUR 58, respectively.

The Company performed its annual goodwill impairment test in the fourth quarter of 2009, and determined that there was no indication of impairment.

In the second quarter of 2009, the Company performed an interim impairment test based on management's revised five year projections for sales and earnings as general economic conditions and the short-term outlook of the Company's business had worsened in the second quarter of 2009 compared to the first quarter of 2009 and the end of 2008.

Step one of the goodwill impairment test which comprised discounted cash flow valuations for all of the Company's reporting units led to the conclusion that there was no indication for impairment of goodwill except for the reporting unit Germany. Accordingly, the Company proceeded to step two of the goodwill impairment test for the reporting unit Germany. 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 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 which resulted in the recognition of a non-cash impairment charge related to goodwill of EUR 125 in the second quarter of 2009. The impairment charge can be attributed to worsening economic conditions and the short-term outlook for the Company business in Germany, which negatively impacted the fair value determination of the unit for goodwill impairment purposes.

In determining the fair value of the reporting units, the Company uses a detailed five year plan for revenues and earnings and for the long-term value a long-term growth rate of 2.0% to 2.5% depending on the long-term growth prospects of the individual markets. For each reporting unit projected cash flows are discounted to their net present values. Discount rates used during the Company's goodwill impairment tests in the second quarter and the fourth quarter of 2009 ranged from 6.6% to 12.0%.

The 2008 annual goodwill impairment test was performed in the fourth quarter of 2008. In step one, the Company concluded that the carrying value of the reporting unit UK & Ireland exceeded its fair value. In the resulting step two of the goodwill impairment test it was determined that the carrying value of UK & Ireland exceeded the implied goodwill. Consequently, 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 at that time 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 2007.

The carrying amounts of other intangible assets at December 31, 2009 and December 31, 2008 are as follows:

	31.12.2009		31.12.2008	
in EUR	Gross	Accumulated amortisation	Gross	Accumulated amortisation
Intangible assets				
Marketing related (trade names)	234	(21)	242	(19)
Customer base	189	(116)	230	(77)
Contract	18	(2)	18	(1)
Other	1	(1)	1	(1)
Total intangible assets	**442**	**(140)**	**491**	**(98)**

No definite-lived intangible assets have a residual value. The estimated aggregate amortisation expense related to definite-lived intangible assets for the next five years is EUR 32 in 2010, EUR 23 in 2011, EUR 14 in 2012, EUR 6 in 2013, and EUR 15 in 2014 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 212 and EUR 219 as of December 31, 2009 and December 31, 2008, respectively. Indefinite-lived intangible assets consist mainly of trade names.

The 2009 annual impairment testing for indefinite-lived intangible assets performed in the fourth quarter concluded that there was no indication for impairment. However, in the second quarter of 2009, the Company concluded that the fair value of certain trade names was lower than their carrying value. Consequently, a non-cash impairment charge to indefinite-lived intangible assets of EUR 11 was recorded. The impairment charge consisted of the write-down of trade names in Germany which was a result of the decrease in projected short-term sales and in Iberia where the usage of one of the brands will be discontinued.

Furthermore, in the second quarter of 2009, the Company concluded that the carrying value of some of the definite-lived customer base intangible assets exceeded their fair value. Consequently a non-cash impairment charge of the definite-lived intangible assets of EUR 56 was recorded. The impairment charge was related to the decreased value of the Tuja customer relationships in Germany and can be mainly attributed to the decrease in projected sales and earnings of the entity in the short-term.

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 to the indefinite-lived intangible assets of EUR 58 was recorded in 2008. The impairment charge mainly relates to the write-down of the Tuja trade names in Germany and was a result of the decrease in projected sales for those brands.

The annual impairment test of indefinite-lived intangible assets performed in 2007 determined that no impairment existed.

Note 6 • Restructuring

In October 2008 and June 2009, the Company announced that it had launched restructuring plans in France to structurally improve the French business and to adapt the cost base to market developments. In addition, the Company incurred restructuring costs in 2009 and 2008 in Italy, Iberia, Benelux, UK & Ireland, North America, Germany & Austria, and other countries.

Total restructuring costs incurred by the Company in 2009 and in 2008 amounted to EUR 121 and EUR 40, respectively. Restructuring expenses are recorded as SG&A and represent mainly costs related to headcount reductions and branch optimisation.

The following table shows the total amount of costs incurred by segment in connection with restructuring programmes:

in EUR	2009	2008
Restructuring costs		
France	49	23
North America	7	
Germany & Austria	6	7
Japan		
UK & Ireland	9	5
Benelux	14	
Other [1]	36	5
Total restructuring costs	**121**	**40**

1 2009 includes restructuring costs of EUR 19 and EUR 15 in Italy and Iberia, respectively. 2008 includes restructuring costs in Iberia of EUR 5.

in millions, except share and per share information

As of December 31, 2009, restructuring liabilities of EUR 43 and EUR 8 were recorded in accounts payable and accrued expenses and in other liabilities, respectively.

The changes in restructuring liabilities for the period ended December 31, 2009 were as follows:

in EUR	Restructuring liabilities
December 31, 2008	**34**
Restructuring expenses	121
Cash payments	(98)
Write-off of fixed assets	(6)
December 31, 2009	**51**

The Company expects that the majority of the restructuring liabilities as of December 31, 2009 will be paid in 2010.

Note 7 • 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 435 and EUR 476 as of December 31, 2009 and December 31, 2008, respectively, excluding the committed multicurrency revolving credit facility discussed below. As of December 31, 2009 and December 31, 2008, bank overdrafts and borrowings outstanding under the lines of credit amounted to EUR 14 and EUR 55, respectively. As of December 31, 2009, the uncommitted lines of credit are in various currencies, have various interest rates, and have maturities of up to one year. The weighted-average interest rate on borrowings outstanding was 5.3% and 5.6% as of December 31, 2009 and December 31, 2008, respectively.

Long-term debt

in EUR	Principal at maturity	Maturity	Fixed interest rate	31.12.2009	31.12.2008
Guaranteed Euro medium-term notes	EUR 500	2014	7.625%	499	
Committed multicurrency revolving credit facility	EUR 550	2013			
Fixed rate guaranteed notes	EUR 500	2013	4.5%	514	506
Guaranteed zero-coupon convertible bond	CHF 660	2013		422	622
Medium-term loan	CHF 176	2010–2012		118	
Other				3	15
				1,556	**1,143**
Less current maturities				(442)	(1)
Long-term debt, less current maturities				**1,114**	**1,142**

Guaranteed Euro medium-term notes
On April 28, 2009, Adecco International Financial Services BV, a wholly-owned subsidiary of the Company, issued EUR 500 unsubordinated notes guaranteed by Adecco S.A., due April 28, 2014. The five-year notes were issued within the framework of the Euro Medium-Term Note Programme and trade on the London Stock Exchange. The proceeds further increased the Company's financial flexibility with respect to the refinancing of the guaranteed zero-coupon convertible bond and are also used for general corporate purposes. The interest is paid annually in arrears at a fixed annual rate of 7.625%. The Company has entered into fair value hedges of the guaranteed Euro medium-term notes, which are further discussed in Note 11.

Committed 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 2003 EUR 580 multicurrency revolving credit facility originally maturing in March 2009. The renegotiated facility consisted of a new 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, 2009 and December 31, 2008, there were no outstanding borrowings under the credit facility. As of December 31, 2009, the Company had EUR 471 available under the facility after utilising EUR 79 in the form of letters of credit. As of December 31, 2008, the Company had EUR 463 available under the facility after utilising EUR 87 in the form of letters of credit.

Fixed rate guaranteed notes
On April 25, 2006, Adecco International Financial Services BV, a wholly-owned subsidiary of the Company, issued EUR 500 unsubordinated fixed rate notes guaranteed by Adecco S.A. due April 25, 2013. 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%. The Company has entered into fair value hedges of the EUR 500 fixed rate guaranteed notes, which are further discussed in Note 11.

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.

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. 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 shares if required upon conversion.

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 likely exercise the put option. Consequently, the Company has reclassified this obligation as short-term debt in the consolidated balance sheet. If not converted, the Company will pay a redemption price of up to 116.05% of the principal amount of the bonds.

During 2009, the Company repurchased bonds with a nominal amount of EUR 191 representing 3,052,910 shares. In the last quarter of 2008, the Company repurchased bonds with a nominal amount of EUR 27, representing 449,735 shares. The gain on the repurchase for 2009 and the last quarter of 2008 amounted to EUR 4 and EUR 3, respectively, and is recorded in other income/(expenses), net. In October 2009, Adecco Financial Services (Bermuda) Ltd. cancelled EUR 198 (CHF 300) nominal value of repurchased bonds. Bonds with nominal value of EUR 21 (CHF 31) are kept in treasury. The retained conditional capital was therefore reduced from 9,523,810 shares to 6,349,207 shares.

Medium-term loan from Adecco Investment
Adecco Investment, a wholly-owned subsidiary of the Company which is not consolidated (refer to Note 1) has lent to the Company EUR 118 (CHF 176) as of December 31, 2009. The subordinated loan carries interest rate of 3-month CHF LIBOR plus 1.5% per annum. The loan is repayable in installments of EUR 20 (CHF 30), EUR 40 (CHF 59), EUR 40 (CHF 59), and EUR 18 (CHF 28) on June 1, 2010, June 1, 2011, June 1, 2012 and November 26, 2012, respectively.

in millions, except share and per share information

Payments of long-term debt are due as follows:

in EUR	2010[1]	2011	2012	2013	2014	Thereafter	Total
Payments due by period	442	40	59	515	499	1	1,556

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 8 • Shareholders' equity

The summary of the components of authorised shares at December 31, 2009, December 31, 2008, and December 31, 2007 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, 2007	**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**
Treasury shares transactions	(108,971)	108,971			
December 31, 2009	**174,079,431**	**15,184,075**	**189,263,506**	**19,566,804**	**208,830,310**

1 Shares at CHF 1 par value.

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, 2009 and December 31, 2008. In addition, as of December 31, 2009 and December 31, 2008, 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. 6,349,207 shares have been reserved for issuance upon conversion of the outstanding guaranteed zero-coupon convertible bond. The remaining shares represent conditional capital authorised without time limitation and remain available for share issuance upon conversion of financial instruments issued or to be issued in the future.

In 2009, cash dividends for 2008 of CHF 1.50 per share, totalling EUR 173, 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 2009, the Board of Directors of Adecco S.A. will propose a dividend of CHF 0.75 per share outstanding for the approval of shareholders at the Annual General Meeting of Shareholders.

Under Swiss law, a minimum of 5% of the annual 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, 2009 and December 31, 2008, thereby exceeding 20% of the paid-in share capital in both years. The use of the general reserve is subject to the conditions of Art. 671 of the Swiss Code of Obligations.

Additional paid-in capital

During 2009, the Company sold a prepaid forward of Adecco S.A. shares for EUR 587 (CHF 887), net of costs and purchased a call spread option for EUR 108 (CHF 164) from its wholly-owned, non-consolidated subsidiary Adecco Investment as described in Note 1. The prepaid forward and the call spread option are indexed to and settled in the Company's own shares and therefore are accounted for as equity instruments included in additional paid-in capital. The strike prices of both instruments are reduced whenever the Company makes a dividend distribution by a fraction determined as follows: (share price excluding dividend minus dividend per share) divided by share price excluding dividend. The contracts are exercisable at any time from November 26, 2009 to the maturity date on November 26, 2012.

The main terms of these contracts are as follows:

	Sold prepaid forward	Purchased call spread option
Forward/Strike Price	CHF 50.50, received on November 26, 2009	Lower call price = CHF 50.50 Upper call price = CHF 60.60
Number of shares to which the contract is indexed	17,821,782 initial underlying shares	17,821,782 initial underlying shares
Contract maturity date	November 26, 2012	November 26, 2012
Maximum number of shares to be delivered	17,821,782 subject to dividend and other anti-dilution adjustments	2,970,297 subject to dividend and other anti-dilution adjustments

Treasury shares

On August 12, 2008, the Company announced that its Board of Directors had decided to purchase up to 2% of the Company's shares. In 2009 and 2008, the Company acquired 116,487 and 224,391 treasury shares for a total consideration of EUR 3 and EUR 5, respectively, under this share buy-back programme.

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. In 2008 and 2007, the Company acquired 8,234,500 and 3,253,500 treasury shares for a total consideration of EUR 274 and EUR 124, respectively, under this share buy-back programme. On July 1, 2008, the Company announced that it had completed the repurchase programme.

As of December 31, 2009, the treasury shares are intended to be used for the settlement of the prepaid forward and the Company's Long-Term Incentive Plan as well as to minimise potential dilution related to the outstanding convertible bond or issuance of future financial instruments.

In 2009, the Company awarded 7,516 treasury shares to the Chairman of the Board of Directors as part of his compensation package (see section 3.1.1 Board of Directors Compensation within the Remuneration Report).

Some of the treasury shares are reserved for the settlement of the Company's Long-Term Incentive Plan as described in Note 9. Under Swiss law, treasury shares are not entitled to dividend distribution.

Accumulated other comprehensive income/(loss), net

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

in EUR	31.12.2009	31.12.2008
Currency translation adjustment	(260)	(290)
Unrealised gain on cash flow hedging activities	1	1
Pension related adjustments	(12)	(12)
Accumulated other comprehensive income/(loss), net	**(271)**	**(301)**

in millions, except share and per share information

Note 9 • Stock-based compensation

As of December 31, 2009, the Company had non-vested share awards, options and tradeable options outstanding relating to its common shares under several existing plans. Compensation expense of EUR 1 was recognised in 2009 in connection with the non-vested share award plans. No compensation expense was recognised in 2009 or 2008 in connection with the stock option plans as all options outstanding are fully vested. In 2007, the Company recognised compensation expense of EUR 3, related to stock option plans. The total income tax benefit recognised related to stock compensation in 2009 and in 2007 was not significant.

Non-vested share award plans

Awards were granted in 2009 to members of the Executive Committee and to a further group of senior managers (21 individuals) under a Long-Term Incentive Plan ("LTIP"). Annual awards contain an undertaking to deliver a number of Adecco S.A. shares to the participants of the plan after the end of the performance period (end of performance period for the 2009 awards: December 31, 2011). The requisite service period coincides with the performance period. The delivery of the shares will be made provided and to the extent that the predefined performance and market conditions are met. These conditions relate to financial performance (earnings per share development: "EPS" element) of the Company and to the relative change in the Company's shareholder value (total shareholder return: "TSR" element), compared to that of a predefined group of peers. Participants who terminate their employment with the Company at their own will, and those who receive notice of termination for cause before the end of the performance period, will no longer be entitled to the vesting of the awards.

The fair value of the EPS share awards is determined based on the grant date market price of the Adecco S.A. share, and assumes that the EPS performance conditions of the plan will be met. The compensation expenses are recognised over the requisite service period for the awards probable to vest, according to the internal EPS projections. The estimate of the number of awards probable to vest is reassessed at each reporting date, and the new estimate of the number of awards probable to vest is recognised to the extent the estimate changes, taking into account the service period already passed. A summary of the status of the Company's EPS non-vested share plan as of December 31, 2009, and changes during the year are presented below:

	Number of shares	Weighted-average grant date fair value (in CHF)
Summary of EPS non-vested share awards		
Granted	120,771	35
Forfeited	(32,250)	35
Non-vested share awards outstanding as of December 31, 2009	**88,521**	**35**

The fair value of the TSR share awards is estimated on the date of grant using a binomial model. This model runs a very large number of share price simulations based on various parameters (share prices, volatilities, dividends, maturity, correlation, etc). The average result of these simulations provides the probability that the Company's TSR at maturity will be greater than the TSR of the market capitalisation weighted basket of comparables by a predefined achievement threshold. The implied volatility was determined by reference to the implied volatilities of various listed options in the listed option market ("Eurex") and interpolated by calculation models. The expected dividend yield is based on expectations for future dividends from research analysts as well as implied dividend yields obtained from option prices traded in the Eurex. The risk-free rate is extracted from the Swiss government bond yield curve, which is constructed by interpolation out of the observed trading prices of various Swiss government bonds. The assumptions used are noted in the following table:

	2009
Assumptions used for the estimation of the fair value of the TSR share awards	
Implied at-the-money volatility	54.2%
Expected dividend yield	3.8%
Expected term (in years)	2.8 years
Risk-free rate	1.06%

Since the probability of the market condition being met is considered in the fair value of the TSR share awards, the compensation expenses are recognised on a straight-line basis over the requisite service period regardless of fulfilment of the market condition, taking into account employee forfeitures. A summary of the status of the Company's TSR non-vested share plan as of December 31, 2009, and changes during the year are presented below:

	Number of shares	Weighted-average grant date fair value (in CHF)
Summary of the TSR non-vested share awards		
Granted	210,836	15
Forfeited	(58,771)	15
Non-vested share awards outstanding as of December 31, 2009	**152,065**	**15**

A part of the EPS and the TSR awards has been guaranteed to vest irrespective of the EPS and TSR conditions being met, provided that the requisite service has been rendered. The fair value of such service condition share awards has been determined based on the grant date market price of the Adecco S.A. share. The compensation expenses for service condition share awards are recognised on a straight-line basis over the requisite service period, taking into account employee forfeitures. A summary of the status of the Company's service condition share awards as of December 31, 2009, and changes during the year are presented below:

	Number of shares	Weighted-average grant date fair value (in CHF)
Summary of the service condition non-vested share awards		
Granted	22,500	36
Non-vested share awards outstanding as of December 31, 2009	**22,500**	**36**

As of December 31, 2009, the total unrecognised compensation expense related to non-vested share awards amounted to EUR 2. The cost is expected to be recognised over a weighted-average period of two years. No awards vested in 2009.

in millions, except share and per share information

Option plans

Under several 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 the fair market value of the Adecco S.A. share 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, 2009, December 31, 2008 and December 31, 2007, the number of stock options outstanding sold on the market was 935,852; 2,272,095 and 3,116,028, 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 requisite period, which is consistent with the vesting period.

A summary of the status of the Company's stock option plans as of December 31, 2009, December 31, 2008 and December 31, 2007, and changes during these 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 stock option plans				
Options outstanding as of January 1, 2007	**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**	
Forfeited	(113,350)	81		
Expired	(2,194,056)	81		
Options outstanding and vested as of December 31, 2009	**1,762,719**	**68**	**1.2**	**0**

The aggregate intrinsic value as of December 31, 2009 in the table above represents the total pre-tax intrinsic value (the difference between the Company's closing share price on the last trading day of 2009 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 the last trading day of 2009. This amount changes based on the fair market value of Adecco S.A. shares. As of December 31, 2009, all options were out-of-the-money.

Note 10 • 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 65, EUR 76, and EUR 73 in connection with defined contribution plans in 2009, 2008, and 2007, respectively, and an expense of EUR 25, EUR 40, and EUR 42, in connection with the Italian employee termination indemnity arrangement in 2009, 2008, and 2007, respectively.

The Company sponsors a non-qualified defined contribution plan in the USA for certain of its employees. This plan is partly funded through a Rabbi trust, which is consolidated in the Company's financial statements. As of December 31, 2009 and December 31, 2008, the assets held in the Rabbi trust amounted to EUR 33 and EUR 28, respectively. The related pension liability totalled EUR 49 and EUR 43 as of December 31, 2009 and December 31, 2008, respectively.

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 2009, 2008, and 2007, amounted to EUR 5 in each of the years.

Defined benefit plans

The Company sponsors defined benefit plans principally in Switzerland, the Netherlands, and the UK. 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 2009 and 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 in 2008. Plan assets are recorded at fair value, and consist primarily of equity securities, debt securities, and alternative investments. 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	**2009**	**2008**	**2007**	**2009**	**2008**	**2007**
Components of pension expense						
Service cost	8	9	9	2	2	1
Interest cost	3	2	2	4	5	4
Expected return on plan assets	(4)	(4)	(4)	(4)	(5)	(3)
Amortisation of prior years service costs				(1)		
Amortisation of net (gain)/loss	3				(3)	2
Pension expense, net	**10**	**7**	**7**	**1**	**(1)**	**4**

in millions, except share and per share information

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 December 31, 2009 and December 31, 2008:

	Swiss plan		Non-Swiss plans	
in EUR	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Pension liabilities and assets				
Projected benefit obligation, beginning of period	**99**	**76**	**70**	**89**
Service cost	8	9	2	2
Interest cost	3	2	4	5
Participant contributions	22	26	1	1
Actuarial (gain)/loss	(2)	8	14	(18)
Acquisitions			1	
Benefits paid	(29)	(34)	(3)	(2)
Curtailments and settlements			(1)	(1)
Foreign currency translation	1	9	1	(6)
Adoption of SFAS No. 158 measurement provisions		3		
Projected benefit obligation, end of the year	**102**	**99**	**89**	**70**
Plan assets, beginning of period	**88**	**87**	**64**	**76**
Actual return/(decrease) on assets	8	(15)	9	(10)
Employer contributions	10	13	3	4
Participant contributions	22	26	1	1
Benefits paid	(29)	(34)	(1)	(2)
Foreign currency translation		10	1	(5)
Adoption of SFAS No. 158 measurement provisions		1		
Plan assets, end of the year	**99**	**88**	**77**	**64**
Funded status of the plan	**(3)**	**(11)**	**(12)**	**(6)**
Accumulated benefit obligation, end of the year	**100**	**98**	**81**	**63**

The amounts recognised in the consolidated balance sheets as of December 31, 2009 and December 31, 2008 were:

	Swiss plan		Non-Swiss plans	
in EUR	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Pension related assets			8	14
Pension related liabilities	(3)	(11)	(20)	(20)
Total	**(3)**	**(11)**	**(12)**	**(6)**

As of December 31, 2009, the Company recognised a net loss of EUR 7 and EUR 5 for Swiss defined benefit plans and for non-Swiss defined benefit plans, respectively, in accumulated other comprehensive income/(loss), net. The expense/benefit to be amortised from accumulated other comprehensive income/(loss), net, into pension expense, net, over the next fiscal year is not significant. As of December 31, 2008, the Company recognised a net loss for Swiss defined benefit plans of EUR 14 and a net gain of EUR 2 for non-Swiss defined benefit plans 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, 2009 and December 31, 2008 the total PBO was EUR 139 and EUR 137, respectively, and the fair value of the plan assets was EUR 115 and EUR 106, 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 132 and EUR 131 as of December 31, 2009 and December 31, 2008, respectively, and the fair value of the plan assets of those plans was EUR 115 and EUR 106, respectively.

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 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 %	2009	2008	2007	2009	2008	2007
Weighted-average actuarial assumptions						
Discount rate	3.0	3.0	3.5	4.9	5.7	5.2
Rate of increase in compensation levels	2.0	2.0	2.0	2.9	2.4	2.5
Expected long-term rate of return on plan assets	4.5	4.5	4.5	4.6	5.7	6.4

The Company has established an investment policy and strategy for the assets held by the Company's pension plans which focuses on using various asset classes in order to achieve a long-term return on a risk adjusted basis. 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 investment policy defines a strategic asset allocation and a tactical allocation through bands within which the actual asset allocation is allowed to fluctuate. The strategic asset allocation has been defined through asset-liability studies that are undertaken at regular intervals by independent pension fund advisors or by institutional asset managers. Actual invested positions change over time based on short and longer-term investment opportunities. Equity securities include publicly-traded stock of companies located inside and outside Switzerland. Debt securities include corporate bonds from companies from various industries as well as government bonds. Alternative investments include interest rate risk management funds (liability driven investments) and foreign exchange forwards used to hedge the foreign exchange risk of alternative investments. Real estate funds primarily consist of investment made through a single real estate fund with daily pricing and liquidity.

The Swiss and non-Swiss pension plans' target weighted-average asset allocations as of December 31, 2009, and the actual weighted-average asset allocations as of December 31, 2009 and December 31, 2008, by asset category, are as follows:

in millions, except share and per share information

in %	Swiss plan Target allocation range	Swiss plan Actual allocation 31.12.2009	Swiss plan Actual allocation 31.12.2008	Non-Swiss plans Target allocation range	Non-Swiss plans Actual allocation 31.12.2009	Non-Swiss plans Actual allocation 31.12.2008
Weighted-average asset allocations						
Equity securities	15–40	31	23	5–20	16	18
Debt securities	20–60	34	32	30–50	50	48
Real estate	5–15	13	8	0–10	0	2
Other	5–60	22	37	15–40	34	32
Total		**100**	**100**		**100**	**100**

The fair values of the Company's pension plan assets as of December 31, 2009 by asset category are as follows:

in EUR	Swiss plan Level 1	Swiss plan Level 2	Swiss plan Level 3	Swiss plan Total	Non-Swiss plans Level 1	Non-Swiss plans Level 2	Non-Swiss plans Level 3	Non-Swiss plans Total
Asset category								
Cash and cash equivalents					1			1
Equity securities:								
• Switzerland	12			12				
• Rest of the world	19			19	12			12
Debt securities:								
• Government bonds	9			9	19			19
• Corporate bonds	25			25	19			19
Alternative investments:								
• Commodity funds	4			4				
• Liability driven investments ("LDI")					17			17
• Alternative investment funds	17			17	5			5
Real estate funds	13			13	1			1
Other					1	2		3
Total	**99**			**99**	**75**	**2**		**77**

The Company expects to contribute EUR 10 to its pension plan in Switzerland and EUR 1 to its non-Swiss plans in 2010.

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

in EUR	Swiss plan	Non-Swiss plans
Future benefit payments		
2010	35	2
2011	10	2
2012	8	2
2013	7	2
2014	7	3
Years 2015–2019	25	18

Note 11 • 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.

Fair value of non-derivative financial instruments

The following table shows the carrying value and the fair value of non-derivative financial instruments as of December 31, 2009 and December 31, 2008:

	31.12.2009		31.12.2008	
in EUR	Carrying value	Fair value	Carrying value	Fair value
Non-derivative financial instruments				
Current assets:				
• Cash and cash equivalents	1,458	1,458	574	574
• Available-for-sale securities	2	2	7	7
• Trade accounts receivable, net	2,560	2,560	3,046	3,046
• Financial instruments included in other current assets	1	1	3	3
Current liabilities:				
• Accounts payable	324	324	221	221
• Short-term debt	14	14	55	55
• Current maturities of long-term debt	442	441	1	1
Non-current liabilities:				
• Long-term debt	1,114	1,173	1,142	1,073

The Company uses the following methods and assumptions to estimate the fair value of each class of non-derivative 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. Refer to Note 7 for details of debt instruments.

in millions, except share and per share information

Fair value of derivative financial instruments
The following table shows the notional amount and the fair value of derivative financial instruments as of December 31, 2009:

in EUR	Notional amount	Balance sheet location	Fair value
Derivative assets			
Derivatives designated as hedging instruments under ASC 815			
• Interest rate swaps	375	Other assets	16
Derivatives not designated as hedging instruments under ASC 815			
• Cross currency interest rate swaps	34	Other assets	
Derivatives not designated as hedging instruments under ASC 815			
• Foreign currency contracts	399	Other current assets	11
Derivative liabilities			
Derivatives not designated as hedging instruments under ASC 815			
• Cross currency interest rate swaps	(172)	Other liabilities	(1)
Derivatives not designated as hedging instruments under ASC 815			
• Foreign currency contracts	(972)	Other accrued expenses	(16)
Total net derivatives			**10**

The fair value of interest rate swaps, cross currency interest rate swaps and foreign currency contracts is calculated by using the present value of future cash flows based on quoted market information. The Company adds an adjustment for non-performance risk in the recognised measure of fair value of derivative instruments as well as a liquidity charge represented by the bid-ask spread of the outstanding derivatives. The non-performance adjustment reflects the Credit Default Swap ("CDS") applied to the exposure of each transaction. The Company uses the counterparty CDS spread in case of an asset position and its own CDS spread in case of a liability position. As of December 31, 2009, the total impact of non-performance risk and liquidity risk was EUR 1.

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 4.5% EUR 500 fixed rate guaranteed notes due 2013 issued by Adecco International Financial Services BV. The outstanding contracts have an original contract period of four to seven years and expire in 2013.

EUR 75 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 7.625% EUR 500 guaranteed Euro medium-term notes due 2014 issued by Adecco International Financial Services BV. EUR 50 of these interest rate swaps were terminated in the fourth quarter of 2009. The outstanding hedges have an original contract period of five years and expire in 2014.

The loss on the hedged fixed rate notes attributable to the hedged benchmark interest rate risk and the offsetting gain on the related interest rate swaps, both reported as interest expense, for 2009 were as follows:

in EUR Derivative	Location of gain/(loss) on derivative recognised in earnings	Gain/(loss) on derivative recognised in earnings	Hedged item	Location of gain/(loss) on related hedged item recognised in earnings	Gain/(loss) on related hedged item recognised in earnings
Interest rate swaps	Interest expense	9	Long-term debt	Interest expense	(9)

In addition, the net swap settlements that accrue each period are also reported in interest expense. No significant gains or losses were recorded in 2009, 2008, and 2007, 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 2009, 2008, or 2007.

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 Adecco S.A. share price. The majority of the contracts expired in 2008. There are no outstanding contracts as of December 31, 2009.

As of December 31, 2009 and December 31, 2008, 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 2009, 2008, and 2007, respectively, due to ineffectiveness in cash flow hedge relationships. In 2009, no significant gains or losses were excluded from the assessment of hedge effectiveness. 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.

Net investment hedges

As of December 31, 2009 and 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 61 and EUR 60, respectively, resulting from net investment hedges terminated in 2005. 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 ASC 815. 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 less than EUR 1 in 2009, as follows:

in EUR **Derivative**	**Location of gain/(loss) on derivative recognised in earnings**	**Gain/(loss) on derivative recognised in earnings**	**Hedged item**	**Location of gain/(loss) on related hedged item recognised in earnings**	**Gain/(loss) on related hedged item recognised in earnings**
Foreign currency contracts	Other income/(expenses), net	(29)	Cash, loans and receivables to/from subsidiaries	Other income/(expenses), net	29

In 2008 and 2007, the Company recorded a net loss of EUR 5 and EUR 4, respectively.

In addition, during 2009 the Company entered into currency options, forward-starting cross-currency interest rate swaps and forward-starting foreign currency swaps to hedge the US Dollar to the Swiss Franc exchange rate over the period between the announcement and the anticipated closing of the MPS acquisition in January 2010. In connection with these activities, the Company recorded a net expense of EUR 2 in 2009.

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.

in millions, except share and per share information

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 12 • 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, 2009 and December 31, 2008, consistent with the fair value hierarchy provisions of ASC 820:

in EUR	Level 1	Level 2	Level 3	Total
December 31, 2009				
Assets				
Available-for-sale securities	2			2
Derivative assets		27		27
Other current assets		1		1
Liabilities				
Derivative liabilities		17		17
December 31, 2008				
Assets				
Available-for-sale securities	7			7
Derivative assets		23		23
Other current assets		3		3
Liabilities				
Derivative liabilities		28		28

Note 13 • Other income/(expenses), net

For the years 2009, 2008, and 2007, other income/(expenses), net, consist of the following:

in EUR	2009	2008	2007
Foreign exchange gain/(loss), net	(2)	(5)	(2)
Interest income	5	18	31
Other non-operating income/(expenses), net	(4)	6	1
Total other income/(expenses), net	**(1)**	**19**	**30**

Note 14 • Income taxes

Adecco S.A. is incorporated in Switzerland and the Company operates in various countries with differing tax laws and rates. A substantial portion of the Company's operations are outside of Switzerland. Since the Company operates worldwide, the weighted-average effective tax rate will vary from year to year depending on the earnings mix 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 in Switzerland totalled EUR 162, EUR 236, and EUR 477 in 2009, 2008, and 2007, respectively. Foreign source income/(loss) before income taxes amounted to a loss of EUR 153 in 2009 and income of EUR 473 and EUR 551 in 2008 and 2007, respectively. The provision for income taxes consists of the following for the fiscal years:

in EUR	2009	2008	2007
Provision for income taxes			
Current tax provision:			
Domestic	16	44	46
Foreign	61	133	276
Total current tax provision	**77**	**177**	**322**
Deferred tax provision/(benefit):			
Domestic	21	13	7
Foreign	(97)	20	(44)
Total deferred tax provision/(benefit)	**(76)**	**33**	**(37)**
Total provision for income taxes	**1**	**210**	**285**

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

in EUR	2009	2008	2007
Tax rate reconciliation			
Income taxed at weighted-average tax rate	(23)	180	236
Items taxed at other than weighted-average tax rate	(29)	(23)	75
Non-deductible expenses	11	11	8
Net change in valuation allowance	11	9	(10)
Non-deductible impairment of goodwill	38	17	
Adjustments to deferred tax assets due to rate changes	3	(1)	(25)
Tax on undistributed earnings		10	6
Other, net	(10)	7	(5)
Total provision for income taxes	**1**	**210**	**285**

As of December 31, 2009 and December 31, 2008, a deferred tax liability of EUR 37 and EUR 36 has been provided for non-Swiss withholding taxes and additional Swiss taxes due upon the future dividend payment of cumulative undistributed earnings. In 2009, the Company has not provided for Swiss income taxes on one of its Swiss subsidiaries' undistributed earnings as such amounts are permanently reinvested. As of December 31, 2009, such earnings amounted to approximately EUR 2,234. It is not practicable to estimate the amount of taxes that would be payable upon remittance of these earnings.

in millions, except share and per share information

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	31.12.2009	31.12.2008
Temporary differences		
Net operating loss carryforwards	196	157
Tax credits	20	19
Depreciation	8	12
Deferred compensation and accrued employee benefits	72	86
Accrued expenses	42	49
Financial amortisation in excess of tax amortisation		12
Intercompany transactions	59	28
Other	32	30
Gross deferred tax assets	**429**	**393**
Unrecognised tax benefits provision, net	(55)	(69)
Valuation allowance	(77)	(53)
Deferred tax assets, net	**297**	**271**
Intangible asset basis in excess of tax basis	(95)	(132)
Tax amortisation in excess of financial amortisation	(18)	(5)
Undistributed earnings of subsidiaries	(37)	(36)
Other	(16)	(17)
Deferred tax liabilities	**(166)**	**(190)**
Deferred tax assets, net of deferred tax liabilities	**131**	**81**

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 increased by EUR 24 to EUR 77 in 2009. Included in the change of the valuation allowance is an increase of EUR 11 for losses originated in 2009 and prior years, a EUR 7 valuation allowance on losses acquired with Spring and an increase of EUR 6 for fluctuations in foreign exchange rates.

Other current assets include current net deferred tax assets of EUR 125 and EUR 148 as of December 31, 2009 and December 31, 2008, respectively. Other long-term assets include EUR 151 and EUR 104 of net deferred tax assets as of December 31, 2009 and December 31, 2008, respectively. Other accrued expenses include current deferred tax liabilities of EUR 7 and EUR 6 as of December 31, 2009 and December 31, 2008, respectively. Other liabilities include EUR 138 and EUR 165 of non-current deferred tax liabilities as of December 31, 2009 and December 31, 2008, respectively.

As of December 31, 2009, the Company had approximately EUR 608 of net operating loss carryforwards. These losses will expire as follows:

in EUR	2010	2011	2012	2013	2014	Thereafter	No expiry	Total
Expiration of losses by period	4	6	3	21	6	234	334	608

The largest net operating loss carryforwards are in the USA, France, Germany, the UK, Brazil, and the Netherlands and total EUR 378 as of December 31, 2009. The losses in the USA and the Netherlands begin to expire in 2021 and 2018, respectively. The losses in France, Germany, the UK, and Brazil do not expire. In addition, tax credits of EUR 14 are predominantly related to the US operations and begin to expire in 2018.

As of December 31, 2009, the amount of unrecognised tax benefits including interest is EUR 266 of which EUR 228 would, if recognised, decrease the Company's effective tax rate. As of December 31, 2008, the amount of unrecognised tax benefits including interest was EUR 310 of which EUR 264 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 as of 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 as of 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 as of December 31, 2008	**289**
Increases related to current year tax positions	25
Expiration of the statutes of limitation for the assessment of taxes	(5)
Settlements with tax authorities	(8)
Additions to prior years	2
Decreases to prior years	(59)
Foreign exchange currency movement	(1)
Balance as of December 31, 2009	**243**

in millions, except share and per share information

In 2009, the item "decreases to prior years" includes EUR 53 related to a settlement of contingencies with a corresponding offset to net operating losses carryforwards and a favourable impact of EUR 13 to the income tax expense. 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, 2009 and December 31, 2008, the amount of interest and penalties recognised in the balance sheet amounted to EUR 23 and EUR 21, respectively. The total amount of interest and penalties recognised in the statements of operations was a net expense of EUR 2 in 2009 and a net benefit of EUR 10 in 2008. 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:

	Open tax years
Country	
USA	2003 onwards
France	2006 onwards
Germany	2002 onwards
UK	2004 onwards
Spain	2005 onwards
Japan	2003 onwards
Netherlands	2003 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 changes 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.

Note 15 • Earnings per share

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

	2009		2008		2007	
in EUR (except number of shares)	Basic	Diluted	Basic	Diluted	Basic	Diluted
Numerator						
Net income attributable to Adecco shareholders	8	8	495	495	735	735
Interest on convertible bond, net of tax				7		6
Net income available for earnings per share calculation	**8**	**8**	**495**	**502**	**735**	**741**
Denominator						
Weighted-average outstanding shares	174,091,286	174,091,286	175,414,832	175,414,832	185,107,346	185,107,346
Weighted-average shares deliverable under prepaid forward	3,515,530	3,515,530				
Weighted-average shares	**177,606,816**	**177,606,816**				
Incremental shares for assumed conversions:						
• Convertible bond				9,441,281		9,523,810
• Employee stock options		7,175		3,537		647,897
Total average equivalent shares	**177,606,816**	**177,613,991**	**175,414,832**	**184,859,650**	**185,107,346**	**195,279,053**
Per share amounts						
Net earnings per share	**0.04**	**0.04**	**2.82**	**2.71**	**3.97**	**3.80**

The weighted-average shares include 3,515,530 shares (based on the 17,821,782 shares deliverable – pro-rated since October 2009) deliverable under the prepaid forward with Adecco Investment since the exercise price of the prepaid forward is reduced proportionally for each dividend distribution to common shareholders, as described in Note 1. Stock options of 4,027,697 in 2009, 5,522,846 in 2008, and 5,180,559 in 2007 were excluded from the computation of diluted net income per share as the effect would have been anti-dilutive. The effect of the convertible bond, comprising EUR 6 of interest expense add-back and 7,569,582 additional incremental shares, was excluded from the computation in 2009 as the effect would have been anti-dilutive.

Note 16 • Segment reporting

The Company is organised in a geographical structure (which corresponds to the primary segments). The geographies directly manage the office and industrial business lines as well as the professional business lines. The classification of a specific branch into a business line is determined by the business line generating the largest revenue share in that 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, 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 91% of the Company's revenues in 2009 were related to temporary staffing, whereas both in 2008 and 2007 temporary staffing represented 93% of the Company's revenues. The remaining portion relates to permanent placement and other services.

in millions, except share and per share information

in EUR	France	North America[1]	Germany & Austria[1]	Japan	UK & Ireland	Benelux	Other[1]	Corporate	Total
2009 segment reporting									
Revenues	4,806	2,316	1,033	1,343	947	801	3,551		14,797
Depreciation	(15)	(13)	(9)	(4)	(11)	(6)	(18)	(5)	(81)
Operating income before amortisation and impairment of goodwill and intangible assets	68	112	31	95	(13)	6	67	(67)	299
Amortisation of intangible assets									(42)
Impairment of goodwill and intangible assets									(192)
Operating income									65
Interest expense, and other income/(expenses), net									(56)
Provision for income taxes									(1)
Net income									**8**
Capital expenditures	(32)	(10)	(8)	(5)	(8)	(7)	(18)	(4)	(92)
Segment assets	1,496	1,485	1,736	241	434	300	1,144	995	7,831
Long-lived assets[2]	86	83	27	30	34	23	51	36	370

in EUR	France	North America[1]	Germany & Austria[1]	Japan	UK & Ireland	Benelux	Other[1]	Corporate	Total
2008 segment reporting									
Revenues	6,574	2,898	1,646	1,463	1,404	957	5,023		19,965
Depreciation	(18)	(15)	(8)	(4)	(10)	(5)	(17)	(7)	(84)
Operating income before amortisation and impairment of goodwill and intangible assets	272	124	154	107	23	50	263	(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)
Net income									**499**
Capital expenditures	(28)	(10)	(12)	(3)	(15)	(8)	(24)	(6)	(106)
Segment assets	1,734	1,168	1,936	328	321	311	1,188	544	7,530
Long-lived assets[2]	69	85	29	33	31	29	50	25	351

in EUR	France	North America [1]	Germany & Austria [1]	Japan	UK & Ireland	Benelux	Other [1]	Corporate	Total
2007 segment reporting									
Revenues	6,891	3,396	1,335	1,385	1,879	983	5,221		21,090
Depreciation	(21)	(19)	(7)	(4)	(10)	(5)	(15)	(8)	(89)
Operating income before amortisation and impairment of goodwill and intangible assets	405	158	138	96	41	58	293	(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)
Net income									**743**
Capital expenditures	(17)	(15)	(11)	(3)	(12)	(6)	(22)	(5)	(91)
Segment assets	1,967	1,257	2,128	266	572	213	1,471	380	8,254
Long-lived assets [2]	63	95	27	27	35	20	58	28	353

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 [3]	Total
Revenues										
2009	3,465	7,389	1,100	615	336	245	355	341	951	14,797
2008 [4]	4,510	11,094	1,175	805	464	275	382	263	997	19,965
2007 [4]	4,912	11,647	1,387	886	510	240	375	243	890	21,090

1 The 2009 information includes certain changes in the reporting units, mainly Mexico and Puerto Rico are now reported in North America and Austria is now reported with Germany, whereas in previous years those three countries were included in Other. The 2008 and 2007 information has been restated to conform to the current year presentation.

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

3 Emerging Markets excluding professional business lines.

4 The 2009 information includes certain changes in the allocation of branches to business lines, most notably from Sales, Marketing & Events to Office and from Emerging Markets to Office & Industrial. The 2008 and 2007 information has been restated to conform to the current year presentation.

in millions, except share and per share information

Note 17 • 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 in both 2009 and 2008 and to EUR 210 during 2007. Future minimum annual lease payments under operating leases are as follows:

in EUR	2010	2011	2012	2013	2014	Thereafter	Total
Lease payments by period	163	112	83	63	52	61	534

As of December 31, 2009, the Company had future purchase and service contractual obligations of approximately EUR 1,005 primarily related to the MPS acquisition (approximately EUR 900 – refer to Note 19 for further details), 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	2010	2011	2012	2013	2014	Thereafter	Total
Contractual obligations by period	948	27	27	2		1	1,005

Guarantees

The Company has entered into certain guarantee contracts and standby letters of credit that total EUR 798, including those letters of credit issued under the multicurrency revolving credit facility (EUR 79). 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 USA. 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. In addition, as of December 31, 2009, the Company has also guaranteed the outstanding acquisition commitments in connection with the MPS acquisition in the amount of approximately EUR 900. As of January 19, 2010, this guarantee was honoured on closing of the MPS acquisition and is no longer outstanding.

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.

Note 18 • Risk management

The Company's 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 externally and internally driven risks. Within this model, Group Management has identified key risk groups, which can have a significant impact on the Company's results. Those key recurring risk groups are, amongst others, economic trends/situation, client attraction/retention, associate attraction/retention, colleague attraction/retention, financial reporting, IT environment, change in regulatory/legal and political environment, and fraudulent activities. Those common key risk groups have been extended in 2009 by a new risk group that monitors the integration of acquired businesses. All identified risk groups have to be assessed by all countries within the Company.

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 11. 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 2009.

Note 19 • Subsequent events

In October 2009, the Company entered into an agreement to acquire MPS for USD 13.80 per each outstanding MPS share. MPS, one of the largest professional staffing firms in North America with also a strong position in the UK, is a leading provider of specialty staffing, consulting, and business solutions across various professional business lines such as information technology, finance and accounting, legal, engineering and healthcare. The transaction was completed in January 2010, following the MPS shareholders' approval. In exchange for all the common stock of MPS, the Company paid approximately EUR 900. The purchase price was funded with the prepaid forward sale of Adecco S.A. shares and with internal resources. MPS was consolidated by the Company as of January 31, 2010, and the results of MPS's operations have been included in the consolidated financial statements since February 1, 2010.

The purchase accounting for MPS has not been finalised as of the date of this report. Acquisition costs are estimated to be approximately EUR 10. In 2009, MPS revenues and net income amounted to EUR 1,202 and EUR 9, respectively.

The Company has evaluated subsequent events through March 12, 2010, the date the financial statements were available to be issued. No other significant events occurred subsequent to the balance sheet date but prior to March 12, 2010 that would have a material impact on the consolidated financial statements.

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 comprise the consolidated balance sheets as of December 31, 2009 and 2008, 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, 2009.

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 about 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, 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 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, 2009 and 2008, and of the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2009, 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

Robin Errico
Licensed audit expert
(Auditor in charge)

Dominick Giuffrida
Certified Public Accountant (U.S.)

Zurich, Switzerland
March 12, 2010

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

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

As of (in CHF)	31.12.2009	31.12.2008
Assets		
Current assets:		
• Cash and cash equivalents	913	97
• Receivables from subsidiaries	42	42
• Receivables from third parties		1
• Accrued income, prepaid expenses, and withholding taxes	35	35
Total current assets	**990**	**175**
Non-current assets:		
• Investments in subsidiaries	10,205	7,047
• Loans to subsidiaries	2,269	688
• Provisions on investments in and loans to subsidiaries	(655)	(565)
• Treasury shares	854	546
• Intangible assets	59	88
• Financial assets	15	2
Total non-current assets	**12,747**	**7,806**
Total assets	**13,737**	**7,981**
Liabilities and shareholders' equity		
Liabilities		
Current liabilities:		
• Amounts due to subsidiaries	243	151
• Short-term liabilities to related parties	30	
• Provision for unrealised foreign currency gains	54	1
• Accrued liabilities	45	97
Total current liabilities	**372**	**249**
Non-current liabilities:		
• Long-term debt to subsidiaries	5,273	897
• Long-term liabilities to related parties	1,046	
• Provisions and non-current liabilities	2	101
Total non-current liabilities	**6,321**	**998**
Total liabilities	**6,693**	**1,247**
Shareholders' equity		
Share capital	189	189
General reserve	2,103	2,103
Reserve for treasury shares	912	908
Retained earnings	3,840	3,534
Total shareholders' equity	**7,044**	**6,734**
Total liabilities and shareholders' equity	**13,737**	**7,981**

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)	2009	2008
Operating income		
Royalties and license fees	409	590
Dividends from subsidiaries	47	44
Gain on sale of investments	73	
Release of provision on loans and investments		43
Interest income from subsidiaries	45	96
Interest income from third parties	15	8
Financial income	304	
Other income	124	11
Total operating income	**1,017**	**792**
Operating expenses		
Interest expense to subsidiaries	(168)	(73)
Interest expense to third parties	(3)	(19)
Provisions on loans and investments	(90)	
Taxes	(52)	(3)
Financial expense	(30)	(465)
Other expenses (including depreciation of CHF 3 in 2009 and CHF 4 in 2008)	(103)	(111)
Total operating expenses	**(446)**	**(671)**
Net income	**571**	**121**

Certain reclassifications have been made to prior year income and expenses to conform to the current year presentation.

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	31.12.2009	31.12.2008
Guarantees	4,201	2,393
Letters of comfort	110	139
Other	11	
Total contingent liabilities	**4,322**	**2,532**

Adecco S.A. has irrevocably and unconditionally guaranteed the Euro medium-term notes of CHF 741 (EUR 500) due 2014 and accrued interest of CHF 39 and the fixed rate notes of CHF 741 (EUR 500) due 2013 and accrued interest of CHF 23 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 due 2013 issued by Adecco Financial Services (Bermuda) Ltd. ("AFS"), a wholly-owned subsidiary of Adecco S.A. During 2009 and 2008, AFS repurchased bonds with nominal amount of CHF 288 and CHF 43, respectively. On October 9, 2009, AFS cancelled CHF 300 nominal value of repurchased bonds. Bonds with nominal value of CHF 31 were held as treasury bonds as of December 31, 2009. As of December 31, 2009 the remaining guarantee issued by Adecco S.A. in connection with the zero-coupon convertible bonds amounted to CHF 569. Furthermore, Adecco S.A. irrevocably and unconditionally has guaranteed the zero-coupon convertible bond accrued interest in the amount of CHF 56. In 2003, 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. In 2009, Adecco S.A. repurchased the right for CHF 0.1.

Adecco S.A. has guaranteed or co-issued an amount of CHF 123 utilised from the revolving credit facility in the form of letters of credit as of December 31, 2009. Approximately CHF 595 of the credit facilities issued to several subsidiaries in Europe, North America, South America, Asia, and Australia have been guaranteed. As of December 31, 2009, Adecco S.A. also guaranteed the outstanding acquisition commitments in connection with the MPS acquisition in the amount of approximately CHF 1,336. As of January 19, 2010, this guarantee was honoured on the closing of the MPS acquisition and is no longer outstanding. Additionally, Adecco S.A. has provided guarantees and letters of comfort amounting to CHF 88 relating to government requirements for operating a temporary staffing business and to operating leases of its subsidiaries mainly in the USA.

In 2009, a Swiss VAT group was established. Adecco S.A. is jointly and severally liable for liabilities of the Swiss VAT group. As of December 31, 2009, the Swiss VAT group liability amounted to CHF 11.

Note 2 • Long-term liabilities to related parties

Long-term liabilities to related parties include a consideration of CHF 900 received for the prepaid forward sale of Adecco S.A. shares ("prepaid forward") in November 2009 in connection with the mandatory convertible bond issued by Adecco Investment (Bermuda) Limited ("Adecco Investment"), a wholly-owned subsidiary of Adecco S.A. which is not consolidated in the consolidated financial statements of the Adecco Group (refer to Note 1 and Note 7 to the consolidated financial statements).

The total number of initial shares that will be converted at any time between November 26, 2009 and November 26, 2012 amounts to 17,821,782. The number of shares will be adjusted for dividends paid between issuance and conversion. The Company is allowed to deliver treasury shares held at the time of conversion instead of issuing new shares of Adecco S.A. out of the approved conditional capital. There is no further impact on the statements of operations.

In addition, the short-term and the long-term liabilities to related parties include a loan of CHF 176 from Adecco Investment. The loan carries interest rate of 3-month CHF LIBOR plus 1.5% per annum. The loan is repayable in installments of CHF 30, CHF 59, CHF 59, and CHF 28 on June 1, 2010, June 1, 2011, June 1, 2012, and November 26, 2012, respectively.

Note 3 • Treasury shares

The reserve for treasury shares held by Adecco S.A. is transferred to/from retained earnings. As of December 31, 2009 and December 31, 2008, 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, 2008	**449**	**6,616,213**			
Acquired	459	8,458,891	54	60	34
Written down	(362)				
December 31, 2008	**546**	**15,075,104**			
Acquired, net of disposals	4	108,971	34	40	33
Reversal of prior year's write down	304				
December 31, 2009	**854**	**15,184,075**			

On August 12, 2008, Adecco S.A. announced that its Board of Directors had decided to purchase up to 2% of total Adecco S.A. shares outstanding. In 2009 and 2008, Adecco S.A. acquired 116,487 and 224,391 treasury shares for a total consideration of CHF 4 (EUR 3) and CHF 8 (EUR 5), respectively under this share buy-back programme.

On November 2, 2007, Adecco S.A. announced that its Board of Directors had decided to purchase Adecco S.A.'s shares for up to EUR 400 by the end of 2008. In 2008 and 2007, Adecco S.A. acquired 8,234,500 and 3,253,500 treasury shares for a total consideration of CHF 451 (EUR 274) and CHF 207 (EUR 124), respectively under this share buy-back programme. On July 1, 2008, Adecco S.A, announced that it had completed the repurchase programme.

As of December 31, 2009, the treasury shares are intended to be used for the settlement of the prepaid forward, the Company's Long-Term Incentive Plan, as well as to minimise potential dilution related to the outstanding convertible bond or issuance of future financial instruments.

In 2009, Adecco S.A. awarded 7,516 treasury shares to the Chairman of the Board of Directors as part of his compensation package (refer to section 3.1.1 "Board of Directors Compensation" within the Remuneration Report).

Some of the treasury shares are reserved for the settlement of the Adecco Long-Term Incentive Plan as described in Note 9 to the Adecco Group consolidated financial statements.

In December 2008, the carrying value of treasury shares was written down by CHF 362 to the December 2008 average share price. In December 2009, the write down was partially reversed to the December 2009 average share price resulting in a gain of CHF 304.

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

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

Note 4 • Shareholders' equity

in CHF	Share capital	General reserve	Reserve for treasury shares	Retained earnings	Total
January 1, 2009	**189**	**2,103**	**908**	**3,534**	**6,734**
Dividend distribution				(261)	(261)
Net movement in reserve for treasury shares			4	(4)	
Net income				571	571
December 31, 2009	**189**[1]	**2,103**	**912**	**3,840**	**7,044**

1 Common shares of CHF 189,263,056 at CHF 1 par value.

On May 13, 2009, Adecco S.A. held its Annual General Meeting of Shareholders in Lausanne.

Conditional capital

As of December 31, 2009, 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. 6,349,207 shares have been reserved for issuance upon conversion of the outstanding guaranteed zero-coupon convertible bond issued by AFS. The remaining shares represent conditional capital authorised without time limitation and remain available for issuance upon conversion of any financial instruments that Adecco S.A. or its subsidiaries have issued or 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, 2009 and December 31, 2008, 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 2009, Adecco S.A. did not issue any shares.

Note 5 • 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, 2009, on shareholders' disclosures or on other information available to the Company.

39,135,168 and 43,065,512 shares in 2009 and 2008, respectively, held by a shareholder group with pooled voting rights, consisting of Jacobs Holding AG, Zurich, Switzerland; Renata I. Jacobs, Royston, UK; Lavinia Jacobs, Kusnacht, Switzerland; Nicolas Jacobs, São Paulo, Brazil; Philippe Jacobs, London, UK; Nathalie Jacobs, Zurich, Switzerland; Andreas Jacobs, Hamburg, Germany; Sentosa Beteiligungs GmbH, Germany (controlled by Christian Jacobs, Hamburg, Germany); Jacobs Venture AG, Baar, Switzerland; and Triventura AG, Baar, Switzerland.

18,747,976 shares, as disclosed per May 7, 2009, held by Group Franklin Rescources Inc., Ft. Lauderdale, USA, with pooled voting rights, consisting of Franklin Advisers, Inc., San Mateo, USA; Franklin Templeton Investments (Asia) Limited, Hong Kong; Franklin Templeton Investments Corp., Toronto, Canada; Franklin Templeton Investment Management Limited, Edinburgh, UK; Franklin Templeton Portfolio Advisors, San Mateo, USA; Templeton Asset Management Ltd., Singapore; Templeton Global Advisors Limited, Nassau, Bahamas; Templeton Investment Counsel, Ft. Lauderdale, USA. Previously, 9,933,656 shares, as disclosed per January 4, 2008 were 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.

10,390,853 and 10,163,580 shares in 2009 and 2008, respectively, held by Akila Finance S.A., Luxembourg, controlled by Mr. Philippe Foriel-Destezet, Gstaad, Switzerland.

5,407,100 shares as disclosed per February 26, 2010 and 9,784,279 shares as disclosed per October 6, 2009 (no information was disclosed in 2008), held by Group AXA, Paris, France, with pooled voting rights, consisting of AllianceBernstein L.P., New York, USA; AllianceBernstein Corporation, New York, USA; Equitable Holdings, New York, USA; AXA Equitable Life Insurance Company, New York, USA; AXA Equitable Financial Services, LLC, New York, USA; AXA Financial, Inc., New York, 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 3 for details on shares held by the Company.

For further detailed information, refer to the links listed under item 1.2 of the Corporate Governance Report.

Note 6 • Restriction regarding the distribution of dividends

Under Swiss law, a minimum of 5% of the annual net income of 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, 2009 and December 31, 2008, thereby exceeding 20% of the paid-in share capital. The use of the general reserve is subject to the conditions of art. 671 of the Swiss Code of Obligations. Any remaining net profits may be distributed as dividends, pursuant to resolution of the General Meeting of Shareholders.

Note 7 • Compensation, shareholdings, and loans

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

The amounts indicated in this section include honorariums (fees), salaries, bonuses, and compensation in kind (according to market value at time of conferral). The members of the Board of Directors are compensated in cash. The Chairman was compensated partially with Adecco S.A. shares. The amount conferred to the members of the Board of Directors for the fiscal year 2009 amounted to CHF 4.8. The total of all compensation conferred for the fiscal year 2009 to all members of the Executive Committee in 2009, comprising those having left the Company during the year, including bonus payments for 2009 due in 2010, and the awards granted under the LTIP 2009, at grant date value, amounted to CHF 26.5. Not included are bonus payments due for 2008 but made during 2009.

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 2009 and 2008 are presented in the tables below:

Board of Directors Compensation

For the year 2009

in CHF (except shares)	Office/ compensation period in 2009	Net compensation for term served	Social contributions[1] Old age insurance/ pensions and others	Shareholding as of December 31, 2009[2]
Name and function				
Rolf Dörig, Chairman	since Jan. 2009	1,800,000[3]	237,682	22,516
Thomas O'Neill, Vice-Chairman	since Jan. 2009	426,015	56,975	2,000
Jakob Baer	since Jan. 2009	427,420	53,939	3,601
Andreas Jacobs	since Jan. 2009	450,000		887,005[4]
Francis Mer	since Jan. 2009	428,123	52,422	
David Prince	since Jan. 2009	297,000	3,000	1,081
Wanda Rapaczynski	since Jan. 2009	300,000		
Judith A. Sprieser	since Jan. 2009	300,000		2,000
Subtotal		**4,428,558**	**404,018**	
Total			**4,832,576**	**918,203**

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

2 Indicating the number of registered shares held, with a par value of CHF 1 each. 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 CHF 300,000 of the total net compensation have been paid in Adecco S.A. shares. As from January 1, 2010, no compensation is due in case of resignation or non-reelection.

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

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.

5 Refer to Corporate Governance Report, section 1.2 "Significant shareholders" and Note 5 "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.

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

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

Executive Committee Compensation

For the year 2009

Members of the Executive Committee as of December 31, 2009:

		Gross cash compensation[1]		
in CHF (except shares)	Office as member of the Executive Committee in 2009	Annual base salary for term served	Annual bonus	Compensation in kind[4]
Name and function[3]				
Patrick De Maeseneire, CEO	since Jun. 2009	1,050,000	945,000[7]	70,000
Dominik de Daniel, CFO	since Jan. 2009	1,160,075	900,000[9]	
François Davy, Regional Head of France, Switzerland & India[10]	since Jan. 2009	935,160	429,624[9]	40,682
Alain Dehaze, Regional Head of Northern Europe	since Oct. 2009	150,745		23,546
Andreas Dinges, Regional Head of Germany & Austria[11,12]	since Oct. 2009	158,282	226,118[7]	11,458
Mark Du Ree, Regional Head of Japan & Asia[12]	since Oct. 2009	147,688	162,906[9,13]	163,051[14]
Theron I (Tig) Gilliam, Regional Head of North America[15]	since Jan. 2009	798,483	401,834[9,13]	30,925
Enrique Sanchez, Regional Head of Iberia & South America[12]	since Oct. 2009	161,296	135,671[9]	10,038
Peter Searle, Regional Head of UK & Ireland	since Oct. 2009[16]	106,963		4,340
Federico Vione, Regional Head of Italy & Eastern Europe[12]	since Oct. 2009	113,059	75,373[9]	6,416
Sergio Picarelli, Chief Sales Officer[12]	since Oct. 2009	187,500	90,000[9]	
Christian Vasino, Chief HR Officer	since Jan. 2009	652,500	300,000[9]	3,600
Total				

1 Including employee's social contributions.

2 Employer's social contributions.

3 For the members of the Executive Committee, except for Andreas Dinges, notice periods of up to 12 months maximum apply.

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

5 Value in CHF of Adecco S.A. shares awarded in 2009 under the LTIP 2009 (Grant date: March 16, 2009; CEO: April 1, 2009). Valuation of the share awards granted: The grant date value of the EPS share awards is calculated based on the closing price of the Adecco S.A. share on the day of grant multiplied by a probability factor. This factor reflects the likelihood that the EPS target will be met at the end of the performance period. The probability factor of 0.91 has been determined using internal long-term projections at the date of grant. The grant date value of the TSR share awards is calculated based on the closing price of the Adecco S.A. share on the day of grant multiplied by a probability factor. This factor reflects the likelihood that the TSR target will be met at the end of the performance period. The probability factor of 0.439 has been determined using a binomial model. For awards with guaranteed vesting, the grant date value is equal to the closing share price of the Adecco S.A. share on the day of grant (refer to the table in section 3.5.2, "Share awards").

6 Indicating the number of registered shares held, with a par value of CHF 1 each. 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).

7 Guaranteed bonus 2009.

8 In addition, holding of 166,000 Adecco warrants (equity covered American calls), strike price CHF 80.00 expiry date December 17, 2010.

9 For the achievements of the Executive Committee members in the course of the economically challenging fiscal year 2009, including but not limited to the completion of two major transactions, and also due to outstanding efforts in the restructuring process, the Board, upon proposal of the NCC, has decided to grant certain members an extraordinary one-time cash bonus. The total amount of this extraordinary discretionary cash bonus is approx. CHF 2.2 million.

10 Severance payment of EUR 1,000,000 plus a bonus entitlement of maximum EUR 500,000 (in total approx. CHF 2.3 million) due in case of termination of the employment contract by the employer.

11 Minimum contract duration until June 30, 2011 with an additional severance payment in the amount of six monthly salaries in case of termination of the employment contract by the employer until that date.

12 Base salary information relates to compensation received in the fiscal year 2009 for activities as member of the Executive Committee only, i.e. excluding compensation received in relation to other positions prior to such activity as member of the Executive Committee. Bonus payments and LTIP 2009 awards relate to the full calendar year 2009.

13 Part of the bonus was conferred under the STIP bonus programme. Of the Executive Committee members, only Tig Gilliam and Mark Du Ree qualified for a bonus under the STIP.

14 Amount includes tax equalization payments to employee, partly refundable to the Company in the future.

15 Severance payment of USD 1,000,000 (approx. CHF 1.1 million) due in case of termination of the employment contract by the employer.

16 Peter Searle became a member of the Executive Committee at the end of October 2009. Compensation information only included for November and December 2009.

Social contributions [2]			Awards under the 2009 Long-Term Incentive Plan (LTIP 2009)				
Old age insurance/pensions and others	Additional health/ accident insurance	Total conferred	EPS Share award 2009 (value in CHF) [5]	TSR Share award 2009 (value in CHF) [5]	Social contributions on EPS and TSR share awards 2009, estimated	Total conferred incl. LTIP	Shareholding as of December 31, 2009 [6]
174,889	7,091	2,246,980	783,209	621,212	112,354	3,763,755	590 [8]
240,387	6,309	2,306,771	433,106	379,241	64,988	3,184,106	29,978
385,362		1,790,828	345,607	302,611	65,882	2,504,928	
67,632		241,923				241,923	
		395,858	140,468	122,997		659,323	
11,755		485,400	101,997	89,326	1,913	678,636	50
142,014		1,373,256	268,696	235,284	7,308	1,884,544	
4,424		311,429	104,064	91,113		506,606	
22,980		134,283				134,283	
69,855	2,554	267,257	100,344	87,859	5,646	461,106	
35,491	3,145	316,136	168,003	147,104	25,209	656,452	1,050
129,499	7,261	1,092,860	194,901	170,646	29,244	1,487,651	1,000
						16,163,313	**32,668**

Members of the Executive Committee who have left the Company during 2009:

Dieter Scheiff, former CEO with a minimum contract duration until June 30, 2011, serving until April 2009, received a base salary, including employee's social contributions, for the term served of CHF 662,900. In addition, the following amounts were conferred: Severance payment of CHF 7,533,333 which includes salary payment until the end of the minimum contract duration and CHF 1,333,333 for a non-compete undertaking; employer's social contributions amounted to CHF 601,407 for old age insurance and pension plus CHF 7,550 for additional health/accident insurance. The total amount conferred was CHF 8,805,190. In addition, a payment of CHF 666,666 will become due in 2010, depending on the fulfilment of non-compete obligations.

Annalisa Gigante, Chief Business Development and Marketing Officer until September 2009, received a base salary, including employee's social contributions, for the term served of CHF 412,500. In addition, Annalisa Gigante received a severance payment of CHF 948,103. Employer's social contributions amounted to CHF 130,599 for old age insurance and pension plus CHF 4,049 for additional health/accident insurance. Compensation in kind for relocation costs amounted to CHF 20,702. The total amount conferred amounted to CHF 1,515,953.

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

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

For the year 2008

in CHF (except shares)	Office/compensation in period 2008	Gross cash compensation [1]		
		Annual base salary for term served	Annual bonus	Loyalty bonus [3]
Name and function				
Dieter Scheiff, CEO [6]	since Jan. 2008	1,657,250	896,040	
Dominik de Daniel, CFO [7]	since Jan. 2008	828,625	597,360	
François Davy, Country Manager France [8]	since Jan. 2008	801,552	477,567	
Theron I (Tig) Gilliam, Country Manager USA & Canada [9]	since Jan. 2008	541,577	477,567	
Christian Vasino, Chief HR Officer	since Jan. 2008	450,000	368,536 [10]	
Annalisa Gigante, Chief Business Development and Marketing Officer	since Aug. 2008	168,750	75,000	
Jean-Manuel Bullukian, President Business Lines Engineering & Technical and Information Technology [11]	until March 2008	432,000		
Jan-Pieter Gommers, President Business Line Sales, Marketing & Events [11]	until March 2008	256,500		
Gonzalo Fernandez-Castro, Chief Marketing & Business Development Officer [11]	until March 2008	270,000		
Ekkehard Kuppel, President Business Line Human Capital Solutions [12, 13]	until March 2008	127,737	183,022	183,022
Neil Lebovits, President Business Line Finance & Legal [11]	until March 2008	166,806		
Francois-Xavier Quilici, Chief Information Officer [12]	until March 2008	112,500		
René Schuster, Country Manager UK & Ireland [12, 14]	until March 2008	173,970		
Total				

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 1,000,000 plus a bonus entitlement of maximum EUR 500,000 (in total approximately CHF 2.2 million) 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.

	Social contributions[2]				
Compensation in kind[4]	Old-age insurance/ pensions and others	Additional health/ accident insurance	Severance payments	Total conferred	Shareholding as of December 31, 2008[5]
7,020	211,784	17,222		2,789,316	27,120
	154,135	2,061		1,582,181	29,978
8,859	447,692	11,450		1,747,120	
38,545	52,909			1,110,598	
7,850	93,646	2,281		922,313	1,000
49,032	32,566			325,348	
3,650	134,998	7,091	1,697,335	2,275,074	n.a.
12,273	115,370	2,527	1,578,964	1,965,634	n.a.
16,830	159,238	2,071	1,830,000	2,278,139	n.a.
10,397	46,687	2,925		553,790	n.a.
84,498	62,918	4,908	346,609	665,739	n.a.
1,170	18,411			132,081	n.a.
17,082	26,095	1,710		218,857	n.a.
				16,566,190	**58,098**

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 2009, no Adecco S.A. shares nor stock options were allocated to current or former members of Governing Bodies, except for part of the Chairman's compensation delivered in form of shares (see compensation table above).

Share ownerships of Governing Bodies
For the individual share ownerships of the Board of Directors and the Executive Committee, refer to the tables "Board of Directors Compensation" and "Executive Committee Compensation" above and section 1.2 "Significant shareholders" of the Corporate Governance Report. As per December 31, 2009, the members of the Board of Directors, including parties closely linked, reported to hold 918,203 shares; not included are the shares held by a group to which Mr. Andreas Jacobs is a member (refer to section 1.2 "Significant shareholders" of the Corporate Governance Report). As per December 31, 2009, the members of the Executive Committee, including parties closely linked, reported to hold 32,668 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 and share awards granted to 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, 2009 and as of December 31, 2008, are presented in the tables below (no stock options were granted since 2004):

As of December 31, 2009

	Last year of expiry detail											
Year of grant	Mark Du Ree	Enrique Sanchez	Federico Vione	Christian Vasino	Strike price (CHF)	Granted	Exercised	Lapsed	Held by Mark Du Ree	Held by Enrique Sanchez	Held by Federico Vione	Held by Christian Vasino
Stock options held												
2001	2010	2010	2010		85.27	38,000	2,600	27,800	1,600	5,000	1,000	
2002	2010				60.00	100,000	80,000		20,000			
2003			2012	2012	78.50	6,500	3,200	1,000			800	1,500

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

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 Report, section 2.7 "Convertible notes and options".

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

Share awards

Share awards held as of December 31, 2009 under the Long-Term Incentive Plan 2009 (LTIP 2009), as granted on March 16, 2009 and April 1, 2009:

	Patrick De Maeseneire[1]	Dominik de Daniel	François Davy	Andreas Dinges	Mark Du Ree	Theron I (Tig) Gilliam	Enrique Sanchez	Federico Vione	Sergio Picarelli	Christian Vasino
EPS share awards	22,500	13,622	10,870	4,418	3,208	8,451	3,273	3,156	5,284	6,130
TSR share awards	22,500	24,824	19,808	8,051	5,847	15,401	5,964	5,751	9,629	11,170
Total	**45,000**	**38,446**	**30,678**	**12,469**	**9,055**	**23,852**	**9,237**	**8,907**	**14,913**	**17,300**

1 Special conditions: Grant date April 1, 2009, vesting of 58% of the awards granted is guaranteed, subject to continued employment at date of vesting.

Additional fees and remuneration of Governing Bodies

No member of the Board of Directors has received any additional honorariums in 2009.

Loans granted to Governing Bodies

In 2009, 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 8 • Risk Management

The detailed disclosure regarding risk management required by Swiss law is included in Note 18 to the Adecco Group consolidated financial statements.

Note 9 • Proposed appropriation of available earnings

in CHF	2009	2008
Available earnings of previous year	3,534	4,136
Profit	571	121
Net movement on treasury share provision	(4)	(459)
Dividend distribution	(261)	(264)
Total available earnings	**3,840**	**3,534**
Proposed dividend per share of CHF 0.75 in 2009 and CHF 1.50 in 2008	(131)[1]	(261)
Proposed balance to be carried forward	**3,709**	**3,273**

1 This represents the amount of dividends payable based on the total number of outstanding shares (excluding treasury shares) of 174,079,431 as of December 31, 2009.

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, 2009.

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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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, 2009 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 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 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

Robin Errico

Robin Errico
Licensed audit expert
(Auditor in charge)

Dominick Giuffrida
Certified Public Accountant (U.S.)

Zurich, Switzerland
March 12, 2010

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
Adecco Personnel Services NV	Belgium	Brussels	100%	O	EUR	16,651
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	10,001
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	3,063
Adecco Holding France SASU	France	Villeurbanne	100%	H	EUR	601,200
Groupe Datavance SAS	France	Paris	100%	H	EUR	5,707
Ajilon IT Consulting SASU	France	Villeurbanne	100%	O	EUR	2,917
Adecco Beteiligungs 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 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
Adecco Detachering BV	Netherlands	Utrecht	100%	O	EUR	18
Adecco Holding Europe BV	Netherlands	Utrecht	100%	H	EUR	18,807
Adecco Norge AS	Norway	Oslo	100%	O	NOK	51,000
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
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	Lucerne	100%	H	CHF	100
Adecco UK Ltd	United Kingdom	Borehamwood	100%	O	GBP	99,600
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
Spring Group Plc	United Kingdom	London	100%	H	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]
Glotel, Inc	United States	Wilmington, DE	100%	O	USD	1
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 October 29, 2008. The principles and the more detailed rules of Adecco S.A.'s Corporate Governance are defined in Adecco S.A.'s Articles of Incorporation, its Internal Policies and Organisational Rules, 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 consolidated subsidiaries, as well as variable interest entities for which Adecco is considered the primary beneficiary.

Corporate Governance 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 (symbol ADEN, security number 1213860; ISIN CH0012138605) and on Euronext Paris of Euronext (symbol ADE, Euronext Code CH0012138605, ISIN CH0012138605). As of December 31, 2009, 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 9.9 billion. On March 5, 2010, this market capitalisation amounted to approximately CHF 10.0 billion.

The Company is the world's leading provider of human resource solutions 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 geographies – consisting of France, North America, Germany & Austria, Japan, UK & Ireland, Italy, Benelux, Nordics, Iberia, Switzerland, Australia & New Zealand, and Emerging Markets – directly manage the office and industrial business lines as well as the professional business lines. The geographies 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. The classification of a specific branch into a business line is determined by the business line generating the largest revenue share in that specific branch.

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

As of January 1, 2010, the Company's Executive Committee was composed as follows:

- Patrick De Maeseneire, Chief Executive Officer;
- Dominik de Daniel, Chief Financial Officer;
- François Davy, Regional Head of France, Switzerland & India;
- Alain Dehaze, Regional Head of Northern Europe;
- Andreas Dinges, Regional Head of Germany & Austria;
- Mark Du Ree, Regional Head of Japan & Asia;
- Theron I (Tig) Gilliam Jr., Regional Head of North America;
- Enrique Sanchez, Regional Head of Iberia & South America;
- Peter Searle, Regional Head of UK & Ireland;
- Federico Vione, Regional Head of Italy & Eastern Europe;
- Sergio Picarelli, Chief Sales Officer;
- Christian Vasino, Chief Human Resources Officer.

The Company comprises numerous legal entities around the world. The major consolidated subsidiaries are listed on page 160 of this Annual Report. No subsidiary has shares listed on a stock exchange; however, a consolidated subsidiary has issued convertible bonds and a wholly-owned subsidiary which is not consolidated has issued mandatory convertible bonds as further described in section 2.7 "Convertible notes and options".

1.2 Significant shareholders

As of December 31, 2009, the total number of shareholders directly registered with Adecco S.A. was 18,171. The major shareholders and their shareholdings were disclosed to the Company as listed in the following table. For all disclosures see http://www.six-swiss-exchange.com/shares/companies/major_shareholders_de.html?fromDate=19980101&issuer=1432 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 highlighted in bold letters, their latest disclosure, as well as 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
Adecco S.A.	**20.11.2009**	**8.86% purchase positions of which 8.02% equity, 14.75% sale positions**	http://hugin.info/100102/R/1356424/329574.pdf
	23.10.2009	8.86% purchase positions of which 8.02% equity, 15.05% sale positions	http://hugin.info/100102/R/1349841/325456.pdf
	02.07.2009	8.84% purchase positions of which 8.00% equity, 6.15% sale positions	http://hugin.info/100102/R/1326794/312407.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
AXA S.A.	**26.02.2010**	**Falling below threshold of 3%**	http://hugin.info/100102/R/1389207/347663.pdf
	04.02.2010	4.87% equity	http://hugin.info/100102/R/1380379/340177.pdf
	06.10.2009	5.16% equity	http://hugin.info/100102/R/1346044/323235.pdf
	03.07.2009	3.29% equity	http://hugin.info/100102/R/1327165/312587.pdf
Group BlackRock Inc.	**17.12.2009**	**3.15% purchase positions of which 3.12% equity**	http://cws.huginonline.com/A/100102/re-ports/2009-12-01_Blackrock_2009-12-17.pdf
Group Credit Suisse	**23.12.2009**	**Falling below threshold of 3%**	http://hugin.info/100102/R/1367566/334436.pdf
	08.06.2009	4.92% purchase positions of which 0.54% equity, 4.64% sale positions	http://hugin.info/100102/R/1320975/309133.pdf
	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
Group Deutsche Bank AG	**02.11.2009**	**21.26% purchase positions of which 3.01% equity, 18.70% sale positions**	http://hugin.info/100102/R/1352072/326980.pdf
FIL Limited (by accounts managed by FIL)	**14.04.2009**	**3.02% purchase positions of which 2.96% equity**	http://hugin.info/100102/R/1304741/299359.pdf

Investor	Date of Adecco publication	Percentage of voting rights as disclosed	Links to disclosure publication
Franklin Resources Inc	**11.05.2009**	**9.91% purchase positions of which 9.91% equity**	http://hugin.info/100102/R/1312921/304542.pdf
	30.04.2009	10.01% purchase positions of which 10.01% equity	http://hugin.info/100102/R/1310186/302965.pdf
Harris Associates L.P.	**30.01.2009**	**4.98% equity**	http://hugin.info/100102/R/1285821/288428.pdf
Jacobs Group	**11.11.2009**	**26.36% purchase positions of which 21.67% equity, 22.67% sale positions**	http://hugin.info/100102/R/1354379/328379.pdf
	21.08.2009	25.56% purchase positions of which 21.90% equity, 22.66% sale positions	http://hugin.info/100102/R/1336454/318060.pdf
	06.05.2009	22.75% purchase positions, all equity	http://hugin.info/100102/R/1311295/303572.pdf
Morgan Stanley	**25.05.2009**	**Falling below threshold of 3%**	http://hugin.info/100102/R/1317308/307231.pdf
	09.04.2009	5.88% purchase positions of which 2.48% equity	http://hugin.info/100102/R/1304390/299169.pdf
	22.01.2009	Falling below threshold of 3%	http://hugin.info/100102/R/1284290/287720.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

As of December 31, 2009, 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, 33 ⅓, 50 or 66 ⅔% 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

As of December 31, 2009, there were no cross-shareholdings exceeding 5% of a party's share capital.

2. Capital structure

2.1 Share capital

As of December 31, 2009, 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 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. 6,349,207 shares of this conditional capital are reserved for the convertible debt issued by Adecco Financial Services (Bermuda) Ltd. The remaining conditional capital is available for share issuance upon conversion of financial instruments issued or to be issued by the Company in the future (refer to section 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
January 1, 2007	**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
December 31, 2007	**189,263,506**	**189.3**	**19,566,804**	**19.5**	**2,552**	**4,136**
Changes					459	(602)
December 31, 2008	**189,263,506**	**189.3**	**19,566,804**	**19.5**	**3,011**	**3,534**
Changes					4	306
December 31, 2009	**189,263,506**	**189.3**	**19,566,804**	**19.5**	**3,015**	**3,840**

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 4 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, 2009, 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 2009, there were no such exemptions granted.

Corporate bodies and partnerships or other groups of persons or joint owners who are interrelated 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 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.

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). 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 shares if required upon conversion.

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 likely exercise the put option. Consequently the Company has reclassified this obligation as short-term debt in the consolidated balance sheet. If not converted, the Company will pay a redemption price of up to 116.05% of the principal amount of the bonds.

During 2009, the Company repurchased bonds with a nominal amount of EUR 191 million (CHF 288 million) representing 3,052,910 shares. In the last quarter of 2008, the Company repurchased bonds with a nominal amount of EUR 27 million (CHF 43 million) representing 449,735 shares. On October 14, 2009, Adecco publicly announced that Adecco Financial Services (Bermuda) Ltd. has, in accordance with the terms of the convertibles bonds, cancelled CHF 300 nominal value of repurchased bonds. Accordingly, the total nominal value of the repurchased bonds was CHF 600 as of that date, and the retained conditional capital was reduced from 9,523,810 shares to 6,349,207 shares. Following this cancellation the Company repurchased bonds with a nominal amount of EUR 21 million (CHF 31 million), representing 328,042 shares. The remaining repurchased bonds are kept in treasury.

On November 26, 2009, Adecco Investment (Bermuda) Ltd. ("Adecco Investment"), a wholly-owned subsidiary of the Company which is not consolidated, issued CHF 900 Senior Secured Limited Recourse Mandatory Convertible Bonds ("MCB") due November 26, 2012. The bonds will convert at maturity into shares of Adecco S.A. The number of shares to be delivered will be calculated based on the closing price of the shares of Adecco S.A., the minimum conversion price being CHF 50.50 per share and the maximum conversion price being CHF 60.60 per share. The number of shares will be adjusted for dividend payments on the shares of Adecco S.A. during the lifetime of the MCB. Excluding the dividend adjustment, the maximum number of shares to be delivered is 17,821,782 and the minimum number of shares to be delivered is 14,851,485. The bonds have an annual coupon of 6.5%, which can be deferred in case no dividend payment is made on the shares of Adecco S.A. Adecco Investment entered into a prepaid forward contract ("prepaid forward") with the Company, where it acquired 17,821,782 shares of the Company for EUR 587 (CHF 887), net of costs. At maturity, Adecco Investment will receive the shares of Adecco S.A. from the Company with the settlement of the prepaid forward. The shares can be delivered out of treasury shares or conditional capital at the discretion of the Company. Adecco Investment financed the coupon payments with EUR 108 (CHF 164) from the sale of a call spread option ("call spread option") to Adecco Financial Services (Bermuda) Ltd., a wholly-owned subsidiary of the Company. The call spread option gives the Company the right to benefit from appreciation of the shares underlying the prepaid forward between floor and cap defined in the agreement. The call spread option is settled in shares, reducing the net number of shares the Company has to deliver in combination with the prepaid forward. In addition, the Company has made a payment of EUR 8 (CHF 12) to Adecco Investment, which has been treated as a deemed capital contribution. The number of shares underlying the prepaid forward, the call spread option and the MCB are subject to anti-dilution provisions. The bondholders only have recourse against the prepaid forward. Subsequently, Adecco Investment has granted a loan of EUR 116 (CHF 176) to the Company.

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. No stock options under these plans were granted after 2004.

Certain options granted under the plans are tradable 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 tradable 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 from its treasury shares.

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 tradable 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 2009. 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, 2009:

	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, 2009	**4,070,125**	**76**	**1.5**	
Forfeited	(113,350)	81		
Expired	(2,194,056)	81		
Options outstanding and vested as of December 31, 2009	**1,762,719**	**68**	**1.2**	**0**

For further details, see Note 9 to the consolidated financial statements.

For information pertaining to the share awards granted under the Long-Term Incentive Plan ("LTIP"), see Note 7 to Adecco S.A. (Holding Company) financial statements and the Remuneration Report.

Board of Directors as of January 1, 2010

David Prince

- *Member of the Audit Committee*

Andreas Jacobs

- *Chairman of the Nomination & Compensation Committee*

Judith A. Sprieser

- *Member of the Nomination & 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, 2009, the Board of Directors of Adecco S.A. consisted 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, 2009:

Jakob Baer

- Swiss national, born 1944. Jakob Baer has served as member of the Board of Directors, as well as Chairman of the Audit Committee, and member of the Corporate Governance Committee since October 2004. His one-year term of office ends on the day of the General Meeting of Shareholders in 2010.
- Jakob Baer obtained a doctorate degree in law (Dr. iur.) from the University of Berne, Switzerland, and was subsequently admitted to the Bar.
- He was a member of the executive team of KPMG Switzerland from 1992 until 1994. From 1994 to 2004, he held the position of Chief Executive of KPMG Switzerland, and was a member of KPMG's European and International Leadership Board. Jakob Baer was Counsel at Niederer Kraft & Frey AG, attorneys at law, Zurich, Switzerland, from 2004 to 2009.
- Mr. Baer is board member of Swiss Re[1], Rieter Holding AG[1], Allreal Holding AG[1], Stäubli Holding AG, and of two smaller private companies, all in Switzerland.

Rolf Dörig

- Swiss national, born 1957. Rolf Dörig has been Chairman since January 1, 2009, and a member of the Board of Directors since May 2007. He was a member of the Nomination & Compensation Committee from May 2007 until the end of 2008, and of the Corporate Governance Committee until May 2008. His one-year term of office ends on the day of the General Meeting of Shareholders in 2010.
- Rolf Dörig obtained a doctorate degree in law (Dr. iur.) from the University of Zurich, Switzerland, and was subsequently admitted to the Bar.
- After joining Credit Suisse in 1986, he held a number of executive positions in various areas of banking and 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. Mr. Dörig was Chief Executive Officer of the Swiss Life Group from November 2002 until May 2008, when he was elected to the Board of Directors.
- Mr. Dörig is Chairman of the Board of Directors of Swiss Life Holding[1], Vice-Chairman of the Board of Directors of Kaba Holding AG[1], Chairman of the Board of Directors of Danzer AG[1], all in Switzerland. Furthermore, Mr. Dörig is a member of the Board Committee of economiesuisse, Switzerland.

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*

Andreas Jacobs

- German national, born 1963. Andreas Jacobs has been a member of the Board of Directors since May 2006, and Chairman of the Nomination & Compensation Committee since May 2008. His one-year term of office ends on the day of the General Meeting of Shareholders in 2010.
- After studying law at the universities of Freiburg and Munich (Germany) and Montpellier (France), Andreas Jacobs obtained a doctorate degree (Dr. iur.) in European competition law from the University of Freiburg, Germany. He also holds an MBA from INSEAD in Fontainebleau, France.
- Andreas Jacobs has been an independent entrepreneur since 1992, with a stake in several European and North American companies. From 1991 to 1993, he worked as a consultant and project manager at Boston Consulting Group in Munich, Germany.
- Mr. Jacobs is Executive Chairman of Jacobs Holding AG, Chairman of Barry Callebaut AG[1], Chairman of Infront Sports & Media AG, Minibar AG, Jacobs Venture AG, Triventura AG, Spectramedia AG, and of Niantic Finance AG, all in Switzerland. He is Chairman of Maine Chance Farms Pty Ltd., South Africa. Furthermore, he is a member of the Board of Directors of various smaller private companies.

Francis Mer

- French national, born 1939. Francis Mer has been a member of the Board of Directors, Chairman of the Corporate Governance Committee and a member of the Nomination & Compensation Committee since June 2004, and a member of the Audit Committee since May 2006. His one-year term of office ends on the day of the General Meeting of Shareholders in 2010.
- A graduate of the Ecole Polytechnique in Paris, France, Francis Mer joined the Saint-Gobain Group in 1970. He was appointed Chairman and Chief Executive Officer of Pont-au-Mousson S.A. in 1982. From 1986 to 2002, he 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 served as Co-Chairman of the Board of Arcelor S.A., Luxembourg. In 2005 and 2006, he was a member of the Board of Directors of Alstom S.A., France, and Inco Ltd, Canada.
- Francis Mer was French Minister of Economy, Finance and Industry from May 2002 until March 2004, and is a Commandeur de la Légion d'Honneur.
- Mr. Mer is Chairman of the Board of Safran S.A.[1], member of the Supervisory Board of Rhodia S.A.[1], and member of the Board of LFB S.A., all in France. Furthermore, Mr. Mer is a member of the Supervisory Board of Fondation pour l'Innovation Politique and Chairman of the Foundation Condorcet, both in France.

1 Listed company.

Thomas O'Neill

- Canadian national, born 1945. Thomas O'Neill has served as Vice-Chairman of the Board of Directors since January 1, 2009, as a member of the Board of Directors and of the Audit Committee since June 2004, and as a member of the Corporate Governance Committee since May 2006. His one-year term of office ends on the day of the General Meeting of Shareholders in 2010.
- Thomas O'Neill graduated with a Bachelor of Commerce degree from Queen's University in Kingston, Ontario, Canada. He obtained his designation as FCA in 1988. In 2005, he was granted an honorary doctorate degree in law (LL.D.) by Queen's University, Kingston, Canada.
- Thomas O'Neill joined the audit staff of Price Waterhouse in Toronto in 1967, 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 a member of the Board of Dofasco Inc., Canada, from May 2003 to February 2006, and of the Ontario Teachers' Pension Plan from January 2003 until April 2007.
- Mr. O'Neill is Chairman of the Board of BCE Inc. [1]. He is a member of the Board of Loblaw Companies Ltd [1], Nexen Inc. [1] and Bank of Nova Scotia [1], all in Canada. Mr. O'Neill is member of the International Monetary Fund's External Audit Committee.
- Furthermore, he is a member of the Board of Trustees of St. Michael's Hospital, Toronto, and recently retired as Vice-Chairman of Queen's University, Kingston, Ontario, both in Canada.

David Prince

- British national, born 1951. David Prince has been a member of the Board of Directors since June 2004. He has been serving on the Audit Committee from June 2004 to April 2006 and from May 2008 on, and on the Corporate Governance Committee from June 2004 to May 2006. His one-year term of office ends on the day of the General Meeting of Shareholders in 2010.
- Mr. Prince is an associate member of the Chartered Institute of Management Accountants (CIMA) and the Chartered Institute of Purchasing and Supply (CIPS).
- He started his career in the oil and gas industry as part of a management trainee scheme at British Gas, later attending business school in the UK. Following accountancy roles at Philips Industries and TRW, he joined Cable & Wireless, holding accountancy, general management and group marketing positions in the UK and in Hong Kong. From 1994 to 2000, he worked for Hong Kong Telecom plc (HKT) as Group Finance Director, followed by an appointment as Deputy CEO. In 2000, Mr. Prince became Group CFO of PCCW plc, Hong Kong. From 2002 to 2004, he worked for Cable & Wireless as Group Finance Director.
- Mr. Prince is a member of the Board of Directors and Chairman of the Audit Committee of ARK Therapeutics [1], UK, and is a member of the Board of SmarTone Telecommunications Holdings Ltd [1], Hong Kong.

Wanda Rapaczynski

- United States national, born 1947. Wanda Rapaczynski has been a 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 2010 General Meeting of Shareholders.
- Wanda Rapaczynski holds a Master's degree in management from Yale University, USA and a PhD in psychology from the City University of New York, USA. Ms Rapaczynski was a postdoctoral fellow at the Educational Testing Service at Princeton University, USA. Between 1980 and 1982, she held the position of Project Director at the Family Television Research and Consultation Center at Yale University, USA. She held leading positions at Citibank and was co-founder and Chief Executive Officer of the Polish media group Agora, Poland, where she currently serves on the Supervisory Board.
- Ms Rapaczynski is 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, USA, and The Brookings Institution, Washington, D.C., USA. She is a member of the Polish group in the Trilateral Commission.

Judith A. Sprieser

- United States national, born 1953. Judith Sprieser has been a member of the Board of Directors and of the Nomination and Compensation Committee since May 2008. Her one-year term of office ends on the day of the General Meeting of Shareholders in 2010.
- Ms Sprieser holds a Bachelor of Arts degree in linguistics and an MBA from Northwestern University, USA.
- From 1987 until May 2000, Ms Sprieser held various senior executive positions at Sara Lee Corporation, USA. Until 2005, she was the Chief Executive Officer of the technology software and services company Transora, Inc., USA.
- Judith Sprieser currently serves as a non-executive director of Allstate Insurance Company[1], USA, USG Corporation[1], USA, Reckitt Benckiser[1], USA, Royal Ahold, N.V.[1], the Netherlands, and Intercontinental Exchange[1], USA.

1 Listed company.

3.2 Other activities and vested interests of the Board of Directors

Except those described in section 3.1 "Biographies of members of the Board of Directors", 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 the independence of its members.

As per December 31, 2009, 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 December 31, 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 (the Audit Committee, the Corporate Governance Committee, and the Nomination & Compensation Committee) with 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. 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 2009, the Board of Directors held seventeen meetings and phone conferences.

Attendance at meetings and phone conferences during 2009:

	Full Board of Directors	Audit Committee	Corporate Governance Committee	Nomination & Compensation Committee
Number of meetings in person	5	4	3	4
Number of phone conferences	12	6		
Average duration in hours				
• Meetings in person	5 hrs	3 hrs	$\frac{3}{4}$ hr	$1\frac{1}{4}$ hrs
• Phone conferences	$\frac{3}{4}$ hr	$\frac{3}{4}$ hr		
Jakob Baer	17	10	3	
Rolf Dörig	17	6 [1]		2 [1]
Andreas Jacobs	17			4
Francis Mer	16	8	3	4
Thomas O'Neill	16	10	3	1 [1]
David Prince	17	10		
Wanda Rapaczynski	16		3	1 [1]
Judith A. Sprieser	17			4

1 Guest, without voting right.

The Board of Directors has discussed and assessed its own and its members' performance. The Board of Directors 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 (refer to section 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 2009, the AC held ten 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, 2009, 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 2009, 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, 2009, 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 the Executive Committee, 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;
- Assuring talent management including a suitable succession planning; and
- Establishing criteria 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 2009, 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. Members of the management do not participate in NCC meetings when their individual compensation matters are discussed.

As of December 31, 2009, the members of the NCC were:

Name	Position
Andreas Jacobs	Chairman of the NCC
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 and objectives of the Company and the overall structure of Adecco developed by the CEO 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, 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 and 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, while extraordinary events are communicated immediately.
- 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 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: Refer to section 8. "Auditors".

4. Executive Committee

4.1 Biographies of the 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, 2009.

Patrick De Maeseneire
- Chief Executive Officer and member of the Executive Committee since June 2009.
- Belgian national, born 1957. Patrick De Maeseneire joined the Adecco Group as CEO in June 2009.
- He trained as a commercial engineer at the Solvay Business School of Brussels University (ULB), Belgium, and studied marketing management at Ghent University. Mr. De Maeseneire also completed studies in business management at the London Business School and INSEAD, Fontainebleau, France.
- From 1980 to 1997, he held executive positions at the Belgian TV station VTM, Sun International and Apple Computer, as well as senior positions at Wang in Belgium and Arthur Andersen Consulting.
- Mr. De Maeseneire held leading positions within the Adecco Group between 1998 and 2002, starting as country manager for the Benelux region before leading the Adecco Group's worldwide professional staffing business from New York. He served as Chief Executive Officer of Barry Callebaut from June 2002 to May 2009.
- In 2007, Patrick De Maeseneire was granted the title of Baron by King Albert II of Belgium.

Dominik de Daniel
- Chief Financial Officer and member of the Executive Committee since April 2006.
- German national, born 1975. Dominik de Daniel joined the Adecco Group as Chief Financial Officer in April 2006, following Adecco's acquisition of DIS Deutscher Industrie Service AG.
- Mr. de Daniel was a bank trainee at Deutsche Bank AG before completing vocational studies in banking and business administration at the Bankakademie. Starting in 1993, he worked for Deutsche Bank in Germany in various roles, including stock analyst. Mr. de Daniel joined DIS AG in 2000, and was appointed to the Executive Board in 2001 with responsibility for Investor Relations, M&A and Strategic Controlling, and became Chief Financial Officer in 2002.

François Davy
- Regional Head of France, Switzerland & India. Member of the Executive Committee since January 2007.
- French national, born 1956. François Davy was appointed Regional Head of France, Switzerland & India as of October 1, 2009.
- He obtained a Diploma in Food Engineering at ENITIAA Nantes, France, in 1977 and absolved an Executive program at CEDEP, Fontainebleau, France, in 1993.
- François Davy started his career in sales and marketing in France, working from 1978 to 1987 at the Bel Group and from 1987 to 1996 at the Danone Group. In 1996, Mr. Davy was appointed Managing Director of Cadbury Schweppes France, a position he held until 2000. He spent the next five years with Motorola, where his roles included VP Mergers and Acquisitions, VP Global Accounts, VP for Southern Europe, as well as Country Manager France. From 2005, he served as Senior VP Sales and Marketing of the Mail Division of La Poste, France. François Davy joined Adecco as Country Manager of Adecco France in January 2007.
- Mr. Davy is a member of the Board of Directors and a member of the Audit Committee of CS Communication & Systèmes, France[1].

Alain Dehaze

- Regional Head of Northern Europe and member of the Executive Committee since October 2009.
- Belgian national, born 1963. Alain Dehaze joined the Adecco Group in September 2009.
- He trained as a commercial engineer at the ICHEC Brussels Management School, Belgium.
- From 1987 until 2000, Alain Dehaze held senior positions in a number of European countries at Henkel and ISS. In 2000, he became Managing Director of Creyf's Interim in Belgium (now Start People). From 2002 to 2005, he was Chief Executive Officer of Solvus. Following the acquisition of Solvus by USG People, the Netherlands, in 2005, he became the Chief Operating Officer of USG People, with overall responsibility for operations, including the integration of Solvus. From September 2007 until joining Adecco, he was CEO of the staffing services company Humares, the Netherlands.

Andreas Dinges

- Regional Head of Germany & Austria and member of the Executive Committee, both since October 2009.
- German national, born 1959.
- Andreas Dinges graduated in business administration from the University of Cologne, Germany.
- Andreas Dinges started his career at 3M Company in 1988, working in various positions, with a focus on marketing and sales. From 2002 to 2006, he was the spokesman of the Executive Board of 3M ESPE AG, assuming responsibility for 3M's dental business in Europe, Eastern Europe, the Middle East and Africa. He joined the Adecco Group in 2006 as CEO of DIS Deutscher Industrie Service AG. In January 2009, he was appointed Country Manager for Germany.
- Mr. Dinges is a commercial judge at the district court in Dusseldorf, Germany.

Mark Du Ree

- Regional Head of Japan & Asia and member of the Executive Committee since October 2009.
- United States national, born 1961.
- Mark Du Ree holds a BA in International Relations and Asian Studies from Brigham Young University, USA.
- He began his career at Adecco Japan (formerly Adia) in 1985 as a sales representative and held various functions before transferring to the USA in 1993 to work in strategic planning for the Adia Group. In 1996, he became Director of Strategic Planning and Financial Planning & Analysis, including responsibility for coordination of Adecco's M&A activities. In 1999, he returned to Japan to manage the acquisition and integration of Career Staff into Adecco Japan. He has been the Country Manager of Adecco Japan since January 2002, serving concurrently from July 2002 to December 2005 as Zone CEO Asia Pacific. In 2006, Mark Du Ree was appointed Visiting Professor at Ritsumeikan Asia Pacific University, Japan.

Theron I (Tig) Gilliam Jr

- Regional Head of North America since October 2009. Member of the Executive Committee since January 2007.
- United States national, born 1964.
- Tig Gilliam holds an MBA from Columbia University, USA and an MS in Systems Engineering from the University of Virginia's School of Engineering and Applied Sciences, USA.
- He was a partner with Price Waterhouse and, prior to its acquisition by IBM in October 2002, with Pricewaterhouse-Coopers Consulting, where he spent 15 years leading consulting practices and client engagement in operational improvement, technology enablement, organisational change and performance management. From 2002, Mr. Gilliam held positions at IBM, including Global Supply Chain Management Leader and Consumer Products Industry Leader for Global Business Services. He was also a member of the Integration and Values Team. Tig Gilliam joined the Adecco Group in March 2007 as Country Manager for the USA and Canada.

1 Listed company.

Enrique Sanchez

- Regional Head of Iberia & South America and member of the Executive Committee since October 2009.
- Spanish national, born 1967.
- Enrique Sanchez obtained a degree in psychology at Complutense University, Madrid, Spain, and holds an MBA from IESE, Madrid (Spain).
- Enrique Sanchez joined Adecco Spain in 1993 as Branch Manager. In 1995, he became Regional Manager of the Central Region. Two years later, he was appointed Operations Manager, and in 2001 President and General Manager of Adecco Spain and Portugal. From 2003 to 2005, Mr. Sanchez was General Manager for Spain and Portugal, and was also responsible for the development of the company in Latin America and Eastern Europe. In 2005, he returned to Spain, becoming responsible for Adecco Group Iberia.

Peter Searle

- Regional Head of UK & Ireland and member of the Executive Committee since October 2009.
- British national, born 1962. Peter Searle rejoined the Adecco Group in October 2009 as Regional Head of UK and Ireland.
- Mr. Searle holds an honours degree in business and a post-graduate diploma in marketing.
- Following Adecco's acquisition in 1999 of Delphi Group, of which he was Group Managing Director, Peter Searle took on responsibility for all the European and Asia Pacific offices of the professional services companies of the Adecco Group, under the brand name of Ajilon. In 2005, he became Chief Executive of Adecco UK in a role that covered a variety of sectors, including general recruitment, IT, engineering, finance and Recruitment Process Outsourcing, and brands such as Office Angels, Jonathan Wren, Adecco and Roevin Engineering. From 2006 until he rejoined Adecco, he was Chief Executive Officer of Spring Group.

Federico Vione

- Regional Head of Italy & Eastern Europe and member of the Executive Committee since October 2009.
- Italian national, born 1972.
- Mr. Vione graduated in economics from Università G. D'Annunzio in Pescara, Italy.
- He joined Adecco in 1999 as Branch Manager and was soon appointed Manager of the Abruzzo-Molise area. In 2001, he became the first National Key Account Manager for the Chemical and Pharma sector, and subsequently for the Large-Scale Trade sector. In 2002, he was appointed General Manager of the newly created Professional Staffing business Ajilon S.r.l., and in 2004 he became General Manager of Ajilon Switzerland. In 2005, Mr. Vione was appointed Project Leader Global Account Management Adecco Group and subsequently Head of Eastern Europe Adecco Group. In January 2009, he was appointed Country Manager Adecco Italy.

Sergio Picarelli

- Chief Sales Officer and member of the Executive Committee since October 2009.
- Italian national, born 1967.
- Mr. Picarelli graduated in business administration from Bocconi University, Milan, Italy.
- In 1993, Sergio Picarelli joined Adecco in Italy, starting as Managing Director of an Adecco Group Company (Permanent Placement). In 1997, he was appointed Chief Sales and Marketing Director Italy. From 2004 to 2005, Mr. Picarelli served as Chief Operating Officer of Adecco Staffing Division Worldwide. He was then appointed Country Manager of Adecco Italy & Switzerland (Switzerland until the end of 2008). From January 2009 until his appointment as Chief Sales Officer, he served as Chief International Sales Officer of the Adecco Group.

Christian Vasino

- Chief Human Resources Officer and member of the Executive Committee since April 2007.
- Italian national, born 1972.
- Mr. Vasino holds a law degree from Turin University, Italy, and started his career as a lawyer.
- From 1998 to 2001, he held various management functions in HR management and from 2001 to 2003, he was Director of Human Resources of Irisbus Italy (IVECO Group). In December 2003, he joined Adecco Italy as HR Director, based in Milan. In May 2005, he became Vice-President Group Human Resources.

4.2 Other activities and vested interests

Except those described above in 4.1 "Biographies of the 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, shareholdings, and loans

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 of Shareholders 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 of Shareholders 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 of Shareholders 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
Under Swiss law, a minimum of 5% of the annual net income of Adecco S.A. must be transferred to a general reserve until this reserve reaches 20% of the paid-in share capital (Art. 671 Swiss Code of Obligations). Any remaining net profits may be distributed as dividends, pursuant to 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 of Shareholders 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 of Shareholders 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 of Shareholders 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 of Shareholders 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 of Shareholders be called or asked for items to be put on the agenda. Admission to the General Meeting of Shareholders 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 of Shareholders 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 of Shareholders.

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 33 ⅓% 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, Andreas Dinges as current member of the Executive Committee has an employment contract with a minimum contract duration until June 30, 2011.

Some further current members of the Executive Committee are promised severance payments in case of termination of their employment contract: Refer to footnotes regarding François Davy, Andreas Dinges, and Tig Gilliam in the tables within Note 7 to Adecco S.A. (Holding Company) financial statements and within the Remuneration Report.

8. Auditors

Each year, the Annual General Meeting of Shareholders of Adecco S.A. elects the statutory auditor. On May 13, 2009, the Annual General Meeting of Shareholders elected Ernst & Young Ltd, Zurich, as statutory auditor of the Company for the business year 2009.

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 2009 amounted to EUR 5.6 million.

For the fiscal year 2009, additional fees of EUR 0.3 million were charged for audit-related services such as advice on matters not directly related to the Group audit and other services. Fees for tax services were not significant, and fees for other services (mainly in connection to the issuance of comfort letters) amounted to an additional EUR 0.7 million.

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 2009, the Independent Auditors attended ten 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 2009 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. 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 2009 is planned to be held on May 11, 2010 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, 2010	Q1 2010 results;
May 11, 2010	Annual General Meeting of Shareholders;
August 11, 2010	Q2 2010 results;
November 9, 2010	Q3 2010 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://ir.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 October 29, 2008. 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 7 to Adecco S.A. (Holding Company) financial statements. For further information regarding Adecco's Corporate Governance refer to the Corporate Governance Report.

1. Determination of remuneration principles and compensation

In order to maintain its competitive positioning as a global employer, the Company reviews market conditions on a continual 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 refer to the Corporate Governance Report, section 3.5.3 "Nomination & Compensation Committee"). The NCC has commissioned the services of independent external consultants (Hay Group and Towers Watson) to provide proposals to the NCC.

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 a 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 targets, defined in line with the Company's strategic long-term projections, are used for the short-term bonuses for the Company. In addition, for members of the Executive Committee and selected next level managers, long-term incentives have been introduced to increase the focus on long-term objectives.

2.2 Elements of the Board of Directors' compensation

The members of the Board of Directors are compensated with an annual cash fee depending on their function whilst the Chairman is compensated partially with Adecco S.A. shares.

2.3 Elements of the Executive Committee's compensation

Effective January 1, 2009, the Board of Directors has implemented a new compensation programme. As the previous plans have been terminated as per December 31, 2008, and no members of the Executive Committee are entitled to compensation under these previous plans, such plans will not be further described in this Remuneration Report. For further details, please refer to the Remuneration Report 2008.

2.3.1 Compensation programme 2009 for the Executive Committee

In 2008, the NCC launched the development of a new compensation scheme for the members of the Executive Committee and a further group of senior managers, effective 2009. In order to ensure that the new scheme is in line with market standards for compensation (benchmarks), the NCC asked a professional international provider of such services, Hay Group, for support in the design and implementation phase. Hay Group was asked for support in aligning the Company's pay practice and policy to 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 with a focus on the median's midpoint. Hay Group has no further compensation related mandates with the Company.

The new compensation scheme, as approved by the Board of Directors based on the recommendations of the NCC, includes fixed and variable elements as follows:

- A base salary, taking into account market conditions for comparable functions and positions;
- 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: Payments and contributions are based on local regulations, market conditions, and industry practices.

Details of the 2009 plans

Short-Term Incentive Plan ("STIP"): The short-term incentive plan is a general cash incentive programme. For members of the Executive Committee with geographical responsibility, 50% of the STIP base is related to the Economic Value Added of the Company and 50% is related to the Economic Value Added at geographical level, with the Company's Economic Value Added 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 geographical area, the STIP is based on the Economic Value Added of the Company for the relevant financial year. The STIP bonus base for members of the Executive Committee ranges between 60% and 90% of the participant's base salary, and has been determined by the NCC upon proposal of the CEO and of the Chief HR Officer. For 2009, the entitlement to the STIP based bonus is limited at 120% of the STIP bonus base, resulting in a highest possible cap at 108% of the base salary.

Long-Term Incentive Plan ("LTIP"): Under the LTIP, awards were granted in 2009 to members of the Executive Committee and to a further group of senior managers (all in total 21 individuals). Annual awards contain an undertaking to deliver a number of Adecco S.A. shares to the participants of the plan after the end of the performance period (end of performance period for the 2009 awards: December 31, 2011), provided that certain employment conditions 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 change in Adecco S.A.'s total shareholder return, i.e. share price including reinvested dividends (total shareholder return: "TSR"-element; "Adecco S.A. TSR"), compared to the weighted average total shareholder return including reinvested dividends of a predefined group of peers. At the end of the performance period, the performance is measured, determining whether and to which extent the performance targets have been achieved. Upon approval of the NCC, the awards vest accordingly in favour of the respective participants, and all restrictions on the awards are lifted (for the awards granted in 2009: not before March 15, 2012). Those awards which do not vest lapse immediately.

Participants who terminate their employment with the Company at their own will, and those who receive notice of termination for cause before the end of the performance period, will no longer be entitled to the vesting of the awards.

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% of the participant's base salary. 50% of the LTIP target bonus base is allocated to the EPS-element (EPS target amount) and 50% is allocated to the TSR-element (TSR target amount).

Earnings per share ("EPS") condition – measurement principles: EPS performance is evaluated by comparing the EPS of the year before the award was granted with the EPS of the last year of the performance period, taking into account the compound annual growth rate, dilution impact and, as the case may be, further impact caused by exceptional items. The EPS performance targets have been determined by the NCC and are not published for confidentiality reasons. The maximum number of shares under the EPS part of the plan that may vest in favour of the individual participant after the end of the performance period is indicated in the table under section 3.5.2, "Share awards".

Total shareholder return ("TSR") condition – measurement principles: The Adecco S.A. TSR during the performance period is compared with the weighted average TSR including reinvested dividends of a predefined group of peers during the same period. The composition of the peer group is determined by the NCC and, for 2009, comprised the following companies: Alten, Altran Technologies, Assystem, Brunel International, CDI Corporation, Hays, Kelly Services, Kforce, Manpower, Meitec, Michael Page International, MPS Group, On Assignment, Pasona Group, Randstad Holding, Resources Connection, Robert Walters, SFN Group (formerly Spherion Corporation), Spring Group, Sthree, Temp Holdings, TrueBlue, and USG People. For the 2009 award, the TSR performance conditions have been determined by the NCC as follows: With an Adecco S.A. TSR lower than the weighted-average TSR of the peer group, there will be no entitlement to a vesting of the TSR part of the award. With an Adecco S.A. TSR equal to the weighted-average TSR of the peer group, the participants will be entitled to the vesting of 25% of the TSR part of the award. If the difference between the Adecco S.A. TSR and the weighted-average TSR of the peer group is 5 percentage points or higher, the entitlement will amount to 100% of the TSR part of the award (straight line interpolation between the two aforementioned levels of performance). Any TSR performance adjustments are at the discretion of the NCC. Due to the acquisition of Spring Group and MPS Group by the Company, these two companies have been removed from the peer group with retroactive effect as per inception of the plan. No further adjustments were made, affecting the TSR performance calculation. The maximum number of shares under the TSR part of the plan that may vest in favour of the individual participant after the end of the performance period is indicated in the table under section 3.5.2, "Share awards".

2.3.2 Compensation programme 2010 for the Executive Committee

For 2010, a benchmark analysis has been performed in 2009 by an international independent external consultant, Towers Watson. The benchmark includes a global selection of more than 200 companies. The CEO, CFO, Chief Sales Officer, and Chief HR Officer are benchmarked against comparable functions in a selected reference group of Swiss companies. Members of the Executive Committee with geographical responsibility are benchmarked against comparable functions in the respective geographical areas. Taking into account the findings of the analysis, the NCC has decided to continue the existing compensation programme for the Executive Committee, as described under section 2.3.1 "Compensation programme 2009 for the Executive Committee" with some changes in the LTIP.

Base salary: The annual base salary represents payment for due job performance and is determined based on market conditions for comparable functions and positions. The base salary rewards employees for performing day-to-day responsibilities and reflects job characteristics, seniority, experience and skill sets. It is paid in cash, typically monthly, and is set according to local practice designed to provide the Company's employees with fixed compensation to ensure an appropriate standard of living relative to that offered by reference companies. In general, the base salary is reviewed annually to ensure that competitive pay is maintained and undesired fluctuations are minimized. The annual base salary also serves as the basis for determining the variable compensation.

Social charges, pension plan contributions and fringe benefits: Payments and contributions are based on local regulations, market conditions, and the industry practices.

Details of the 2010 plans

Short-Term Incentive Plan ("STIP"): The short-term incentive plan is a general incentive programme. For members of the Executive Committee with geographical responsibility, 35% of the STIP base is related to the Economic Value Added of the Company and 65% is related to the Economic Value Added at geographical level. For the members of the Executive Committee who do not have direct responsibility for a specific geographical area, the STIP is based on the Economic Value Added of the Company. The STIP bonus base for members of the Executive Committee ranges between 50% and 100% of the participant's base salary. For 2010, the entitlement to the STIP based bonus is limited at 120% of the STIP bonus base, resulting in a highest possible cap at 120% of the base salary.

Long-Term Incentive Plan ("LTIP"):

Elements of the 2010 programme

Compared to the 2009 programme, the EPS-element has been replaced by an absolute TSR-element. The relative TSR-element remains. An additional portion of awards vest if absolute and relative TSR performance reaches a certain level of achievement. These TSR dependent awards are called Performance Awards. In addition to the Performance Awards, as a further component, Restricted Share Unit Awards ("RSU Awards") have been introduced.

The NCC may grant Performance Awards and RSU Awards to members of the Executive Committee and to other key individuals. The number of awards granted in 2010 and the grant date will be disclosed in the Remuneration Report 2010.

Allotment of Performance Awards and of RSU Awards

The LTIP 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 45% and 120% of the participant's base salary.

35% of the participant's LTIP bonus base is allocated to Performance Awards and 65% is allocated to RSU Awards. A further portion of 17.5% of the participant's LTIP bonus base is allocated as Additional Performance Awards, which vest in case of overachievement only. The vesting of the Performance Awards is subject to approval by the NCC who determines whether and to which extent the performance targets are achieved. The LTIP is subject to certain reclaim provisions in case benefits were acquired by involvement of fraudulent behaviour or intentional misconduct.

Cap for Performance Awards

At grant date, the value of all allocated Performance Awards cannot exceed 52.5% of the participant's LTIP bonus base. The total number of Performance Awards granted represents the cap for the Performance Award-part of the LTIP.

Performance Awards

Performance Awards contain an undertaking to deliver a number of Adecco S.A. shares to the participants of the plan after the end of the performance period (end of performance period for 2010 awards: December 31, 2012), provided that certain employment conditions and to the extent that certain performance conditions are met. The performance conditions relate to the absolute performance of Adecco S.A.'s total shareholder return, i.e. share price including reinvested dividends ("Adecco S.A. TSR", here: "absolute TSR"-portion), and to the change in the Adecco S.A. TSR compared to the weighted average total shareholder return including reinvested dividends of a predefined group of peers ("relative TSR"-portion). As per the end of the performance period, the performance is measured, determining whether and to which extent the performance targets have been achieved. Upon approval of the NCC, the awards vest accordingly in favour of the respective participants, and all restrictions on the awards are lifted (for the 2010 awards: not before March 15, 2013). Those awards which do not vest lapse immediately.

If at the end of the performance period, the performance target of the absolute TSR-portion is fully achieved and the performance target of the relative TSR-portion is overachieved, additional awards ("Additional Performance Awards") amounting up to 17.5% of the participant's LTIP target amount at grant date will vest, depending on the degree of overachievement of the relative TSR-portion's performance target.

Participants, who terminate their employment with the Company at their own will, and those who receive notice of termination for cause before the end of the performance period, will no longer be entitled to the vesting of the awards. In case of an involuntary termination without cause, participants are entitled to keep a pro-rata portion of the Performance Awards.

Measurement principles for Performance Awards
Absolute total shareholder return (absolute TSR-portion) condition – measurement principles: In case the performance of the Adecco S.A. TSR, measured as the compound annual growth rate ("CAGR"), exceeds a certain target performance after a period of approximately three years, awards granted under the absolute TSR-portion of the plan will vest (in straight line interpolation). The performance conditions for the absolute TSR-portion of the awards have been determined by the NCC. These targets are not published for confidentiality reasons.

Relative total shareholder return (relative TSR-portion) condition – measurement principles: The Adecco S.A. TSR is compared with the weighted average TSR of a predefined group of peers. The composition of the group of peers is determined by the NCC and, for the awards to be granted in 2010, consists of the same companies as for the LTIP 2009, complemented by Robert Half International which have been added to the peer group for the LTIP 2010. The performance conditions for the relative TSR-portion of the awards have been determined by the NCC as follows: With an Adecco S.A. TSR equal or below the weighted average TSR of the group of peers, there will be no vesting of the relative TSR-portion of the award. With an Adecco S.A. TSR above the weighted average TSR of the group of peers, awards start to vest on a linear basis, and if the difference between Adecco S.A.'s TSR and the weighted average TSR of the peer group is 5 percentage points or higher, 100% of the relative TSR part of the award will vest.

Additional Performance Awards – measurement principles: The number of Additional Performance Awards vesting is determined on a linear basis starting from 5% overperformance (0% Additional Performance Awards vesting) until 10% overperformance (100% Additional Performance Awards vesting).

RSU Awards
RSU Awards contain an undertaking to deliver a number of Adecco S.A. shares to the participants of the plan. The vesting of the awards is not subject to performance conditions but to forfeiture provisions: Provided that the employment relationship continues, RSU awards will vest in equal portions over a period of three years at the anniversaries of the grant.

Participants who terminate their employment with the Company at their own will, and those who receive notice of termination for cause before a vesting date, will no longer be entitled to the vesting of the unvested RSU awards. In case of an involuntary termination without cause, a pro-rata portion of the unvested RSU awards will vest at the regular vesting date.

Certain particularities apply for participants in France regarding the vesting schedule of RSU awards.

3. Details of compensation elements

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

The amounts indicated in this paragraph include honorariums (fees), salaries, loans, bonuses, and compensation in kind (according to market value at time of conferral). The members of the Board of Directors are compensated in cash. The Chairman is compensated partially with Adecco S.A. shares. The amount conferred to the members of the Board of Directors for the fiscal year 2009 amounted to CHF 4.8 million. The total of all compensation conferred for the fiscal year 2009 to all members of the Executive Committee in 2009, comprising those having left the Company during the year, including bonus payments for 2009 due in 2010, and the awards granted under the LTIP 2009, at grant date value, amounted to CHF 26.5 million. Not included are bonus payments due for 2008 but made during 2009.

Individual compensation and shareholding for 2009 and 2008 are presented in the following tables:

3.1.1 Board of Directors Compensation

For the year 2009

in CHF (except shares)	Office/ compensation period in 2009	Net compensation for term served	Social contributions[1] Old age insurance/ pensions and others	Shareholding as of December 31, 2009[2]
Name and function				
Rolf Dörig, Chairman	since Jan. 2009	1,800,000[3]	237,682	22,516
Thomas O'Neill, Vice-Chairman	since Jan. 2009	426,015	56,975	2,000
Jakob Baer	since Jan. 2009	427,420	53,939	3,601
Andreas Jacobs	since Jan. 2009	450,000		887,005[4]
Francis Mer	since Jan. 2009	428,123	52,422	
David Prince	since Jan. 2009	297,000	3,000	1,081
Wanda Rapaczynski	since Jan. 2009	300,000		
Judith A. Sprieser	since Jan. 2009	300,000		2,000
Subtotal		**4,428,558**	**404,018**	
Total			**4,832,576**	**918,203**

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

2 Indicating the number of registered shares held, with a par value of CHF 1 each. 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 CHF 300,000 of the total net compensation have been paid in Adecco S.A. shares. As from January 1, 2010, no compensation is due in case of resignation or non-reelection.

4 Refer to Corporate Governance Report, section 1.2 "Significant shareholders" and Note 5 to Adecco S.A. (Holding Company) financial statements, "Significant shareholders", regarding shares held by a group to which Andreas Jacobs is a member.

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 insur-ance/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.

5 Refer to Corporate Governance Report, section 1.2 "Significant shareholders" and Note 5 to Adecco S.A. (Holding Company) financial statements "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.

3.1.2 Executive Committee Compensation

For the year 2009

Members of the Executive Committee as of December 31, 2009:

in CHF (except shares)	Office as member of the Executive Committee in 2009	Gross cash compensation [1] Annual base salary for term served	Annual bonus	Compensation in kind [4]
Name and function [3]				
Patrick De Maeseneire, CEO	since Jun. 2009	1,050,000	945,000 [7]	70,000
Dominik de Daniel, CFO	since Jan. 2009	1,160,075	900,000 [9]	
François Davy, Regional Head of France, Switzerland & India [10]	since Jan. 2009	935,160	429,624 [9]	40,682
Alain Dehaze, Regional Head of Northern Europe	since Oct. 2009	150,745		23,546
Andreas Dinges, Regional Head of Germany & Austria [11, 12]	since Oct. 2009	158,282	226,118 [7]	11,458
Mark Du Ree, Regional Head of Japan & Asia [12]	since Oct. 2009	147,688	162,906 [9, 13]	163,051 [14]
Theron I (Tig) Gilliam, Regional Head of North America [15]	since Jan. 2009	798,483	401,834 [9, 13]	30,925
Enrique Sanchez, Regional Head of Iberia & South America [12]	since Oct. 2009	161,296	135,671 [9]	10,038
Peter Searle, Regional Head of UK & Ireland	since Oct. 2009 [16]	106,963		4,340
Federico Vione, Regional Head of Italy & Eastern Europe [12]	since Oct. 2009	113,059	75,373 [9]	6,416
Sergio Picarelli, Chief Sales Officer [12]	since Oct. 2009	187,500	90,000 [9]	
Christian Vasino, Chief HR Officer	since Jan. 2009	652,500	300,000 [9]	3,600
Total				

1 Including employee's social contributions.

2 Employer's social contributions.

3 For the members of the Executive Committee, except for Andreas Dinges, notice periods of up to 12 months maximum apply.

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

5 Value in CHF of Adecco S.A. shares awarded in 2009 under the LTIP 2009 (Grant date: March 16, 2009; CEO: April 1, 2009). Valuation of the share awards granted: The grant date value of the EPS share awards is calculated based on the closing price of the Adecco S.A. share on the day of grant multiplied by a probability factor. This factor reflects the likelihood that the EPS target will be met at the end of the performance period. The probability factor of 0.91 has been determined using internal long-term projections at the date of grant. The grant date value of the TSR share awards is calculated based on the closing price of the Adecco S.A. share on the day of grant multiplied by a probability factor. This factor reflects the likelihood that the TSR target will be met at the end of the performance period. The probability factor of 0.439 has been determined using a binomial model. For awards with guaranteed vesting, the grant date value is equal to the closing share price of the Adecco S.A. share on the day of grant (refer to the table in section 3.5.2, "Share awards").

6 Indicating the number of registered shares held, with a par value of CHF 1 each. 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).

7 Guaranteed bonus 2009.

8 In addition, holding of 166,000 Adecco warrants (equity covered American calls), strike price CHF 80.00 expiry date December 17, 2010.

9 For the achievements of the Executive Committee members in the course of the economically challenging fiscal year 2009, including but not limited to the completion of two major transactions, and also due to outstanding efforts in the restructuring process, the Board, upon proposal of the NCC, has decided to grant certain members an extraordinary one-time cash bonus. The total amount of this extraordinary discretionary cash bonus is approx. CHF 2.2 million.

10 Severance payment of EUR 1,000,000 plus a bonus entitlement of maximum EUR 500,000 (in total approx. CHF 2.3 million) due in case of termination of the employment contract by the employer.

11 Minimum contract duration until June 30, 2011 with an additional severance payment in the amount of six monthly salaries in case of termination of the employment contract by the employer until that date.

12 Base salary information relates to compensation received in the fiscal year 2009 for activities as member of the Executive Committee only, i.e. excluding compensation received in relation to other positions prior to such activity as member of the Executive Committee. Bonus payments and LTIP 2009 awards relate to the full calendar year 2009.

13 Part of the bonus was conferred under the STIP bonus programme. Of the Executive Committee members, only Tig Gilliam and Mark Du Ree qualified for a bonus under the STIP.

14 Amount includes tax equalization payments to employee, partly refundable to the Company in the future.

15 Severance payment of USD 1,000,000 (approx. CHF 1.1 million) due in case of termination of the employment contract by the employer.

16 Peter Searle became a member of the Executive Committee at the end of October 2009. Compensation information only included for November and December 2009.

Social contributions [2]			Awards under the 2009 Long-Term Incentive Plan (LTIP 2009)				
Old age insurance/pensions and others	Additional health/accident insurance	Total conferred	EPS Share award 2009 (value in CHF) [5]	TSR Share award 2009 (value in CHF) [5]	Social contributions on EPS and TSR share awards 2009, estimated	Total conferred incl. LTIP	Shareholding as of December 31, 2009 [6]
174,889	7,091	2,246,980	783,209	621,212	112,354	3,763,755	590 [8]
240,387	6,309	2,306,771	433,106	379,241	64,988	3,184,106	29,978
385,362		1,790,828	345,607	302,611	65,882	2,504,928	
67,632		241,923				241,923	
		395,858	140,468	122,997		659,323	
11,755		485,400	101,997	89,326	1,913	678,636	50
142,014		1,373,256	268,696	235,284	7,308	1,884,544	
4,424		311,429	104,064	91,113		506,606	
22,980		134,283				134,283	
69,855	2,554	267,257	100,344	87,859	5,646	461,106	
35,491	3,145	316,136	168,003	147,104	25,209	656,452	1,050
129,499	7,261	1,092,860	194,901	170,646	29,244	1,487,651	1,000
						16,163,313	**32,668**

Members of the Executive Committee who have left the Company during 2009:

Dieter Scheiff, former CEO with a minimum contract duration until June 30, 2011, serving until April 2009, received a base salary, including employee's social contributions, for the term served of CHF 662,900. In addition, the following amounts were conferred: Severance payment of CHF 7,533,333 which includes salary payment until end of the minimum contract duration and CHF 1,333,333 for a non-compete undertaking; employer's social contributions amounted to CHF 601,407 for old age insurance and pension plus CHF 7,550 for additional health/accident insurance. The total amount conferred was CHF 8,805,190. In addition, a payment of CHF 666,666 will become due in 2010, depending on the fulfilment of non-compete obligations.

Annalisa Gigante, Chief Business Development and Marketing Officer until September 2009, received a base salary, including employee's social contributions, for the term served of CHF 412,500. In addition, Annalisa Gigante received a severance payment of CHF 948,103. Employer's social contributions amounted to CHF 130,599 for old age insurance and pension plus CHF 4,049 for additional health/accident insurance. Compensation in kind for relocation costs amounted to CHF 20,702. The total amount conferred amounted to CHF 1,515,953.

For the year 2008

in CHF (except shares)	Office/compensation in period 2008	Gross cash compensation [1] Annual base salary for term served	Annual bonus	Loyalty bonus [3]
Name and function				
Dieter Scheiff, CEO [6]	since Jan. 2008	1,657,250	896,040	
Dominik de Daniel, CFO [7]	since Jan. 2008	828,625	597,360	
François Davy, Country Manager France [8]	since Jan. 2008	801,552	477,567	
Theron I (Tig) Gilliam, Country Manager USA & Canada [9]	since Jan. 2008	541,577	477,567	
Christian Vasino, Chief HR Officer	since Jan. 2008	450,000	368,536 [10]	
Annalisa Gigante, Chief Business Development and Marketing Officer	since Aug. 2008	168,750	75,000	
Jean-Manuel Bullukian, President Business Lines Engineering & Technical and Information Technology [11]	until March 2008	432,000		
Jan-Pieter Gommers, President Business Line Sales, Marketing & Events [11]	until March 2008	256,500		
Gonzalo Fernandez-Castro, Chief Marketing & Business Development Officer [11]	until March 2008	270,000		
Ekkehard Kuppel, President Business Line Human Capital Solutions [12, 13]	until March 2008	127,737	183,022	183,022
Neil Lebovits, President Business Line Finance & Legal [11]	until March 2008	166,806		
Francois-Xavier Quilici, Chief Information Officer [12]	until March 2008	112,500		
René Schuster, Country Manager UK & Ireland [12, 14]	until March 2008	173,970		
Total				

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 1,000,000 plus a bonus entitlement of maximum EUR 500,000 (in total approx. CHF 2.2 million) 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.

	Social contributions[2]				
Compensation in kind[4]	Old-age insurance/ pensions and others	Additional health/ accident insurance	Severance payments	Total conferred	Shareholding as of December 31, 2008[5]
7,020	211,784	17,222		2,789,316	27,120
	154,135	2,061		1,582,181	29,978
8,859	447,692	11,450		1,747,120	
38,545	52,909			1,110,598	
7,850	93,646	2,281		922,313	1,000
49,032	32,566			325,348	
3,650	134,998	7,091	1,697,335	2,275,074	n.a.
12,273	115,370	2,527	1,578,964	1,965,634	n.a.
16,830	159,238	2,071	1,830,000	2,278,139	n.a.
10,397	46,687	2,925		553,790	n.a.
84,498	62,918	4,908	346,609	665,739	n.a.
1,170	18,411			132,081	n.a.
17,082	26,095	1,710		218,857	n.a.
				16,566,190	**58,098**

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 2009, no Adecco S.A. shares nor stock options were allocated to current or former members of Governing Bodies, except for part of the Chairman's compensation delivered in form of shares (see table under 3.1.1, Board of Directors Compensation).

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, 2009, the members of the Board of Directors, including parties closely linked, reported to hold 918,203 shares; not included are the shares held by a group to which Mr. Andreas Jacobs is a member (refer to section 1.2 "Significant Shareholders" of the Corporate Governance Report). As per December 31, 2009, the members of the Executive Committee, including parties closely linked, reported to hold 32,668 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 and share awards granted to Governing Bodies

3.5.1 Stock options

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, 2009 and as of December 31, 2008, are presented in the tables below (no stock options were granted since 2004):

As of December 31, 2009

Year of grant	Last year of expiry detail: Mark Du Ree	Enrique Sanchez	Federico Vione	Christian Vasino	Strike price (CHF)	Granted	Exercised	Lapsed	Held by Mark Du Ree	Held by Enrique Sanchez	Held by Federico Vione	Held by Christian Vasino
Stock options held												
2001	2010	2010	2010		85.27	38,000	2,600	27,800	1,600	5,000	1,000	
2002	2010				60.00	100,000	80,000		20,000			
2003			2012	2012	78.50	6,500	3,200	1,000			800	1,500

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

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 Report, section 2.7 "Convertible notes and options".

3.5.2 Share awards

Share awards held as of December 31, 2009 under the Long-Term Incentive Plan 2009 (LTIP 2009), as granted March 16, 2009/April 1, 2009:

	Patrick De Maeseneire[1]	Dominik de Daniel	François Davy	Andreas Dinges	Mark Du Ree	Theron I (Tig) Gilliam	Enrique Sanchez	Federico Vione	Sergio Picarelli	Christian Vasino
EPS share awards	22,500	13,622	10,870	4,418	3,208	8,451	3,273	3,156	5,284	6,130
TSR share awards	22,500	24,824	19,808	8,051	5,847	15,401	5,964	5,751	9,629	11,170
Total	**45,000**	**38,446**	**30,678**	**12,469**	**9,055**	**23,852**	**9,237**	**8,907**	**14,913**	**17,300**

1 Special conditions: Grant date April 1, 2009, vesting of 58% of the awards granted is guaranteed, subject to continued employment at date of vesting.

3.6 Additional fees and remuneration of Governing Bodies

No member of the Board of Directors has received any additional honorariums in 2009.

3.7 Loans granted to Governing Bodies

In 2009, 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.

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 associate 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, vision, principles, traditions, operating methods and work environment. The Company places equal value on its associates, 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.

Eurociett The European Confederation of Private Employment Agencies (Eurociett) represents the common interests of the staffing industry in Europe.

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.
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 an associate) 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 market-place 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 recognises 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 definite or indefinite.
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 evolution of the Adecco Group is characterised by productive acquisitions, organic growth, industry innovation and global expansion, creating a story already spanning over 50 years. In 1996, the founding companies Adia and Ecco merged to form the global leader.

1957

Adia SA is founded in Lausanne, Switzerland, by Henri-Ferdinand Lavanchy. The firm grows rapidly in its home country before expanding abroad.

1964

Philippe Foriel-Destezet founds Ecco in Lyon. By the early 1980s, Ecco is the largest supplier of temporary personnel in France.

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 twelve years, Adia buys over 85 companies, tripling in size and gaining footholds in more than a dozen countries. These include France (1975) and the UK (1977), where it buys the market leader: Alfred Marks Bureau Ltd.

Early 1980s

Adia continues to expand 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 and 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.

Late 1980s

Revenues 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 the presence in highly skilled, specialised fields. Also, moves are made into socially related programmes for mature workers in the USA, promoting the benefits of temporary work for retirees and the value for companies of tapping into their experience, skills and dedication.

In 1991, recognising the importance of the industry's role in job creation and its growth potential, Klaus J. Jacobs invests in Adia on the way to becoming its 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

The 1997 acquisition of TAD Resources International strengthens Adecco's technical and IT staffing business in the USA. In 2000, Adecco acquires the IT and generalist staffing business of the Olsten Corporation to become no. 1 staffing services business in the USA and worldwide leader in the IT sector. The merged companies revenues reach over EUR 11.6 billion, reflecting organic growth and successful acquisitions. Partnerships with Monster.com and Jobs.com mark Adecco's intent to be at the forefront of harnessing the web in the recruitment process.

2002

To keep at the forefront of the trend towards increasing demand for professional and expert services, Adecco consolidates its business under three operating divisions: Adecco Staffing; Ajilon Staffing/Managed Services, and Career Services/e-Business.

Legislative change in Germany creates a more favourable environment for the growth of temporary staffing, reflecting greater acceptance of the industry's positive role in generating employment and economic growth.

2004

The acquisition of PeopleOne Consulting in India signals Adecco's commitment to play a leading role in the industry's development in emerging markets.

As a result of the delay in the audit of the 2003 financial statements in early 2004, the Group strengthened its financial reporting and governance structure.

2005–2006

In 2005, Klaus J. Jacobs, assumes the Chairman and CEO roles, initiating a strategy review. The Group's focus on professional staffing services intensifies. To create a strong platform for growth, Adecco's existing operations are realigned into global business lines defined by specific occupational fields, complementing the established office and industrial offering with professional staffing lines.

Acquisitions of Altedia and Human-Group strengthen Adecco's involvement in professional segments in Europe. In 2006, the acquisition of DIS AG in Germany gives Adecco leadership in the German professional staffing industry. Adecco adopts a dual strategy focused on professional and general staffing.

2007

The annual General Meeting of Shareholders approves the nomination of Jürgen Dormann, as Chairman of the Board. Rolf Dörig becomes Vice-Chairman. As planned, Klaus J. Jacobs, hands back his mandate.

Adecco acquires Tuja Group, an industry leader in Germany, one of the world's fastest-growing temporary staffing markets.

2008

Adecco acquires the professional staffing businesses DNC in the Netherlands and IT specialist Group Datavance in France. Country operations take greater responsibility for growing professional business as the dual professional and general staffing model becomes further embedded.

September 11: Klaus J. Jacobs, co-founder and Honorary President of the Adecco Group passes away. Jürgen Dormann, who contributed to the successful turnaround of the Group and its long-term strategy, steps down as Chairman of the Board at the end of the year. He is succeeded by Rolf Dörig on January 1, 2009.

2009

January 1: Rolf Dörig starts his term as Chairman of the Board of Directors of the Adecco Group. June 1: Patrick De Maeseneire becomes Chief Executive Officer of the Adecco Group.

Adecco acquires Spring Group in the UK, bolstering the Adecco Group's UK professional and general staffing business, and tables an offer for MPS Group, a leading professional staffing firm based in the USA.

2010

The acquisition of MPS Group is officially closed. With MPS's strength in North America and the UK, the Adecco Group also becomes world leader in professional staffing.

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