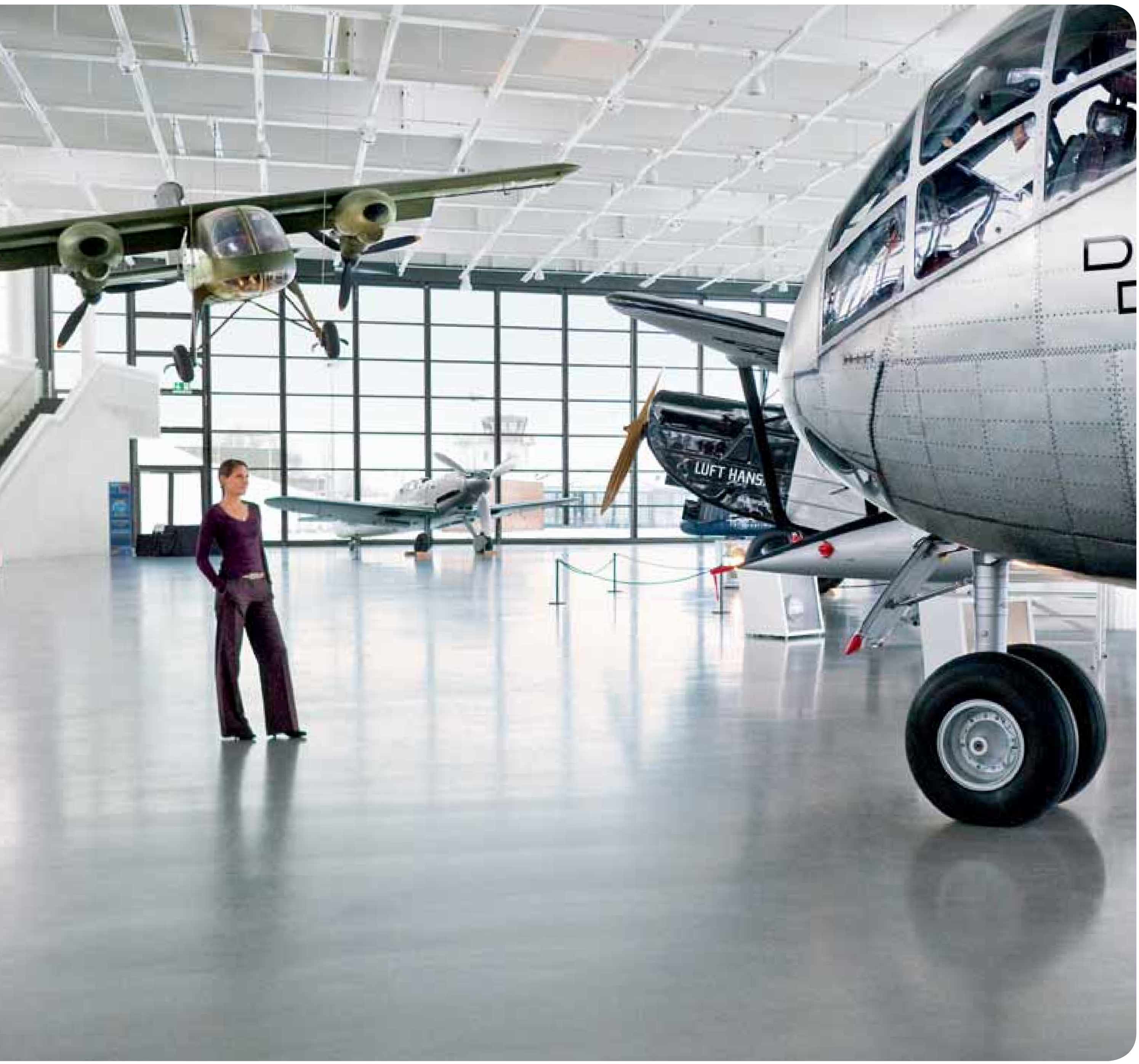
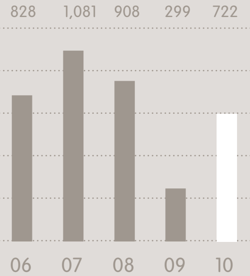
Annual Report 2010

Adecco Group

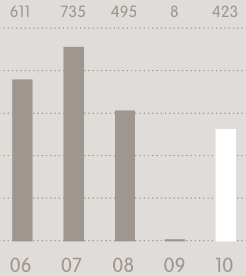


Revenues
in EUR billions

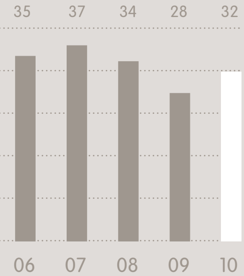
EBITA
in EUR millions



Net income attributable to Adecco shareholders
in EUR millions

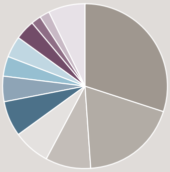


Employees FTE (year-end)
in thousands



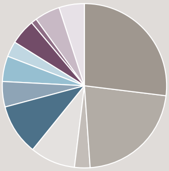
Key figures

- Over 32,000 full-time-equivalent employees
- Over 700,000 associates on assignment daily
- Over 100,000 clients every day
- Over 5,500 offices in more than 60 countries and territories



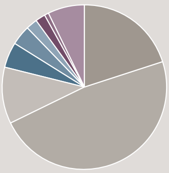
2010 Revenue split by geography *in %*

- France 30%
- North America 19%
- UK & Ireland 9%
- Japan 7%
- Germany & Austria 7%
- Benelux 5%
- Italy 4%
- Iberia 4%
- Nordics 4%
- Australia & New Zealand 2%
- Switzerland 2%
- Emerging Markets 7%



2010 EBITA split by geography *in %*
(operating units)

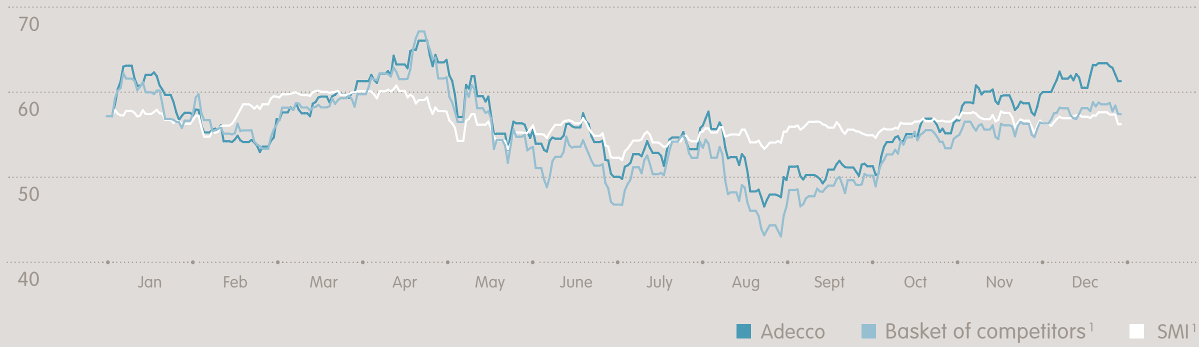
- France 27%
- North America 22%
- UK & Ireland 3%
- Japan 9%
- Germany & Austria 10%
- Benelux 5%
- Italy 5%
- Iberia 3%
- Nordics 5%
- Australia & New Zealand 1%
- Switzerland 5%
- Emerging Markets 5%



2010 Revenue split by business lines *in %*

- Office 20%
- Industrial 48%
- Information Technology 11%
- Engineering & Technical 5%
- Finance & Legal 4%
- Medical & Science 2%
- Sales, Marketing & Events 2%
- Human Capital Solutions 1%
- Emerging Markets 7%

Share price performance comparison 2010
in CHF



Share information

Tickers

SWX Europe	ADEN
Bloomberg	ADEN VX
Reuters	ADEN.VX
ISIN	CH0012138605

Share price *in CHF*

• Year-end	61.25
• Average	56.46
• High/low	66.15/46.22

Historical data

for the years in EUR million (except shares)	2010	2009	2008	2007	2006
Statement of operations data					
Revenues	18,656	14,797	19,965	21,090	20,417
Gross profit	3,329	2,649	3,673	3,927	3,546
EBITA[2]	722	299	908	1,081	828
Net income attributable to Adecco shareholders	423	8	495	735	611
Other financial indicators					
Cash flow from operating activities	455	477	1,054	1,062	747
Free cash flow[3]	350	385	948	971	662
Net debt[4]	751	110	617	866	556
Key ratios (as % of revenues)					
Gross margin	17.8%	17.9%	18.4%	18.6%	17.4%
SG&A ratio[5]	14.0%	15.9%	13.8%	13.5%	13.3%
EBITA margin	3.9%	2.0%	4.5%	5.1%	4.1%
Per share figures					
Basic EPS in EUR	2.20	0.04	2.82	3.97	3.28
Diluted EPS in EUR	2.17	0.04	2.71	3.80	3.14
Cash dividend in CHF	1.10[6]	0.75	1.50	1.50	1.20
Number of shares					
Basic weighted-average shares	192,113,079	177,606,816	175,414,832	185,107,346	186,343,724
Diluted weighted-average shares	195,596,325	177,613,991	184,859,650	195,279,053	196,532,960
Outstanding (year-end)	174,702,026	174,079,431	174,188,402	182,647,293	184,836,462

1 SMI and Basket of competitors (Manpower, Randstad and Kelly Services market capitalisation weighted in CHF) relative to Adecco's share price: 1.1.2010 = CHF 57.05.

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

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

4 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.

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

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

Dear shareholder,

In a year of generally improved economic conditions, the Adecco Group achieved strong results and profited from previous measures to structurally optimise the business. We are proud to report solid profitable growth and an industry leading performance. The value of flexibility in Human Resources has increased in the recent downturn and is becoming an essential part of our customers' competitiveness. Equally, individuals increasingly value a partner in the quest for on-going employment, rewarding work and careers.

Demand for our services recovered strongly throughout 2010. Our revenues increased by 26% (12% organically[1]) to EUR 18,656 million. Thanks to our price discipline and the support of the higher-margin Professional Staffing acquisition of MPS Group, included in our results as of February, 2010, we achieved a gross margin of 17.8%. The combination of solid top-line growth, strict price discipline and tight cost control, resulted in strong operational leverage. Consequently, our EBITA[1] rose to EUR 722 million, an increase of 142% or 34% adjusted[1] and organically. The EBITA margin increased to 3.9%, from 2.0% in the prior year. Operating income amounted to EUR 667 million and net income attributable to Adecco shareholders was EUR 423 million. We generated operating cash flow of EUR 455 million, a good result when considering the increased working capital needs to fund the strong growth in revenues.

In the light of this solid performance and the sound financial position, the Board of Directors proposes an increased dividend of CHF 1.10 per share for 2010.

1 Please refer to page 36 for an explanation of the terms organic, EBITA and adjusted.

Patrick De Maeseneire
Chief Executive Officer

Rolf Dörig
Chairman of the Board of Directors

The 2010 results reflect a Group-wide commitment to a clear strategy geared towards achieving our mid-term EBITA margin target of above 5.5%. Our increased exposure to Professional Staffing, the leaner branch network and optimised delivery channels are paying off. The integration of MPS Group progressed well during the course of 2010 and the business performed above our initial expectations, both in terms of revenues and profitability. We are well on track to complete the integration in 2011 and will even exceed the initially targeted synergies of EUR 25 million. The integration of Spring Group, which we acquired in October 2009, was successfully completed at year end 2010 and the targeted synergies of EUR 13 million were slightly exceeded.

We also strengthened our operations in important Emerging Markets. In India we crossed the threshold of providing more than 100,000 associates with work on a daily basis. In China, we established a joint venture with Beijing Foreign Enterprise Human Resources Service Co. Ltd (FESCO), one of the leading HR service companies in a market with huge growth potential. The Shanghai-based joint venture, FESCO Adecco, operational since January 2011, already has over 100,000 associates on assignment every day and gives us access to a network of more than 100 branches throughout China with an established local and multinational client base.

Most notably our strategic commitment to a distinct dual market approach in General Staffing and Professional Staffing is proving rewarding. The acquisition of MPS Group made us the worldwide leader in Professional Staffing. On the other hand, our General Staffing business showed strong performance, especially the industrial segment with revenues growing 22% in 2010. We will continue to develop our General Staffing business in 2011, maintaining cost leadership and optimising the delivery models. At the same time, we now have a solid platform to further grow the Professional Staffing business also on an organic basis. Our focus on value creation through the systematic application of the EVA concept within the Adecco Group remains a key strategic pillar and should enable us to continue delivering strong cash flows in the future.

Continued commitment to our strategy will pay off in a market set for significant growth. The downturn instigated a structural shift towards temporary staffing in office, industrial and professional segments and proved the value of a more flexible workforce. Companies with a higher share of temporary employees were better able to respond to the sudden drop in demand. We believe that penetration of temporary staffing will increase and reach new peaks in many mature and emerging markets. HR flexibility is becoming pivotal, not least in the manufacturing sector where a more 'made to order' low inventory level has become prevalent. Also, on-going regulatory changes, such as the opening of the construction, the healthcare and public sectors to temporary work in Spain, create growth opportunities. Above all, in mature markets with ageing populations and mismatches between education systems and labour markets, skills shortages will become commonplace, despite high unemployment.

As a Group we are united behind our strategy. We have six strategic priorities to ensure our continued profitable progress: improving retention of talents; continuing to invest in standardising IT systems to improve efficiency and operational effectiveness; strengthening our lead in the higher-growth Professional Staffing segment; further segmenting our General Staffing business with specialised delivery models addressing different skill groups; strengthening the lead in Managed Services Provider and Recruitment Process Outsourcing services; and enhancing our leading market development in the Emerging Markets that have enormous growth potential.

We are a disciplined, growth-oriented Group with a strong focus on profitability that is well positioned for the future. And we are on course to achieve a mid-term EBITA margin of above 5.5%.

Thank you to every employee for their continued commitment, to you, our shareholders for your loyalty, and to all of our valued clients and associates for their trust in the Adecco Group.

Rolf Dörig
Chairman of the Board of Directors

Patrick De Maeseneire
Chief Executive Officer

Reaching new peaks

Interview with Patrick De Maeseneire, CEO

The six mid-term strategic priorities for the Group were launched a year ago. Can you give us an update?

"We made good progress on all six. Retaining our talents as the economy further picks up will be key for the whole Adecco Group. Investments in IT were accelerated in 2010 and we continue to invest in 2011. With the acquisition of MPS Group, we became the world leader in Professional Staffing. The increasing trend of globally active companies to outsource HR processes, resulted in several contract wins for us in the Managed Services Provider/Recruitment Process Outsourcing space. And finally, we will further optimise the segmentation within our General Staffing business, as well as enhance our leading position in Emerging Markets."

Adecco reported a strong performance for 2010. When will you reach the mid-term EBITA margin target of above 5.5%?

"We have used the downturn to sharpen up for the future. We took advantage of the economic crisis in terms of M&A and invested in Professional Staffing. With the structural measures taken to improve the business and with the higher exposure to Professional Staffing, we are very well positioned to take advantage of the economic upswing and to further strengthen our leading market position in both General and Professional Staffing. We achieved solid revenue growth in 2010, and with price discipline and tight cost management, operational leverage was very good. We do not speculate on when we will reach this goal but we are fully committed to reaching our EBITA margin target in the mid-term."

You have chosen your team; the six strategic priorities and the mid-term target are aligned with the Board of Directors. What's next?

"I have a broader Executive Committee so that all of Adecco's markets are represented. This enhances the successful execution of the Group's strategy. Together we have more than 100 years of staffing industry experience. It's a great team to work with and our task now is to further implement our strategy and to reach our mid-term target."

What trends are you observing for 2011?

"We see a clear trend in that large global companies increasingly outsource the management of part or all of their contingent workforce spend to a Managed Services Provider (MSP). We observe the same trend for the management of permanent employees, where companies outsource all or part of their HR functions as Recruitment Process Outsourcing (RPO). The aim is to reduce the number of suppliers and to optimise the workforce spend."

"The recent downturn has proven the value of a more flexible workforce."

And how is Adecco positioned to take advantage of this trend?

"At Adecco, not only do we have a comprehensive MSP/RPO service offering but we also possess a leading Vendor Management System (VMS), called Beeline. The VMS is used to manage the contingent workforce spend for a given customer, and offers remarkable transparency on candidates and suppliers."

In what ways and to what extent has the latest economic downturn spread the concept of temporary work? Do you expect to surpass prior peaks in terms of penetration rates?

"The recent downturn has proven the value of a more flexible workforce. Simply put, companies with a higher share of temporary employees were better able to respond to the sudden drop in demand. There is ample evidence of more just-in-time production these days, in order to maintain low inventory levels. This also results in an increased need of companies for flexible staffing levels. The declining inventory to sales ratio in the last decade, as witnessed across multiple sectors in the US, is evidence of this trend and we expect this to continue to drive demand for our services. This, together with further deregulation, socio-demographic changes and the move of production to the east will in our view lead to new peaks in the penetration rates in many countries."

How do you see the regulatory environment changing in the next few years; will doors open or close for the industry and why?

"Generally speaking, more flexible labour markets lead to higher penetration rates for temporary staffing. In the EU countries, the Agency Work Directive effective as of December 2011, foresees the lifting of all restrictions related to temporary work. The most recent liberalisation happened in Spain during 2010, where the construction, the healthcare and the public sectors are now open for temporary staffing. In France, the public sector was opened up to temporary staffing during 2009."

Besides the Professional Staffing business, do you also see opportunities for profitable growth in General Staffing?

"Absolutely, our clear focus is to further segment our offering in General Staffing. Tailoring our services towards either large or small customers is a key objective for 2011. We will also remain cost disciplined and continue to work on our delivery models. In order to remain the cost leader, we work towards fewer, more standardised IT platforms. We will invest more in development so that we can further profit from fast evolving new sourcing and delivery models."

"Work is a basic need, it should be a basic right for all people."

What are your expectations for the coming year from the Professional Staffing market which means high growth and provides high margins to Adecco?

"In the mature markets, the ageing population and the mismatch between educated individuals and labour market needs will continue to drive scarcity of talents. That's why our strategy is driven by being alongside each phase of the life cycle of our candidates, from the moment they leave school, to the moment they retire. We have to attract them better than anybody else and we have to keep them longer than anybody else. In order to keep our candidates within the Adecco space, we have to be able to constantly offer them the best jobs, with the best clients, at the best possible wage. Statistics show that in the last decade Professional Staffing in the US grew three times faster than General Staffing. We expect this trend to continue driven by the race for talent."

You have a leading position in the Emerging Markets – what is your growth strategy in these markets?

"It is a clear strategic priority for us to take advantage of the immense growth potential in the Emerging Markets. Our strategy is to grow both organically and through bolt-on acquisitions. Our organic revenue growth in India in 2010, for example, was close to 60 per cent compared to a group average of 12 per cent and we went from zero to 100,000 associates in just six years. Our international clients are investing more in these regions and so are we."

Why did you decide to form a joint venture in China? What does each party bring to the JV?

"Taking 49% in this joint venture is an important step forward for Adecco in China. Pooling our global staffing know-how with a Chinese partner enhances the offering for our multinational client base, which is expanding into China. At the same time, we are excited to broaden our Chinese customer base and take advantage of the growth potential within China. We have more than 40 years of learned processes to share and at present we place more than 700,000 associates with over 100,000 clients every day at Adecco, plus a further 100,000 associates through the joint venture in China."

What is your personal mid and 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 a basic need, it should be a basic right for all people, and we try to realise this, every day, in over 60 countries around the world, with more than 32,000 fantastic colleagues. To foster and enhance the key role we play is clearly my long-term goal."

Johan Lauwers, Belgium, Managing Director XPE Pharma & Science

"Finding highly-specialised scientists in rapid response to our clients' needs is how we have made our name."


2x230V

GSK Biologicals vaccine development laboratory in Wavre-Rixensart, Belgium

"Microbial resistance is on the rise and we urgently need new vaccines to fight pneumococcal disease."

Dr. Ana Strezova, Macedonia,
Clinical Development Manager

"I can contribute to a vital area of healthcare and gain professional experience in an international environment."

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 place over 700,000 associates on a daily basis and 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, outplacement, outsourcing (MSP/VMS/RPO) and consulting.

In 2010 we generated the majority of our business – 92% of our revenues – in the temporary staffing segment. Permanent placement represented 2% of revenues, outplacement 1%, while outsourcing, consulting services and others accounted for 5%.

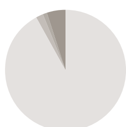
In addition to the above classification of our services, we segment our business into two distinct categories, according to the skill requirements of our clients.

- 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 candidates. This segment is referred to as our **General Staffing business,** and represents the majority of the Adecco Group business, accounting for 75% of total revenues in 2010 (Office & Industrial and Emerging Markets) .

  Within the General Staffing segment, we make a further distinction between the Office and Industrial businesses, which represent 29% and 71%, respectively of General Staffing revenues excluding Emerging Markets.

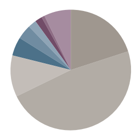
- To fill positions requiring **professional skills,** we need experts who can talk to experts to find the right candidates. Our aim is to provide challenging consecutive assignments, ensuring talent retention and skill enhancement for our candidates. This segment represents our **Professional Staffing business,** and in 2010, generated 25% of Group revenues. Within Professional Staffing, 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. We considerably enhanced our Professional Staffing business in size and scope with the acquisition of MPS Group and took the global lead.

2010 Revenue split by service line *in %*



- Temporary 92%
- Permanent 2%
- Outplacement 1%
- Outsourcing, consulting services and others 5%

2010 Revenue split by business line *in %*



- Office 20%
- Industrial 48%
- Information Technology 11%
- Engineering & Technical 5%
- Finance & Legal 4%
- Medical & Science 2%
- Sales, Marketing & Events 2%
- Human Capital Solutions 1%
- Emerging Markets 7%

General Staffing

Professional Staffing

How we are organised We are organised in a geographical structure. The geographies in which we operate are France, North America, UK & Ireland, Japan, Germany & Austria, Benelux, Italy, Iberia, Nordics, Australia & New Zealand, Switzerland, as well as Emerging Markets. The heads of each country or region have operational responsibility for both the General and the Professional Staffing business lines. Additionally, we have introduced a global organisational structure for our Managed Services Provider (MSP) and Vendor Management Software (VMS) businesses as well as for the career transition and talent development business (outplacement), which is operated under the brand name Lee Hecht Harrison.

What sets us apart from the competition As 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 a clear 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 staffing 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 associates 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, expert points of contact with clients lead to longer-lasting and more challenging assignments for candidates. 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	• Tailored solutions	• Experts talk to experts
Continuous relationships	• Attract and retain associates • Provide serial assignments • Client-driven training	• Attract and retain associates • Provide challenging serial projects • Enhance their skills
	Cost leadership	**Higher gross margins**

In order to enhance the Group's earnings mix, our strategy is to grow the Professional Staffing business, both organically and through acquisitions, while enhancing our General Staffing operations. In 2010, we successfully completed the acquisition of US-based MPS Group in a move to further expand the Professional Staffing offering, particularly in the USA and in the UK, which represent the largest Professional Staffing markets worldwide. MPS Group is an ideal strategic fit, enhancing Adecco's position in this highly attractive market segment.

Decentralised country approach Our staffing 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.

Strategic mid-term priorities Building on our distinct dual-approach service offering, management has defined strategic priorities to enhance Adecco's market leadership position and in order to reach the Group's mid-term profitability target of an EBITA margin above 5.5%. The strategic focus of Adecco's management is on Retention, Information Technology (IT), Professional Staffing, Client segmentation, MSP/RPO and the Emerging Markets.

- *Retention:* retaining our own employees is essential in building successful long-term relationships with both clients and associates. A better, longer-lasting relationship with our clients and associates is a competitive advantage both from a revenue and also from a cost perspective. We made good progress in better retaining our people in 2010. The regularly conducted Great Place to Work® survey on the job satisfaction of our own employees, gives insight on enhancing and offering an attractive working environment.

- *Information Technology:* optimising our IT processes, through the consolidation of data centres, front-office systems standardisation and the reduction of applications, as well as a common Group-wide web platform, is an important strategic priority for the Group's management. The investments in IT are aimed at enhancing our cost leadership position. Additionally, we invest in our Web presence to remain at the forefront of the emergence of new delivery models such as social media networks.

- *Professional Staffing:* increasing the share of revenues generated from the Professional Staffing segment remains an essential part of Adecco's strategy. With the acquisition of MPS Group, Adecco has taken the global lead in Professional Staffing. This segment, with higher growth and margin potential, accounts for approximately 30%[1] of the global staffing market. Mid-term, Adecco targets to raise its share of revenues generated with Professional Staffing services beyond that level. Demand for higher-margin Professional Staffing, where penetration rates are still significantly lower than in the General Staffing segment, will be driven by scarcity of talent and higher wage growth for qualified personnel.

- *Segmentation:* in General Staffing we work on further segmenting the business along skills and markets. We aim to increase our presence in the higher-margin retail and office segments.

- *MSP/RPO:* as the world's leading HR solutions provider, Adecco considers the emerging trend towards Managed Services Programmes (MSP) and Recruitment Process Outsourcing (RPO) a major opportunity to differentiate its service offering. Large multinational customers increasingly seek to outsource their HR processes and streamline supplier relationships, particularly in highly fragmented markets such as the USA and the UK. With its global footprint and extensive know-how of local labour markets, Adecco is ideally positioned to take advantage of this emerging trend.

- *Emerging Markets:* the Emerging Markets offer immense untapped growth potential for the staffing industry. Penetration rates of temporary staffing services are still at very low levels. The highly dynamic economic activity and the move of production and growing investments into the Emerging Markets by multinational corporations are the main growth drivers for our business in these markets. The recently established joint venture between FESCO and Adecco in Shanghai, to enhance our HR service offerings in China, underlines our strategic focus on the rapidly growing Emerging Markets.

How we execute our strategy Top management carries out frequent operational and financial reviews with the country and regional heads of Adecco's markets and business segments to ensure that the Group's strategy remains on track and is embedded in the local operations. Following the structural optimisation of our organisation during the downturn, we aim to strengthen our business further in order to take advantage of current market opportunities and emerging trends in the staffing industry. While we selectively invest in high growth segments and markets, we continue to practice stringent cost management to ensure attractive operating leverage and a sustainable improvement in profitability. In addition, the application of the "Economic Value Added" (EVA) concept continues to be a core pillar of our day-to-day operations

1 Adecco estimate

Adecco's equation for EVA

Adecco EVA

=

NOPAT

minus

Invested capital x WACC (10%)

and strategy, ensuring discipline with respect to client contract pricing, cost containment and evaluating business opportunities. Keeping a tight grip on costs, while concentrating on our strategic priorities, makes us highly confident that we are in good shape to enhance our leadership position in the HR services industry and that we are well on track to achieve our EBITA margin target of above 5.5% mid-term.

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 deeply 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 including 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%.

Where 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:* we apply the EVA concept in order to evaluate the attractiveness of potential acquisitions. 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 to 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
- Conversion ratio (EBITA as a percentage of gross profit)
- Days sales outstanding (DSO)
- EVA

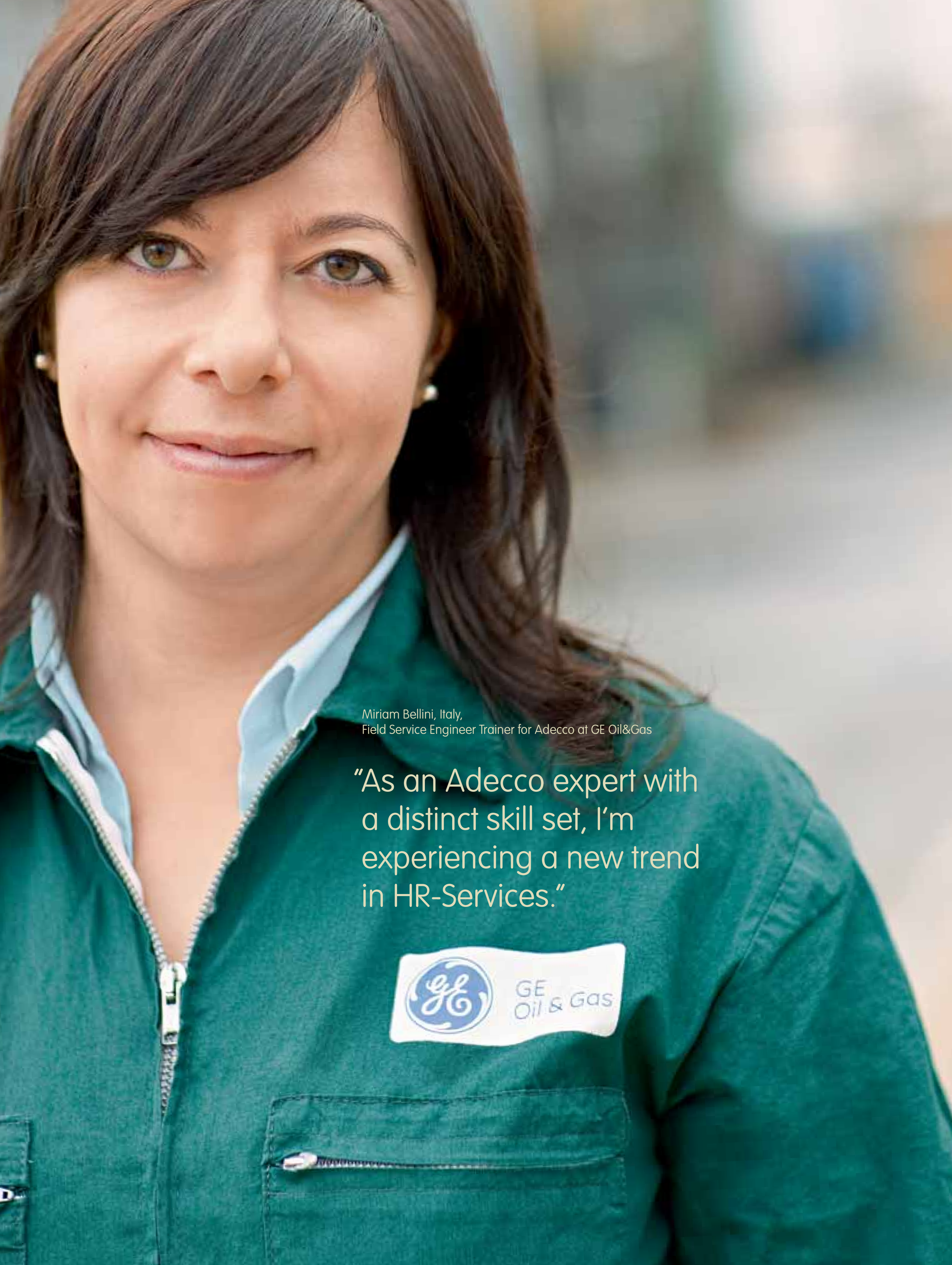
Apart from the above financial measures, we also monitor our business through a number of additional quantitative and qualitative key performance indicators, which are described on page 93 in the Financial Review section.

Ylenia Montanini, Italy, Adecco Outplant Manager for GE Oil&Gas

"We have developed new multiple HR services with a single point of contact for GE Oil&Gas."

GE Oil&Gas, Florence, Italy

"Providing HR solutions to our client on-site allows us to respond with speed and flexibility to complex needs."



Miriam Bellini, Italy,
Field Service Engineer Trainer for Adecco at GE Oil&Gas

"As an Adecco expert with a distinct skill set, I'm experiencing a new trend in HR-Services."

More need for flexibility and increased just-in-time production have positively impacted the recovery of our business. 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 and professional development. While HR process management has been increasingly outsourced in recent years – for temporary staff to so-called Managed Services 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 slower to develop and remains immature as an industry. Even in countries with a longer history of staffing, only a small percentage of the workforce is composed of temporary workers.

How HR services benefit labour markets As the penetration rate of our industry (temporary employees as a percentage of the overall workforce) increases, so does the efficiency of labour markets. Staffing companies address the need of companies for more flexible workforce solutions. The recent downturn in the economy even augmented this need. Uncertainty over the economic outlook and a lack of confidence by companies to hire on a permanent basis, helped foster demand for our services. Additionally, more just-in-time production, in order to keep inventory levels low, has resulted in an increased need for flexible labour. Besides offering flexibility, our industry is also highly 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 grew approximately 13% to EUR 220 billion[1] in 2010. This compares with an estimated decline of 21% to a global market size of EUR 195 billion[1] in 2009. Professional Staffing accounted for around 30%[1] of the market, while the share of General Staffing was 70%[1]. The increase in the Professional Staffing segment was +6%[1], compared with +16%[1] for the General Staffing segment.

In 2010, the USA represented the single largest market for HR services measured by revenues, with a share of approximately 27%[1], followed by Japan with 23%[1] and the UK with 10%[1]. Europe as a whole represented 39%[1] of the global market in 2010, whereas the Emerging Markets accounted for 11%[1]. Despite improved economic conditions, the development of the various HR services markets globally were mixed with growth rates ranging between –6% and +28%[1]. The strongest growth was seen in the Emerging Markets, increasing its share of the global staffing market by 2% compared with 2009.

1 Adecco estimate. 2009 estimates revised.

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 Services Provider)

Competitive landscape The global HR services market is very fragmented, but the competitive landscape varies considerably from one country to another. According to Ciett[2], the estimated number of private employment agencies worldwide was 72,000 in 2009. The three biggest markets measured by revenues – the USA, Japan and the UK – are highly fragmented, with the Japanese market showing the largest number of staffing companies, followed by the UK, Germany and the USA.

The French market, by contrast, is much less fragmented; it is dominated by the top three listed staffing companies, with a total market share of approximately 70%[1]. Looking at the global picture, the three largest listed staffing companies represent 23%[1] of the overall market. The Adecco Group is the world leader in HR services, and on a regional basis has leading positions in Europe, North America, Asia/Pacific and Latin America.

Consolidation in the staffing industry is on-going, particularly in fragmented markets. The trend of large multinational companies to outsource part or all of their HR processes further accelerates consolidation in the industry. Partnering with a Managed Services Provider (MSP), to manage the contingent workforce spend, typically results in higher volumes for fewer suppliers. Moreover, consolidation is also driven by General Staffing companies seeking a stronger foothold in the Professional Staffing markets in order to diversify their product offerings and to enhance their position in this more profitable and faster growing segment.

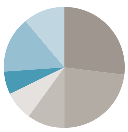
2 Ciett = International Confederation of Private Employment Agencies.

Key growth drivers for our industry

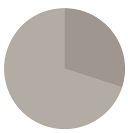
Need for flexibility The latest economic crisis proved the value of a more flexible workforce. Companies with a higher share of temporary employees were better able to respond to the sudden drop in demand. During 2010, uncertainty over the economic outlook augmented the need for flexible labour. More just-in-time production also resulted in an increased need of companies for flexible staffing levels. The declining inventory to sales ratio in the last decade, as witnessed across multiple sectors in the USA, is evidence of this trend and should continue to drive demand for our services.

Move of production to the east Moving production to low-cost countries is not a new phenomenon but will increasingly impact the geographical mix of our industry. As companies move east, the need for HR services and local staffing know-how in the Emerging Markets is increasing. Given the low salary levels, the

2010 global HR services market by revenues[1] *in %*



- USA 27%
- Japan 23%
- UK 10%
- France 8%
- Germany 6%
- Rest EU 15%
- Rest Global 11%



- Professional 30%
- General 70%

Adecco's market position in 2010

	% of Adecco revenues	Market share[1] in %	Market position[1]
North America	19	5	2
France	30	31	1
UK & Ireland	9	8	1
Germany & Austria	7	10	2
Japan	7	3	4
Italy	4	16	1
Iberia	4	25	2
Nordics	4	15	2
Benelux	5	6	3
Switzerland	2	22	1
Australia & New Zealand	2	9	5
Emerging Markets	7	5	1

Emerging Markets today still represent a minor portion of the total revenue potential for the staffing industry, however in terms of volumes this region already represents a substantial share.

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 living longer, scarcity of talent will hinder economic growth. The staffing industry can help to narrow this gap by accessing additional demographic groups (e.g. active retirees), by taking full advantage of its global presence and pool of candidates and by facilitating mobility.

Meanwhile, lifestyle changes are having a positive impact on our industry. Today, people increasingly want to explore new assignments on a more frequent basis and are ready to move where the opportunities are – all ideal attributes of temporary employees. This fits well with the trend in many companies to look for greater flexibility, better job-profile matches and higher acceptance of temporary employees in the skilled workforce, in order to overcome the growing talent shortages in many industries. Above all, our business is not just about recruitment, it is also about training.

Deregulation The regulatory framework of labour markets in individual countries has a significant influence on 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 3.7%[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 Spain during 2010, where the construction, healthcare and public sectors are now open for temporary staffing.

In the EU countries, the Agency Work Directive effective as of December 2011, foresees the lifting of all restrictions related to temporary work. The liberalisation in both Spain and France was also driven by this Directive and more countries are bound to follow.

How HR services benefit labour markets

Benefits for temporary workers	Benefits for employers
• Continuous training • 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 companies on a global basis; manage fluctuations

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

Business environment Growth in our industry, in particular for temporary staffing services correlates with GDP developments. Compared with temporary staffing, which usually picks up shortly after GDP trends start to improve, unemployment rates are typically a late-cyclical indicator. 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. Labour market deregulation is progressing and coupled with the increasing need for flexible labour, penetration rates for HR services are set to surpass prior peaks. Many industries and regions still offer immense untapped potential for HR services, and the structural growth drivers for the industry remain fully intact.

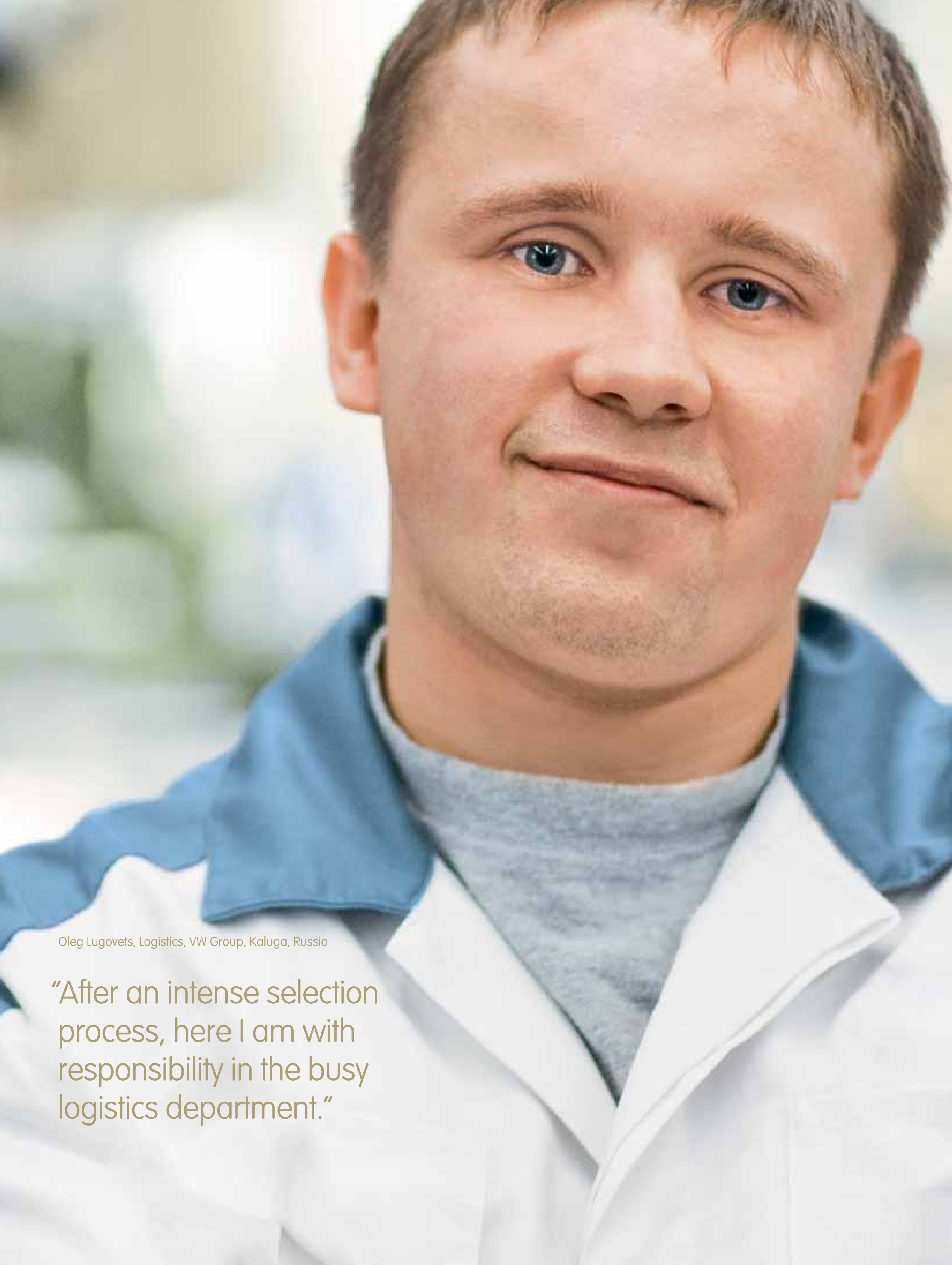
Outlook for the staffing market The current economic environment characterised by moderate GDP growth and yet limited confidence of companies to invest in permanent labour, offers attractive growth opportunities for our industry. We believe that the environment will stay favourable for flexible labour in 2011. Permanent jobs will be created, but just enough to cover the new entrants into the labour market. Unemployment is likely to remain at high levels in most developed economies. Most economic growth and activity will be covered by flexible labour. Strong economic conditions in the majority of the Emerging Markets, as well as in Germany and Sweden, should continue to underpin robust demand for staffing and HR services.

Natalia Kulakova, Senior Recruiter,
Adecco Office in Kaluga, Russia

"Vehicle production is booming here, and we play a key role in attracting, recruiting and training associates."

VW assembly plant, Kaluga, Russia

"I got the chance to learn a new occupation and broaden my skill set. I am now in a rewarding job that offers me further training and development opportunities."



Oleg Lugovets, Logistics, VW Group, Kaluga, Russia

"After an intense selection process, here I am with responsibility in the busy logistics department."

The strong improvement in the EBITA margin in 2010 is evidence that the leaner cost base is paying off. The Company is fully on track to reach an EBITA margin above 5.5% mid-term.

Business review

Review of Group results

Highlights for the Adecco Group Business conditions for Adecco improved significantly in 2010, as the economy gradually strengthened. Revenue growth recovered with strong momentum throughout the year. Our main markets, France and North America, accounting for 49% of total revenues, were amongst the first to return to year-on-year growth in the first quarter. Apart from the UK & Ireland and Japan, all of our main markets returned to growth during 2010. The Emerging Markets, which were hardly impacted by the global recession, continued their impressive growth momentum. From a business line perspective, growth was most pronounced in the Industrial segment, but we also saw accelerating demand for our later-cyclical businesses Office and Professional Staffing.

The severity of the recent economic downturn has highlighted the importance of a flexible workforce. Despite generally improving trends, uncertainty over the economic outlook and a lack of confidence of companies to hire on a permanent basis clearly helped foster the strong demand for our services. Adecco used the downturn to structurally improve the business by reducing the branch network, optimising delivery channels, centralising administrative processes and improving client segmentation. As a result, in 2010 the Group fully benefitted from better business conditions and the strong recovery in demand for HR services. Coupled with continued tight cost control and price discipline this resulted in double-digit revenue growth and attractive operating leverage.

The good results were accentuated by the increased exposure to the higher margin Professional Staffing business through the acquired MPS Group, included in our results as of February 1, 2010. The integration of MPS Group progressed well during the course of 2010 and the business performed above expectations, both in terms of revenues and profitability. We are fully on track to complete the integration of MPS Group in 2011 and will even exceed the initially targeted synergies of EUR 25 million. The integration of Spring Group, which we acquired in 2009, was successfully completed at year end 2010 and the targeted synergies of EUR 13 million were slightly exceeded. Both Spring and MPS positively contributed to the good results achieved in the UK & Ireland as well as in North America. Expanding our share of revenues stemming from the Professional Staffing business is a clear priority for the Adecco Group. Following the acquisitions of Spring and MPS, we significantly improved the revenue mix, with the proportion of the Professional Staffing business increasing from 20% of 2009 Group revenues to 25% of 2010 Group revenues, thereby better mirroring the global staffing market. We are now the market leader in this segment, with a very good platform to also grow the Professional Staffing business on an organic basis.

Key figures at a glance

in EUR millions	2010	2009
Revenues	18,656	14,797
Gross Profit	3,329	2,649
SG&A	(2,607)	(2,350)
EBITA	722	299
Net income attributable to Adecco shareholders	423	8
Basic EPS	2.20	0.04
Diluted EPS	2.17	0.04
Dividend per share in CHF	1.10[1]	0.75

1 Proposed by the Board of Directors.

Main financial highlights for our company in 2010:

- Revenues up 26% to EUR 18,656 million (+12% organically[1])
- Gross margin at 17.8%, down by 10 bps or down 90 bps organically and on an adjusted[2] basis
- SG&A was flat on an organic and adjusted basis
- EBITA[3] of EUR 722 million, increased by 142% or 34% organically and adjusted. EBITA before integration costs amounted to EUR 755 million, up 40% adjusted and organically
- EBITA margin up 190 bps to 3.9%. EBITA margin before integration costs was up 100 bps to 4.1% on an adjusted basis
- Operating income at EUR 667 million
- Net income attributable to Adecco shareholders of 423 million, compared to EUR 8 million in 2009

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

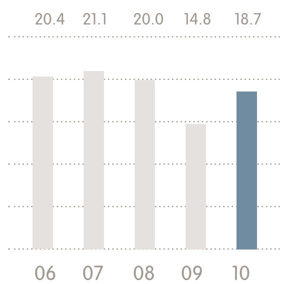
2 Adjusted is a non-U.S. GAAP measure excluding in 2009, for better comparison purposes, the French business tax of EUR 60 million in costs of services and EUR 4 million in SG&A as those business tax components are shown as income tax as of 2010. It also excludes in 2009 the positive impact on gross 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.

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

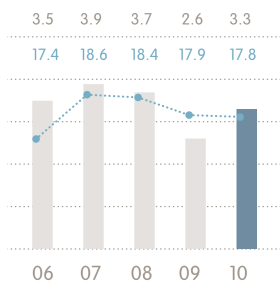
Other highlights in 2010 included:

- Following the acquisition of Spring Group in 2009, we successfully closed the acquisition of MPS Group at the end of January 2010 in a move to further expand our Professional Staffing business, particularly in the US, the largest Professional Staffing market.
- In November 2010, Adecco Financial Services (Bermuda) Ltd. fully repaid the outstanding portion of the CHF 600 million (originally CHF 900 million) zero-coupon convertible bonds due in 2013. Following the exercise of the put option by bondholders in the third quarter of 2010, Adecco exercised its right to redeem the remaining outstanding portion in the fourth quarter of 2010.
- In December 2010, Adecco announced a joint venture with Beijing Foreign Enterprise Human Resources Service Co. Ltd (FESCO), one of the leading HR service companies in China. The Shanghai-based joint venture, FESCO Adecco, is operational since January 2011 and already has over 100,000 associates on assignment every day. Under the terms of the joint venture, FESCO and Adecco hold 51% and 49% of the equity respectively. Shanghai is the largest HR market in China. Pooling Adecco's global staffing know-how with a Chinese partner, who has local connections and an established branch network, marks an important strategic step forward for Adecco to take advantage of the growth potential in China and underlines the Group's strategic focus on the Emerging Markets.

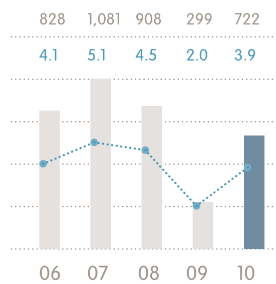
Revenues *in EUR billions*



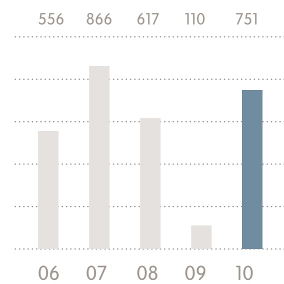
Gross profit *in EUR billions*
Gross margin in %



EBITA *in EUR millions*
EBITA margin in %



Net debt *in EUR millions*



Review of operational results

Revenues In 2010, our revenues increased by 26% to EUR 18,656 million, and by 12% organically. Revenue growth was strongest in the industrial business, while Professional Staffing and the office business returned to growth only in the second half of 2010, following a normal cyclical demand pattern of our industry. Temporary hours sold were up 19% to 1.166 million. Permanent placement revenues amounted to EUR 288 million, an increase of 58% in constant currency, or 24% organically compared with the prior year. Outplacement revenues totalled EUR 223 million, a decline of 28% in constant currency. Acquisitions and divestitures had a positive impact of 10% on 2010 revenues. From a business line perspective, revenues in the Office & Industrial businesses were up 17%, or 13% organically, while Professional Staffing revenues increased by 59%, or 3% organically. Revenues in the Emerging Markets were up by 30%, and increased by 23% in constant currency.

Gross profit was up 26% to EUR 3,329 million, and by 6% adjusted and organically. The gross margin was 17.8%, 10 bps lower than in 2009. Adjusted and organically, the decline in the gross margin was 90 bps. The temporary staffing business had a negative impact of 50 bps on the gross margin. The weakening outplacement business negatively impacted the gross margin by 60 bps. The permanent placement business had a positive impact on the gross margin of 10 bps. Other businesses added 10 bps to the Company's gross margin.

Selling, general and administrative expenses (SG&A) Despite strong revenue growth, management maintained strict cost discipline during 2010. Investments in selected high growth markets and segments were only taken after careful evaluation by management. On the other hand, we clearly benefitted from the structural cost reduction measures implemented during 2008 and 2009 and we were able to achieve attractive operating leverage. SG&A increased by 11% and was flat on an adjusted and organic basis despite integration costs of EUR 33 million. Given our excess capacity in most markets after the economic downturn, the number of FTE employees increased organically by only 4% when comparing year-end 2010 with 2009, as hirings were mostly limited to Emerging Markets. The branch network, on an organic basis, was reduced by 4% when comparing year-end 2010 with 2009. Personnel expenses, which comprised 71% of total SG&A, increased by 14% to EUR 1,842 million in 2010, or by 10% in constant currency. On December 31, 2010, the number of branches and FTE employees exceeded 5,500 and 32,000, respectively.

EBITA In 2010, EBITA increased by 142% to EUR 722 million. On an adjusted and organic basis, EBITA before integration costs increased by 40%. We made excellent progress in profitability as we benefitted from strong revenue progression, a higher exposure to Professional Staffing, integration synergies, price discipline and tight cost control. The EBITA margin before integration costs was 4.1%, up 100 bps compared with the adjusted EBITA margin of 3.1% in the prior year.

Operating income In 2010, operating income increased to EUR 667 million. In 2009, Adecco Group reported operating income of EUR 65 million, affected by impairment charges on goodwill and intangible assets and restructuring costs.

Net income attributable to Adecco shareholders and EPS Net income attributable to Adecco shareholders in 2010 was EUR 423 million, compared to EUR 8 million in 2009. Basic EPS was EUR 2.20 (EUR 0.04 in 2009).

Cash flow, net debt and DSO Operating cash flow amounted to EUR 455 million in 2010. The strong growth in revenues required significant working capital in 2010 compared to 2009. Nevertheless, the Company generated a solid operating cash flow during the period, also attributable to the focus on EVA. The Group paid EUR 831 million, net of cash acquired for the acquisition of MPS, and spent EUR 105 million in capital expenditure. Dividends paid were EUR 91 million in 2010. Net debt at the end of December 2010 was EUR 751 million, compared with EUR 110 million at year-end 2009. In 2010, DSO were at 54 days, compared to 53 days in the previous year.

Outlook and Priorities in 2011 In January 2011, Adecco Group revenues increased by 17% compared to the prior year, on an organic basis and adjusted for trading days. Demand continued to be very healthy in France and North America, our two main markets, where the recovery already started in the second half of 2009. Growth also remained strong in Germany, Italy, Benelux, Switzerland and the Nordic countries. Japan returned to positive growth in January 2011. Based on these developments, management is confident of strong topline growth in the months ahead, albeit measured against higher comparables. We believe that the environment will stay favourable for flexible labour in 2011. Permanent jobs will be created but just enough to cover the new entrants into the labour market. Unemployment is likely to remain at high levels in most developed economies. Most economic growth and activity will be covered by flexible labour. In this environment, management's focus remains on profitable revenue growth, achieved with price discipline and strict cost control. We will continue to invest where growth is strongest, but will evaluate returns carefully, with our value-based approach. This, together with the good results achieved in 2010, puts us in good shape to achieve our mid-term EBITA margin target of over 5.5%.

Country reviews

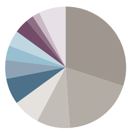
France Within Europe, France is a key market for staffing, with an approximate share of 8%[4] of the global market. While the staffing industry in general shows a high degree of fragmentation, the French market is much more concentrated: the three major players hold a total market share of 70%[4]. Adecco is the market leader in France, with a market share of 31%[4]. France is a key market for our Company, where we generated 30% of our total revenues in 2010. Approximately 90% of revenues stemmed 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.

4 Adecco estimate

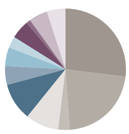
Steady deregulation of the temporary staffing industry in France has opened up opportunities for our Company. Since 2005, permanent placements have been permitted, which has led to strong growth in that segment. In 2009, the French parliament voted in favour of opening up the public sector to temporary staffing services, paving the way for temporary staffing in hospitals, as well as in state and local administrations. Not unexpectedly, given the rigid structure of the public sector, using private agencies for temporary staffing has evolved only slowly up to now. The public sector, however, represents an attractive long-term opportunity for the industry. Apart from the increased need of companies for a more flexible workforce, the opening of the public sector to temporary staffing is seen as a driver for higher peak penetration rates in the French market.

Adecco's business in France experienced robust growth throughout 2010. Revenues increased 16% compared with the previous year.

2010 Revenue split by geography *in %*



2010 EBITA split by geography *in %*
(operating units)



France was the first core European country to return to positive growth as early as Q1 2010. Growth was particularly driven by the industrial segment, which increased 19%. EBITA increased strongly by 214% to EUR 212 million. The EBITA margin was 3.8%, 240 bps above the prior year's level. On an adjusted basis, EBITA increased by 35%, and the corresponding margin increased by 50 bps. The significant improvement in profitability is the result of the pick-up in volumes and the structurally improved cost base, leading to attractive operating leverage. The measures we implemented during 2008 and 2009 in order to structurally reduce the cost base in France meant SG&A in 2010 increased only 1% on an adjusted basis. At the same time, price discipline remained a priority. Pricing stabilised in the French market in 2010. Despite the strong development of the topline, FTE employees only increased by 2%, comparing year-end 2010 with 2009, while the number of branches declined by 6%.

Priorities for our French business in 2011 include further improving client segmentation, with a special focus on the Office segment. We will also focus our efforts on developing the public sector and Professional Staffing.

North America The North American market, which represents 27%[4] 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 5%[4]. From a regulatory perspective, this market is amongst the most liberalised in our industry.

The region represented 19% of the Group's total revenues in 2010. The share of revenues generated in the Professional Staffing segment is amongst the highest when compared with our other markets, also thanks to the acquired MPS Group. Professional Staffing revenues were roughly 51% of total revenues while 49% stemmed from the General Staffing segment. As was the case in France, North America returned to positive organic growth in Q1 2010, after three years of declining revenues. The region's growing demand for temporary jobs was in stark contrast to the slow progression in the creation of permanent positions and a persisting high level of unemployment. Of the approximately 900,000 temporary staffing jobs lost during the recession, close to 500,000 were recovered throughout 2010. As a result, the penetration rate increased from the trough of 1.3% to 1.7% at the end of 2010. Growth was strongest in the early-cyclical industrial segment, but also the Office business returned to organic growth as early as Q1 2010. Professional Staffing showed a strong recovery in growth in Q2 2010, mainly driven by the Engineering & Technical segment. On the contrary, the counter-cyclical outplacement business weakened considerably throughout 2010, but profitability held up very well, still generating high double-digit EBITA margins.

Overall, revenues in the region amounted to EUR 3,609 million, up 56%, or 14% organically. The EBITA margin was 4.8%, flat compared with the prior year. EBITA increased by 55% to EUR 174 million. On an organic and adjusted basis, EBITA declined by 6%, mainly due to the declining outplacement business. Integration costs, related to MPS Group, amounted to EUR 20 million in 2010. The EBITA margin before integration costs was 5.4%, a 30 bps increase compared with the prior year's adjusted figure. Acquisitions had a positive impact on the North American EBITA margin of 50 bps.

A key focus for us in 2010 was the completion of the MPS Group acquisition and the subsequent integration. Acquiring MPS Group was an important step in our strategy to strengthen the higher-margin Professional Staffing business. Through the cycle, growth rates in Professional Staffing are poised to outgrow the General Staffing segment due to a combination of lower penetration rates, scarcity of qualified personnel and higher wage growth. To date, the integration of the MPS Group has progressed very well and we expect to exceed the targeted EUR 25 million synergies. We are particularly pleased with the financial performance of MPS Group in 2010, as the business achieved strong revenue growth and better than anticipated profitability.

The acquisition of MPS also enhanced Adecco's Managed Services Provider (MSP) and Recruitment Process Outsourcing (RPO) offering through the leading technology platform Beeline. 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.

As the leader in HR solutions, Adecco Group is in pole position to expand its staffing share in existing client accounts, realise management fees for managing clients' overall workforce spend, expand upon new relationships and become the strategic partner of clients in managing their staffing, recruitment and HR solutions needs.

The focus in North America in 2011 will be the completion of the integration of MPS Group. Furthermore, we will continue to grow our General and Professional Staffing businesses.

UK & Ireland Representing 10%[4] 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 the labour market is fairly liberalised. Through the acquisition of Spring and MPS, we have taken the lead in the UK with a market share of 8%[4] in 2010. With these moves, we strengthened our management capabilities in the UK, added scale and expanded our Professional Staffing offerings.

In 2010, our revenues amounted to EUR 1,630 million, up 72%, or down 4% organically. This represented 9% of the Group's total revenues. From a business mix perspective, roughly 65% of our revenues stemmed from the Professional Staffing segment, while 35% were generated in General Staffing. Profitability in the UK & Ireland was markedly improved in 2010. This was achieved thanks to a more favourable business mix, increased scale and synergies from the integration of the acquired businesses. EBITA amounted to EUR 22 million. Before integration costs of EUR 13 million, the EBITA margin was 2.2%, a 180 bps increase compared with the prior year's adjusted figures.

The recovery in the UK lagged behind other European markets. The lower exposure to early cyclical segments, a high share of government business (roughly one-fifth of the total UK & Ireland revenues) and a very competitive environment pressured our business. While overall revenue growth, organically, remained in negative territory, we experienced strong organic revenue growth in the Information Technology segment. Likewise, the permanent placement business increased strongly with revenues up 27% organically, albeit from low absolute levels.

FTE employees and branches at year-end by geography

	FTE employees			Branches		
	2010	2009	% variance	2010	2009	% variance
Geographical breakdown (year-end)						
France	7,017	6,910	2	1,552	1,659	(6)
North America	7,169	5,208	38	1,063	950	12
UK & Ireland	2,771	2,081	33	358	353	1
Japan	2,049	2,177	(6)	146	171	(15)
Germany & Austria	2,356	2,279	3	471	515	(9)
Benelux	1,570	1,485	6	346	348	(1)
Italy	1,552	1,461	6	422	428	(1)
Iberia	1,493	1,499	0	380	387	(2)
Nordics	1,041	1,009	3	192	204	(6)
Australia & New Zealand	548	495	11	78	83	(6)
Switzerland	455	442	3	105	106	(1)
Emerging Markets	3,858	3,051	26	457	395	16
Corporate	229	217	6	–	–	–
Adecco Group	**32,108**	**28,313**	**13**	**5,570**	**5,599**	**(1)**

In the highly challenging UK business environment, we continued to focus internally on optimising our own business and achieving the targeted synergies. Spring has been successfully integrated into the Adecco Group and the targeted synergies of EUR 13 million were slightly exceeded. We have combined the regional headquarters in a single location and have moved to a joint front and back-office platform.

Going forward, we will focus on leveraging our market-leading position and enhance our profitability. Our top priorities in the UK are clear: capitalising on the successful integration of Spring Group, ensuring that achieved synergies will stick, completing the integration of the UK-based activities of MPS, continued improvement of service delivery models and a systematic approach to client attraction and retention.

Japan The Japanese market is the second-largest staffing market in the world, representing roughly 23%[4] of the global market. This market had robust growth since the beginning of liberalisation in 1996. Fragmentation is high, with the five largest players representing less than 20%[4] of the market, while the remainder is dominated by numerous small regional staffing firms. Adecco is currently the fourth-largest player in the Japanese market.

The Japanese staffing market lagged behind other markets in 2010. Specifically for Adecco, the delay in the recovery of revenue growth is also related to our high exposure to the late-cyclical office and clerical business. Approximately 80% of our total Japanese revenues are generated in this segment. Demand for temporary staff was also impacted by government proposals to restrict the use of temporary employees. The proposed regulation is foreseen to be implemented in three steps by 2014. From 2014, the government aims to ban temporary staffing in all sectors except in 26 pre-defined skill sets. These restrictions would mostly apply in the manufacturing industries and the impact on Adecco would be limited and manageable, as 95% of our business is included in the exemptions. The proposed legislation nevertheless caused hesitancy among clients with regards to the use of temporary staff. Consequently, our business continued to post declining revenues compared to the previous year, although the revenue trend showed signs of stabilisation during the course of 2010.

For the full year, our revenues in Japan declined by 3%, down 12% in constant currency, to EUR 1,297 million. Despite challenging market conditions, management continued to excel in terms of cost control. While EBITA declined by 27% to EUR 69 million or 34% in constant currency, the EBITA margin was 5.3% in 2010, down 180 bps compared to the previous year. We continued to be the cost leader in the market, delivering 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 few 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 large number of candidates into an efficient screening process. The sales process, on the other hand, is centralised in contact centres in various 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 16% of our revenues stem from the Professional Staffing segment, while roughly 84% are generated in General Staffing.

So far, the Japanese staffing market has not yet shown signs of revival. However, Adecco has recently won long-term outsourcing contracts, which will positively influence revenue growth as of the beginning of 2011.

Germany & Austria Globally and within Europe, Germany is a key market for staffing, with a roughly 6% [4] share of the total global market. Our market share, in what we continue to view as one of the most attractive markets, is 10% [4], making us the number two in Germany. Given that liberalisation of this market took place as recently as 2004, penetration rates are still low, at approximately 1.7% [4], in a fragmented and high-margin market. In the medium term, this offers structural growth opportunities for us as greater acceptance of temporary staffing and the need for flexibility will result in higher penetration rates.

In 2010, the German economy witnessed a strong recovery from the severe downturn. Germany's exposure to export-oriented sectors such as the capital goods industry and the automotive business, coupled with improving domestic consumption, resulted in above-average GDP growth in a European context. In 2010, our revenues in Germany & Austria increased by 20% to EUR 1,238 million. Despite the widespread use of the short-term work concept during 2009 and into 2010, the improvement in revenue growth in Germany & Austria was among the highest within the Adecco Group. The number of employed persons reached the highest level since the re-unification in 1990, whereas the number of unemployed dropped below the 3 million mark to a level not seen since 1992. The staffing industry benefitted from these favourable trends: rising demand for personnel coupled with scarcity of qualified professionals and an increasing share of flexible workers within the workforce drove demand for temporary staffing solutions.

From a service perspective, Professional Staffing revenues represented approximately 17% of our revenues in Germany & Austria, while General Staffing contributed 83%. Compared with 2009, EBITA increased by 166% to EUR 84 million. This resulted in an EBITA margin of 6.8%, up 320 bps compared with the adjusted prior year's figure.

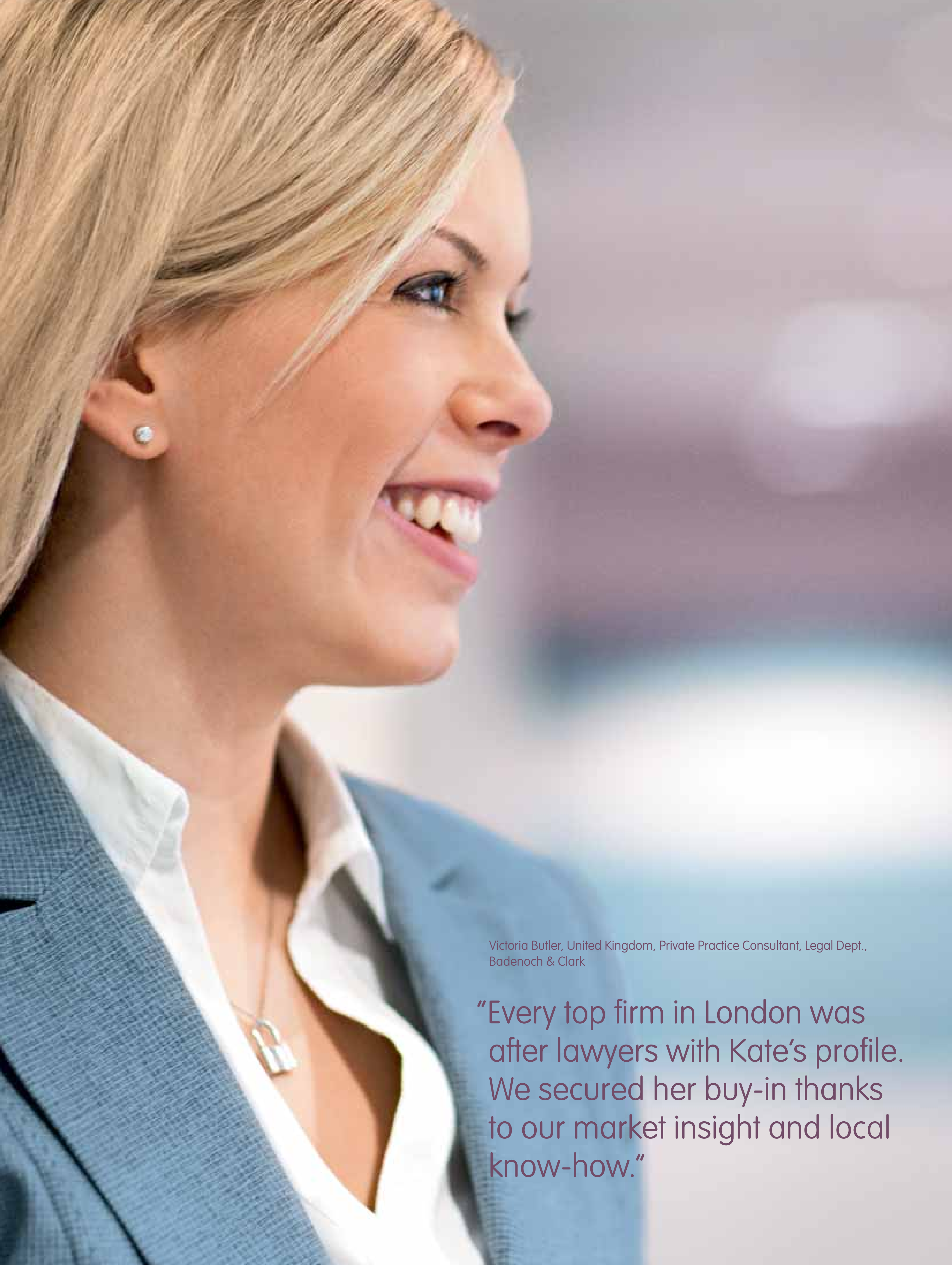
As of July 1, 2010, a new three-year collective wage agreement for temporary employees came into effect. The agreement was signed by the BZA temporary staffing association and the major unions, effectively ensuring a minimum wage for temporary staff of the main staffing agencies, thus increasing the attractiveness of the temporary staffing sector. At Adecco, the minimum wage affects mainly lower skilled people, whereas the majority of our associates earn above the minimum wage.

The comparatively higher profitability in Germany is attributable to the fact that temporary employees are on our own payroll – a regulation particular to the German and Swedish markets, where temporary employees are effectively permanent employees of the staffing firm.

Employing temporary associates permanently is in stark contrast to most other European countries, where the employment contract signed with temporary staff is limited to the duration of a certain assignment at the client. 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.

In 2011, our focus will be on further developing the Adecco brand in the small and medium enterprise segment with an optimised delivery model and management structure. A key priority will be to selectively invest in all major brands in Germany (Adecco, DIS, Tuja) in order to participate in the attractive growth dynamism of the German market. We aim to achieve strong operational leverage as our organisation is well positioned to benefit from both the structural and cyclical growth potential and from increasing demand for our Professional Staffing services.

Further information on countries and regions can be found in the Financial Review, starting on page 95.

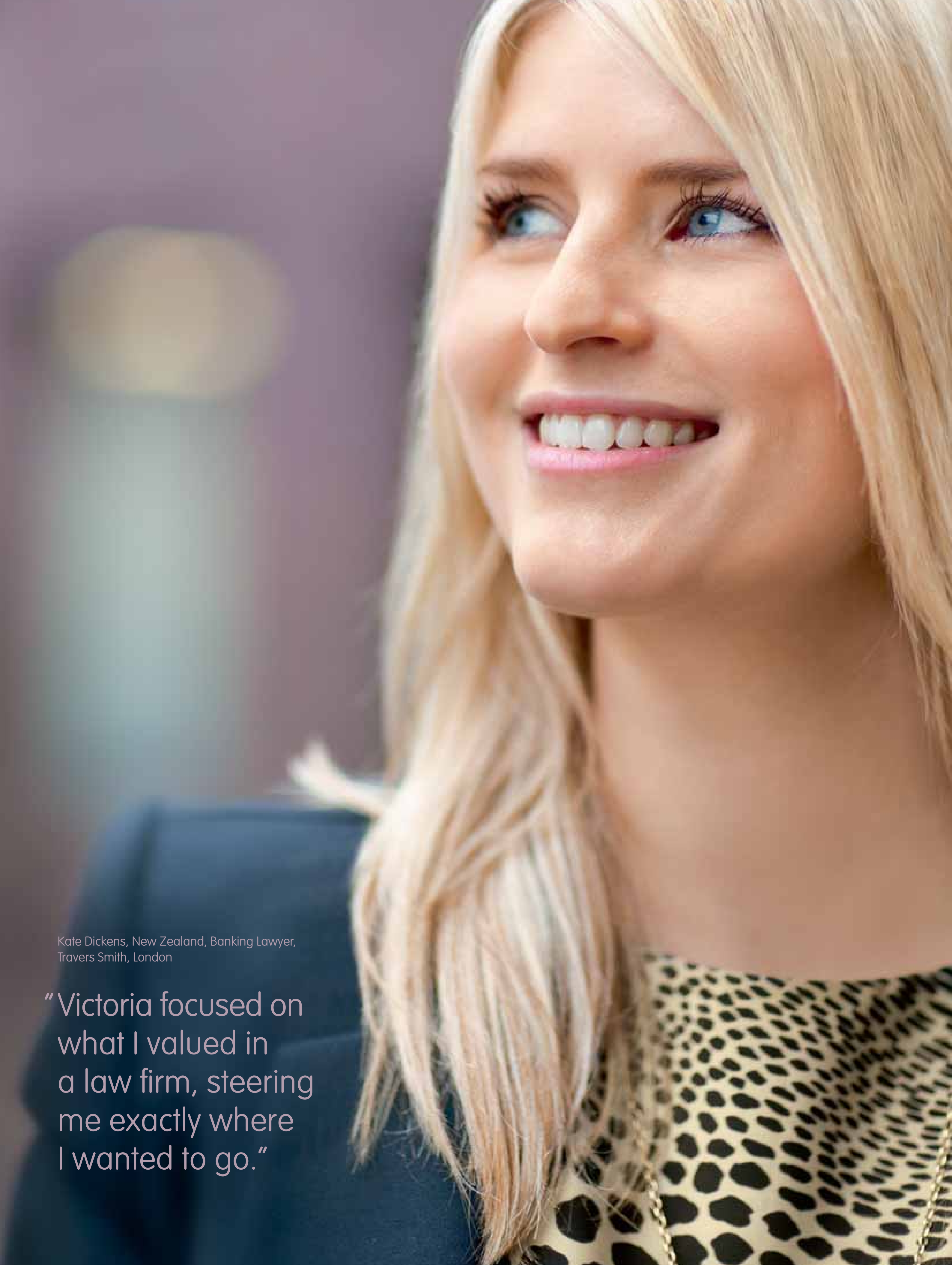


Victoria Butler, United Kingdom, Private Practice Consultant, Legal Dept., Badenoch & Clark

"Every top firm in London was after lawyers with Kate's profile. We secured her buy-in thanks to our market insight and local know-how."

Banking Department, Travers Smith LLP, London

"My recruitment consultant found me the perfect law firm for my profile and career development."



Kate Dickens, New Zealand, Banking Lawyer,
Travers Smith, London

"Victoria focused on what I valued in a law firm, steering me exactly where I wanted to go."

The risk management process at the Adecco Group has strategic and organisational dimensions. The Adecco Group actively manages 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, analysing and mitigating risks, the aim is also to identify opportunities. From a management perspective, risks identified at country and corporate level are treated as opportunities for improvement. All countries perform the risk management process on a regular basis and report their results to Group Management. In that sense, the risk management process is a vital part of daily activities within the organisation. The Group's financial risk management activities are also covered on page 157 in the Financial Review. This section focuses on describing where key risks emerge and the actions Adecco takes 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. When the global economy accelerates, growth rates for staffing and other HR services increase; when the economy slows down, so does demand for staffing and HR services. Resulting fluctuations in revenue and profitability need to be managed accordingly through tight cost control in order to ensure financially sound results.

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

Client attraction and retention The Adecco Group's business potential and long-term prospects depend on attracting and retaining clients. Client satisfaction, as a result of our services rendered, is a key indicator for client retention and therefore needs to be monitored closely.

How do we ensure client attraction and retention? The active use of the client Global Satisfaction Survey, which is carried out twice a year, is a valuable tool to monitor client satisfaction within countries and regions. The Adecco Group uses the results to train and support salespeople, to draft and execute sales action plans, and to further enhance services to meet client needs. In parallel, we continue to improve our delivery channels and optimise sales processes, leading to enhanced client attraction, greater client satisfaction and ultimately to increased revenue growth prospects.

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 intense competition for skilled individuals, providing suitably qualified associates is a challenge. A part of our continued success depends on our ability to offer associates attractive assignments and conditions in order to attract and retain them.

How do we address associate attraction and retention? 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 us identify their needs. The findings are continually evaluated and implemented in our solutions of servicing 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 operational experience in the global HR services industry or with strong customer relationships, may cause significant disruption to our business.

How do we respond? Retaining and hiring the right people and placing them in the right job can significantly influence Adecco's business prospects. The annual Great Place to Work® survey gauges employees' satisfaction with their workplace. Compensation packages need to be competitive and closely aligned with Company targets. EVA as a performance based incentive concept is applied at almost all levels and regions of the organisation. Adecco endorses the view that frequent, honest and transparent communication, as well as a clear strategy 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, among others.

What mitigating measures do we take? We continue to improve our existing IT process risk management, including monitoring, security and compliance, coupled with continual assessment of our global security and IT infrastructure (network, database, application). Furthermore, we have 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 improvement of user security awareness.

Integration risk The successful integration of acquired businesses is essential in order to ensure that future return requirements are met. With the acquisition of Spring Group in the UK in 2009 and US-based MPS Group in 2010, the local management in North America and the UK & Ireland, together with the respective integration leaders, ensure a smooth transition of employees, clients, associates, IT and property into the Adecco Group.

How do we manage the integration process? To mitigate integration risks, a steering committee has been put into place. Regular updates from integration leaders in close cooperation with the local management, monitored and challenged by the steering committee members, guarantee a proper execution of the integration processes. Acquisitions in the staffing industry are about people. Retaining key employees is consequently a top priority of management in the integration process.

We focus on building brand value 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 Adia and Ecco merged 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.

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's vision is to create value for our candidates, associates, clients and colleagues beyond brands and country borders. The major part of our revenues derives from the General Staffing segment with the Adecco Office and Industrial brands. In Professional Staffing our brand architecture relies on strong sector lead brands, for example Modis, euro engineering or Badenoch & Clark. Adecco Group has a number of specialty brands which enable us to penetrate and build recognition in niche markets locally. Our global business brands consist of LHH, Beeline and Adecco Solutions.

Our brand management The Adecco Group brand portfolio is managed at Group Headquarters in Switzerland in close collaboration with the country teams and global brand owners. The corporate team is responsible for building brand value and securing the continuity of our brand assets by ensuring protection and consistent use of all registered trademarks.

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.

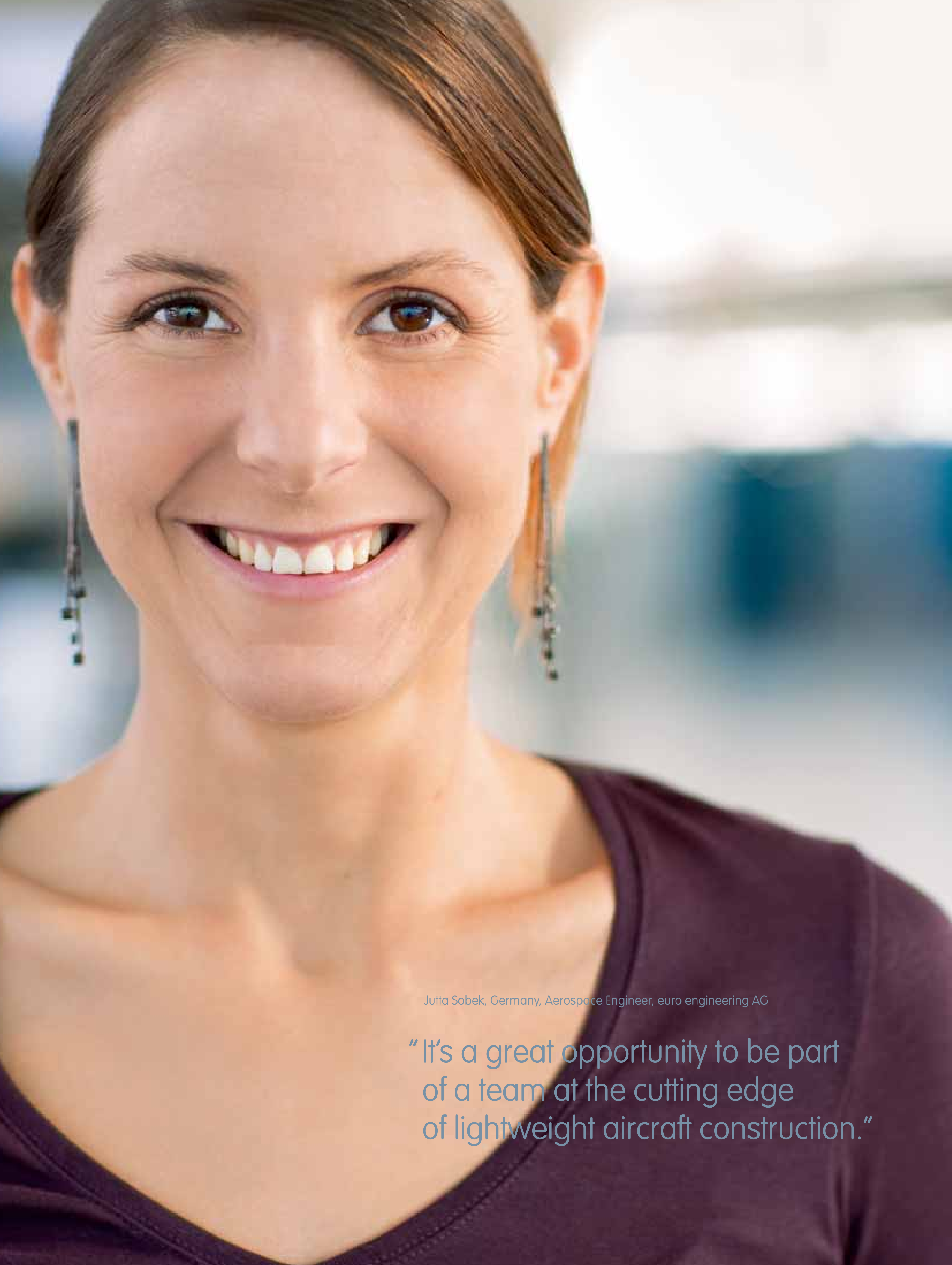
Carsten Kremser, Germany, Branch Manager, euro engineering AG

"Knowing the industry from the inside gives us an edge – a case of experts recruiting experts."


DORNIER
Do 31 E1

Dornier Aviation GmbH, Friedrichshafen, Germany

"What a privilege to work with one of the legends of aviation history."



Jutta Sobek, Germany, Aerospace Engineer, euro engineering AG

"It's a great opportunity to be part of a team at the cutting edge of lightweight aircraft construction."

Our employees and associates are the most important reason for our success. Through our open company culture we operate with the help of our Group Values: Team Spirit, Customer Focus, Responsibility and Entrepreneurship and our Leadership Principles: Cool Head, Warm Heart, Working Hands.

Our people – our strength

Our people – our strength Every day, more than 700,000 people, either employees or associates, are part of the Adecco Group. To remain the leader in our industry, it is one of our main priorities to help them progress their careers according to their individual aspirations and potential. Their development contributes to the success of our business every day. Our approach to training and career development is one of the reasons the Adecco Group is able to attract, motivate and retain talented employees and associates.

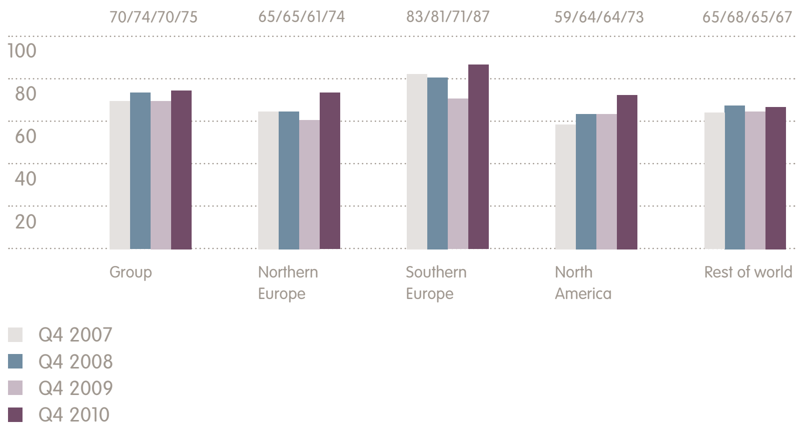
Talent identification Against a background of constant social evolution, volatile markets and ever-changing organisational set-ups, one of the critical challenges we face is to ensure that we have a supply of suitable individuals ready to move into leadership roles. We manage this by continuously identifying 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 employees 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. The talent review process has now been cascaded down to branch level and is one of our most important tools in developing our employees.

Leadership development Adecco's investment in leadership development is long-standing. Over the past six years we have taken more than 500 of our high potential future leaders through the Adecco Leadership Programme (ALP) at IMD business school in Lausanne, Switzerland.

In order to remain innovative and on top of our industry, a new programme, "Adeccol^3", has been developed together with IMD business school. This management programme builds on what we have learnt from ALP and the feedback from the participants. Together we have redeveloped a leadership programme which delivers cutting-edge theory and experiences to best equip Adecco leaders to live the values of the Group and grow personally during their careers. The first session of the programme was run in October 2010 with excellent results and feedback from the participants.

In addition, a senior leadership programme has been developed with INSEAD business school in France aimed at top management. The first programme was run in October 2010 with 26 participants from 14 countries, including three Executive Committee members.

Retention rate 2007–2010 *in %*



In 2010 Adecco Group was recognised as one of the top three companies for its approach to talent management in a study by the University of Innsbruck, Austria, which focused on Germany, Austria and Switzerland, and with more than 60% of SMI, DAX and ATX listed companies participating.

Short-Term Exchange Programme In addition to vocational training, Adecco has developed a short-term exchange programme, which will give our top performers at branch level the opportunity to gain work experience in another country. This is done through an exchange with another employee doing the same job. The first pilots are on going.

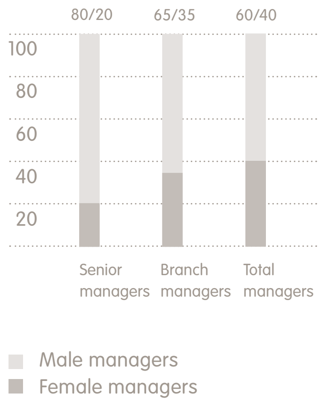
Associate development Training for associates is of high priority. The training available to them is diverse, reflecting local market needs. E-learning is widely used in many countries, both for employees and associates.

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 more than 2,000 people from around 25 countries move internationally in order to take up employment opportunities.

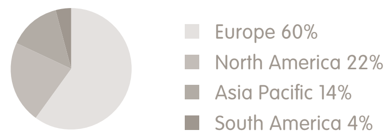
People involved in this programme come from a very wide range of vocational backgrounds, including technical and industrial workers, engineers, IT specialists, as well as healthcare and catering industry personnel. The sheer diversity of skills and professions on offer gives us a competitive advantage. As we seek to expand career development opportunities, we are increasingly measuring the length and nature of the relationship between our clients and the associates working for Adecco.

Equal treatment and diversity In Adecco we foster a culture of equal opportunity, good training and career possibilities regardless of gender, age, disabilities or ethnic background. We see diversity as a great competitive advantage. Over time the demographics of our associates and clients have changed and today are very different from just a few years ago. It is important for us to follow this development closely and create a workforce that is diverse and meets the changing needs of our customers.

Gender distribution in 2010 *in %*



Employees per region 2010



Diversity awards received in North America in 2010:

- Adecco selected as one of the Top 50 Employers for Workers Over 50 by the American Association of Retired Persons (AARP)
- Veteran Employer of the Year in Massachusetts awarded by the National Economic Development Commission of The American Legion in 2010
- Adecco named Age Friendly Employer by Retirementjobs.com in October 2010
- Recognized by South Huntington School District for our participation in local mentoring program with students
- Adecco awarded the Champions of Diversity Award by the New York Urban League

Engagement 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 have participated since 2004. In 2010/2011, 17 Adecco countries will participate. In 2010 DIS AG in Germany ranked fifth on the European Best Workplaces list.

In 2010, 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 for the third time. The secret to these successes is our company culture of entrepreneurship and openness, which is common to Adecco all around the world.

It is evident that people are our strength. By investing in our people, measuring our returns on these investments and continually developing new ways to meet personal aspirations and potential, we believe that the more than 700,000 people who work with us will continue to be what makes Adecco Group a sustainable and successful company in the future.

Our Core Values During 2010, our core values: Team Spirit, Customer Focus, Responsibility and Entrepreneurship, were rolled out across the Group with a kick-off at the Management Conference in January 2010.

To bring to life our core values, an internal initiative "Win 4 Youth" was launched in 2010. Employees took part in running events right across the globe in an excellent demonstration of team spirit. Over 700 clients joined in at the invitation of colleagues who clearly showed customer focus. With 228,002 kilometres run for a good cause, the sense of responsibility was overwhelming. Entrepreneurship resulted in hundreds of running events being organised to add kilometres and dollars to the grand total – a donation to six charitable foundations.

In the end it all comes down to this: our people are our strength and it is only with continued attention to their needs that we will remain successful in the future.

TEAM SPIRIT

Our work and best-practice exchange is based on mutual **respect** and **trust**.

We **co-operate** across boundaries, branches and disciplines.

Team, trust and talent are our keywords.

CUSTOMER FOCUS

Our **expertise** lies in customising solutions and connecting the right people.

We are **committed** to building long-term **partnerships** with our colleagues, associates and clients.

The focus on people with a warm heart, cool head and working hands is our core competence.

RESPONSIBILITY

Our **integrity** leads to better work, better life – and to a sustainable future.

We are **honest** and **fair** partners to our stakeholders at all times.

Promoting fairness, diversity and equality is our corporate legacy.

ENTREPRENEURSHIP

Our **passion** is to lead through enterprise and innovation.

We encourage **initiative** in decision-making and **creative** solutions.

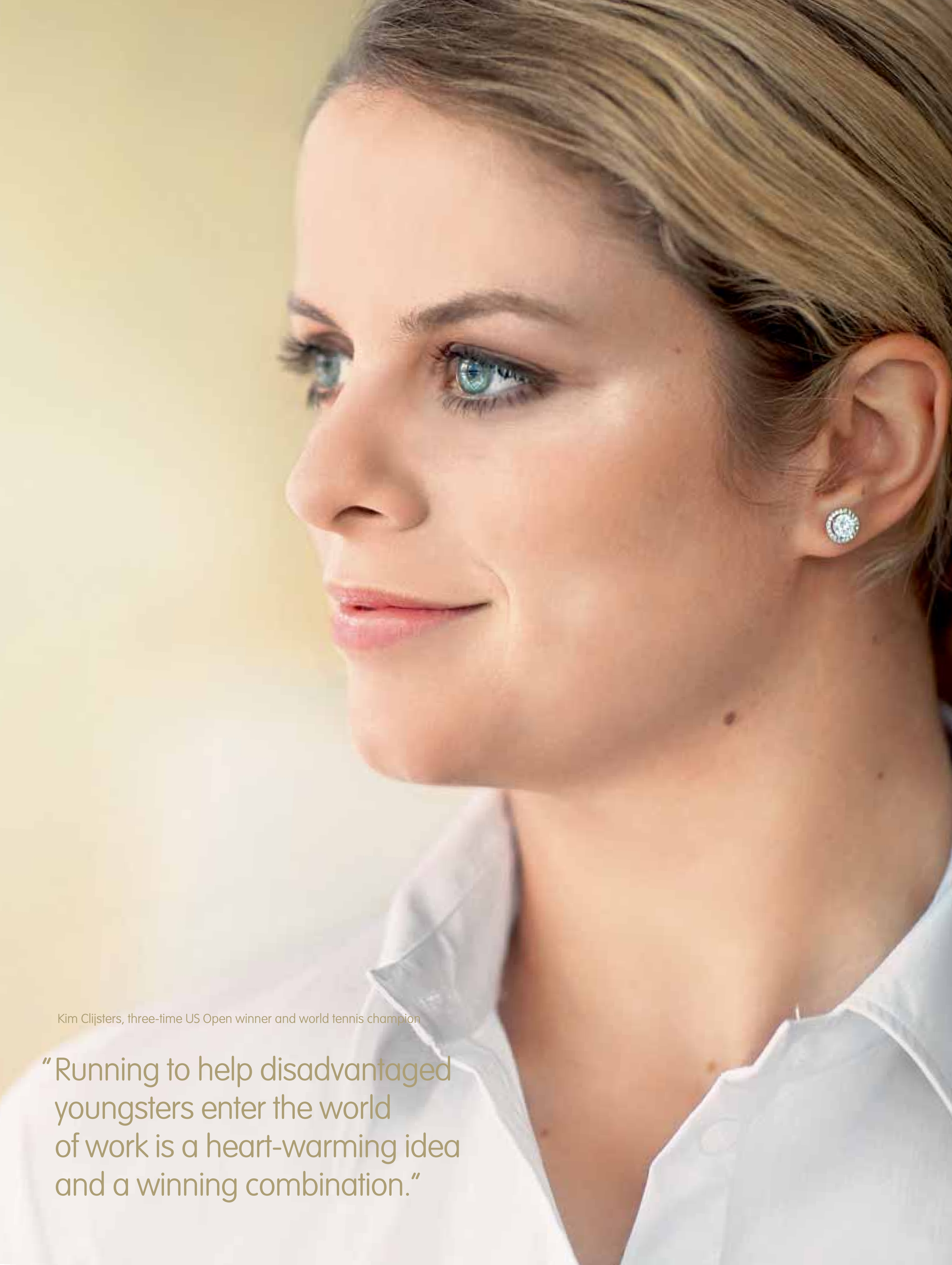
Going the extra mile is our ambition.

Sanketh Chengappa, Adecco India, New York City Marathon runner

"Together with my colleagues in India, we ran 75,754 kilometres knowing that we could make a difference to children's lives in our own country."

Sanketh Chengappa, Adecco India, New York City Marathon runner

"Feeling the Adecco team spirit at the NYC Marathon and raising money for youngsters in need was a memorable experience."



Kim Clijsters, three-time US Open winner and world tennis champion

"Running to help disadvantaged youngsters enter the world of work is a heart-warming idea and a winning combination."

For millions of people we make a difference by creating an income and a future and for some, fulfilling a dream.

Our corporate responsibility

Adecco's core business role makes a positive contribution to the economies and societies in which we operate. Every day we help hundreds of thousands of individuals find work and build their careers – matters that are central to personal, family and social well-being. We offer flexibility to our clients, flexibility they need more than ever to stay competitive in this volatile economy.

In any Group as large and diverse as Adecco – with more than 32,000 employees in over 60 countries – the challenge is to optimise our positive contribution and to minimise any risk of compromise.

In 2010, we again rose to that challenge. We strengthened our Code of Conduct and demonstrated our commitment to the fundamentals of our corporate responsibility strategy through key global initiatives that help people achieve success in the working world, clients to stay competitive and governments to create new jobs.

A new Code to guide employees To ensure our positive role is not compromised, it is important that employees understand the need to operate at the highest ethical standards at all times. Practising equal opportunity in the recruiting process is just one example of the importance of an ethical approach. In September 2010, we communicated our new condensed Code of Conduct, which was published in nine languages and is now harmonised with the new Adecco values and leadership principles.

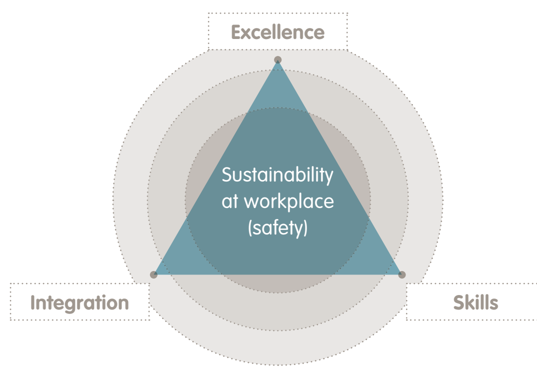
Systematic focus on fundamentals Adecco's corporate social responsibility strategy focuses on three fundamentals: Excellence, Integration and Skills. Key measurement criteria are applied across these three pillars and will be fully reported in the Group CSR report to be published in July 2011.

Excellence Success means we can help more individuals in their working careers and provide the flexibility and efficiency companies need for sustainable success and to create employment opportunities. Based on this idea and to heighten every employee's commitment to our success, in 2010 we ran our first Excellence Awards. The Adecco Group Excellence Awards recognise people, teams and countries that achieved outstanding performances whilst applying our core values of team spirit, customer focus, responsibility and entrepreneurship. At our Management Conference in January 2011, eight teams were recognised for their outstanding contribution: Australia and New Zealand, Germany and Austria, Switzerland, Sweden and France. An excellent example of how our growth has mutual benefits for the economy and society as a whole is reflected in the Excellence Award for the best Emerging Market. This award was won by India, which in 2010 became the first HR company in the country to reach the peak of having placed more than 100,000 associates in work daily.

Integration Above and beyond our core day-to-day activities, we use our expertise in career development and job placement to provide support for the integration of groups at risk of exclusion.

At a global level, we support the integration and entry of high-performance elite athletes into the workforce. This is done through the International Olympic Committee (IOC) and the International Paralympic Committee (IPC) in cooperation with the Adecco Group. The Programmes have been in place since 2005 and 2007 respectively and have assisted more than 7,000 athletes so far, including 2,000 athletes in 2010. Currently, Adecco cooperates in over 30 countries with National Olympic and Paralympic Committees to deliver the Programmes.

Prioritising activities
Adecco Group: three main global programmes in our strategic areas



Stakeholders

- Employees
- Customers & Shareholders
- Society

Global programmes

Excellence
Excellence Awards

Skills
Win4Youth

Integration
IOC Athlete Career Programme
IPC Athlete Career Programme

The IOC ACP and the IPC ACP are designed to help high-performance athletes whilst still in competitive sport, as well as retired Olympians and Paralympians address their education, life skills and employment needs in order to enhance their prospects of success beyond competition. The focus of Adecco's role is to provide career development and job placement to help ease the transition of the athletes into the workforce. Adecco also involves employers to help them identify and understand the qualities athletes can bring to their business.

One highlight of 2010 was the creation of the Team USA Career Program by the United States Olympic Committee, in conjunction with pilot partners, Adecco and Hilton Worldwide. The Team USA Career Program was developed to provide a part-time, flexible employment programme for elite athletes, while allowing them to pursue their Olympic dreams, as well as help lay foundations for a career beyond sport.

We have also helped young aspiring athletes address their career goals beyond sport. During the first ever Youth Olympic Games, which were held in Singapore in August 2010, over 200 young athletes from 69 countries attended IOC ACP workshops, which were held in seven different languages.

In 2010, Adecco UK launched the IPC ACP in conjunction with the ParalympicsGB. The programme is open to around 3,000 competing and retired Paralympians. Aligned with London's 2012 ambition to use the power of the Paralympics to change people's lives, the ACP for Paralympians will make a lasting difference to the promotion of diversity.

Skills: Providing and guiding people towards acquiring skills that improve their employability is a core competence of the Adecco Group. The range of our activities is vast and is dictated by local market situations and needs. We took our commitment to support skills development to a new level in 2010 with the launch of Win4Youth (pages 63–66). This global initiative gave all employees the opportunity to run and raise funds that help give children and young people in challenging situations a future. A Group donation of USD 230,000 was distributed to six charitable foundations located in India, Chile, Haiti, Spain, France and the USA. All of the foundations have a focus on the integration of young people into the labour market.

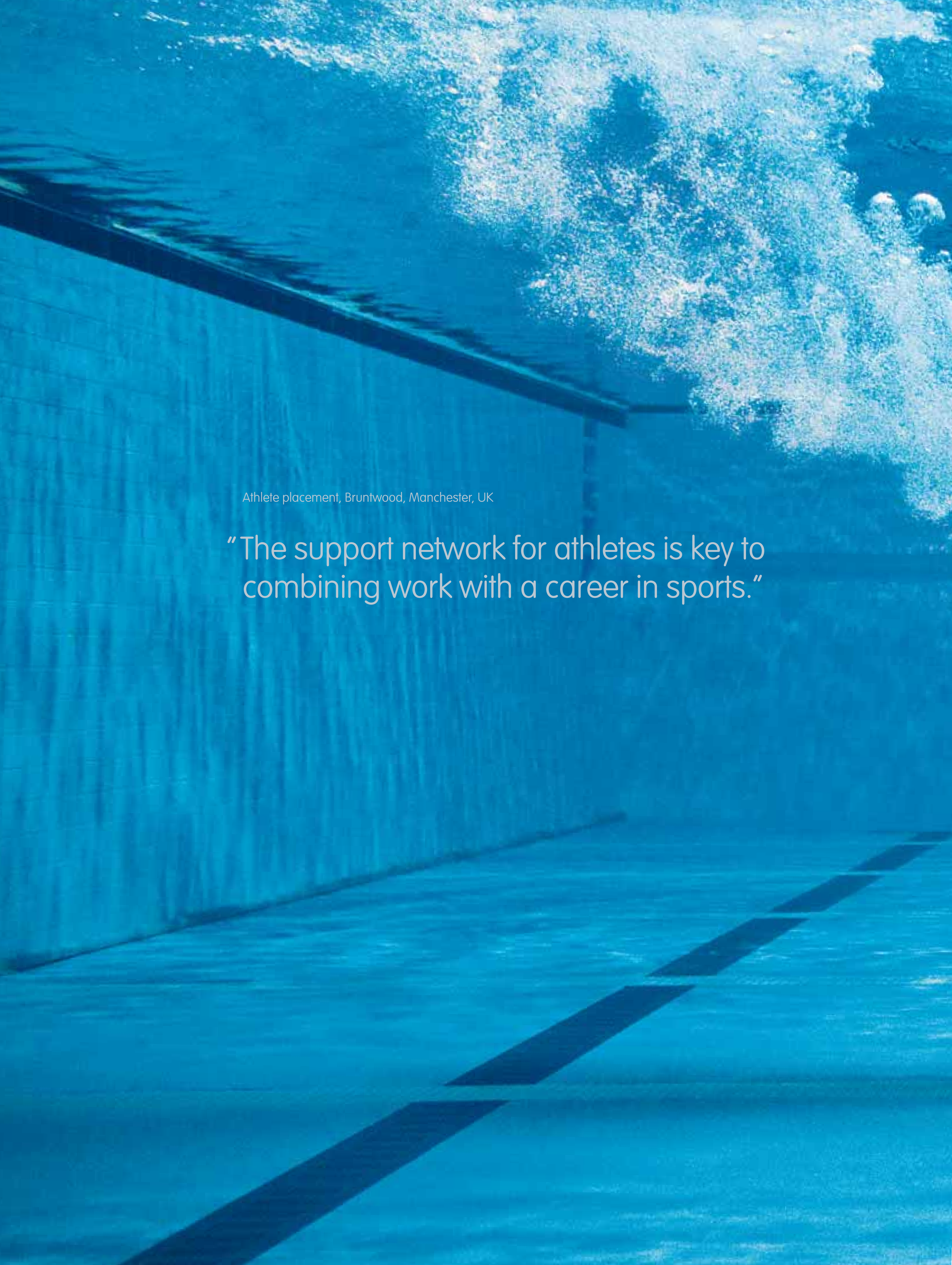
29,255 colleagues in 58 countries responded to the Win4Youth challenge magnificently. Teams joined forces and organised runs or ran as a group in community runs, every time motivated to add to the kilometres and funds donated by the Group.

A major highlight of the project took place on November 7, when 64 employees from all continents participated in the New York City Marathon. And in October, an entire Adecco region organised a Win4Youth Solidarity day during which around 2,700 employees ran a total of over 13,000 kilometres. The countries which took part included France, Switzerland, India, Dubai, Morocco and Tunisia, among many others.

Win4Youth was the first experience of this kind for Adecco – it provided an opportunity to bring vital aspects of our four core values to life: showing team spirit, the willingness to take responsibility by promoting fairness, diversity and equality and by having the passion to take the initiative and make a positive difference in the lives of people in need.

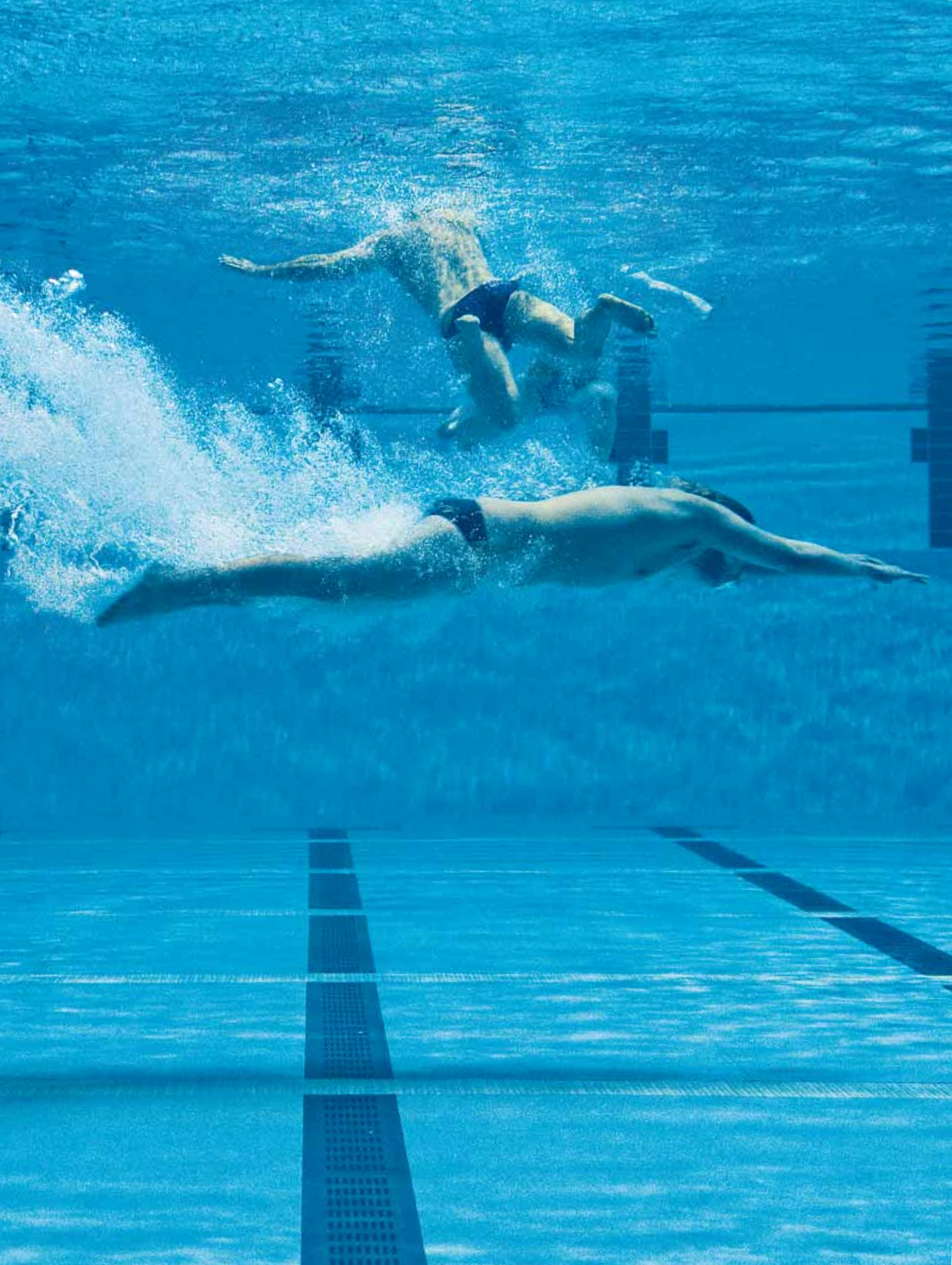
Angela Aimson, United Kingdom, Senior Branch Manager, Adecco UK, Manchester

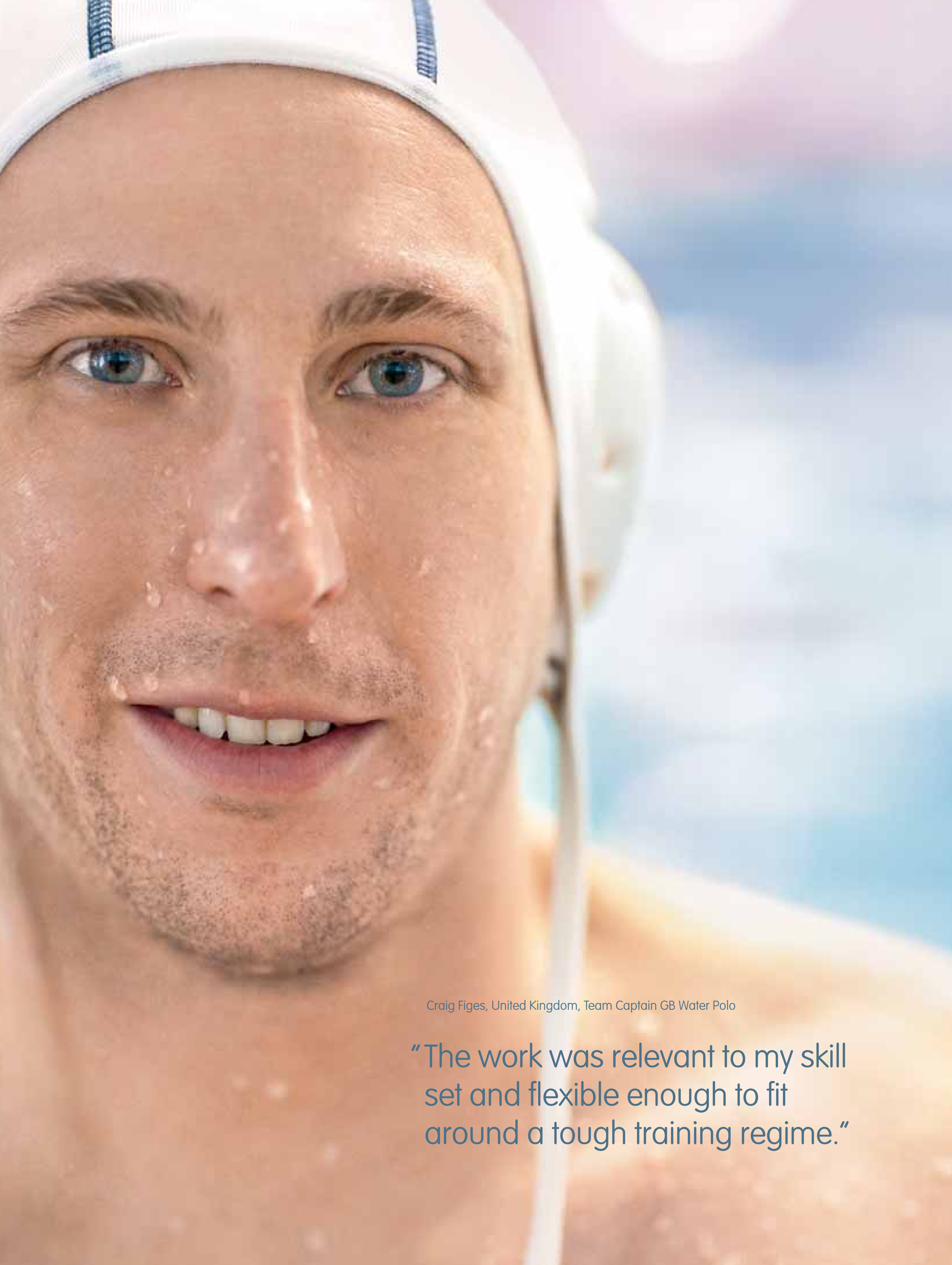
"At the heart of the BOA Athlete Career Programme is a focus on matching talented and dedicated athletes with employers looking for their winning qualities, drive and strong team spirit."



Athlete placement, Bruntwood, Manchester, UK

"The support network for athletes is key to combining work with a career in sports."





Craig Figes, United Kingdom, Team Captain GB Water Polo

"The work was relevant to my skill set and flexible enough to fit around a tough training regime."

Adecco S.A. shares are registered in Switzerland (ISIN: CH0012138605) and listed on the SIX Swiss Exchange (ADEN). 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 The Adecco investor relations team focuses on providing transparent and consistent information and interactive communication. We strive for an open dialogue with the financial community, the media and all key stakeholders, to enhance understanding of the business as well as to explain 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.

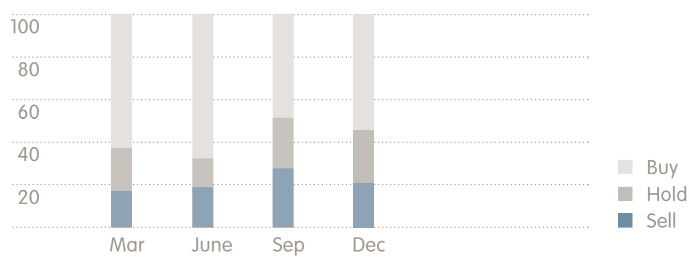
The investor relations team is dedicated to providing true, fair and up-to-date information to every interested stakeholder, so that the share price reflects the inherent value of the Company.

In addition to the release of our comprehensive quarterly results – which management discusses with the financial community via a conference call and webcast – we also offer 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 investor relations activities in 2010, devoting 53 days to market communication around the time of our quarterly results releases, compared with 49 days in 2009. We participated in 9 broker conferences and 35 roadshows in Europe and North America during 2010.

On September 23 and 24 2010, we hosted our bi-annual Investor Days in Miami with a total of 70 participants. The theme of the event was 'best positioned for new highs' with the aim to provide the financial community and the media with more detailed information on how Adecco intends to achieve its EBITA margin target of above 5.5% mid-term. Besides presentations from the CEO and CFO on the Group's strategy and financials, the event also featured presentations on Adecco's North American operations, the progress on the integration of the acquired MPS Group in North America, Adecco's offering in Managed Services Programmes (MSP), Beeline (Vendor Management Software), India as an attractive growth market for Adecco and the impact of social media and web trends on our business.

Distribution of broker ratings in 2010* *in %*



** at quarter end*

In addition to the above, the Investor Relations section on the Adecco website, www.adecco.com/InvestorRelations, aims to provide the investment community with a broad source of up-to-date information at all times.

Coverage Adecco's share price development is closely monitored by the financial community. The majority of the financial analysts covering Adecco perceived the Company's strategy, results and valuation as positive in the first half of 2010. Peak confidence was reached in June with 67% of analysts recommending to buy, 14% recommended to hold and 19% recommended to sell the shares. Fears over a renewed global recession led to downgrades of recommendations during the late summer months. At the end of September only 48% of analysts recommended to buy the stock, 24% recommended holding, while 28% of analysts recommended selling. Upbeat presentations at the Adecco Investor Days in Miami, evading fears over a double-dip, coupled with solid third-quarter results boosted confidence in the fourth quarter of 2010 which led to upgrades in earnings estimates and recommendations. The year 2010 ended with 54% of the analysts being positive, 25% being neutral and 21% being negative on Adecco shares.

Over 25 brokers are covering Adecco, maintaining regular contact with the IR department. They include: ABN Amro, Bank am Bellevue, Bank of America Merrill Lynch, Bank Vontobel, Berenberg, Cheuvreux, Citigroup, Credit Suisse, Deutsche Bank, Evolution Securities, Exane BNP Paribas, Goldman Sachs, Helvea, HSBC, ING, JP Morgan Cazenove, Kepler, MainFirst, Morgan Stanley, Natixis, Neue Zürcher Bank, Société Générale, Rabo Bank, RBS, 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, a level it maintained in 2008. Thanks to the healthy financial position of the Company and despite difficult economic conditions, which led to a strong decline in revenues and earnings, Adecco paid a dividend of CHF 0.75 per share for 2009, in line with the historical payout ratio of 25% to 30% of adjusted net earnings. For 2010, the Board of Directors will propose a dividend of CHF 1.10 per share, equivalent to a 30% payout ratio on adjusted net earnings.

Performance report After an outstanding share price performance of 59% in 2009, the Adecco share price started the year at CHF 57.05. Within the first week of January the shares continued to rise by more than 10% to CHF 63.10. During the rest of January and most of February uncertainty on the strength of the economic recovery weighed on equity markets

Adecco share price in CHF and main events 2010

and the Adecco share price declined to CHF 52.75 a few days ahead of the Company's Q4 and FY 2009 results release. A solid fourth quarter/full year result and a new raised EBITA margin target of above 5.5% to be reached mid-term, strengthened investors' confidence in the business recovery and the share price performed strongly until the end of April, when the all-year high of CHF 66.15 was reached.

The news in early May about Greece requiring financial support from the European Union and the moves of other countries to avoid becoming delinquent resulted in increasing fears of a potential economic double-dip and declining equity markets, which also negatively affected the Adecco share price. Neither the Company's Q1 2010 results release in May, nor the Q2 2010 update in August, both showing a strong recovery in business conditions, could dampen worries over worsening economic conditions. The de-coupling of share price performance versus company results, as a consequence of expected grim economic conditions, had Adecco shares reach their lowest level in 2010 of CHF 46.22 at the end of August.

At the end of September, Adecco held its Investor Days in Miami, USA. The presentations held by the Group CEO and CFO as well as other senior management were well regarded and, with an overall improved mood towards equities and fading fears over a renewed global recession, the shares constantly gained in value. Further support for the share price was the announcement of Adecco's Q3 2010 results in early November. From the low in August until the fourth quarter high in December at CHF 63.40, the Adecco shares posted a strong increase of 37%.

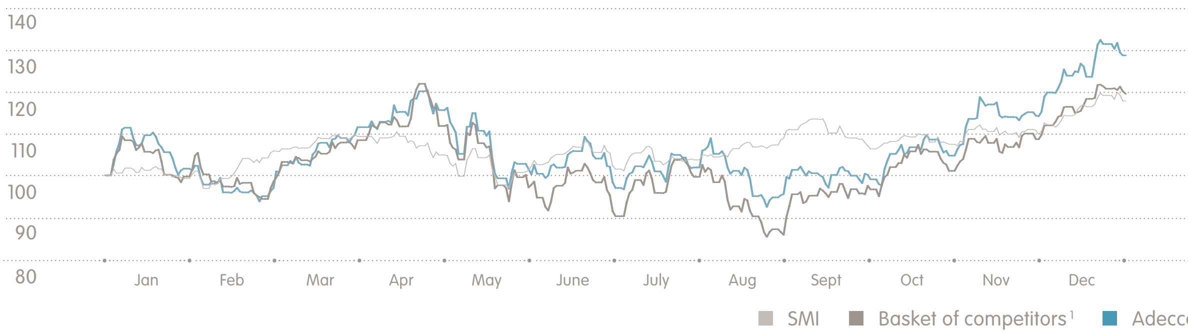
Over the year 2010, the Adecco shares rose 7%, reaching CHF 61.25 on December 31, 2010, compared with CHF 57.05 on December 31, 2009. Adecco shares outperformed the Swiss Market Index (SMI) by 9% (in CHF) and also outperformed a basket of key competitors in the staffing industry also by 9% (market-capitalisation weighted in EUR). Adecco's market capitalisation was CHF 11.6 billion at the end of 2010, compared with CHF 10.8 billion a year earlier.

Shareholder base Adecco has a broad investor base of over 18,000 shareholders. At the same time, the shareholder base is concentrated, with 64% of all issued shares held by institutional investors, 26% 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. North American institutional shareholders increased their holdings in Adecco to 27% of issued shares at the end of 2010 compared with 23% at the end of 2009. The percentage held by European institutions declined by 2% to 35%, while the percentage of holdings by institutions from the rest of the world remained constant compared with 2009.

Share price performance comparison 2010

indexed, in EUR

01.01.2010 = 100



Investor structure

in % of shares issued	2010	2009	2008
Institutional:			
• Europe	35%	37%	29%
• North America	27%	23%	21%
• Rest of world	2%	2%	2%
Retail	4%	4%	6%
Insider and treasury	26%	29%	31%
Unassigned	6%	5%	11%

Insider and treasury holdings

as of year-end 2010	*in % of shares issued*
Group represented by Jacobs Holding AG	18.4%
Treasury shares	7.7%
Management and Board	0.04%

Key data

	2010	2009
Shares issued	189,263,506	189,263,506
Treasury shares	14,561,480	15,184,075
Shares outstanding	174,702,026	174,079,431
Weighted-average shares[2]	192,113,079	177,606,816
Basic earnings per share in EUR	2.20	0.04
Diluted earnings per share in EUR	2.17	0.04
Dividend per share in CHF	1.10[3]	0.75
Year-end share price in CHF	61.25	57.05
Highest share price in CHF	66.15	57.85
Lowest share price in CHF	46.22	31.50
Year-end market capitalisation[4] in CHF m	11,592	10,797
Price/earnings ratio[5]	22.3	n.m.
Enterprise value[6]/EBITA	13.9	24.8

1 Manpower, Randstad, Kelly (market-capitalisation weighted in EUR)

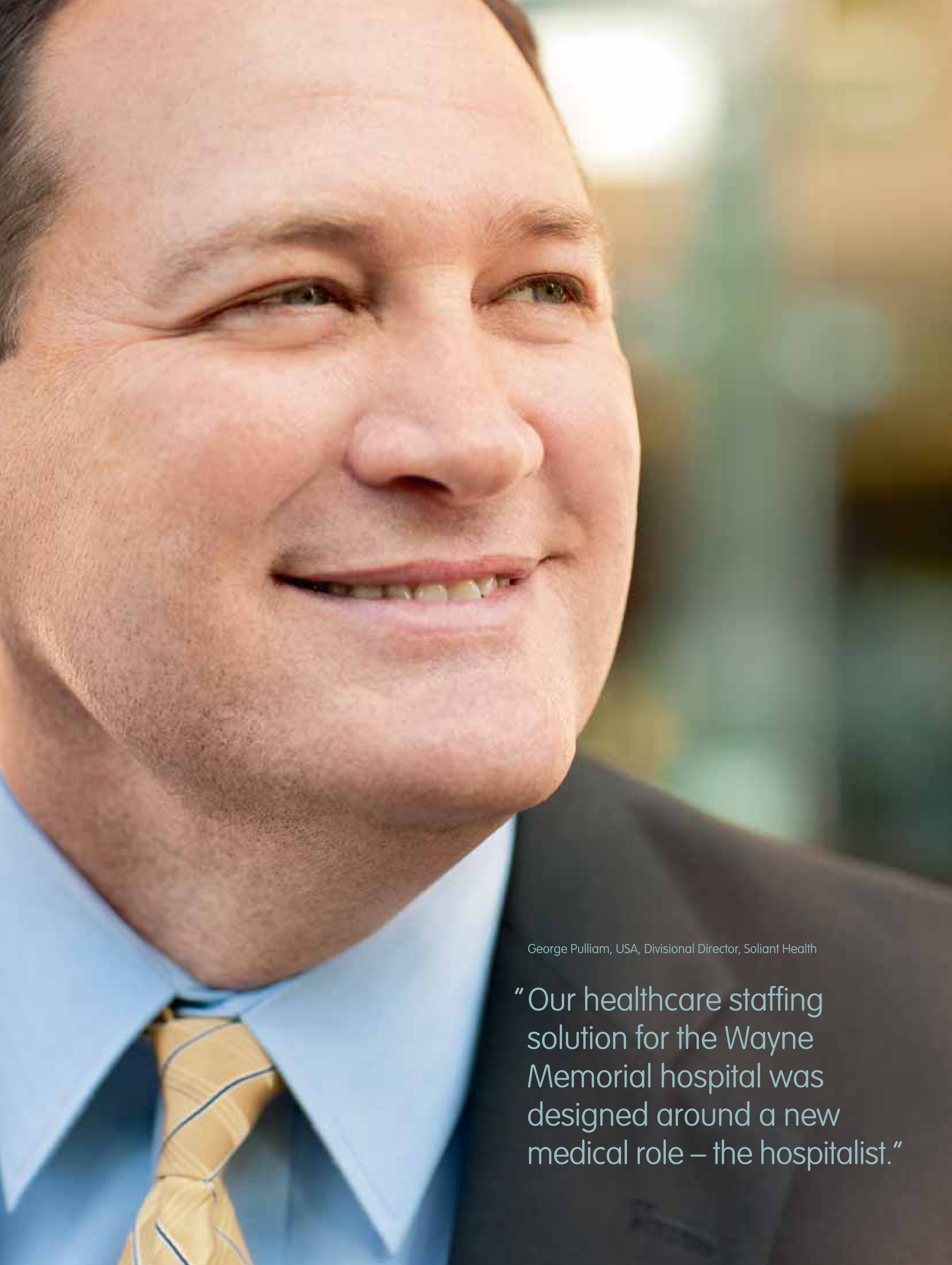
2 Includes weighted-average outstanding shares and shares deliverable under the prepaid forward (for details refer to page 153, Note 15)

3 Proposed by the Board of Directors

4 Based on shares issued

5 Based on basic earnings per share and share price at year-end CHF/EUR per year end 2010: 1.25

6 Enterprise value equals market capitalisation plus net debt at year-end; CHF/EUR per year-end 2010: 1.25; 2009: 1.48

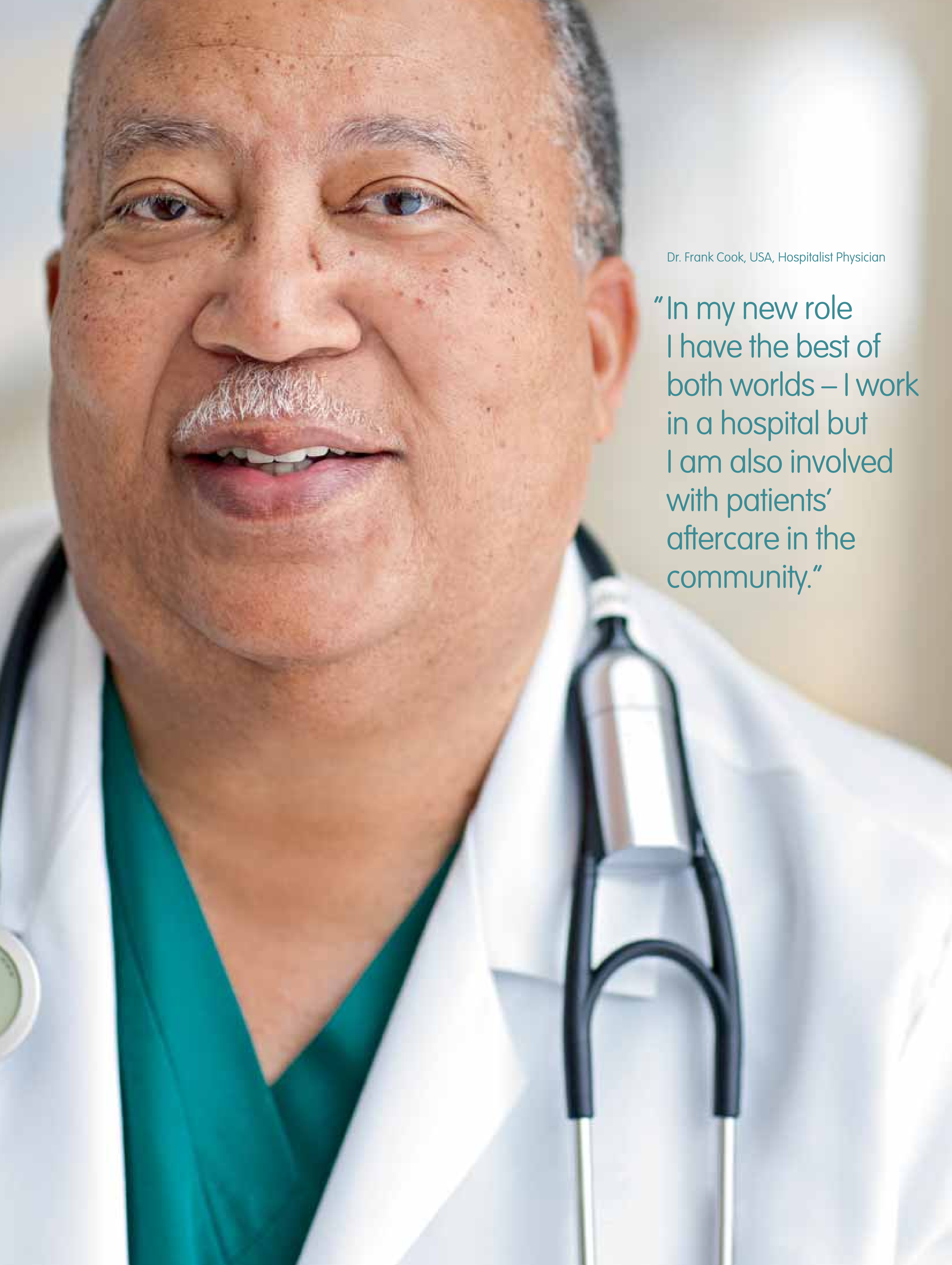


George Pulliam, USA, Divisional Director, Soliant Health

"Our healthcare staffing solution for the Wayne Memorial hospital was designed around a new medical role – the hospitalist."

Wayne Memorial Hospital, Jesup, Georgia, USA

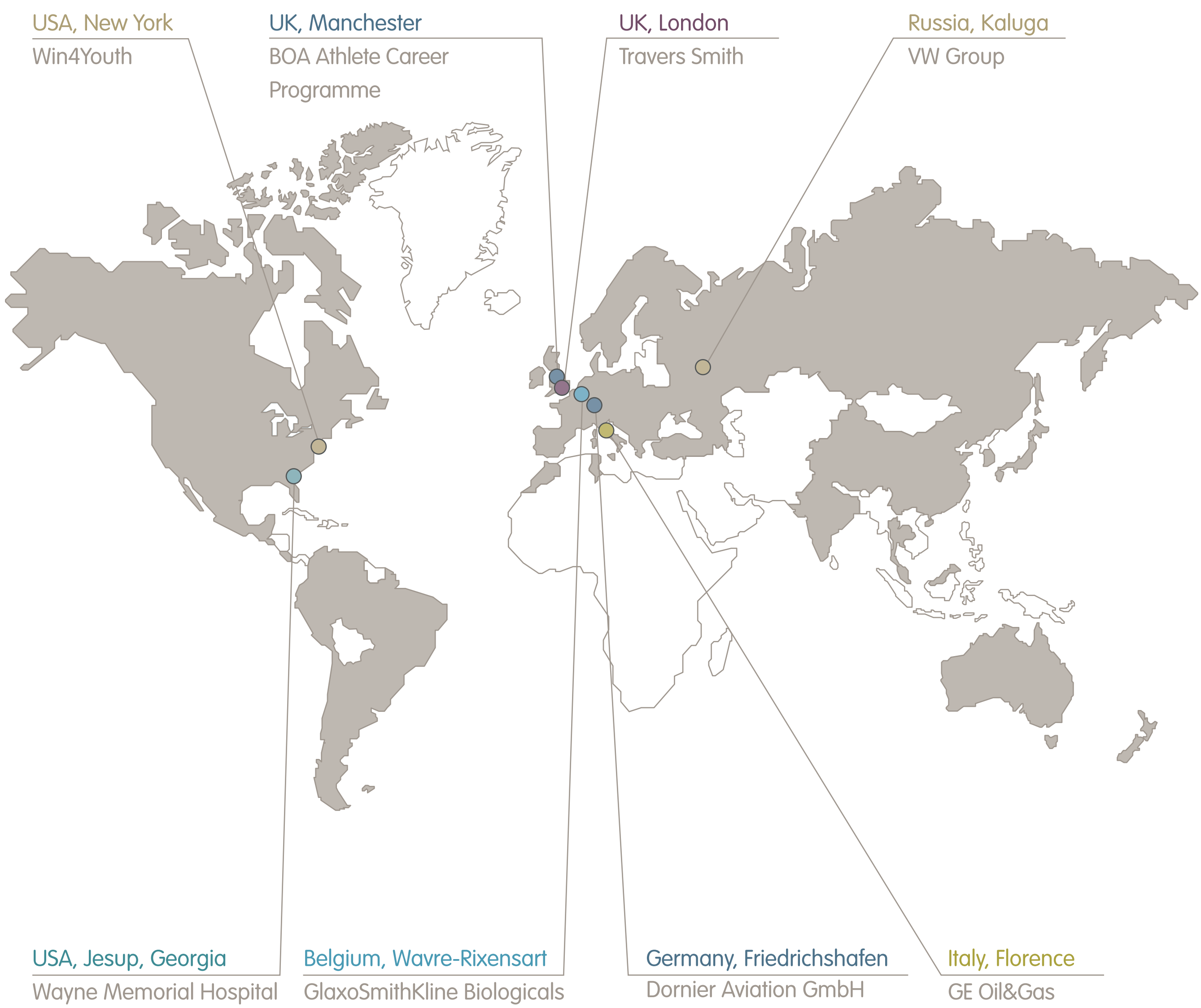
"I was looking for a full-time hospitalist position as the right step in my career and I jumped at this opportunity."



Dr. Frank Cook, USA, Hospitalist Physician

"In my new role I have the best of both worlds – I work in a hospital but I am also involved with patients' aftercare in the community."

Success stories from around the world
We find perfect matches for our associates and clients, making a difference to people's lives.



Expert sourcing of scientific professionals

Belgium, Wavre-Rixensart
GlaxoSmithKline Biologicals

XPE Pharma & Science is a leading HR service provider in Belgium offering top-end services in selected professional fields. Together with XPE Engineering & ICT and XPE Finance & Accounting it is part of a specialised group. GlaxoSmithKline Biologicals is a leading developer of vaccines, handling multiple projects in parallel. GSK Biologicals urgently needed a clinical development manager for a pneumococcal vaccine development project. It asked XPE Pharma & Science to help select and recruit an experienced physician with a strong clinical research background – no easy task in Belgium. Managing Director Johan Lauwers took the call. He cast his net wide and discovered Dr. Ana Strezova in Macedonia, who was willing to move to Belgium. She had excellent qualifications and GSK Biologicals hired her for this strategic external contract position, initially for six months, but potentially for many years. The project showcased the ability of XPE Pharma & Science to respond quickly and find highly qualified recruits worldwide, with sought-after scientific skills, through its international networks.

Innovative outplant with Adecco experts on assignment at the client

Italy, Florence
GE Oil&Gas

Adecco has worked with GE Oil&Gas in Florence since 1998. Outplant was developed with the client in 2007. Outplant and Adecco experts on assignment are a new format for supplying technical skills: a pilot with potential for other areas of GE. Outplant provides a single point of contact to coordinate multiple services and assess overall performance. Ylenia Montanini has access to the Adecco branches and business lines for all recruitment needs. She oversees 170 full-time engineers, 12 employees on assignment, permanent placements for high-profile employees as well as funded training schemes. Along with 11 other trainers, Miriam Bellini, a specialist in IT engineering and industrial automation, conducts courses for service engineers in Italy and India. This model generates significant service management benefits for Adecco and the client, optimising processes and increasing efficiency. Adecco has created a real partnership with GE Oil&Gas, as consultants and lead supplier for HR services.

Intense staffing and training provision with total support in a high-growth market

Russia, Kaluga
VW Group

Adecco began operating in Russia in 2002 and now has branches in Moscow, the Moscow region, St. Petersburg, Lipetsk, Kaluga and Klin. The Kaluga plant started up in 2007, marking a decisive step by VW Group into one of the markets of the future. Russia is set to become one of the world's leading vehicle producers. Volkswagen is at the forefront, with its Kaluga plant already building 150,000 Volkswagen, Audi and Skoda brand vehicles every year. As lead agency and a key strategic partner for VW's expansion plans in Russia, Adecco has hired over 2,500 workers for the plant. Many have already moved to the VW staff. After running TV and press ads, Natalia Kulakova's team at the local office are interviewing 30 to 60 candidates daily. The complexities of the brief include a large number of positions, diversity of skills and urgency. The on-site delivery model includes training and development. A recent recruit is Oleg Lugovets, who previously worked on the railways as a shunting master and station operator. Now, after full training, Oleg works in the logistics department at the Kaluga plant with responsibilities ranging from accepting incoming supplies to in-plant transport.

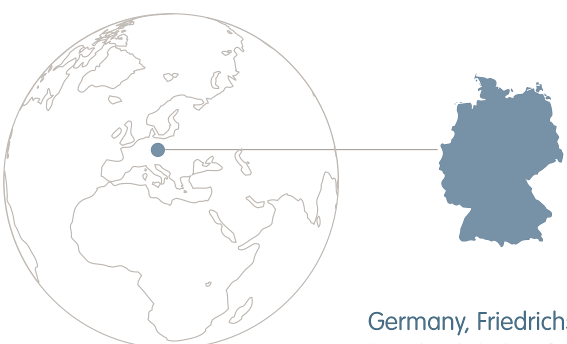

win YOUTH

Recruitment of specialist legal talent in a very competitive market

UK, London
Travers Smith

Badenoch & Clark is a UK-based recruitment partner for accounting, finance, banking, financial services, change management, HR, IT, legal, marketing and public sector recruitment. Travers Smith, a long-established London legal firm, instructed Badenoch & Clark to recruit a banking lawyer. This was a tough assignment, not least given the fierce competition for legal talent in the City, but especially because the firm only hires lawyers of the highest calibre. Victoria Butler dealt directly with the firm's partners and used her know-how to advise and guide Kate Dickens into selecting the right role for her. She knew Kate was the ideal candidate for Travers Smith. The biggest challenge was steering her through the process while she had an offer from a competing law firm and was being invited to interviews by rival recruiters. Travers Smith was the best choice for her given their quality of work, market position and collegiate environment. In the end, Kate was made an offer immediately following three rounds of interviews. Badenoch & Clark have since been in regular contact with the client and proved they are able to procure the best candidates for this extremely prestigious firm.

Recruitment of highly specialised skills for engineering development



Germany, Friedrichshafen
Dornier Aviation GmbH

euro engineering matches highly qualified engineers with the fast-changing needs of its clients. The aims of the project were the design and development of the amphibious Dornier S-Ray 007 lightweight aircraft. Iren Dornier, grandson of Claude Dornier, the legendary aviation engineer, is the owner of Dornier Aviation GmbH and project leader. His idea was to design a new aircraft in memory of his famous grandfather. The new S-Ray 007, a two-seater amphibious aircraft, will shortly journey around the world. It is built from lightweight plastics, reinforced with carbon fibre, which makes the flying boat highly resistant to salt water. Carsten Kremser, himself an aerospace engineer, was closely involved throughout the project. He recruited Jutta Sobek, who was ideally qualified for the project, with a degree in aerospace engineering and professional experience in lightweight aircraft construction. Jutta helped design the sponson and fuel tank for the S-Ray 007. She has been working for euro engineering since 2007 on aerospace projects and was assigned to Dornier with her specialist skills for the final stages of the craft's engineering at the end of 2010.

Win4Youth 2010 – colleagues running for a great cause

USA, New York
Win4Youth

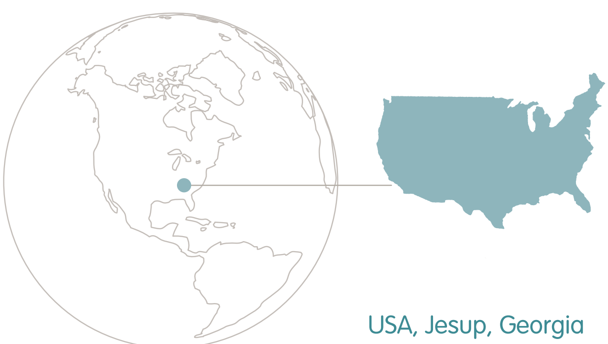
Win4Youth is an internal initiative involving all Adecco colleagues worldwide. It is one of the strategic pillars of our Corporate Social Responsibility and has drawn the admiration of world tennis champion Kim Clijsters. In 2010, Adecco colleagues and invited clients from around the world took part in runs and recorded the distance covered to make a contribution to charitable works. For each kilometre, the Adecco Group donated $1 to a grand total, which was shared among six selected foundations in India, Haiti, Chile, France, Spain and the USA. All foundations have a clear focus on preparing disadvantaged young people for a successful transition into the labour market. Far exceeding the initial goal to run twice around the world, 228,002 kilometres were finally completed by 29,255 colleagues across 58 countries. One of the highlights of Win4Youth 2010 was the successful completion of the New York City Marathon by 62 colleagues on November 7, 2010. This is a truly global initiative that highlights the Adecco Group's core values of team spirit, responsibility, entrepreneurship and customer focus. Win4Youth 2011 sees colleagues riding bikes to raise money under the watchful eye of cycling legend Eddy Merckx.

UK places its first athlete through the BOA Athlete Career Programme

UK, Manchester
BOA Athlete Career Programme

Adecco is the Official Recruitment Services Provider to the London 2012 Olympic and Paralympic Games. With sport in the limelight across the country, this was the ideal moment for the British Olympic Association to launch the ACP in partnership with Adecco UK. The first athlete referred was Craig Figes, captain of the GB Water Polo team. His goal is to lead the team at the London 2012 Olympic Games, but, as water polo is not as well funded as other disciplines, he needed additional income to carry on training. Craig was referred to Angela Aimson at Adecco's Manchester branch. Her challenge was to find him part-time work with a company willing to work around his training regime. Craig's degree in geography and environmental management led to a placement with property company Bruntwood, which was delighted to have the kudos of an Olympian on the payroll. Craig gained valuable career experience and the financial footing he needed. Adecco was proud to place a leading athlete and fully satisfy a client's requirements.

Programme for recruitment of hospitalist physicians



USA, Jesup, Georgia
Wayne Memorial Hospital

Soliant Health is a leading healthcare HR solutions company in the USA. Its recruiters connect specialised disciplines nationwide – whether in large city or rural hospitals. Wayne Memorial Hospital in Jesup, Georgia, started a trial hospitalist programme, managed by Soliant, in 2008. Hospitalists, a fairly new category of health professional, are physicians who care for patients while they are in hospital, working in partnership with their family doctor. Project manager George Pulliam designed the programme with Joe Lerardi, CEO of Wayne Memorial, who reckons it has improved revenue and patient care. The success of the initiative was tied to educating the community and staff about the hospitalist's role. The ongoing partnership with Soliant has helped them train and educate all their staff and recruit full-time hospitalists with the right skills and background. Before joining in 2008, Dr. Frank Cook had a private practice for nearly 30 years. First recruited by Soliant as a part-time hospitalist, he is a strong advocate of this innovative medical role and now works closely with Soliant in recruiting further talents for Wayne Memorial.

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 consulting services. The Company had a network of over 5,500 branches and over 32,000 full-time equivalent ("FTE") employees in over 60 countries and territories at the end of 2010. In 2010, the Company connected on average on a daily basis over 650,000 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

In 2010, the Company was organised in a geographical structure complemented by business lines. The geographies consist of France, North America, UK & Ireland, Japan, Germany & Austria, Benelux, Italy, Iberia, Nordics, Australia & New Zealand, Switzerland, and Emerging Markets. The business lines consist of Office, Industrial, Information Technology, Engineering & Technical, Finance & Legal, Medical & Science, Sales, Marketing & Events, and Human Capital Solutions. 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. Since January 2011, the Company is organised in a geographical structure plus the global business Lee Hecht Harrison ("LHH"). This structure is complemented by business lines.

1.3 Service lines

Revenues and gross profit derived from temporary staffing totalled 92% and 77% in 2010 and 92% and 75% in 2009 of the respective consolidated totals. 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 services. 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 profit derived from permanent placement, outsourcing, outplacement, and consulting services totalled 8% and 23% in 2010 and 8% and 25% in 2009 of the respective consolidated totals. The terms of outsourcing, consulting, and outplacement services are negotiated with the client on a project basis and revenues are recognised upon rendering the services. For permanent placement services, the placement fee is directly negotiated with the client and revenues are recognised at the time the candidate begins full-time employment, or as the fee is earned. Allowance provisions are 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 besides 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 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 employees, associates, and clients.
- Branches – the number of locations from which the Company offers human resource services.
- Economic Value Added – residual income after cost of capital.

1.5 Seasonality

The Company's quarterly operating results are affected by the seasonality of the Company's 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 2010, 50% 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 or at transaction exchange rates. In 2010, the average exchange rate for the US Dollar, British Pound, Japanese Yen, Norwegian Krone, Swiss Franc, Australian Dollar and the Canadian Dollar which comprised 17%, 9%, 7%, 2%, 2%, 2% and 2% of total revenues, respectively, strengthened against the Euro when compared to 2009. The Company's consolidated balance sheets are translated using the year end exchange rates. At year end 2010, the US Dollar, British Pound, Japanese Yen, Norwegian Krone, Swiss Franc, Australian Dollar and the Canadian Dollar, all strengthened against the Euro when compared to 2009.

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, constant currency, and organic growth comparisons, which are used in addition to and in conjunction with results presented in accordance with U.S. GAAP.

Net debt, constant currency, and organic growth comparisons should not be relied upon to the exclusion of U.S. GAAP financial measures, but rather reflect additional measures 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 the Company's business.

Because net debt, constant currency, and organic growth comparisons are not standardised, it may not be possible to compare the Company's 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	31.12.2010	31.12.2009
Net debt		
Short-term debt and current maturities of long-term debt	217	456
Long-term debt, less current maturities	1,088	1,114
Total debt	**1,305**	**1,570**
Less:		
Cash and cash equivalents	549	1,458
Short-term investments	5	2
Net debt	**751**	**110**

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.

2.3 Organic growth

Organic growth figures exclude the impact of currency, acquisitions, and divestitures. Management believes that organic growth comparisons are important supplemental information because these comparisons exclude the impact of changes resulting from foreign currency exchange rates fluctuations, acquisitions, and divestitures.

3. Operating results

3.1 Overview

Overall, 2010 saw a good business environment and a growth in demand for staffing and human resource services. Revenues increased in 2010 compared to 2009 by 26% to EUR 18,656 or by 22% in constant currency. On an organic basis, revenues increased in 2010 by 12%.

Operating income before amortisation and impairment of goodwill and intangible assets increased by 142% from EUR 299 in 2009 to EUR 722 in 2010.

The 2009 selling, general and administrative expenses ("SG&A") were negatively affected by restructuring costs of EUR 121 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), and the 2009 gross profit was positively affected due to favourable developments in France resulting in the reassessment of existing accruals of EUR 25 offset by a sales tax accrual in the UK related to prior years of EUR 7.

Effective as of January 2010, the French government introduced a new business tax law, which requires a portion of the business tax to be computed based on added value and consequently, under U.S. GAAP, this component previously reported as cost of services and SG&A is classified as income tax in 2010. Applying the new business tax law already for 2009 would have increased gross profit by EUR 60 and reduced SG&A by EUR 4.

Excluding in 2009, the items discussed in the above two paragraphs and organically, operating income before amortisation and impairment of goodwill and intangible assets increased by 34%.

Operating income increased to EUR 667 in 2010 compared to EUR 65 in 2009. The 2009 operating income included impairment charges to goodwill and intangible assets of EUR 192.

Net income attributable to Adecco shareholders increased to EUR 423 in 2010 compared to EUR 8 in 2009.

3.2 Revenues

Revenues increased by 26% to EUR 18,656 in 2010, by 22% in constant currency or by 12% organically. This increase was driven primarily by an increase in temporary staffing volume as temporary hours sold rose by 19% to 1,166 million. Permanent placement revenues were EUR 288 in 2010, which represents an increase of 65%, or 24% on an organic basis versus 2009. Outplacement revenues were EUR 223 in 2010 which represents a decrease of 25%, or 28% in constant currency.

In France, North America, Germany & Austria, Italy, Nordics, Australia & New Zealand, and Emerging Markets revenues increased organically by double digit percentages, but declined organically in UK & Ireland and Japan by single digit percentages.

Geographical performance

The geographical breakdown of revenues is presented below:

			Variance %	
in EUR	2010	2009	EUR	Constant currency
Revenues				
France	5,588	4,806	16	16
North America [1]	3,609	2,316	56	47
UK & Ireland [1]	1,630	947	72	65
Japan	1,297	1,343	(3)	(12)
Germany & Austria [1]	1,238	1,033	20	20
Benelux [1]	894	801	12	12
Italy	844	683	24	24
Iberia	733	676	8	8
Nordics	731	596	23	13
Australia & New Zealand [1]	435	288	51	24
Switzerland	399	342	17	7
Emerging Markets	1,258	966	30	23
Adecco Group [1]	**18,656**	**14,797**	**26**	**22**

1 In 2010, revenues changed organically in North America by 14%, UK & Ireland by –4%, Germany & Austria by 19%, Benelux by 8%, Australia & New Zealand by 15%, and Adecco Group by 12%.

in millions, except share and per share information

France
Revenues in France increased by 16% to EUR 5,588 in 2010. Temporary hours sold grew by 17% and temporary staffing services bill rates remained unchanged. In 2010, France accounted for 30% of the Company's revenues.

North America
Revenues in North America increased by 56%, by 47% in constant currency or by 14% organically, to EUR 3,609 in 2010. Temporary hours sold grew by 26% and bill rates increased by 20% in constant currency, mainly due to acquisitions. The outplacement business revenues decreased by 41%, or by 43% in constant currency. North America contributed 19% to the Company's revenues in 2010.

UK & Ireland
UK & Ireland's revenues increased by 72% or by 65% in constant currency, to EUR 1,630 in 2010. Revenues declined by 4% on an organic basis versus 2009. Temporary hours sold increased by 23% and bill rates grew by 32% in constant currency, mainly due to acquisitions. UK & Ireland generated 9% of the Company's revenues in 2010.

Japan
Business in the later cyclical office segment, accounting for almost 80% of Adecco's revenues in Japan, remained slow. This is the main reason for the decline in revenues of 3% or 12% in constant currency, to EUR 1,297. Temporary hours sold decreased by 13% and bill rates fell by 1% in constant currency. In 2010, 7% of the Company's revenues were generated in Japan.

Germany & Austria
Germany & Austria's revenues increased by 20% or by 19% organically, to EUR 1,238 in 2010, reflecting a 25% increase in temporary hours sold and a 3% decrease in bill rates. Revenues in Germany & Austria accounted for 7% of the Company's revenues in 2010.

Benelux
In the Benelux countries, revenues increased by 12% or by 8% organically, to EUR 894 in 2010. Temporary hours sold increased by 12% and bill rates decreased by 1%. The Benelux revenues in 2010 accounted for 5% of the Company's revenues.

Italy
In Italy, revenues increased by 24% to EUR 844 in 2010 as temporary hours sold increased by 22% and bill rates grew by 1%. Italy accounted for 4% of the Company's revenues in 2010.

Iberia
In Iberia, revenues increased by 8% to EUR 733. The temporary hours sold increased by 10% and the bill rate remained unchanged. In 2010, Iberia contributed 4% to the Company's revenues.

Nordics
Revenues in the Nordic countries increased by 23%, or by 13% in constant currency, to EUR 731. Temporary hours sold increased by 13% and the bill rates fell by 1% in constant currency. The Nordics revenues in 2010 accounted for 4% of the Company's revenues.

Australia & New Zealand
In Australia & New Zealand, revenues increased by 51% or by 15% organically, to EUR 435 in 2010. Australia & New Zealand contributed 2% of the Company's revenues in 2010.

Switzerland
In Switzerland, revenues increased by 17% or by 7% in constant currency, to EUR 399. Switzerland revenues represented 2% of the Company's revenues in 2010.

Emerging Markets
In the Emerging Markets, revenues increased by 30% or by 23% in constant currency, to EUR 1,258. The Emerging Markets represented 7% of the Company's revenues in 2010.

Business line performance

The business line breakdown of revenues is presented below:

in EUR	2010	2009	Variance % EUR	Variance % Constant currency
Revenues [1]				
Office [2]	3,726	3,504	6	0
Industrial	8,971	7,375	22	20
Total Office & Industrial	**12,697**	**10,879**	**17**	**13**
Information Technology [2]	2,071	1,099	88	77
Engineering & Technical [2]	948	615	54	48
Finance & Legal [2]	699	322	117	110
Medical & Science [2]	360	245	47	44
Sales, Marketing & Events [2]	357	330	8	5
Human Capital Solutions	266	341	(22)	(24)
Total Professional Business Lines [2]	**4,701**	**2,952**	**59**	**52**
Emerging Markets	**1,258**	**966**	**30**	**23**
Adecco Group [2]	**18,656**	**14,797**	**26**	**22**

1 Breakdown of revenues is based on dedicated branches.
The 2010, information includes certain changes in the allocation of branches to business lines. The 2009 information has been restated to conform to the current year presentation.

2 In 2010 revenues changed organically in Office by –1%, Information Technology by 5%, Engineering & Technical by 17%, Finance & Legal by 3%, Medical & Science by 5%, Sales, Marketing & Events by 2%, Total Professional Business Lines by 3%, and Adecco Group by 12%.

Office & Industrial

The Company's Office & Industrial businesses increased by 17% or by 13% in constant currency to EUR 12,697 in 2010, which represents 68% of the Company's revenues.

In the Office business, revenues overall declined organically by 1%. In North America, Nordics and Iberia revenues in constant currency increased by double digit percentage figures, whereas in Japan, UK & Ireland, and France revenues in constant currency declined. Japan, North America, UK & Ireland, Nordics, and France generated more than 80% of the revenues in the Office business.

In the Industrial business, revenues increased in constant currency by double digit percentage figures in North America, Germany & Austria, Italy, France, and Benelux. France, North America, Germany & Austria, Italy, and Benelux accounted for over 80% of the revenues in the Industrial business.

Information Technology

In Information Technology, the Company's revenues increased by 88%, or by 5% organically, compared to 2009. In UK & Ireland and Australia & New Zealand revenues increased organically by double digit percentage figures, whereas revenues declined organically in North America. UK & Ireland, North America, and Australia & New Zealand contributed over 80% of the business line's revenues.

Engineering & Technical

Revenues in the Company's Engineering & Technical business line increased by 54%, or by 17% organically, compared to 2009. In North America and Germany & Austria revenues increased organically. Over 75% of the business line's revenues were generated in North America and Germany & Austria.

Finance & Legal

In Finance & Legal, the Company experienced a revenue expansion of 117%, or 3% organically. In North America organically revenues were at the same level and in UK & Ireland revenues increased organically compared to 2009. North America and UK & Ireland contributed over 75% of revenues of the business line Finance & Legal.

in millions, except share and per share information

Medical & Science

Medical & Science revenues grew by 47% or by 5% organically. In North America and France revenues increased organically, whereas in the Nordics revenues declined in constant currency compared to 2009. France, North America, and the Nordics accounted for over 80% of the business line's revenues.

Sales, Marketing & Events

In Sales, Marketing & Events revenues increased by 8%, or by 2% organically, compared to 2009. Iberia, Japan, and France accounted for over 85% of the business line's revenues.

Human Capital Solutions

The Company's Human Capital Solutions revenues declined by 22% or by 24% in constant currency, reflecting the counter-cyclical nature of the outplacement business. In North America, revenues declined by double digit in constant currency, whereas in France revenues increased moderately. Over 80% of the Human Capital Solutions business line's revenues were generated in North America and France.

3.3 Gross profit

Gross profit increased by 26%, or by 21% in constant currency, to EUR 3,329 in 2010. Excluding acquisitions and divestitures, which had a positive impact of 50 basis points ("bps"), and the French and UK impact[1], gross margin was down 90 bps. Lower gross margins in the temporary staffing business (–50 bps) and the lower contribution of outplacement (–60 bps) were the main drivers behind this decline.

The change in gross margin in 2010 compared to 2009 is as follows:

	%
Gross margin 2009	**17.9**
French and UK impact[1]	0.3
Gross margin 2009 excluding French and UK impact	**18.2**
Temporary staffing	(0.5)
Permanent placement	0.1
Outplacement	(0.6)
Acquisitions & divestitures	0.5
Other	0.1
Gross margin 2010	**17.8**

1 Excluding in 2009, the French business tax of EUR 60 and the positive impact of EUR 25 for the reassessment of existing accruals in France, as well as the negative impact of the sales tax accrual in the UK related to prior years of EUR 7.

3.4 Selling, general and administrative expenses

During 2010, the Company maintained its emphasis on cost control. Selling, general and administrative expenses ("SG&A") increased by 11%, or by 7% in constant currency, reflecting a decrease in SG&A as a percentage of revenues of 190 bps to 14.0% from 15.9% in 2009. SG&A in 2009 included restructuring expenses of EUR 121 associated with headcount reductions and branch optimisation in France, Italy, Iberia, Benelux, UK & Ireland, North America, Germany & Austria, and other countries. SG&A, on an organic basis and adjusted for the restructuring expenses as well as the French business tax in 2009 (EUR 4), were at the same level in 2010 as in 2009.

Personnel expenses, which comprised approximately 71% of total SG&A, increased by 14%, or 10% in constant currency to EUR 1,842 in 2010. The average FTE employees during 2010 increased by 5% (organically –5%) to over 31,000 and the average number of branches during 2010 decreased by 5% (organically –10%) to over 5,500. At year end 2010, the number of FTE employees and the number of branches exceeded 32,000 and 5,500, respectively.

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

	FTE employees			Branches		
	2010	2009	% variance	2010	2009	% variance
Geographical breakdown (yearly average)						
France	7,038	7,278	(3)	1,549	1,775	(13)
North America	6,943	5,342	30	1,065	979	9
UK & Ireland	2,699	1,869	44	359	333	8
Japan	2,088	2,379	(12)	148	172	(14)
Germany & Austria	2,289	2,512	(9)	484	528	(8)
Benelux	1,521	1,675	(9)	344	365	(6)
Italy	1,511	1,506	0	433	476	(9)
Iberia	1,479	1,742	(15)	373	438	(15)
Nordics	1,008	1,138	(11)	186	214	(13)
Australia & New Zealand	542	513	6	80	81	(2)
Switzerland	456	499	(9)	106	114	(7)
Emerging Markets	3,487	3,162	10	437	407	7
Corporate	218	220	(1)			
Adecco Group	**31,279**	**29,835**	**5**	**5,564**	**5,882**	**(5)**

Marketing expenses were EUR 68 in 2010, compared to EUR 58 in 2009. Bad debt expense decreased by EUR 4 to EUR 12 in 2010.

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

Amortisation of intangible assets increased to EUR 55 in 2010 from EUR 42 in 2009.

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 related to the German operations and the intangible assets impairment charge of EUR 67 mainly related to the write-down of the Tuja customer base intangible assets and the Tuja trade names in Germany.

in millions, except share and per share information

3.6 Operating income

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

in EUR	2010	2009	Variance % EUR	Variance % Constant currency
Operating income				
France	212	68	214	214
North America	174	112	55	49
UK & Ireland	22	(13)	n.m.	n.m.
Japan	69	95	(27)	(34)
Germany & Austria	84	31	166	166
Benelux	43	6	644	644
Italy	37	5	711	711
Iberia	27	4	670	670
Nordics	38	4	784	627
Australia & New Zealand	12	4	190	142
Switzerland	42	22	90	72
Emerging Markets	36	28	29	26
Total operating units	**796**	**366**	**118**	**107**
Corporate expenses	(74)	(67)		
Operating income before amortisation and impairment of goodwill and intangible assets	**722**	**299**	**142**	**132**
Amortisation of intangible assets	(55)	(42)		
Impairment of goodwill and intangible assets		(192)		
Adecco Group	**667**	**65**	**932**	**768**

France
France's operating income increased by 214% to EUR 212 in 2010. The operating income margin increased by 240 bps to 3.8% in 2010. The 2010 operating income was positively impacted as a result of the change in the French business tax. The 2009 operating income included restructuring expenses of EUR 49, net of lower profit sharing expenses as a result of the restructuring charges, partly offset by the positive impact of the reassessment of existing accruals of EUR 25.

North America
North America's operating income increased by 55%, or by 49% in constant currency, to EUR 174 in 2010. The operating income margin was 4.8% in 2010, unchanged compared to 2009, positively impacted by the MPS Group ("MPS") acquisition and negatively impacted by the declining outplacement business and integration costs of EUR 20 in 2010 related to MPS.

UK & Ireland
UK & Ireland's operating income improved from an operating loss in 2009 of EUR 13 to operating income of EUR 22 in 2010. The better results were achieved by a more favourable business mix, increased scale and synergies from the integration of the acquired businesses, Spring and MPS. This was offset by integration costs in 2010 of EUR 13 related to the acquisitions. The 2009 operating loss included restructuring expenses of EUR 9 and a EUR 7 sales tax accrual related to prior years. The operating income margin was 1.4% in 2010.

Japan
Business in the later cyclical office segment, accounting for close to 80% of Adecco's revenues in Japan, remained slow. This is the main reason for the operating income decrease in 2010 of 27%, or 34% in constant currency to EUR 69 and the operating income margin decline of 180 bps to 5.3% compared to 2009.

Germany & Austria
Germany & Austria's operating income increased by 166% to EUR 84 in 2010 and the operating income margin was 6.8%, an increase of 380 bps compared to 2009, mainly due to increasing revenues and lower SG&A as a percentage of revenues.

Benelux
In the Benelux countries, operating income increased to EUR 43 in 2010. The operating income margin increased by 410 bps to 4.8% in 2010 compared to 2009, partly due to restructuring expenses in 2009 of EUR 14.

Italy
In Italy, operating income grew to EUR 37 in 2010 and the operating income margin expanded by 370 bps to 4.4% compared to 2009, mainly due to strongly increasing revenues and lower SG&A as a percentage of revenues. In 2009, SG&A included restructuring expenses of EUR 19.

Iberia
In Iberia, operating income increased to EUR 27 in 2010. The operating income margin increased by 330 bps to 3.8% in 2010 compared to 2009, partly caused by restructuring expenses of EUR 15 in 2009.

Nordics
Operating income in the Nordics grew to EUR 38 in 2010. The operating income margin increased by 440 bps to 5.1% in 2010 compared to 2009, due to increasing revenues, a higher gross margin and lower SG&A as a percentage of revenues.

Australia & New Zealand
In Australia & New Zealand, operating income increased by 190% or by 142% in constant currency to EUR 12 in 2010 compared to 2009. The operating income margin increased by 130 bps to 2.8% in 2010 compared to 2009.

Switzerland
In Switzerland, operating income increased by 90% or by 72% in constant currency to EUR 42 in 2010 compared to 2009. The operating income margin grew by 400 bps to 10.4% due to increasing revenues, a higher gross margin and lower SG&A as a percentage of revenues.

Emerging Markets
In the Emerging Markets, the Company experienced an increase in operating income of 29% or 26% in constant currency to EUR 36 in 2010. The operating income margin was 2.9% in 2010 and 2009.

3.7 Interest expense

Interest expense increased by EUR 8 to EUR 63 in 2010 compared to EUR 55 in 2009.

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 2010 unchanged from 2009.

3.9 Provision for income taxes

The provision for income taxes was EUR 179 in 2010 compared to EUR 1 in 2009. The effective tax rate for 2010 was 30% compared to 5% in the prior year.

The Company's effective tax rate is impacted by recurring items, such as tax rates in the different jurisdictions where the Company operates and the income mix within jurisdictions. Furthermore, it is also affected by discrete items which may occur in any given year, but are not consistent from year to year.

The 2010 effective tax rate includes the negative impact from the change in the French business tax law. This was partly offset by the positive impact from the successful resolution of prior years' audits and the expiration of statutes of limitation. 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 impairment charges with no tax benefit.

3.10 Net income attributable to Adecco shareholders

Net income attributable to Adecco shareholders for 2010 increased to EUR 423 compared to EUR 8 in 2009. Basic earnings per share ("EPS") was EUR 2.20 in 2010 compared to EUR 0.04 in 2009.

in millions, except share and per share information

4. Outlook

The Company believes that the environment will stay favourable for flexible labour in 2011. Permanent jobs will be created but just enough to cover the new entrants into the labour market. Unemployment is likely to remain at high levels in most developed economies. Most economic growth and activity will be covered by flexible labour. In this environment, management's focus remains on profitable revenue growth, achieved with price discipline and strict cost control.

The strong improvement in the EBITA[1] margin in 2010 is evidence that the leaner cost base is paying off. The Company will continue to invest where growth is strongest, but will evaluate returns carefully, with the value-based approach. The Company is fully on track to reach an EBITA margin above 5.5% mid-term.

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

5. Liquidity and capital resources

Currently, cash needed to finance the Company's existing business activities is primarily generated through operating activities, bank overdrafts, commercial paper, 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 80% of total current assets. Accounts payable, accrued salaries and wages, payroll taxes and employee benefits and sales and value added taxes comprise approximately 74% 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 is 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 decreased by a total of EUR 909 to EUR 549 at the end of 2010. The decrease was mainly due to the acquisition of MPS in January 2010 for EUR 831, net of cash acquired, the repayment of EUR 478 long-term debt, the EUR 91 payment of dividends, and capital expenditures of EUR 105. This was partly offset by the generation of EUR 455 in operating cash flow and the net increase of EUR 156 in short-term borrowings.

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 in 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	2010	2009
Summary of cash flows information		
Net cash from operating activities	455	477
Net cash from/(used in) investing activities	(1,020)	(278)
Net cash from/(used in) financing activities	(385)	652

Cash flows from operating activities decreased by EUR 22 to EUR 455 in 2010 compared to 2009. This decrease is primarily attributable to the additions to working capital as a result of better business conditions partly offset by higher net income, net of non-cash items mainly related to tax benefits and impairment charges. DSO increased to 54 days for the full year 2010 compared to 53 days for the full year 2009.

Cash flows used in investing activities increased by EUR 742 to EUR 1,020 in 2010 compared to 2009. In 2010 the Company acquired MPS for a consideration, net of cash acquired, of EUR 831 while in 2009 Spring was acquired for a consideration, net of cash acquired, of EUR 94. The Company's capital expenditures amounted to EUR 105 in 2010 and EUR 92 in 2009.

Cash flows used in financing activities totalled EUR 385 which compares to cash flows from financing activities of EUR 652 in 2009. In 2010 and 2009, the Company repaid long-term debt of EUR 478 and EUR 223, respectively. The debt repayments in both years consisted primarily of the repurchase of the guaranted zero-coupon convertible bond. In addition, in 2010, the Company's net increase in short-term debt amounted to EUR 156, whereas in 2009 short-term debt decreased by EUR 43. In 2009, the Company issued EUR 500 guaranteed Euro medium-term notes. In addition, 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, the Company paid dividends of EUR 91 and EUR 173 in 2010 and 2009, respectively.

5.2 Additional capital resources

As of December 31, 2010, the Company's total capital resources amounted to EUR 5,402 comprising EUR 1,305 in debt and EUR 4,097 in equity, excluding treasury shares and noncontrolling interests. Long-term debt, including current maturities, was EUR 1,137 as of December 31, 2010 and EUR 1,556 as of December 31, 2009 and includes long-term notes, and medium-term loans. In 2009, the long-term debt also included a convertible bond. The borrowings, which are unsecured, are denominated in Euros and Swiss Francs. The majority of the borrowings outstanding as of December 31, 2010 mature in 2013 and in 2014. During 2010, the Company decreased its short- and long-term debt including foreign currency effect by EUR 265.

In 2010, the Company established a French commercial paper programme ("Billet de Trésorerie programme"). Under the programme, the Company may issue short-term commercial paper up to a maximum amount of EUR 400, with maturity of individual paper of 365 days or less. As of December 31, 2010, EUR 151 was outstanding under the programme, with maturities of up to three months. The weighted-average interest rate on commercial paper outstanding was 1.09% as of December 31, 2010.

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 and 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% per annum 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, 2010 and December 31, 2009, there were no outstanding borrowings under the credit facility. As of December 31, 2010, the Company had EUR 470 available under the credit facility after utilising EUR 80 in the form of letters of credit.

Furthermore, as of December 31, 2010, the Company had uncommitted lines of credit amounting to EUR 452, of which EUR 17 was used.

Net debt increased by EUR 641 to EUR 751 as of December 31, 2010. Net debt is reconciled to the most comparable financial measures calculated in accordance with U.S. GAAP on page 94.

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, 2010, 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	2011	2012	2013	2014	2015	Thereafter	Total
Contractual obligations by year							
Short-term debt obligations	168						168
Long-term debt obligations	49	70	516	500	1	1	1,137
Interest on debt obligations	63	62	45	12			182
Operating leases	190	130	98	72	58	79	627
Purchase and service contractual obligations	31	49	4	3	2		89
Total	**501**	**311**	**663**	**587**	**61**	**80**	**2,203**

Short-term debt obligations consist of bank overdrafts and borrowings outstanding under the lines of credit and the commercial paper programme. Long-term debt obligations consist primarily of the EUR 500 fixed rate notes due in 2013 and 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.

Future minimum rental commitments under non-cancellable leases comprise the majority of the operating lease obligations of EUR 627 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, 2010, the Company had future purchase and service contractual obligations of approximately EUR 89, primarily related to IT development and maintenance agreements, earn-out agreements related to acquisitions, marketing sponsorship agreements, equipment purchase agreements, and other vendor commitments.

5.4 Additional funding requirements

The Company plans to invest approximately EUR 100 in property, equipment, and leasehold improvements for existing operations in 2011. The focus of these investments will be on information technology.

Further planned cash outflows include distribution of dividends for 2010 in the amount of CHF 1.10 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) as of December 31, 2010 of 174,702,026 is EUR 154 (CHF 192 – based on CHF/EUR exchange rate of 1.25 as of December 31, 2010). Payment of dividends is subject to approval by shareholders at the Annual General Meeting. In addition, the Company has announced that it intends to acquire up to an additional 2% of issued shares of Adecco S.A., if and when opportune.

The Company has entered into certain guarantee contracts and standby letters of credit that total EUR 746, including the letters of credit issued under the multicurrency revolving credit facility (EUR 80). 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.

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, 2010, the Company's long-term credit rating was Baa3 with stable outlook from Moody's and BBB- stable outlook from Standard & Poor's.

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

The Company is exposed to market risk, primarily related to foreign exchange, interest rates, and equity market risk. Except for the equity market risk, these exposures are actively managed by the Company in accordance with written policies approved by the Board of Directors. The Company's objective is to minimise, where deemed appropriate, fluctuations in earnings and cash flows associated with changes in foreign currency exchange rates and interest rates. It is the Company's policy to use a variety of derivative financial instruments to hedge 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, 2010. 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, 2010, 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. Furthermore, 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 the Company's 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 is 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, 2010 and December 31, 2009, the Company has recorded an allowance for doubtful accounts of EUR 115 and EUR 125, respectively. Bad debt expense of EUR 12 and EUR 16 was recorded in 2010 and 2009, respectively.

8.3 Income taxes

Deferred tax assets and liabilities are determined based on temporary 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 does not believe that the realisation is more likely than not. While management believes that its judgements and estimations regarding deferred 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. No impairment was recognised in 2010. In 2009, the Company recorded goodwill impairment charges of EUR 125. The 2009 impairment relates to the reporting unit Germany.

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. No impairment charge was recognised in 2010 in connection to indefinite-lived intangible assets. Impairment charges for indefinite-lived intangible assets amounting to EUR 11 were recognised in 2009. The impairment charge in 2009 relates to the write-down of trade names in Germany and in Iberia.

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. No impairment charge was recognised in 2010 in connection to definite-lived intangible assets. In 2009, the Company recorded an impairment charge of EUR 56 in connection to definite-lived intangible assets 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.

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 15, 2011, 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)	2010	2009	2008	2007	2006
Statements of operations					
Revenues	18,656	14,797	19,965	21,090	20,417
Amortisation of intangible assets	(55)	(42)	(44)	(27)	(12)
Impairment of goodwill and intangible assets		(192)	(116)		
Operating income	667	65	748	1,054	816
Net income attributable to Adecco shareholders	423	8	495	735	611

As of (in EUR)	31.12.2010	31.12.2009	31.12.2008	31.12.2007	31.12.2006
Balance sheets					
Cash and cash equivalents and short-term investments	554	1,460	581	563	888
Trade accounts receivable, net	3,541	2,560	3,046	3,773	3,846
Goodwill	3,273	2,657	2,666	2,646	1,882
Total assets	8,879	7,831	7,530	8,254	7,682
Short-term debt and current maturities of long-term debt	217	456	56	357	38
Accounts payable and accrued expenses	3,472	2,716	3,053	3,476	3,544
Long-term debt, less current maturities	1,088	1,114	1,142	1,072	1,406
Total liabilities	5,312	4,717	4,732	5,374	5,175
Total shareholders' equity	3,567	3,114	2,798	2,880	2,507

For the fiscal years (in EUR)	2010	2009	2008	2007	2006
Cash flows from operations					
Cash flows from operating activities	455	477	1,054	1,062	747
Cash flows from/(used in) investing activities	(1,020)	(278)	(210)	(941)	(308)
Cash flows from/(used in) financing activities	(385)	652	(800)	(424)	(13)
Other indicators					
Capital expenditures	105	92	106	91	85

As of	31.12.2010	31.12.2009	31.12.2008	31.12.2007	31.12.2006
Other indicators					
Net debt (in EUR) [1]	751	110	617	866	556
Additional statistics					
Number of FTE employees at end of year (approximate)	32,000	28,000	34,000	37,000	35,000

1 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, refer to page 94.

Adecco Group – Consolidated balance sheets

in millions, except share and per share information

As of (in EUR)	Note	31.12.2010	31.12.2009
Assets			
Current assets:			
• Cash and cash equivalents		549	1,458
• Short-term investments		5	2
• Trade accounts receivable, net	3	3,541	2,560
• Other current assets	14	351	331
Total current assets		**4,446**	**4,351**
Property, equipment, and leasehold improvements, net	4	291	245
Other assets	14	291	276
Intangible assets, net	2, 5	578	302
Goodwill	2, 5	3,273	2,657
Total assets		**8,879**	**7,831**
Liabilities and shareholders' equity			
Liabilities			
Current liabilities:			
• Accounts payable and accrued expenses:			
• Accounts payable		546	324
• Accrued salaries and wages		888	714
• Accrued payroll taxes and employee benefits		850	687
• Accrued sales and value added taxes		461	354
• Accrued income taxes		48	26
• Other accrued expenses	14	679	611
• Total accounts payable and accrued expenses	6	3,472	2,716
• Short-term debt and current maturities of long-term debt	7	217	456
Total current liabilities		**3,689**	**3,172**
Long-term debt, less current maturities	7	1,088	1,114
Other liabilities	6, 14	535	431
Total liabilities		**5,312**	**4,717**
Shareholders' equity			
Adecco shareholders' equity:			
• Common shares	8	118	118
• Additional paid-in capital	8	2,602	2,597
• Treasury shares, at cost	8	(532)	(561)
• Retained earnings		1,561	1,229
• Accumulated other comprehensive income/(loss), net	8	(184)	(271)
Total Adecco shareholders' equity		**3,565**	**3,112**
Noncontrolling interests		2	2
Total shareholders' equity		**3,567**	**3,114**
Total liabilities and shareholders' equity		**8,879**	**7,831**

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	2010	2009	2008
Revenues	16	18,656	14,797	19,965
Direct costs of services		(15,327)	(12,148)	(16,292)
Gross profit		**3,329**	**2,649**	**3,673**
Selling, general and administrative expenses	6	(2,607)	(2,350)	(2,765)
Amortisation of intangible assets	5	(55)	(42)	(44)
Impairment of goodwill and intangible assets	5		(192)	(116)
Operating income	16	**667**	**65**	**748**
Interest expense		(63)	(55)	(58)
Other income/(expenses), net	13	(1)	(1)	19
Income before income taxes		**603**	**9**	**709**
Provision for income taxes	14	(179)	(1)	(210)
Net income		**424**	**8**	**499**
Net income attributable to noncontrolling interests		(1)		(4)
Net income attributable to Adecco shareholders		**423**	**8**	**495**
Basic earnings per share	15	**2.20**	**0.04**	**2.82**
Basic weighted-average shares	15	192,113,079	177,606,816	175,414,832
Diluted earnings per share	15	**2.17**	**0.04**	**2.71**
Diluted weighted-average shares	15	195,596,325	177,613,991	184,859,650

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)	**2010**	**2009**	**2008**
Cash flows from operating activities			
Net income	424	8	499
Adjustments to reconcile net income to cash flows from operating activities:			
• Depreciation and amortisation	142	123	128
• Impairment of goodwill and intangible assets		192	116
• Bad debt expense	12	16	35
• Stock-based compensation	5	1	
• Deferred tax provision/(benefit)	5	(76)	33
• Tax impact of treasury shares valuation in Adecco S.A.		(22)	22
• Other, net	25	19	19
Changes in operating assets and liabilities, net of acquisitions:			
• Trade accounts receivable	(667)	577	692
• Accounts payable and accrued expenses	460	(393)	(470)
• Other assets and liabilities	49	32	(20)
Cash flows from operating activities	**455**	**477**	**1,054**
Cash flows from/(used in) investing activities			
Capital expenditures	(105)	(92)	(106)
Proceeds from sale of property and equipment	1	1	1
Acquisition of MPS, net of cash acquired	(831)		
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 DIS, net of cash acquired			(16)
Purchase of available-for-sale securities			(36)
Proceeds from sale of available-for-sale securities			41
Cash settlements on derivative instruments	(51)	(35)	50
Other acquisition and investing activities	(34)	(58)	(47)
Cash flows from/(used in) investing activities	**(1,020)**	**(278)**	**(210)**

For the fiscal years ended December 31 (in EUR)	2010	2009	2008
Cash flows from/(used in) financing activities			
Borrowings of short-term debt under the commercial paper programme	295		
Repayment of short-term debt under the commercial paper programme	(145)		
Borrowings of short-term debt under the multicurrency revolving credit facility and the eight-month term facility	346		400
Repayment of short-term debt under the multicurrency revolving credit facility and the eight-month term facility	(341)		(400)
Other net increase/(decrease) in short-term debt	1	(43)	18
Borrowings of long-term debt, net of issuance costs		612	
Repayment of long-term debt	(478)	(223)	(352)
Repayment of debt assumed in Datavance acquisition			(19)
Prepaid forward sale of Adecco S.A. shares		587	
Purchase of call spread option on Adecco S.A. shares		(108)	
Dividends paid to shareholders	(91)	(173)	(163)
Proceeds from sale/(purchase) of treasury shares	28	(3)	(279)
Other financing activities		3	(5)
Cash flows from/(used in) financing activities	**(385)**	**652**	**(800)**
Effect of exchange rate changes on cash	**41**	**33**	**(25)**
Net increase/(decrease) in cash and cash equivalents	**(909)**	**884**	**19**
Cash and cash equivalents:			
• Beginning of year	1,458	574	555
• End of year	549	1,458	574
Supplemental disclosures of cash paid			
Cash paid for interest	95	22	46
Cash paid for income taxes	98	96	273

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, 2008	**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 Adecco S.A.		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 Adecco S.A.		(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**
Comprehensive income:							
Net income				423		1	424
Other comprehensive income/(loss):							
• Currency translation adjustment, net of tax of EUR 6					94		94
• Pension related adjustments, net of tax					(6)		(6)
• Change in fair value of cash flow hedges, net of tax					(1)		(1)
Total comprehensive income							**511**
Stock-based compensation		5					5
Treasury shares transactions			28				28
Cash dividends, CHF 0.75 per share				(91)			(91)
Acquisition of noncontrolling interests						(1)	(1)
Other			1				1
December 31, 2010	**118**	**2,602**	**(532)**	**1,561**	**(184)**	**2**	**3,567**

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 consulting services to businesses and organisations throughout Europe, North America, Asia Pacific, South America, and Africa. At the end of 2010, the Company's worldwide network consists of over 5,500 branches and more than 32,000 full-time equivalent employees in over 60 countries and territories.

In 2010, the Company was organised in a geographical structure complemented by business lines. The geographies consist of France, North America, UK & Ireland, Japan, Germany & Austria, Benelux, Italy, Iberia, Nordics, Australia & New Zealand, Switzerland, and Emerging Markets. The business lines consist of Office, Industrial, Information Technology, Engineering & Technical, Finance & Legal, Medical & Science, Sales, Marketing & Events, and Human Capital Solutions. 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. Since January 2011, the Company is organised in a geographical structure plus the global business Lee Hecht Harrison ("LHH"). This structure is complemented by business lines.

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 or transaction rates, 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 ("VIEs") in accordance with ASC 810 which requires the consolidation of a VIE in which an entity is considered the primary beneficiary. The primary beneficiary of a VIE is the enterprise that has both the power to direct the activities of a VIE that most significantly impact the VIE's economic performance and the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE. An entity is required to perform a qualitative and a quantitative analysis to determine whether it has controlling financial interest in a VIE.

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 on November 26, 2012. The bonds will convert at maturity into shares of Adecco S.A. or at the option of the holders or Adecco Investment, the bonds may be converted into shares of Adecco S.A. at any time 41 days after November 26, 2010 until the 30th dealing day prior to the maturity date. The number of shares to be delivered at maturity will be calculated based on the closing price of the shares of Adecco S.A. As of December 31, 2010, the minimum conversion price is CHF 49.87 per share (CHF 50.50 per share at issuance of the MCB) and the maximum conversion price is CHF 59.84 per share (CHF 60.60 per share at issuance of the MCB). The conversion prices will be adjusted for further dividend payments on the shares of Adecco S.A. during the lifetime of the MCB. As of December 31, 2010, the maximum number of shares to be delivered is 18,046,922 (17,821,782 shares at issuance of the MCB) and the minimum number of shares to be delivered is 15,040,107 (14,851,485 shares at issuance of the MCB). If the holders or Adecco Investment exercise their conversion option prior to maturity, the conversion will occur at the maximum or the minimum conversion price, respectively. 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 originally acquired 17,821,782 shares of the Company for EUR 587 (CHF 887), net of costs. The strike price of the prepaid forward is adjusted for dividend payments on the shares of Adecco S.A. and the number of shares deliverable under the prepaid forward amounts to 18,046,922 as of December 31, 2010. 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, in 2009, the Company made a payment of EUR 8 (CHF 12) to Adecco Investment, which was 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 granted a loan of EUR 116 (CHF 176) to the Company, of which EUR 21 (CHF 30) have been repaid by December 31, 2010.

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 a loan to the Company of EUR 119 (CHF 148) as of December 31, 2010 and EUR 118 (CHF 176) as of December 31, 2009. 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, this entity is not consolidated. 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. As of December 31, 2010 and December 31, 2009, the Company had 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. 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 was 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 consulting 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, or as the fee is earned. Allowance provisions are established based on historical information for any non-fulfilment of permanent placement obligations.

Revenues related to outsourcing services, outplacement, and consulting 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 as is the case in most Managed Service Provider ("MSP") contracts, 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 68, EUR 58, and EUR 95 in 2010, 2009, and 2008, 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.

Trade accounts receivable

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

Property, equipment, and leasehold improvements

Property and equipment are carried at historical cost and are depreciated on a straight-line basis over their 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.

Capitalised software costs

The Company capitalises purchased software as well as internally developed software. Internal and external costs incurred to develop internal use computer software during the application development stage are capitalised. Application development stage costs generally include software configuration, coding, installation, and testing. Costs incurred for maintenance, testing minor upgrades, and enhancements are expensed as incurred. Capitalised software costs are included in property, equipment, and leasehold improvements, net. Capitalised costs are amortised on a straight-line basis over the estimated useful life commencing when the software is placed into service, generally three to five years. As of December 31, 2010 and December 31, 2009, the net book value of capitalised software costs amounted to EUR 81 and EUR 55, respectively.

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 nine 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"). 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.

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 temporary differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases and include 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 does not believe that the realisation is more likely than not. While management believes that its judgements and estimates regarding deferred 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 attributable 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 attributable to Adecco shareholders.

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. Any cash flow impact on settlement of these contracts is classified within the consolidated statements of cash flows according to the nature of the hedged item. 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 impacts earnings. The ineffective portion of the change in fair value of the derivative instruments is immediately recognised in earnings. The cash flow impact on settlement of these contracts is classified according to the nature of the hedged item. 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. The cash flow impact on settlement of these contracts is classified as cash flows from/(used in) investing activities.

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. Any cash flow impact on settlement of these contracts is classified as cash flows used in investing activities.

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 value using unadjusted quoted market prices. If quoted market prices are not available, fair value is based upon internally developed models that use, whenever 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 June 2009, the FASB issued new accounting guidance on consolidation of variable interest entities. This guidance amends the criteria to determine the primary beneficiary of variable interest entities, requires ongoing assessment of determination of the primary beneficiary of variable interest entities and requires enhanced disclosures about involvement in a variable interest entity. The guidance is effective for fiscal years beginning after November 15, 2009. The Company adopted this standard on January 1, 2010. The adoption of this guidance had no impact on the Company's consolidated financial statements.

In October 2009, the FASB issued new accounting guidance on revenue recognition on multiple-deliverable revenue arrangements. This guidance amends the requirements for separating the elements in the arrangement and also changes the allocation method of the arrangement consideration. The guidance is effective for fiscal years beginning after June 15, 2010. The Company will adopt this standard on January 1, 2011 and does not expect it 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	**2010**	**2009**
Personnel expenses	1,842	1,621

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 642 and EUR 603 as of December 31, 2010 and December 31, 2009, respectively.

in millions, except share and per share information

Note 2 • Acquisitions

The Company made several acquisitions in 2010, 2009, and 2008. With the exception of the MPS Group ("MPS") acquisition, the Company does not consider any of its 2010, 2009, or 2008 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 2010 and 2009 acquisitions:

in EUR	2010	2009
Impact of acquisitions		
Net tangible assets acquired	205	65
Identified intangible assets	306	18
Goodwill	503	89
Debt acquired		(3)
Deferred tax liabilities	(107)	(5)
Noncontrolling interests	1	3
Total consideration	**908**	**167**

In January 2010, the Company acquired all outstanding common shares of MPS for EUR 831, net of cash acquired. MPS is one of the largest professional staffing firms in North America with also a strong position in the UK, and 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 purchase price was funded with the prepaid forward sale of Adecco S.A. shares (for further details refer to Note 1) 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 following table summarises the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition:

in EUR	
Fair value of assets acquired and liabilities assumed	
Cash acquired	70
Trade accounts receivable, net	206
Other current assets	28
Deferred tax assets	31
Other assets	30
Intangible assets:	
• Marketing related (trade names)	161
• Customer base	137
• Other	8
Goodwill	497
Current liabilities	(151)
Other liabilities	(9)
Deferred tax liabilities	(107)
Total fair value of assets acquired and liabilities assumed	**901**

The goodwill of EUR 497 arising from the acquisition consists largely of the synergies and economies of scale expected from combining operations of Adecco and MPS. Approximately EUR 149 of tax deductible goodwill was recognised with the MPS acquisition.

The majority of the marketing related intangible assets (trade names) is considered to have infinite lives and are not amortised. Customer base intangible assets acquired have estimated average useful lives of five to nine years and are amortised on a straight-line basis over their useful lives.

The goodwill and intangible assets were assigned to the following segments:

in EUR	North America	UK & Ireland	Germany & Austria	Benelux	Other	Total
Goodwill	380	74	6	12	25	497
Intangible assets	246	52	2	4	2	306

MPS revenues and net income attributable to Adecco shareholders included in the 2010 consolidated operating results since the acquisition date amount to EUR 1,183 and EUR 31, respectively.

Amortisation expense, net of tax for MPS intangible assets included in the 2010 consolidated results of operations since the acquisition date amounts to EUR 15.

in millions, except share and per share information

The following unaudited pro forma information shows consolidated operating results as if the MPS acquisition had occurred on January 1, 2010 and January 1, 2009:

in EUR	2010	2009
Pro forma consolidated operating results		
Revenues	18,747	15,992
Net income/(loss) attributable to Adecco shareholders	419	(5)
Basic earnings per share	2.18	(0.03)
Diluted earnings per share	2.16	(0.03)

The 2010 pro forma net income attributable to Adecco shareholders includes the MPS January 2010 net loss of EUR 4, which considers additional amortisation of definite-lived intangible assets, net of tax of EUR 1. The 2009 pro forma net loss attributable to Adecco shareholders includes the MPS net loss of EUR 13 which considers adjustments for amortisation of definite-lived intangible assets, net of tax of EUR 14, acquisition costs of EUR 7 and interest expense of EUR 2. The pro forma results of operations do not necessarily represent operating results which would have occurred if the acquisition had taken place on the basis assumed above, nor are they indicative of future operating results of the combined companies.

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. No payments were made in 2010. 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 2010 and 2009 amounted to EUR 7 and EUR 5, respectively and are included in SG&A within the consolidated statement of operations.

Note 3 • Trade accounts receivable

in EUR	31.12.2010	31.12.2009
Trade accounts receivable	3,656	2,685
Allowance for doubtful accounts	(115)	(125)
Trade accounts receivable, net	**3,541**	**2,560**

Note 4 • Property, equipment, and leasehold improvements

	31.12.2010		31.12.2009	
in EUR	Gross	Accumulated depreciation	Gross	Accumulated depreciation
Land and buildings	49	(18)	40	(15)
Furniture, fixtures, and office equipment	149	(124)	142	(115)
Computer equipment and software	729	(571)	638	(506)
Leasehold improvements	259	(182)	239	(178)
Total property, equipment, and leasehold improvements	**1,186**	**(895)**	**1,059**	**(814)**

Depreciation expense was EUR 87, EUR 81, and EUR 84 for 2010, 2009, and 2008, respectively.

Note 5 • Goodwill and intangible assets

The changes in the carrying amount of goodwill for the years ended December 31, 2010 and December 31, 2009, are as follows:

in EUR	France	North America	UK & Ireland	Japan	Germany & Austria	Benelux	Other	Total
Changes in goodwill								
January 1, 2009	**308**	**534**	**95**	**29**	**1,349**	**75**	**276**	**2,666**
Additions	9	13	41		19	7		89
Impairment charge					(125)			(125)
Currency translation adjustment		(8)	9	(2)			29	28
Other		(1)				1	(1)	(1)
December 31, 2009	**317**	**538**	**145**	**27**	**1,243**	**83**	**304**	**2,657**
Additions	4	382	74		6	12	25	503
Currency translation adjustment		67	7	7			32	113
December 31, 2010	**321**	**987**	**226**	**34**	**1,249**	**95**	**361**	**3,273**

in millions, except share and per share information

As of December 31, 2010 and December 31, 2009, the gross goodwill amounted to EUR 3,454 and EUR 2,836, respectively. As of December 31, 2010 and December 31, 2009, accumulated impairment charges amounted to EUR 181 and EUR 179, respectively, impacted only by fluctuations in exchange rates.

The Company performed its annual goodwill impairment test in the fourth quarter of 2010 and determined that there was no indication of impairment.

In 2009, the Company performed its annual goodwill impairment test in the fourth quarter, and determined that there was no indication of impairment. However, 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 at that time, 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 and 2010 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.

The carrying amounts of other intangible assets as of December 31, 2010 and December 31, 2009 are as follows:

	31.12.2010		31.12.2009	
in EUR	Gross	Accumulated amortisation	Gross	Accumulated amortisation
Intangible assets				
Marketing-related (trade names)	417	(27)	234	(21)
Customer base	336	(166)	189	(116)
Contract	20	(3)	18	(2)
Other	2	(1)	1	(1)
Total intangible assets	**775**	**(197)**	**442**	**(140)**

The carrying amount of indefinite-lived intangible assets was EUR 386 and EUR 212 as of December 31, 2010 and December 31, 2009, respectively. Indefinite-lived intangible assets consist mainly of trade names.

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 48 in 2011, EUR 35 in 2012, EUR 26 in 2013, EUR 23 in 2014, EUR 15 in 2015, and EUR 45 in 2016 and afterwards. The weighted-average amortisation period for customer base intangible assets is five to nine years.

The 2010 annual impairment testing for indefinite-lived intangible assets performed in the fourth quarter concluded that there was no indication of impairment.

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 short-term sales projected at that time and in Iberia where the usage of one of the trade names was 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 was mainly attributed to the decrease in sales and earnings of the entity projected at that time for 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 trade names.

Note 6 • Restructuring

In October 2008 and June 2009, the Company announced 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 2008 amounted to EUR 121 and EUR 40, respectively. No significant costs were incurred in 2010 in connection with these plans. 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 these restructuring programmes:

in EUR	**2009**	**2008**
Restructuring costs		
France	49	23
North America	7	
UK & Ireland	9	5
Germany & Austria	6	7
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

The changes in restructuring liabilities for the period ended December 31, 2010 and December 31, 2009 are as follows:

in EUR	Restructuring liabilities
January 1, 2009	**34**
Restructuring expenses	121
Cash payments	(98)
Write-off of fixed assets	(6)
December 31, 2009	**51**
Reversals of restructuring expenses	(5)
Cash payments	(34)
Write-off of fixed assets and other	(2)
December 31, 2010	**10**

As of December 31, 2010, restructuring liabilities of EUR 6 and EUR 4 were recorded in accounts payable and accrued expenses and in other liabilities, respectively.

Note 7 • Financing arrangements

Short-term debt

The Company's short-term debt consists of borrowings under the French commercial paper programme and under other lines of credits.

Commercial paper

On August 30, 2010, Adecco International Financial Services BV, a wholly-owned subsidiary of the Company, established a French commercial paper programme ("Billet de Trésorerie programme"). Under the programme, Adecco International Financial Services BV may issue short-term commercial paper up to a maximum amount of EUR 400, with maturity of individual paper of 365 days or less. The proceeds are used to fund short-term working capital and borrowing requirements. The paper is usually issued at a discount and repaid at nominal amount at maturity. The discount represents the interest paid to the investors in the commercial paper. The programme is guaranteed by Adecco S.A. As of December 31, 2010, EUR 151 was outstanding under the programme, with maturities of up to three months. The weighted-average interest rate on commercial paper outstanding was 1.09% as of December 31, 2010.

Other short-term debt

To support short-term working capital and borrowing requirements, the Company had available, in certain countries where it operates, lines of credit amounting to EUR 452 and EUR 435 as of December 31, 2010 and December 31, 2009, respectively, excluding the committed multicurrency revolving credit facility discussed below and the commercial paper programme. As of December 31, 2010 and December 31, 2009, bank overdrafts and borrowings outstanding under the lines of credit amounted to EUR 17 and EUR 14, respectively. As of December 31, 2010, 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 9.1% and 5.3% as of December 31, 2010 and December 31, 2009, respectively.

Long-term debt

The Company's long-term debt as of December 31, 2010, and December 31, 2009 consist of the following:

in EUR	Principal at maturity	Maturity	Fixed interest rate	31.12.2010	31.12.2009
Guaranteed Euro medium-term notes	EUR 500	2014	7.625%	500	499
Committed multicurrency revolving credit facility	EUR 550	2013			
Fixed rate guaranteed notes	EUR 500	2013	4.5%	516	514
Medium-term loan, payable back in instalments by 2012				119	118
Guaranteed zero-coupon convertible bond, called/put in 2010					422
Other				2	3
				1,137	**1,556**
Less current maturities				(49)	(442)
Long-term debt, less current maturities				**1,088**	**1,114**

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 2008, the Company renegotiated the existing multicurrency revolving credit facility. The current 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% per annum, 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, 2010 and December 31, 2009, there were no outstanding borrowings under the credit facility. As of December 31, 2010, the Company had EUR 470 available under the facility after utilising EUR 80 in the form of letters of credit. 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.

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.

Medium-term loan from Adecco Investment
As of December 31, 2010, the Company had a Swiss Franc denominated loan payable of EUR 119 (CHF 148), including EUR 2 (CHF 2) representing capitalised interest on the loan from inception to the last rollover date, to its wholly-owned non consolidated subsidiary, Adecco Investment (for further details refer to Note 1). As of December 31, 2009, the loan payable amounted to EUR 118 (CHF 176). The subordinated loan carries interest rate of 3-month CHF LIBOR plus 1.5% per annum. During 2010, the Company repaid the first instalment of EUR 21 (CHF 30). The remaining loan balance is repayable in instalments of EUR 49 (CHF 61), EUR 47 (CHF 59), and EUR 23 (CHF 28) on June 1, 2011, June 1, 2012, and November 26, 2012, respectively.

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 were

in millions, except share and per share information

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 were convertible into shares of Adecco S.A. at a conversion price of CHF 94.50 per share. If all bonds had been converted, Adecco S.A. would have issued 9,523,810 additional shares. In November 2007, the terms of the bond were amended. The amendment allowed 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. had to retain enough conditional capital to issue shares if required upon conversion.

Furthermore, bondholders had the option of putting the bonds on August 26, 2010, at the accreted principal amount. The Company had the possibility of calling 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 had been redeemed, converted, or repurchased.

In 2010, 2009 and 2008, the Company repurchased bonds with a nominal amount of EUR 106 (CHF 154), EUR 191 (CHF 288) and EUR 27 (CHF 43) representing 1,624,339, 3,052,910 and 449,735 shares, respectively. The gains/losses of the repurchase amounted to a loss of less than EUR 1 in 2010 and to gains of EUR 4 and EUR 3 in 2009 and 2008, respectively, and were recorded in other income/(expenses), net. In August 2010, bonds with a nominal amount of EUR 287 (CHF 390), representing 4,127,196 shares were put by the bondholders. In November 2010, the Company called the remaining outstanding bonds with a nominal amount of EUR 19 (CHF 25), representing 269,630 shares.

In the second half of 2010 and in October 2009, Adecco Financial Services (Bermuda) Ltd. cancelled EUR 440 (CHF 600) and EUR 198 (CHF 300) nominal value of repurchased bonds, respectively. Thus, as of December 31, 2010, no bonds were outstanding. As of December 31, 2010, no conditional capital was retained in connection with this bond.

Payments of long-term debt are due as follows:

in EUR	2011	2012	2013	2014	2015	Thereafter	Total
Payments due by year	49	70	516	500	1	1	1,137

Note 8 • Shareholders' equity

The summary of the components of authorised shares as of December 31, 2010, December 31, 2009, and December 31, 2008 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, 2008	**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**
Treasury shares transactions	622,595	(622,595)			
December 31, 2010	**174,702,026**	**14,561,480**	**189,263,506**	**19,566,804**	**208,830,310**

1 Shares at CHF 1 par value.

Authorised shares and appropriation of available earnings
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, 2010 and December 31, 2009. In addition, as of December 31, 2010 and December 31, 2009, Adecco S.A. 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. The 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.

Adecco S.A. may only pay dividends from unappropriated available earnings, the general reserve or other reserves distributable in accordance with art. 675 of the Swiss Code of Obligations.

Companies whose principal purpose consists of participations in other companies may freely use the general reserve to the extent it does exceed 20% of the paid-in share capital. Pursuant to art. 671 para. 1 of the Swiss Code of Obligations, 5% of the annual profits shall be allocated to the general reserve until it has reached 20% of the paid-in share capital. In addition, pursuant to art. 671 para. 2 and para. 4 of the Swiss Code of Obligations, companies whose principal purpose consists of participations in other companies shall allocate to the general reserve the following: (1) any surplus over par value upon the issue of new shares after deduction of the issue cost, to the extent such surplus is not used for depreciation or welfare purposes; (2) the excess of the amount which was paid-in on cancelled shares over any reduction on the issue price of replacement shares. The general reserves are CHF 2,103 as of December 31, 2010 and December 31, 2009, thereby exceeding 20% of the paid-in share capital in both years.

In 2010, cash dividends for 2009 of CHF 0.75 per share, totalling EUR 91, were paid from unappropriated available earnings. For 2010, the Board of Directors of Adecco S.A. will propose a dividend of CHF 1.10 per share outstanding for the approval of shareholders at the Annual General Meeting of Shareholders to be paid out of the reserve from capital contributions which is a sub-account of the general reserve.

Additional paid-in capital
During 2009, the Company sold a prepaid forward on 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). In 2010, the strike prices of both instruments were reduced due to the dividend distribution made by the Company in the second quarter of 2010.

The initial and current terms of these contracts are as follows:

	Sold prepaid forward		Purchased call spread option	
	Initial	31.12.2010	Initial	31.12.2010
Forward/Strike Price	CHF 50.50, received on November 26, 2009	CHF 49.87	Lower call price = CHF 50.50 Upper call price = CHF 60.60	Lower call price = CHF 49.87 Upper call price = CHF 59.84
Number of shares to which the contract is indexed	17,821,782 initial underlying shares	18,046,922 underlying shares	17,821,782 initial underlying shares	18,046,922 underlying shares
Maximum number of shares to be delivered	17,821,782 subject to dividend and other anti-dilution adjustments	18,046,922 subject to dividend and other anti-dilution adjustments	2,970,297 subject to dividend and other anti-dilution adjustments	3,006,815 subject to dividend and other anti-dilution adjustments

in millions, except share and per share information

Treasury shares
Under the completed share buyback programmes approved by the Board of Directors of Adecco S.A., the Company acquired 116,487 and 8,458,891 treasury shares for a total consideration of EUR 3 and EUR 279 in 2009 and 2008, respectively. The Company intends to acquire up to an additional 2% of issued shares of Adecco S.A., if and when opportune.

As of December 31, 2010, the treasury shares are intended to be used for the settlement of the prepaid forward and the Company's outstanding employees stock option plans and long-term incentive plans (for further details refer to Note 9) as well as to minimise potential dilution related to the issuance of future financial instruments.

In December 2010, 580,624 treasury shares were used upon the exercise of call options on Adecco S.A. shares which were entered into in connection with employee tradable stock option programme. In 2010 and 2009, the Company awarded 5,356 and 7,516 treasury shares, respectively 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). In addition, in 2010, 33,529 shares were used to settle stock option exercises and 3,086 treasury shares were sold.

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	31.12.2010	31.12.2009
Currency translation adjustment	(166)	(260)
Unrealised gain on cash flow hedging activities		1
Pension related adjustments	(18)	(12)
Accumulated other comprehensive income/(loss), net	**(184)**	**(271)**

Note 9 • Stock-based compensation

As of December 31, 2010, the Company had non-vested share awards, options and tradable options outstanding relating to its common shares under several existing plans. Compensation expense of EUR 5 and EUR 1 was recognised in 2010 and 2009, respectively in connection with the non-vested share awards granted in 2010 and 2009. No compensation expense was recognised in 2010, 2009 or 2008 in connection with the stock option plans as all options outstanding are fully vested. The total income tax benefit recognised related to stock compensation amounted to EUR 1 in 2010 and was less than EUR 1 in 2009.

Non-vested share award plans
Performance share awards were granted in 2010 to the members of the Executive Committee and in 2009 to the members of the Executive Committee and to a further group of senior managers (21 individuals in total) under the Company's long-term incentive plan ("LTIP"). The 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 2010 and 2009 awards: December 31, 2012 and December 31, 2011, respectively). For 2010 awards, the requisite service period represents three calendar years starting on January 1, 2010, and for 2009 awards, it coincides with the performance period. The delivery of the shares will be made provided and to the extent that the predefined market and performance targets are met.

The targets for awards granted in 2010 relate to:

- the relative change in the Company's shareholder value including reinvested dividends (total shareholder return: "TSR" element), compared to that of a predefined group of peers ("relative TSR awards");
- the Company's TSR measured as the compound annual growth rate in the Company's shareholder value including reinvested dividends ("absolute TSR awards"); and
- simultaneous achievement of the targets related to relative TSR awards and absolute TSR awards and the degree of overachievement of the relative TSR target ("additional TSR awards").

The targets for awards granted in 2009 relate to:

- financial performance (earnings per share development: "EPS" element) of the Company ("EPS awards"); and
- the relative change in the Company's shareholder value including reinvested dividends (TSR), compared to that of a predefined group of peers ("relative TSR awards").

In addition, service condition awards (restricted share unit awards: "RSU awards") were granted in 2010 to the members of the Executive Committee and to a further group of senior managers (233 individuals in total) under the LTIP. The vesting of the RSU awards is not subject to performance targets, 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 date of grant. For RSU awards, the requisite service period represents three calendar years starting on January 1, 2010. RSU awards granted to French employees cliff-vest at the second anniversary of the date of grant and their requisite service period represents two calendar years starting on January 1, 2010.

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 (in case of performance share awards) and before the end of the vesting period (in case of RSU awards), will no longer be entitled to the vesting of the awards. In case of an involuntary termination without cause before the end of the performance period a time-weighted pro-rata portion of the unvested performance share awards granted in 2010 will vest at the regular vesting date, depending on the level of target achievement. Performance share awards granted in 2009 are not subject to the time-weighted pro-rata reduction. In case of an involuntary termination without cause before the end of the vesting period a time-weighted pro-rata portion of the unvested RSU awards will vest at the regular vesting date.

The fair value of the relative, absolute and additional TSR awards (collectively "TSR 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 targets will be achieved. 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 as follows:

	2010	2009
Assumptions used for the estimation of the fair value of the TSR awards		
Implied at-the-money volatility	28.7%	54.2%
Expected dividend yield	1.5%	3.8%
Expected term (in years)	2.8 years	2.8 years
Risk-free rate	1.08%	1.06%

in millions, except share and per share information

Since the probability of the market condition being met is considered in the fair value of the TSR share awards, the compensation expense is recognised on a straight-line basis over the requisite service period regardless of fulfilment of the market condition, taking into account estimated employee forfeitures.

A summary of the status of the Company's TSR non-vested share plan as of December 31, 2010 and December 31, 2009, and changes during the years are as follows:

	Relative TSR awards		Absolute TSR awards		Additional TSR awards	
	Number of shares	Weighted-average grant date fair value per share (in CHF)	Number of shares	Weighted-average grant date fair value per share (in CHF)	Number of shares	Weighted-average grant date fair value per share (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**				
Granted	24,267	23	24,267	14	24,267	8
Forfeited	(4,473)	15				
Increase in number of guaranteed awards	(1,875)	15				
Non-vested share awards outstanding as of December 31, 2010	**169,984**	**16**	**24,267**	**14**	**24,267**	**8**

1,875 relative TSR share awards were modified in 2010 to guarantee their vesting irrespective of the achievement of the targets. Such awards have been reclassified to the service condition awards category. The incremental expense related to the modification was not significant.

The fair value of the RSU share awards is determined based on the grant date market price of the Adecco S.A. share less a discount for not being entitled to any dividends over the vesting period. The compensation expense of such service condition share awards is recognised on a straight-line basis over the requisite service period of three calendar years (two years for French employees) starting on January 1 of the year of grant for the awards expected to vest, taking into account estimated employee forfeitures.

A summary of the status of the Company's RSU non-vested share plan as of December 31, 2010, and changes during the year are as follows:

	Number of shares	Weighted-average grant date fair value per share (in CHF)
Summary of RSU non-vested share awards		
Granted	325,486	56
Forfeited	(16,739)	57
Non-vested share awards outstanding as of December 31, 2010	**308,747**	**56**

The fair value of the EPS share awards was 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. Compensation expense is recognised over the requisite service period for the awards expected to vest, according to the internal EPS projections. The estimate of the number of awards expected to vest is reassessed at each reporting date, and the new estimate is recognised, to the extent the estimate changes, taking into account the service already rendered.

A summary of the status of the Company's EPS non-vested share plan as of December 31, 2010 and December 31, 2009, and changes during these years are as follows:

	Number of shares	Weighted-average grant date fair value per share (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**
Forfeited	(2,454)	35
Increase in number of guaranteed awards	(1,875)	35
Non-vested share awards outstanding as of December 31, 2010	**84,192**	**35**

1,875 EPS share awards were modified in 2010 to guarantee their vesting irrespective of the achievement of the targets. Such awards have been reclassified to the service condition awards category. The incremental expense related to the modification was not significant.

Certain awards were granted in 2009, in addition to those described above, which are guaranteed to vest irrespective of the EPS and TSR conditions being met, provided that the requisite service has been rendered.

A summary of the status of these service condition share awards, including the impact of the TSR and EPS awards modified in 2010 as described above, as of December 31, 2010 and December 31, 2009, are as follows:

	Number of shares	Weighted-average grant date fair value per share (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**
Increase in number of guaranteed awards	3,750	36
Non-vested share awards outstanding as of December 31, 2010	**26,250**	**36**

As of December 31, 2010 and December 31, 2009, the total unrecognised compensation expense related to non-vested share awards amounted to EUR 10 and EUR 2, respectively. The cost is expected to be recognised over a weighted-average period of two years. No awards vested in 2010 or 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 tradable 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, 2010, December 31, 2009, and December 31, 2008, the number of stock options outstanding sold on the market was 106,391, 935,852, and 2,272,095, respectively. The trading and valuation of the tradable 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-tradable stock options on a straight-line basis and for tradable 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, 2010, December 31, 2009, and December 31, 2008, 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 and vested as of January 1, 2008	**5,648,625**	**75**	**2.1**	
Forfeited	(160,360)	82		
Expired	(1,418,140)	73		
Options outstanding and vested as of December 31, 2008	**4,070,125**	**76**	**1.5**	
Forfeited	(113,350)	81		
Expired	(2,194,056)	81		
Options outstanding and vested as of December 31, 2009	**1,762,719**	**68**	**1.2**	
Exercised	(614,153)	60		
Forfeited	(22,582)	81		
Expired	(686,425)	71		
Options outstanding and vested as of December 31, 2010	**439,559**	**76**	**1.1**	

The aggregate intrinsic value as of December 31, 2010, of the outstanding stock options in the table above is less than EUR 1 and represents the total pre-tax intrinsic value (the difference between the Company's closing share price on the last trading day of 2010 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 2010. This amount changes based on the fair market value of Adecco S.A. shares.

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 84, EUR 65, and EUR 76, in connection with defined contribution plans in 2010, 2009, and 2008, respectively, and an expense of EUR 30, EUR 25, and EUR 40, in connection with the Italian employee termination indemnity arrangement in 2010, 2009, and 2008, respectively.

The Company sponsors several non-qualified defined contribution plans in the USA for certain of its employees. These plans are partly funded through Rabbi trusts, which are consolidated in the Company's financial statements. At December 31, 2010 and December 31, 2009, the assets held in the Rabbi trusts amounted to EUR 51 and EUR 33, respectively. The related pension liability totalled EUR 66 and EUR 49 as of December 31, 2010 and December 31, 2009, 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 amounted to EUR 6 in 2010 and EUR 5 in 2009 and 2008.

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. The measurement date in 2010 and 2009 for all defined benefit plans is December 31. 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 as follows:

	Swiss plan			Non-Swiss plans		
in EUR	2010	2009	2008	2010	2009	2008
Components of pension expense						
Service cost	9	8	9	2	2	2
Interest cost	3	3	2	5	4	5
Expected return on plan assets	(5)	(4)	(4)	(5)	(4)	(5)
Amortisation of prior years service costs				(1)	(1)	
Amortisation of net (gain)/loss		3		2		(3)
Pension expense, net	**7**	**10**	**7**	**3**	**1**	**(1)**

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, 2010, and December 31, 2009:

	Swiss plan		Non-Swiss plans	
in EUR	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Pension liabilities and assets				
Projected benefit obligation, beginning of year	**102**	**99**	**89**	**70**
Service cost	8	8	2	2
Interest cost	3	3	5	4
Participant contributions	35	22	1	1
Actuarial (gain)/loss	3	(2)	7	14
Acquisitions				1
Benefits paid	(42)	(29)	(2)	(3)
Curtailments and settlements				(1)
Foreign currency translation	20	1	1	1
Projected benefit obligation, end of year	**129**	**102**	**103**	**89**
Plan assets, beginning of year	**99**	**88**	**77**	**64**
Actual return on assets	7	8	7	9
Employer contributions	11	10	2	3
Participant contributions	35	22	1	1
Benefits paid	(42)	(29)	(2)	(1)
Foreign currency translation	18		1	1
Plan assets, end of year	**128**	**99**	**86**	**77**
Funded status of the plan	**(1)**	**(3)**	**(17)**	**(12)**
Accumulated benefit obligation, end of year	**126**	**100**	**96**	**81**

The following amounts are recognised in the consolidated balance sheets as of December 31, 2010, and December 31, 2009:

	Swiss plan		Non-Swiss plans	
in EUR	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Pension related assets			4	8
Pension related liabilities	(1)	(3)	(21)	(20)
Total	**(1)**	**(3)**	**(17)**	**(12)**

As of December 31, 2010, the Company recognised a net loss of EUR 10 and EUR 8 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, 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.

For plans with a PBO in excess of the fair value of plan assets as of December 31, 2010, and December 31, 2009, the total PBO was EUR 154 and EUR 139, respectively, and the fair value of the plan assets was EUR 133 and EUR 115, 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 147 and EUR 132 as of December 31, 2010, and December 31, 2009, respectively, and the fair value of the plan assets of those plans was EUR 133 and EUR 115, 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 as follows:

	Swiss plan			Non-Swiss plans		
in %	2010	2009	2008	2010	2009	2008
Weighted-average actuarial assumptions						
Discount rate	2.5	3.0	3.0	4.5	4.9	5.7
Rate of increase in compensation levels	2.5	2.0	2.0	2.6	2.9	2.4
Expected long-term rate of return on plan assets	4.3	4.5	4.5	4.3	4.6	5.7

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 long-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 investments made through a single real estate fund with daily pricing and liquidity.

in millions, except share and per share information

The Swiss and non-Swiss pension plans' target weighted-average asset allocations as of December 31, 2010, and the actual weighted-average asset allocations as of December 31, 2010 and December 31, 2009, by asset category, are as follows:

	Swiss plan			Non-Swiss plans		
		Actual allocation			Actual allocation	
in %	Target allocation range	31.12.2010	31.12.2009	Target allocation range	31.12.2010	31.12.2009
Weighted-average asset allocations						
Equity securities	15–40	30	31	5–25	20	16
Debt securities	20–60	34	34	25–50	42	50
Real estate	5–15	12	13	0–10	0	0
Other	5–60	24	22	15–40	38	34
Total		**100**	**100**		**100**	**100**

The fair values of the Company's pension plan assets as of December 31, 2010 and as of December 31, 2009, by asset category, are as follows:

December 31, 2010

	Swiss plan				Non-Swiss plans			
in EUR	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Asset category								
Cash and cash equivalents					1			1
Equity securities:								
• Switzerland	18			18				
• Rest of the world	20			20	17			17
Debt securities:								
• Government bonds	11			11	21			21
• Corporate bonds	32			32	15			15
Alternative investments:								
• Commodity funds	7			7	1			1
• Liability driven investments ("LDI")					22			22
• Alternative investment funds	25			25	6			6
Real estate funds	15			15				
Other					1	2		3
Total	**128**			**128**	**84**	**2**		**86**

December 31, 2009

in EUR	Swiss plan				Non-Swiss plans			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	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 12 to its pension plan in Switzerland and EUR 1 to its non-Swiss plans in 2011.

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

in EUR	Swiss plan	Non-Swiss plans
Future benefits payments		
2011	42	2
2012	13	2
2013	12	2
2014	10	2
2015	9	3
Years 2016–2020	31	20

in millions, except share and per share information

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, 2010 and December 31, 2009:

	31.12.2010		31.12.2009	
in EUR	Carrying value	Fair value	Carrying value	Fair value
Non-derivative financial instruments				
Current assets:				
• Cash and cash equivalents	549	549	1,458	1,458
• Short-term investments	5	5	2	2
• Trade accounts receivable, net	3,541	3,541	2,560	2,560
• Financial instruments included in other current assets			1	1
Current liabilities:				
• Accounts payable	546	546	324	324
• Short-term debt	168	168	14	14
• Current maturities of long-term debt	49	50	442	441
Non-current liabilities:				
• Long-term debt	1,088	1,158	1,114	1,173

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.
- Short-term investments
  The fair value for these instruments is based on quoted market prices.
- Long-term debt, including current maturities
  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.

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, 2010 and December 31, 2009:

		Notional amount		Fair value	
in EUR	Balance sheet location	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Derivative assets					
Derivatives designated as hedging instruments under ASC 815:					
• Interest rate swaps	Other assets	375	375	18	16
Derivatives not designated as hedging instruments under ASC 815:					
• Foreign currency contracts	Other current assets	373	399	14	11
• Cross currency interest rate swaps	Other assets	244	34	20	
Derivative liabilities					
Derivatives designated as hedging instruments under ASC 815:					
• Interest rate swaps	Other liabilities	50		(1)	
Derivatives not designated as hedging instruments under ASC 815:					
• Cross currency interest rate swaps	Other liabilities		172		(1)
• Foreign currency contracts	Other accrued expenses	1,133	972	(49)	(16)
• Interest rate swaption	Other liabilities	50			
Total net derivatives				**2**	**10**

In addition, accrued interest receivable on interest rate swaps of EUR 10 was recorded in other current assets as of December 31, 2010 and December 31, 2009. Accrued interest payable on cross currency interest rate swaps of EUR 1 was recorded in other accrued expenses as of December 31, 2010.

The fair value of interest rate swaps, cross currency interest rate swaps, interest rate swaption, 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, 2010 and December 31, 2009, the total impact of non-performance risk and liquidity risk was a loss of EUR 3 and EUR 1, respectively.

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 25 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. The contracts have an original contract period of five years and expire in 2014.

in millions, except share and per share information

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 2010 and 2009 are as follows:

in EUR Derivative	Location of gain/(loss) on derivative recognised in earnings	Gain/(loss) on derivative recognised in earnings 2010	2009	Hedged item	Location of gain/(loss) on related hedged item recognised in earnings	Gain/(loss) on related hedged item recognised in earnings 2010	2009
Interest rate swaps	Interest expense	2	9	Long-term debt	Interest expense	(2)	(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 2010, 2009, and 2008, 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 2010, 2009, or 2008.

Cash flow hedges

As of December 31, 2010 and December 31, 2009, 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 2010, 2009, and 2008, respectively, due to ineffectiveness in cash flow hedge relationships. In 2010 and 2009, no significant gains or losses were excluded from the assessment of hedge effectiveness. In 2008, a loss of EUR 5 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, 2010 and December 31, 2009, the net loss relating to net investment hedges included as a component of accumulated other comprehensive income/(loss), net, amounted to EUR 72 and EUR 61, 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 and cross-currency interest rate swaps used to hedge the net exposure of subsidiary funding advanced in the local operations' functional currency. Contracts are entered into in accordance with the written treasury policies and procedures and represent economic hedges. Gains and losses on these contracts are recognised in earnings, as foreign exchange gain/(loss), net, in the accompanying consolidated statements of operations.

In connection with these activities, the Company recorded a net loss of EUR 3 in 2010 and 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 2010	2009	Hedged item	Location of gain/(loss) on related hedged item recognised in earnings	Gain/(loss) on related hedged item recognised in earnings 2010	2009
Cross currency interest rate swaps	Other income/ (expenses), net	20		Loans and receivables to/ from subsidiaries	Other income/ (expenses), net	(21)	
Foreign currency contracts	Other income/ (expenses), net	(80)	(29)	Cash, loans and receivables to/ from subsidiaries	Other income/ (expenses), net	78	29

In addition, in 2009 the Company recorded a net expense of EUR 2 in connection with the forward-starting foreign currency swaps and forward-starting cross currency interest rate swaps entered into in 2009 to hedge the US Dollar to the Swiss Franc exchange rate over the period between the announcement and the closing of the MPS acquisition in January 2010. The contracts consummated at the closing of the MPS acquisition in January 2010 to hedge the US Dollar loans advanced to the US subsidiary to finance the acquisition.

Credit risk concentration

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

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

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

in millions, except share and per share information

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, 2010 and December 31, 2009, consistent with the fair value hierarchy provisions of ASC 820:

in EUR	Level 1	Level 2	Level 3	Total
December 31, 2010				
Assets				
Available-for-sale securities	2			2
Derivative assets		62		62
Liabilities				
Derivative liabilities		51		51
December 31, 2009				
Assets				
Available-for-sale securities	2			2
Derivative assets		27		27
Other current assets		1		1
Liabilities				
Derivative liabilities		17		17

Note 13 • Other income/(expenses), net

For the years 2010, 2009, and 2008, other income/(expenses), net, consist of the following:

in EUR	2010	2009	2008
Foreign exchange gain/(loss), net	(3)	(2)	(5)
Interest income	3	5	18
Other non-operating income/(expenses), net	(1)	(4)	6
Total other income/(expenses), net	**(1)**	**(1)**	**19**

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 114, EUR 162, and EUR 236 in 2010, 2009, and 2008, respectively. Foreign source income/loss before income taxes amounted to income of EUR 489 in 2010, a loss of EUR 153 in 2009, and income of EUR 473 in 2008. The provision for income taxes consists of the following for the fiscal years:

in EUR	2010	2009	2008
Provision for income taxes			
Current tax provision:			
• Domestic	26	16	44
• Foreign	148	61	133
Total current tax provision	**174**	**77**	**177**
Deferred tax provision/(benefit):			
• Domestic	(2)	21	13
• Foreign	7	(97)	20
Total deferred tax provision/(benefit)	**5**	**(76)**	**33**
Total provision for income taxes	**179**	**1**	**210**

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

in EUR	2010	2009	2008
Tax rate reconciliation			
Income taxed at weighted-average tax rate	138	(23)	180
Items taxed at other than weighted-average tax rate	22	(29)	(23)
Non-deductible expenses	16	11	11
Net change in valuation allowance	3	11	9
Non-deductible impairment of goodwill		38	17
Adjustments to deferred tax assets due to rate changes		3	(1)
Tax on undistributed earnings	1		10
Other, net	(1)	(10)	7
Total provision for income taxes	**179**	**1**	**210**

In 2010, the reconciling item "items taxed at other than weighted-average tax rate" includes the impact from the change in the French business tax law. Effective as of January 1, 2010, the French government introduced a new business tax law, which requires a portion of the business tax to be computed based on added value and consequently, under U.S. GAAP, this component previously reported as costs of services and SG&A is classified as income tax in 2010.

As of December 31, 2010 and December 31, 2009, a deferred tax liability of EUR 45 and EUR 37 has been provided for non-Swiss withholding taxes and additional Swiss taxes due upon the future dividend payment of cumulative undistributed earnings. In 2010 and 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, 2010 and December 31, 2009, such earnings amounted to approximately EUR 2,695 and EUR 2,234, respectively. 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

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

in EUR	31.12.2010	31.12.2009
Temporary differences		
Net operating loss carryforwards	225	220
Tax credits	20	20
Depreciation	14	8
Deferred compensation and accrued employee benefits	86	72
Allowance for doubtful accounts	16	12
Accrued expenses	55	42
Intercompany transactions	25	59
Other	20	20
Gross deferred tax assets	**461**	**453**
Unrecognised tax benefits provision, net	(45)	(55)
Valuation allowance	(108)	(101)
Deferred tax assets, net	**308**	**297**
Intangible assets basis in excess of tax basis	(151)	(95)
Tax amortisation in excess of financial amortisation	(66)	(18)
Undistributed earnings of subsidiaries	(45)	(37)
Other	(12)	(16)
Deferred tax liabilities	**(274)**	**(166)**
Deferred tax assets, net of deferred tax liabilities	**34**	**131**

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 7 to EUR 108. Included in the change of the valuation allowance is an increase of EUR 3 for losses originated in 2010 and prior years and an increase of EUR 7 for fluctuations in foreign exchange rates. This was partly offset by a decrease of EUR 3 for unrecognised tax benefits.

Other current assets include current net deferred tax assets of EUR 152 and EUR 125 as of December 31, 2010 and December 31, 2009, respectively. Other long-term assets include EUR 110 and EUR 151 of net deferred tax assets as of December 31, 2010 and December 31, 2009, respectively. Other accrued expenses include current deferred tax liabilities of EUR 6 and EUR 7 as of December 31, 2010 and December 31, 2009, respectively. Other liabilities include EUR 222 and EUR 138 of non-current deferred tax liabilities as of December 31, 2010 and December 31, 2009, respectively.

As of December 31, 2010, the Company had approximately EUR 725 of net operating loss carryforwards. These losses will expire as follows:

in EUR	2011	2012	2013	2014	2015	Thereafter	No expiry	Total
Expiration of losses by period	6	3	8	3	13	166	526	725

The largest net operating loss carryforwards are in the USA, France, Germany, the UK, Brazil, and the Netherlands and total EUR 575 as of December 31, 2010. The losses in the USA and the Netherlands begin to expire in 2023 and 2018, respectively.

The losses in France, Germany, the UK, and Brazil do not expire. In addition, tax credits of EUR 20 are predominantly related to the US operations and begin to expire in 2018.

As of December 31, 2010, the amount of unrecognised tax benefits including interest and penalties is EUR 291 of which EUR 244 would, if recognised, decrease the Company's effective tax rate. As of December 31, 2009, the amount of unrecognised tax benefits including interest and penalties was EUR 266 of which EUR 228 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, 2008	**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**
Increases related to current year tax positions	35
Expiration of the statutes of limitation for the assessment of taxes	(16)
Settlements with tax authorities	(6)
Additions to prior years including acquisitions	27
Decreases to prior years	(56)
Foreign exchange currency movement	16
Balance as of December 31, 2010	**243**

In 2010, the item "decreases to prior years" includes EUR 51 related to a settlement of contingencies with a corresponding offset to net operating losses carryforwards and a favourable impact of EUR 27 to the income tax expense. Furthermore, in 2010 the item "additions to prior years including acquisitions" mainly relates to changes in estimates due to current year audit activity and pre-acquisition contingencies. 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, 2010 and December 31, 2009, the amount of interest and penalties recognised in the balance sheet amounted to EUR 48 and EUR 23, respectively. The total amount of interest and penalties recognised in the statement of operations was a net expense of EUR 22 and EUR 2 in 2010 and 2009, respectively, and a net benefit of EUR 10 in 2008.

in millions, except share and per share information

The Company and its subsidiaries file income tax returns in multiple jurisdictions with varying statutes of limitation.

The open tax years by major jurisdiction are the following:

Country	Open tax years
Australia	2001 onwards
Canada	1999 onwards
France	2006 onwards
Germany	2002 onwards
Italy	2003 onwards
Japan	2004 onwards
Netherlands	2004 onwards
Spain	2006 onwards
UK	2006 onwards
USA	2006 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 in the next 12 months 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:

	2010		2009		2008	
in EUR (except number of shares)	Basic	Diluted	Basic	Diluted	Basic	Diluted
Numerator						
Net income attributable to Adecco shareholders	423	423	8	8	495	495
Interest on convertible bond, net of tax		2				7
Net income available for earnings per share calculation	**423**	**425**	**8**	**8**	**495**	**502**
Denominator						
Weighted-average outstanding shares	174,151,587	174,151,587	174,091,286	174,091,286	175,414,832	175,414,832
Weighted-average shares deliverable under prepaid forward	17,961,492	17,961,492	3,515,530	3,515,530		
Weighted-average shares	**192,113,079**	**192,113,079**	**177,606,816**	**177,606,816**	**175,414,832**	**175,414,832**
Incremental shares for assumed conversions:						
• Convertible bond		3,417,413				9,441,281
• Employee stock based compensation		65,833		7,175		3,537
Total average equivalent shares	**192,113,079**	**195,596,325**	**177,606,816**	**177,613,991**	**175,414,832**	**184,859,650**
Per share amounts						
Net earnings per share	**2.20**	**2.17**	**0.04**	**0.04**	**2.82**	**2.71**

The weighted-average shares include 17,961,492 and 3,515,530 shares for 2010 and 2009, respectively, 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, which represents participation rights of the prepaid forward. Stock options of 1,583,834 in 2010, 4,027,697 in 2009, and 5,522,846 in 2008, 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

In 2010, the Company was organised in a geographical structure complemented by business lines. The geographies consist of France, North America, UK & Ireland, Japan, Germany & Austria, Benelux, Italy, Iberia, Nordics, Australia & New Zealand, Switzerland, and Emerging Markets. The business lines consist of Office, Industrial, Information Technology, Engineering & Technical, Finance & Legal, Medical & Science, Sales, Marketing & Events, and Human Capital Solutions. 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. Since January 2011, the Company is organised in a geographical structure plus the global business Lee Hecht Harrison ("LHH"). This structure is complemented by business lines.

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, but exclude investments in subsidiaries and intercompany balances. The accounting principles used for the segment reporting are those used by the Company.

in millions, except share and per share information

Revenues derived from temporary staffing totalled 92% in 2010 and in 2009 and 93% in 2008 of the Company's revenues. The remaining portion was derived from permanent placement, outsourcing, outplacement, and consulting services.

in EUR	France	North America	UK & Ireland	Japan	Germany & Austria	Benelux	Other	Corporate	Total
2010 segment reporting									
Revenues	5,588	3,609	1,630	1,297	1,238	894	4,400		18,656
Depreciation	(17)	(18)	(10)	(5)	(9)	(6)	(16)	(6)	(87)
Operating income before amortisation and impairment of goodwill and intangible assets	212	174	22	69	84	43	192	(74)	722
Amortisation of intangible assets									(55)
Impairment of goodwill and intangible assets									
Operating income									667
Interest expense, and other income/(expenses), net									(64)
Provision for income taxes									(179)
Net income									**424**
Capital expenditures	(42)	(13)	(1)	(9)	(7)	(3)	(23)	(7)	(105)
Segment assets	1,709	2,234	704	282	1,803	324	1,461	362	8,879
Long-lived assets [1]	109	112	27	46	24	15	81	59	473

in EUR	France	North America	UK & Ireland	Japan	Germany & Austria	Benelux	Other	Corporate	Total
2009 segment reporting									
Revenues	4,806	2,316	947	1,343	1,033	801	3,551		14,797
Depreciation	(15)	(13)	(11)	(4)	(9)	(6)	(18)	(5)	(81)
Operating income before amortisation and impairment of goodwill and intangible assets	68	112	(13)	95	31	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	434	241	1,736	300	1,144	995	7,831
Long-lived assets [1]	86	83	34	30	27	23	51	36	370

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

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	Total
Revenues										
2010	3,726	8,971	2,071	948	699	360	357	266	1,258	18,656
2009 [2]	3,504	7,375	1,099	615	322	245	330	341	966	14,797
2008 [2]	4,544	11,088	1,179	802	448	275	357	263	1,009	19,965

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

2 The 2010 information includes certain changes in the allocation of branches to business lines. The 2009 and 2008 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 215 in 2010 and to EUR 223 in 2009 and 2008. Future minimum annual lease payments under operating leases are as follows:

in EUR	2011	2012	2013	2014	2015	Thereafter	Total
Lease payments by year	190	130	98	72	58	79	627

As of December 31, 2010, the Company had future purchase and service contractual obligations of approximately EUR 89 primarily related to IT development and maintenance agreements, earn-out agreements related to acquisitions, marketing sponsorship agreements, equipment purchase agreements, and other vendor commitments. Future payments under these arrangements are as follows:

in EUR	2011	2012	2013	2014	2015	Thereafter	Total
Contractual obligations by year	31	49	4	3	2		89

Guarantees

The Company has entered into certain guarantee contracts and standby letters of credit that total EUR 746, including those letters of credit issued under the multicurrency revolving credit facility (EUR 80). 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.

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 categories, which can have a significant impact on the Company's results. Those key recurring risk categories are, amongst others, economic trends/situation, client attraction/retention, associate attraction/retention, employee attraction/retention, financial reporting, IT environment, change in regulatory/legal and political environment, integration risk, and fraudulent activities. All identified risk categories 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 financial 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 these exposures in the absence of natural hedges.

The Company concluded that the risk management process has worked properly throughout 2010.

Note 19 • Subsequent events

The Company has evaluated subsequent events through March 15, 2011, the date the financial statements were available to be issued. No significant events occurred subsequent to the balance sheet date but prior to March 15, 2011, 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. and subsidiaries, which comprise the consolidated balance sheets as of 31 December 2010 and 2009, 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 31 December 2010.

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 31 December 2010 and 2009, and the consolidated results of the operations and the cash flows for each of the three years in the period ended 31 December 2010, 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
15 March 2011

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

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

As of (in CHF)	31.12.2010	31.12.2009
Assets		
Current assets:		
• Cash and cash equivalents	18	913
• Receivables from subsidiaries	85	42
• Accrued income, prepaid expenses, and withholding taxes	28	35
Total current assets	**131**	**990**
Non-current assets:		
• Investments in subsidiaries	10,206	10,205
• Loans to subsidiaries	3,036	2,269
• Provisions on investments in and loans to subsidiaries	(618)	(655)
• Treasury shares	874	854
• Intangible assets	137	59
• Financial assets	10	15
Total non-current assets	**13,645**	**12,747**
Total assets	**13,776**	**13,737**
Liabilities and shareholders' equity		
Liabilities		
Current liabilities:		
• Amounts due to subsidiaries	246	243
• Short-term liabilities to related parties	61	30
• Provision for unrealised foreign currency gains		54
• Accrued liabilities	76	45
Total current liabilities	**383**	**372**
Non-current liabilities:		
• Long-term debt to subsidiaries	5,411	5,273
• Long-term liabilities to related parties	987	1,046
• Provisions and non-current liabilities	16	2
Total non-current liabilities	**6,414**	**6,321**
Total liabilities	**6,797**	**6,693**
Shareholders' equity		
Share capital	189	189
General reserves:		
• Reserve from capital contributions	1,701	1,701
• Other reserves	402	402
Reserve for treasury shares	874	912
Retained earnings	3,813	3,840
Total shareholders' equity	**6,979**	**7,044**
Total liabilities and shareholders' equity	**13,776**	**13,737**

Certain reclassifications have been made to prior year equity to conform to the current year presentation.

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)	2010	2009
Operating income		
Royalties and license fees	430	409
Dividends from subsidiaries	23	47
Gain on sale of investments		73
Release of provision on loans and investments, net	37	
Interest income from subsidiaries	88	45
Interest income from third parties	15	15
Financial income	58	304
Other income	14	124
Total operating income	**665**	**1,017**
Operating expenses		
Interest expense to subsidiaries	(264)	(168)
Interest expense to related parties	(3)	(1)
Interest expense to third parties	(2)	(2)
Provisions on loans and investments, net		(90)
Taxes	(10)	(52)
Financial expense	(164)	(30)
Other expenses (including depreciation of CHF 3 in 2010 and in 2009)	(118)	(103)
Merger loss and loss on sale of investments	(38)	
Total operating expenses	**(599)**	**(446)**
Net income	**66**	**571**

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	31.12.2010	31.12.2009
Guarantees	2,096	4,201
Letters of comfort	93	110
Other	11	11
Total contingent liabilities	**2,200**	**4,322**

Adecco S.A. has irrevocably and unconditionally guaranteed the Euro medium-term notes of CHF 625 (EUR 500) due 2014 and accrued interest of CHF 32 and the fixed rate notes of CHF 625 (EUR 500) due 2013 and accrued interest of CHF 20 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 outstanding commercial paper of CHF 189 (EUR 151) issued by Adecco International Financial Services BV, a wholly-owned subsidiary of Adecco S.A.

Adecco S.A. has guaranteed or co-issued an amount of CHF 97 utilised from the revolving credit facility in the form of letters of credit as of December 31, 2010. Approximately CHF 522 of the credit facilities issued to several subsidiaries in Europe, North America, South America, Asia, and Australia have been guaranteed. Additionally, Adecco S.A. has provided guarantees and letters of comfort amounting to CHF 79 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 the liabilities of the Swiss VAT group. As of December 31, 2010, the Swiss VAT group liability amounted to CHF 11.

Furthermore, as of December 31, 2009, Adecco S.A. had guaranteed CHF 625 of the CHF 900 zero-coupon convertible bonds and accrued interest which were repaid in 2010 and the outstanding commitments in connection with the MPS acquisition in the amount of approximately CHF 1,336 which were honoured on the closing of the MPS acquisition in January 2010.

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) Ltd. ("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 8 to the consolidated financial statements).

As of December 31, 2010, the maximum number of shares to be delivered at any time between November 26, 2009 and November 26, 2012 amounts to 18,046,922 (17,821,782 shares at issuance). The number of shares is adjusted for dividends paid between issuance and conversion. Adecco S.A. is allowed to deliver treasury shares held at the time of exercise instead of issuing new shares of Adecco S.A. out of the approved conditional capital. In 2010 and 2009, Adecco S.A. recorded expenses of CHF 5 and less than CHF 1 respectively, relating to the amortisation of capitalised costs incurred in connection with the prepaid forward. 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 payable of CHF 148, including CHF 2 representing capitalised interest on the loan from inception to the last rollover date, to Adecco Investment. The loan carries interest rate of 3-month CHF LIBOR plus 1.5% per annum. The loan is repayable in instalments of CHF 61, CHF 59, and CHF 28 on 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, 2010 and December 31, 2009, all treasury shares held by the Adecco Group 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, 2009	**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**			
Disposals/utilisation for option exercises	(38)	(622,595)	60	60	56
Reversal of prior year's write-down	58				
December 31, 2010	**874**	**14,561,480**			

Under the completed share buyback programmes approved by the Board of Directors of Adecco S.A., Adecco S.A. acquired 116,487 treasury shares for a total consideration of CHF 4 (EUR 3) in 2009. Adecco S.A. intends to acquire up to an additional 2% of issued shares of Adecco S.A., if and when opportune.

As of December 31, 2010, the treasury shares are intended to be used for the settlement of the prepaid forward and the outstanding employee stock option plans and long-term incentive plans (for further details refer to Note 9 to the consolidated financial statements), as well as to minimise potential dilution related to issuance of future financial instruments.

In December 2010, 580,624 treasury shares were used upon the exercise of call options on Adecco S.A. shares which were entered into in connection with the employee tradable stock option programme. In 2010 and 2009, Adecco S.A. awarded 5,356 and 7,516 treasury shares, respectively, 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). In addition in 2010, 33,529 shares were used to settle stock option exercises and 3,086 treasury shares were sold.

In December 2008, the carrying value of treasury shares was written down by CHF 362 to the December 2008 average share price. In December 2010 and December 2009, the write-down was reversed to the acquisition cost of treasury shares and to the December 2009 average share price resulting in gains of CHF 58 and CHF 304, respectively.

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 Reserves: Reserve from capital contributions	General Reserves: Other reserves	Reserve for treasury shares	Retained earnings	Total
January 1, 2010	**189**	**1,701**	**402**	**912**	**3,840**	**7,044**
Dividend distribution					(131)	(131)
Net movement in reserve for treasury shares				(38)	38	
Net income					66	66
December 31, 2010	**189** [1]	**1,701**	**402**	**874**	**3,813**	**6,979**

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

On May 11, 2010, Adecco S.A. held its Annual General Meeting of Shareholders in Lausanne.

Conditional capital

As of December 31, 2010, 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. The 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, 2010 and December 31, 2009, under Art. 3^{ter} 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 2010, Adecco S.A. did not issue any shares.

General Reserves

Pursuant to the new Swiss tax legislation, the reserve from capital contributions amounting to CHF 1,701 as of December 31, 2010 and December 31, 2009 is presented separately within general reserves. Any dividend distribution made out of the reserve from capital contributions after January 1, 2011 will neither be subject to Swiss withholding tax, nor subject to income tax on individual shareholders who are residents of Switzerland. Only capital contributions made after December 31, 1996 qualify for the tax exemption and are classified in the reserve from capital contributions.

Note 5 • Significant shareholders

Adecco S.A. has only registered shares. Not all shareholders register with Adecco S.A.'s share register. The following figures are based on information from the share register as of December 31, 2010, on shareholders' disclosures or on other information available to Adecco S.A.

34,866,019 and 39,135,168 shares in 2010 and 2009, respectively, held by a shareholder group with pooled voting rights, consisting of Jacobs Holding AG, Zurich, Switzerland; Jacobs Stiftung, Zurich, Switzerland; Renata I. Jacobs, St. Moritz, Switzerland; Lavinia Jacobs, London, UK; Nicolas Jacobs, London, UK; Philippe Jacobs, London, UK; Nathalie Jacobs, Kusnacht, 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.

9,403,368 shares as per February 8, 2011 and 18,747,976 shares as per May 6, 2009, held by Group Franklin Resources 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., Hong Kong; Templeton Global Advisors Limited, Nassau, Bahamas; Templeton Investment Counsel, Ft. Lauderdale, USA.

10,163,580 and 10,390,853 shares in 2010 and 2009, respectively, held by Akila Finance S.A., Luxembourg, controlled by Philippe Foriel-Destezet, Gstaad, Switzerland.

9,476,197 shares as per February 28, 2011, held by Artisan Partners Limited Partnership, Milwaukee, USA, which is controlled by its general partner, Artisan Investment GP LLC, a limited liability company organised under the laws of the state of Delaware, USA. The sole member/partner of Artisan Investment GP LLC is Artisan Partners Holdings LP (also a limited partner of Artisan Partners Holding LP). Artisan Partners Holdings LP is the sole limited partner of Artisan Partners Limited Partnership. Artisan Partners Holdings LP is controlled by its general partner, Artisan Investment Corporation. The sole shareholder of Artisan Investment Corporation is ZFIC Inc., a corporation organised under the laws of the state of Wisconsin, USA, and with two shareholders, each owning 50% of the voting stock of ZFIC Inc., i.e. Andrew A. Ziegler and Carlene M. Ziegler (c/o Artisan Partners Limited Partnership, Milwaukee, USA).

9,309,349 shares as per December 3, 2010 and 9,421,391 shares as per January 23, 2009, held by Harris Associates LP, Chicago, USA.

Refer to Note 3 for details on shares held by Adecco S.A.

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

Note 6 • Restriction regarding the distribution of dividends

Adecco S.A. may only pay dividends from unappropriated available earnings, the general reserve or other reserves distributable in accordance with art. 675 of the Swiss Code of Obligations.

Companies whose principal purpose consists of participations in other companies may freely use the general reserve to the extent it does exceed 20% of the paid-in share capital. Pursuant to art. 671 para. 1 of the Swiss Code of Obligations, 5% of the annual profits shall be allocated to the general reserve until it has reached 20% of the paid-in share capital. In addition, pursuant to art. 671 para. 2 and para. 4 of the Swiss Code of Obligations, companies whose principal purpose consists of participations in other companies shall allocate to the general reserve the following: (1) any surplus over par value upon the issue of new shares after deduction of the issue cost, to the extent such surplus is not used for depreciation or welfare purposes; (2) the excess of the amount which was paid-in on cancelled shares over any reduction on the issue price of replacement shares. The general reserves are CHF 2,103 as of December 31, 2010 and December 31, 2009, thereby exceeding 20% of the paid-in share capital in both years.

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 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 partially compensated with Adecco S.A. shares. The amount conferred to the members of the Board of Directors for the fiscal year 2010 amounted to CHF 5.1. The total of all compensation conferred for the fiscal year 2010 to all members of the Executive Committee, including bonus payments for 2010 due in 2011, and awards granted in 2010 under the LTIP, at grant date fair value, amounted to CHF 27.9. Not included are bonus payments due for 2009 but made during 2010 as this information was disclosed in 2009.

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

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

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

Individual compensation and shareholding for 2010 and 2009 are presented in the following tables:

Board of Directors compensation

For the year 2010

in CHF (except shares)	Office/ compensation period in 2010	Net compensation for term served	Social contributions[1] Old age insurance/ pensions and others	Shareholding as of December 31, 2010[2]
Name and function				
Rolf Dörig, Chairman	since Jan. 2010	1,800,000[3]	246,088	30,000
Thomas O'Neill, Vice-Chairman	since Jan. 2010	427,596	52,760	2,000
Jakob Baer	since Jan. 2010	428,123	51,630	4,601
Alexander Gut	since May 2010	189,095	25,446	840
Andreas Jacobs	since Jan. 2010	450,000		714,915[4]
Francis Mer	since Jan. 2010	428,123	51,630	
David Prince	since Jan. 2010	297,000	3,000	2,416
Wanda Rapaczynski	since Jan. 2010	300,000		2,000
Judith A. Sprieser	since Jan. 2010	300,000		2,000
Subtotal		**4,619,937**	**430,554**	
Total			**5,050,491**	**758,772**

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 (refer to: http://www.adecco.com).

3 CHF 300,000 of the total net compensation was paid with Adecco S.A. shares.

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 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 (refer to: http://www.adecco.com).

3 CHF 300,000 of the total net compensation was paid with Adecco S.A. shares.

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.

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

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

Executive Committee compensation

The following elements have to be taken into account when comparing the compensation of the Executive Committee for 2010 and 2009:

- The individual annual base salaries for the major part of the members remained basically unchanged.
- The CEO joined the Company in June 2009 and thus, his compensation was accounted for seven months only.
- In 2009, seven members joined the Executive Committee in October and thus, their compensation was accounted for three months only.
- The strong business performance in 2010 resulted in high achievements under the STIP.

For the year 2010

in CHF	Patrick De Maeseneire, CEO[1]	Total Executive Committee[2]
Gross cash compensation[3]:		
• Base salary	1,800,000	9,631,381
• Annual bonus	2,160,000	8,649,131
Compensation in kind[4]	120,000	1,217,944
Social contributions[5]:		
• Old age insurance/pensions and others	351,416	2,087,315
• Additional health/accident insurance	36,841	80,228
Total conferred	**4,468,257**	**21,665,999**
Share awards granted in 2010 under the long-term incentive plan ("LTIP")[6]:		
• RSU awards	1,425,770	5,069,246
• Relative TSR awards	155,863	554,169
• Absolute TSR awards	95,167	338,388
• Additional TSR awards	57,586	204,746
Social contributions on awards, estimated[5]		48,550
Total conferred including LTIP	**6,202,643**	**27,881,098**

1 Highest conferred individual compensation in 2010.

2 In 2010, the Executive Committee consisted for the full year of Patrick De Maeseneire, Dominik de Daniel, François Davy, Theron I (Tig) Gilliam Jr., Christian Vasino, Alain Dehaze, Andreas Dinges, Mark Du Ree, Enrique Sanchez, Peter Searle, Federico Vione, and Sergio Picarelli. Notice periods of up to 12 months apply. For two members of the Executive Committee, severance payments of approximately CHF 1.9 million (including bonus entitlement) and CHF 0.9 million, respectively would be due in case of termination of the employment contract by the employer.

3 Including employee's social contributions.

4 Car allowance for private use, car lease financed by the Company, membership fees, housing allowance, relocation, education, health insurance, representation allowance. Includes tax equalisation payments to a member of the Executive Committee, partly refundable to the Company in the future.

5 Employer's social contributions.

6 Value in CHF of Adecco S.A. shares awarded in 2010 under the LTIP 2010 (grant date: March 16, 2010).
Valuation of the share awards granted:

- *The grant date fair value of the restricted share unit awards ("RSU awards") is equal to the closing price of the Adecco S.A. share on the day of grant less 3% discount related to non-entitlement of RSU awards to dividend until vesting. An additional discount of 11% is applied to the value of RSU awards granted to the French participants, related to additional 2-year post-vesting restrictions on sale of shares.*
- *The grant date values of the total shareholder return awards ("TSR awards") are calculated based on the closing price of the Adecco S.A. share on the day of grant multiplied by the respective probability factors. These factors reflect the likelihood that the respective TSR targets will be met at the end of the performance period. The probability factors of 0.41, 0.25, and 0.15 for relative, absolute, and additional TSR awards, respectively, have been determined using a binomial model. A discount of 3% is applied in relation to non-entitlement of TSR awards to dividend until vesting. An additional discount of 11% is applied to the value of TSR awards granted to the French participants, related to additional 2-year post-vesting restrictions on sale of shares by the participants. Thus, the per-share value of awards granted in 2010 amounts to CHF 50.55 and CHF 56.79 for RSU awards, CHF 20.52 and CHF 23.06 for relative TSR awards, CHF 12.54 and CHF 14.08 for absolute TSR awards, and CHF 7.58 and CHF 8.52 for additional TSR awards (lower values: French participants).*

For the year 2009

in CHF	Patrick De Maeseneire, CEO[1]	Total Executive Committee[2]
Gross cash compensation[3]:		
• Base salary for term served	1,050,000	5,621,751
• Annual bonus	945,000	3,666,526[4,5]
Compensation in kind[6]	70,000	364,056
Social contributions[7]:		
• Old age insurance/pensions and others	174,889	1,284,288
• Additional health/accident insurance	7,091	26,360
Total conferred	**2,246,980**	**10,962,981**
Share awards granted in 2009 under the long-term incentive plan ("LTIP")[8]:		
• EPS awards	783,209	2,640,395
• TSR awards	621,212	2,247,393
Social contributions on EPS and TSR awards, estimated[7]	112,354	312,544
Total conferred including LTIP	**3,763,755**	**16,163,313**

1 Highest conferred individual compensation in 2009, not taking into account severance payment to the former CEO. Dieter Scheiff, the former CEO with a minimum contract duration until June 30, 2011, having served 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 included 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.

2 In 2009, the Executive Committee consisted of Patrick De Maeseneire (since June 2009), Dominik de Daniel, François Davy, Theron I (Tig) Gilliam Jr., and Christian Vasino (all since January 2009), and Alain Dehaze, Andreas Dinges, Mark Du Ree, Enrique Sanchez, Peter Searle, Federico Vione, and Sergio Picarelli (all since October 2009). For Andreas Dinges, Mark Du Ree, Enrique Sanchez, Federico Vione, and Sergio Picarelli, 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. Peter Searle became a member of the Executive Committee at the end of October 2009. Compensation information only included for November and December 2009.
For the members of the Executive Committee, except for Andreas Dinges, notice periods of up to 12 months apply. For Andreas Dinges, the minimum contract duration is 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. For two further members of the Executive Committee, severance payments of approximately CHF 2.3 million (including bonus entitlement) and CHF 1.1 million respectively would be due in case of termination of the employment contract by the employer.
In addition, a total amount of CHF 1,515,953 was conferred to a member of the Executive Committee who left the Company in September 2009, consisting of a base salary, including employee's social contributions for the term served of CHF 412,500, severance payment of CHF 948,103, employer's social contributions of CHF 130,599 for old age insurance and pension, additional health/accident insurance of CHF 4,049 and compensation in kind for relocation costs of CHF 20,702.

3 Including employee's social contributions.

4 Besides Patrick De Maeseneire, Andreas Dinges received a guaranteed bonus in 2009. For Tig Gilliam and Mark Du Ree, 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).

5 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 of Directors, upon proposal of the NCC, decided to grant Mark Du Ree, Tig Gilliam, Enrique Sanchez, Federico Vione, Sergio Picarelli, and Christian Vasino an extraordinary one-time cash bonus. The total amount of this extraordinary discretionary cash bonus was approximately CHF 2.2 million.

6 Car allowance for private use, car lease financed by the Company, membership fees, housing allowance, relocation, education, health insurance, representation allowance. Amount includes tax equalisation payments to Mark Du Ree, partly refundable to the Company in the future.

7 Employer's social contributions.

8 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 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 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 "Share awards").*

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

For 2010, the variable portion of cash compensation (annual bonus) to the CEO amounted to 120% and for the other members of the Executive Committee ranged between 60% and 120% of the base salary. The variable portion of compensation consisting of share awards (at values as indicated in the previous table) to the CEO amounted to 96% and for the other members of the Executive Committee ranged between 36% and 80% of the base salary. The CEO has achieved the cap of the STIP based bonus, and the other members of the Executive Committee have reached between 97% and 120% (cap) of the STIP bonus base.

Compensation of former members of Governing Bodies (Board of Directors, Executive Committee, closely linked parties)

Dieter Scheiff, former CEO with minimum contract duration until June 30, 2011, having served until April 2009, was conferred an amount of CHF 0.7 (including employer's social contributions) in 2010, relating to the fulfilment of non-compete obligations.

No compensation payments were made to other former members of Governing Bodies in relation to their former offices.

Shares allocated to Governing Bodies

In 2010, no Adecco S.A. shares were allocated to current or former members of Governing Bodies, except for part of the Chairman's compensation delivered in form of shares (refer to the Board of Directors, compensation table on page 166).

Share ownerships of Governing Bodies

As per December 31, 2010, the members of the Board of Directors, including parties closely linked, reported to hold 758,772 shares; not included are the shares held by a group to which Andreas Jacobs is a member (refer to section 1.2 "Significant shareholders" of the Corporate Governance Report). For the individual share ownerships of the Board of Directors, refer to the table "Board of Directors compensation" and to section 1.2 "Significant shareholders" of the Corporate Governance Report.

As per December 31, 2010, the members of the Executive Committee, including parties closely linked, reported to hold 32,768 shares. For the individual share ownership of the Executive Committee, refer to the following table:

Share ownership as per December 31[1]	Patrick De Maeseneire[2]	Dominik de Daniel	François Davy	Mark Du Ree	Sergio Picarelli	Christian Vasino	Total
2010	590	29,978	100	50	1,050	1,000	32,768
2009	590	29,978		50	1,050	1,000	32,668

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

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

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 (refer to: http://www.adecco.com).

Stock options and share awards held by and granted to Governing Bodies

Stock options

Stock options outstanding, as granted since the merger of Adia and Ecco in 1996, exercised by, lapsed from, and held by the members of Governing Bodies in office as of December 31, 2010 and as of December 31, 2009, are presented in the following table (no stock options were granted since 2004):

As of December 31, 2010

Year of grant	Last year of expiry detail: Federico Vione	Last year of expiry detail: Christian Vasino	Strike price (CHF)	Granted	Exercised	Lapsed	Held by Federico Vione	Held by Christian Vasino
Stock options held								
2003	2012	2012	78.50	6,500	3,200	1,500	800	1,000

As of December 31, 2009

Year of grant	Last year of expiry detail: Mark Du Ree	Last year of expiry detail: Enrique Sanchez	Last year of expiry detail: Federico Vione	Last year of expiry detail: 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

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" and Note 9 "Stock-based compensation" to the consolidated financial statements.

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

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

Share awards

Share awards held as of December 31, 2010 granted on March 16, 2010 under the LTIP:

	RSU awards	TSR awards [1]	Total
Patrick De Maeseneire	25,106	20,277	45,383
Total Executive Committee	90,135	72,801	162,936

1 Split into relative TSR, absolute TSR, and additional TSR awards (one third each).

Share awards as of December 31, 2010 and as of December 31, 2009 granted on March 16, 2009 and April 1, 2009 under the LTIP:

	EPS awards [1]	TSR awards	Total
Patrick De Maeseneire [2]	22,500	22,500	45,000
Total Executive Committee	80,912	128,945	209,857

1 For EPS awards refer to the description of the long-term incentive plan for the awards granted in 2009 as described on pages 189 and 190 of the Annual Report 2009.

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

Additional fees and remuneration of Governing Bodies

No member of the Board of Directors received any additional honorariums in 2010.

Loans granted to Governing Bodies

In 2010, 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 consolidated financial statements.

Adecco S.A. (Holding Company) – Proposed appropriation of available earnings

in millions, except share and per share information

in CHF	2010	2009
Available earnings		
Available earnings of previous years	3,840	3,534
Net income	66	571
Net movement in reserve for treasury shares	38	(4)
Dividend distribution	(131)	(261)
Total available earnings	**3,813**	**3,840**
Dividend per share of CHF 0.75 for 2009		(131)
Balance to be carried forward	**3,813**	**3,709**

in CHF	2010	2009
General reserve from capital contributions		
General reserve from capital contributions of previous years	1,701	1,701
Proposed reclassification of general reserve from capital contributions to free reserves and proposed dividend distribution of CHF 1.10 per share for 2010	(192) [1]	
Balance to be carried forward	**1,509**	**1,701**

1 This represents the amount of dividends payable based on the total number of outstanding shares (excluding treasury shares) of 174,702,026 as of December 31, 2010.

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 31 December 2010.

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 31 December 2010 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
15 March 2011

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 Coordination Center NV	Belgium	Brussels	100%	F	EUR	1,332,468
Adecco Personnel Services NV	Belgium	Brussels	100%	O	EUR	16,651
Adecco Financial Services (Bermuda) Ltd	Bermuda	Hamilton	100%	F	USD	12
Secad Ltd	Bermuda	Hamilton	100%	H	CHF	44
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 Holding France SASU	France	Villeurbanne	100%	H	EUR	601,200
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 Beteiligungs GmbH	Germany	Düsseldorf	100%	H	EUR	25
Adecco Personaldienstleitungen GmbH	Germany	Düsseldorf	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 International Financial Services BV	Netherlands	Utrecht	100%	F	EUR	2,500
Adecco Holding Europe BV	Netherlands	Utrecht	100%	H	EUR	18,807
Adecco Personneelsdiensten BV	Netherlands	Utrecht	100%	O	EUR	227
Adecco Detachering BV	Netherlands	Utrecht	100%	O	EUR	18
Adecco Norge AS	Norway	Oslo	100%	O	NOK	51,000
Adecco TT SA Empresa de Trabajo Temporal	Spain	Madrid	100%	O	EUR	1,759
Eurocén Europea de Contratas SA	Spain	Madrid	100%	O	EUR	661
Adecco Sweden AB	Sweden	Stockholm	100%	O	SEK	3,038
Adecco S.A.	Switzerland	Chêserex		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 Ressources Humaines S.A.	Switzerland	Lausanne	100%	O	CHF	7,000
Spring Group Plc	United Kingdom	London	100%	O	GBP	<1
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
Olsten (U.K.) Holdings Ltd	United Kingdom	London	100%	H	GBP	22,531
Modis Europe Limited	United Kingdom	London	100%	H	GBP	206
Badenoch and Clark Limited	United Kingdom	London	100%	O	GBP	3,878
Adecco Inc.	United States	Wilmington, DE	100%	H	USD	<1
Adecco USA, Inc.	United States	Wilmington, DE	100%	O	USD	<1
Ajilon LLC	United States	Wilmington, DE	100%	O	USD	n/a[2]
Entegee, Inc.	United States	Burlington, MA	100%	O	USD	<1
Ajilon Professional Staffing LLC	United States	Wilmington, DE	100%	O	USD	n/a[2]
Lee Hecht Harrison LLC	United States	Wilmington, DE	100%	O	USD	n/a[2]
Modis, Inc.	United States	Jacksonville, FL	100%	O	USD	<1
MPS Group, Inc.	United States	Jacksonville, FL	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 or at transaction rates, 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). As of December 31, 2010, the market capitalisation of Adecco S.A., based on the number of shares issued, including treasury shares and the closing price of shares on the SIX Swiss Exchange, amounted to approximately CHF 11.6 billion. On March 8, 2011, this market capitalisation amounted to approximately CHF 12.0 billion.

The Company is the world's leading provider of human resource solutions including temporary staffing, permanent placement, outsourcing, outplacement, and consulting services.

In 2010, the Company was organised in a geographical structure complemented by business lines. The geographies consist of France, North America, UK & Ireland, Japan, Germany & Austria, Benelux, Italy, Iberia, Nordics, Australia & New Zealand, Switzerland, and Emerging Markets. The business lines consist of Office, Industrial, Information Technology, Engineering & Technical, Finance & Legal, Medical & Science, Sales, Marketing & Events, and Human Capital Solutions. 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. Since January 2011, the Company is organised in a geographical structure plus the global business Lee Hecht Harrison ("LHH"). This structure is complemented by business lines.

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

As of January 1, 2011, 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;
- Theron I (Tig) Gilliam Jr., Regional Head of North America;
- Peter Searle, Regional Head of UK & Ireland;
- Andreas Dinges, Regional Head of Germany & Austria;
- Mark Du Ree, Regional Head of Japan & Asia;
- Alain Dehaze, Regional Head of Northern Europe;
- Federico Vione, Regional Head of Italy & Eastern Europe;
- Enrique Sanchez, Regional Head of Iberia & South America;
- 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 176 of this Annual Report. No subsidiary has shares listed on a stock exchange; however, 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, 2010, the total number of shareholders directly registered with Adecco S.A. was 18,186. The major shareholders and their shareholdings were disclosed to the Company as listed in the following table. The table lists the significant shareholders highlighted in bold letters and their latest disclosures regarding their percentage of voting rights.

Please note that percentages of shareholdings refer to the date of disclosure unless indicated otherwise and may have changed in the meantime.

For further details pertaining to the below listed disclosures refer to 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.

Investor	Date of Adecco publication	Percentage of voting rights as disclosed
Adecco S.A.	**20.11.2009**	**8.86% purchase positions of which 8.02% equity, 14.75% sale positions[1]**
Akila Finance S.A.	**09.12.2005**	**5.44% equity[1]**
Artisan	**07.03.2011**	**5.01% equity[1]**
	23.02.2011	4.99% equity
	23.02.2011	5.01% equity
	29.07.2010	3.17% equity
AXA S.A.	**26.02.2010**	**Falling below threshold of 3%**
	04.02.2010	4.87% equity
Group BlackRock Inc.	**10.11.2010**	**3.05% purchase positions of which 3.01% equity positions**
	20.07.2010	Falling below threshold of 3%
Group Deutsche Bank AG	**17.12.2010**	**Falling below threshold of 3%**
	05.11.2010	22.62% purchase positions of which 3.89% equity, 18.10% sale positions
	13.09.2010	22.19% purchase positions of which 3.38% equity, 18.22% sale positions
	31.08.2010	22.22% purchase positions of which 3.47% equity, 18.22% sale positions
	20.04.2010	22.75% purchase positions of which 4.06% equity, 18.16% sale positions
	14.04.2010	22.66% purchase positions of which 3.98% equity, 18.13% sale positions
	31.03.2010	22.38% purchase positions of which 3.63% equity, 18.18% sale positions
	29.03.2010	21.35% purchase positions of which 3.61% equity, 18.17% sale positions
FIL Limited (by accounts managed by FIL)	**12.04.2010**	**Falling below threshold of 3%[1]**

Investor	Date of Adecco publication	Percentage of voting rights as disclosed
Franklin Resources Inc.	**10.02.2011**	**4.97% equity**
	27.01.2011	5.37% equity
	05.11.2010	6.67% equity
Harris Associates L.P.	**08.12.2010**	**4.92% equity**
	26.08.2010	5.12% equity
Jacobs Group	**14.12.2010**	**18.60% purchase positions of which 18.58% equity** [1]
	07.12.2010	30.64% purchase positions of which 18.62% equity
	03.12.2010	30.64% purchase positions of which 18.62% equity, 17.10% sale positions
	09.06.2010	33.37% purchase positions of which 18.62% equity, 22.64% sale positions
	16.03.2010	31.23% purchase positions of which 19.87% equity, 22.67% sale positions
Och Ziff Group	**20.12.2010**	**3.04% purchase positions**
Sonata Securities S.A.	**13.01.2011**	**Falling below threshold of 3%**

1 For the shareholding as per December 31, 2010 refer to Note 5 to Adecco S.A. (Holding Company) financial statements.

As of December 31, 2010, Adecco S.A. is not aware of any person or legal entity, other than those stated above, that directly or indirectly owned 3% or more of voting rights in Adecco S.A., as defined by the Swiss disclosure requirements entered into force as of December 1, 2007. Adecco S.A. is not aware of shareholders' agreements, other than those described in the above mentioned disclosures, between its shareholders pertaining to Adecco S.A. shares held.

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

1.3 Cross-shareholdings

As of December 31, 2010, there were no cross-shareholdings exceeding 5% of a party's share capital.

2. Capital structure

2.1 Share capital

As of December 31, 2010, 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.

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

The 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. The conditional capital is available for share issuance upon conversion of financial instruments issued or to be issued 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, refer to Art. 3ter and 3^{quater} of the Articles of Incorporation (Internet: www.aoi.adecco.com).

2.3 Changes in 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, 2008	**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**
Changes					(38)	(27)
December 31, 2010	**189,263,506**	**189.3**	**19,566,804**	**19.5**	**2,977**	**3,813**

1 Reserves include both the general reserves 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, 2010, 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 (refer to 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 (refer to Art. 4 sec. 6 of the Articles of Incorporation; Internet: www.aoi.adecco.com). In 2010, 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 (refer to 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, refer to 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 were 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 were convertible into shares of Adecco S.A. at a conversion price of CHF 94.50 per share. If all bonds had been converted, Adecco S.A. would have issued 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 allowed 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. had to retain enough conditional capital to issue shares if required upon conversion.

Furthermore, bondholders had the option of putting the bonds on August 26, 2010, at the accreted principal amount. The Company had the possibility of calling 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 had been redeemed, converted, or repurchased.

In 2010, the Company repurchased bonds with a nominal amount of EUR 106 (CHF 154), representing 1,624,339 shares. In August 2010, bonds with a nominal amount of EUR 287 (CHF 390), representing 4,127,196 shares were put by the bondholders. In November 2010, the Company called the remaining outstanding bonds with a nominal amount of EUR 19 (CHF 25), representing 269,630 shares.

In the second half of 2010 and in October 2009, Adecco Financial Services (Bermuda) Ltd. cancelled EUR 440 (CHF 600) and EUR 198 (CHF 300) nominal value of repurchased bonds, respectively. Thus, as of December 31, 2010 no bonds were outstanding. As of December 31, 2010 no conditional capital was retained in connection with this bond.

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 on November 26, 2012. The bonds will convert at maturity into shares of Adecco S.A. or at the option of the holders or Adecco Investment, the bonds may be converted into shares of Adecco S.A. at any time 41 days after November 26, 2010 until the 30th dealing day prior to the maturity date. The number of shares to be delivered at maturity will be calculated based on the closing price of the shares of Adecco S.A. As of December 31, 2010, the minimum conversion price is CHF 49.87 per share (CHF 50.50 per share at issuance of the MCB), and the maximum conversion price is CHF 59.84 per share (CHF 60.60 per share at issuance of the MCB). The conversion prices will be adjusted for further dividend payments on the shares of Adecco S.A. during the lifetime of the MCB. As of December 31, 2010, the maximum number of shares to be delivered is 18,046,922 (17,821,782 shares at issuance of the MCB) and minimum number of shares to be delivered is 15,040,107 (14,851,485 shares at issuance of the MCB). If the holders or Adecco Investment exercise their conversion option prior to maturity, the conversion will occur at the maximum or the minimum conversion price, respectively. 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 originally acquired 17,821,782 shares of the Company for EUR 587 (CHF 887), net of costs. The strike price of the prepaid forward is adjusted for dividend payments on the shares of Adecco S.A. and the number of shares deliverable under the prepaid forward amounts to 18,046,922 as of December, 2010. 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, in 2009 the Company made a payment of EUR 8 (CHF 12) to Adecco Investment, which was 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 granted a loan of EUR 116 (CHF 176) to the Company, of which EUR 21 (CHF 30) have been repaid by December 31, 2010.

The Company had issued in the past stock option plans whereby employees and members of the Board of Directors received options to purchase shares. No stock options under these plans were granted after 2004.

Certain options that were 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 was responsible for making proposals, based upon the recommendations of the Executive Committee, to the Board of Directors regarding the individuals to whom options were granted, the size of the option grant for each optionee, the conditions, the exercise price, and the grant date. The Board of Directors had to approve all the option grants as well as the conditions thereof. The exercise price for one share was generally fixed at or above the fair market value at the date of grant. Depending on the conditions of the plans, options vested 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. The Board of Directors may modify, amend, suspend, or discontinue the plans.

Summary of the status of the stock options held based on above-mentioned plans as of December 31, 2010:

	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, 2010	**1,762,719**	**68**	**1.2**	
Exercised	(614,153)	60		
Forfeited	(22,582)	81		
Expired	(686,425)	71		
Options outstanding and vested as of December 31, 2010	**439,559**	**76**	**1.1**	

The aggregate intrinsic value as of December 31, 2010 of the outstanding stock options in the table above is less than EUR 1.

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

For information pertaining to the share awards granted under the long-term incentive plans (LTIP), refer to Note 7 to Adecco S.A. (Holding Company) financial statements and the Remuneration Report.

Board of Directors as of January 1, 2011

Rolf Dörig

- *Chairman*

Thomas O'Neill

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

Board of Directors, Executive Committee, and compensation

3. Board of Directors

As per December 31, 2010, the Board of Directors of Adecco S.A. consisted of nine members.

3.1 Biographies of members of the Board of Directors

The following sets forth the name, year of birth, entry date, 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, 2010:

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 2011.
- 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. Rolf 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.
- Rolf Dörig is Chairman of the Board of Directors of Swiss Life Holding AG[1], Vice-Chairman of the Board of Directors of Kaba Holding AG[1], Chairman of the Board of Directors of Danzer AG, all in Switzerland. Furthermore, Rolf Dörig is a member of the Board Committee of economiesuisse, Switzerland.

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 from May 2006 to May 2010. His one-year term of office ends on the day of the General Meeting of Shareholders in 2011.
- 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). Thomas O'Neill was a member of the Board of Dofasco Inc., Canada, from May 2003 to

Andreas Jacobs

- *Chairman of the Nomination and Compensation Committee*

Francis Mer

- *Chairman of the Corporate Governance Committee*
- *Member of the Nomination and Compensation Committee*

Judith A. Sprieser

- *Member of the Nomination and Compensation Committee*

February 2006, and of the Ontario Teachers' Pension Plan from January 2003 until April 2007. Thomas O'Neill was Vice-Chairman of Queen's University, Kingston, Ontario, (Canada), from 2004 to 2006, and a member of the International Monetary Fund's External Audit Committee (from January 2008 until November 2010).

- Thomas O'Neill is Chairman of the Board of BCE Inc.[1] and is a member of the Board of Loblaw Companies Ltd[1], Nexen Inc.[1] and Bank of Nova Scotia (Scotiabank)[1], all in Canada.
- Furthermore, he is Vice Chairman of the Board of Trustees of St. Michael's Hospital, Canada.

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 2011.
- 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.
- Andreas 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 from May 2006 to May 2010. His one-year term of office ends on the day of the General Meeting of Shareholders in 2011.
- 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, Francis 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.

1 Listed company.

Alexander Gut

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

Jakob Baer

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

- Francis Mer is Chairman of the Supervisory 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, Francis Mer is a member of the Supervisory Board of Fondation pour l'Innovation Politique and Chairman of the Foundation Condorcet, both in France.

Judith A. Sprieser

- United States national, born 1953. Judith A. 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 2011.
- Judith A. Sprieser holds a Bachelor of Arts degree in linguistics and an MBA from Northwestern University, USA.
- From 1987 until May 2000, Judith A. Sprieser held various senior executive positions at Sara Lee Corporation, USA. From 2000 to 2005, she was the Chief Executive Officer of the technology software and services company Transora, Inc., USA. Until the end of 2010, Judith A. Sprieser was a non-executive director of USG Corporation [1], USA.
- Judith A. Sprieser currently serves as a non-executive director of Allstate Insurance Company [1], USA, Experian plc [1], Ireland, Intercontinental Exchange Inc. [1], USA, Reckitt Benckiser plc [1], UK, and of Royal Ahold, N.V. [1], the Netherlands.
- Judith A. Sprieser is a member of the Board of Trustees of Northwestern University, USA.

Alexander Gut

- British & Swiss national, born 1963. Alexander Gut has been a member of the Board of Directors since May 2010. He has been serving on the Audit Committee and on the Corporate Governance Committee since May 2010. His one-year term of office ends on the day of the General Meeting of Shareholders in 2011.
- Alexander Gut obtained a doctorate degree in business administration (Dr. oec. publ.) from the University of Zurich, Switzerland, and is a Swiss Certified Accountant.
- Alexander Gut held leading positions at KPMG, and in his latest role he was a member of the Executive Committee and Head of Audit Financial Services Switzerland from 2005 to 2007. From 2001 to 2003, he was in charge of the global M&A consulting network for the financial services industry at Ernst & Young in Zurich.
- Alexander Gut is the founder and managing partner of Gut Corporate Finance AG, Switzerland.

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 2011.
- 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,

David Prince

- *Member of the Audit Committee*

Wanda Rapaczynski

- *Member of the Corporate Governance Committee*

and was a member of KPMG's European and International Leadership Board.
- Jakob Baer is board member of Allreal Holding AG[1], Barry Callebaut AG[1] (as of December 2010), Rieter Holding AG[1], Stäubli Holding AG, Swiss Re[1] and of a smaller private company, all in Switzerland.

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 onwards, 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 2011.
- David 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, David Prince became Group CFO of PCCW plc, Hong Kong. From 2002 to 2004, he worked for Cable & Wireless as Group Finance Director.
- David 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 Directors 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 2011 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. Wanda 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 S.A., Poland, where she currently serves on the Supervisory Board and as head of the Compensation Committee.
- Wanda Rapaczynski is a Member of the Board of Trustees and head of the Audit Committee 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.

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, 2010, 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.

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, 2010, the Board of Directors is composed of nine 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 2010, the Board of Directors held ten meetings and phone conferences.

Attendance at meetings and phone conferences during 2010:

	Full Board of Directors	Audit Committee	Corporate Governance Committee	Nomination & Compensation Committee
Number of meetings in person	6	4	4	4
Number of phone conferences	4	5		
Average duration in hours				
• Meetings in person	5 hrs	3 hrs	1 hr	1 hr
• Phone conferences	1/2 hr	3/4 hr		
Jakob Baer	10	9	4	
Rolf Dörig	10	3 [1]		2 [1]
Alexander Gut [2]	6	4	2	
Andreas Jacobs	10			4
Francis Mer [3]	10	5	4	4
Thomas O'Neill [4]	8	8	2	
David Prince	10	9		
Wanda Rapaczynski	10		4	
Judith A. Sprieser	10			4

1 Guest, without voting right.

2 Member of the Board of Directors as of May 11, 2010.

3 Member of the Audit Committee until May 10, 2010.

4 Member of the Corporate Governance Committee until May 10, 2010.

The Board of Directors has discussed and assessed its own and its members' performance. The Board of Directors concluded that the Board performed well and has the necessary resources and capacities available.

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 2010, the AC held nine meetings and phone conferences. For specific subjects, the CEO represents the Executive Committee in the meetings. The CFO, the Head of Group Accounting, the Head of Group Internal Audit, and the partners of the external auditors typically participate in the meetings.

As of December 31, 2010, the members of the AC were:

Name	Position
Jakob Baer	Chairman of the AC
Alexander Gut	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 2010, the CGC held four 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, 2010, the members of the CGC were:

Name	Position
Francis Mer	Chairman of the CGC
Jakob Baer	Member
Alexander Gut	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 of 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 retention and succession planning; and
- Establishing criteria for the selection of candidates and recommend 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 2010, 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, 2010, 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 the 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".

Patrick De Maeseneire

• *Chief Executive Officer*

Dominik de Daniel

• *Chief Financial Officer*

François Davy

• *Regional Head of France, Switzerland & India*

4. Executive Committee

4.1 Biographies of the members of the Executive Committee

The following 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, 2010.

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. Patrick 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 Sun International and Apple Computer, as well as senior positions at Wang in Belgium and Arthur Andersen Consulting.
- Patrick 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.
- Dominik 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. Dominik 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 since October 2009 and member of the Executive Committee since January 2007.
- French national, born 1956. François Davy joined Adecco as Country Manager of Adecco France in January 2007.
- François Davy 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, François Davy was appointed Managing Director of Cadbury Schweppes France, a position he held until 2000. He spent the next five years with Motorola, in various executive functions, including Country Manager France. From 2005, he

Theron I (Tig) Gilliam Jr.

• *Regional Head of North America*

Peter Searle

• *Regional Head of UK & Ireland*

Andreas Dinges

• *Regional Head of Germany & Austria*

served as Sales and Marketing Director of the Mail Division of La Poste, France.

- François Davy is a member of the Board of Directors of CS Communication & Systèmes, France[1]. He is president of the Employment Committee and member of the Relationships and Political Employment Committee of MEDEF, France, Vice-President of the Association Entreprendre pour Apprendre, member of the board of the Monoprix Foundation and member of the board of IMS, Entreprendre pour la Cité.
- François Davy is a Chevalier de la Légion d'Honneur.

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, Tig 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 January 2007 as Country Manager for the USA and Canada.
- Tig Gilliam is a member of the Board of Directors of Lennar Corporation[1], USA .

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.
- Peter 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 (RPO). From 2006, he was Chief Executive Officer of Spring Group which was acquired by Adecco in 2009.

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, including Eastern Europe, the Middle East and Africa. He joined the Adecco Group in

1 Listed company.

Mark Du Ree

- *Regional Head of Japan & Asia*

Alain Dehaze

- *Regional Head of Northern Europe*

Federico Vione

- *Regional Head of Italy & Eastern Europe*

2006 as CEO of DIS Deutscher Industrie Service AG. In January 2009, he was appointed Country Manager for Germany.
- Andreas Dinges is a commercial judge at the district court in Dusseldorf, Germany. He is a member of the board of the Bundesverband Zeitarbeit Personal-Dienstleistungen, 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.
- Mark Du Ree 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. Since 2006, Mark Du Ree has been a Visiting Professor at Ritsumeikan Asia Pacific University, Japan. Mark Du Ree is member of the board of Japanese staffing organisations.

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.
- Alain Dehaze 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.
- Alain Dehaze is Vice-President of the Board of the European Confederation of Private Employment Agencies (Eurociett). He is a member of the Board of the International Confederation of Private Employment Agencies (Ciett).

Federico Vione

- Regional Head of Italy & Eastern Europe and member of the Executive Committee since October 2009.
- Italian national, born 1972.
- Federico 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, Federico Vione was appointed Project Leader Global Account Management Adecco Group and sub-

Enrique Sanchez

- *Regional Head of Iberia & South America*

Sergio Picarelli

- *Chief Sales Officer*

Christian Vasino

- *Chief Human Resources Officer*

sequently Head of Eastern Europe Adecco Group. In January 2009, he was appointed Country Manager Adecco Italy.
- Federico Vione is President of Assolavoro (Associazione Nazionale delle Agenzie per il Lavoro), Italy.

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, Enrique 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.

Sergio Picarelli
- Chief Sales Officer and member of the Executive Committee since October 2009.
- Italian national, born 1967.
- Sergio 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 2002 to 2004 Sergio Picarelli served as Regional Head for Central Europe and was thereafter appointed Chief Operating Officer of Adecco Staffing Division Worldwide. From 2005 to 2009 he served as 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.
- Christian 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

Please also refer to 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
Adecco S.A. may only pay dividends from unappropriated available earnings, the general reserve or other reserves distributable in accordance with art. 675 of the Swiss Code of Obligations.

Companies whose principal purpose consists of participations in other companies may freely use the general reserve to the extent it does exceed 20% of the paid-in share capital. Pursuant to art. 671 para. 1 of the Swiss Code of Obligations, 5% of the annual profits shall be allocated to the general reserve until it has reached 20% of the paid-in share capital. In addition, pursuant to art. 671 para. 2 and para. 4 of the Swiss Code of Obligations, companies whose principal purpose consists of participations in other companies shall allocate to the general reserve the following: (1) any surplus over par value upon the issue of new shares after deduction of the issue cost, to the extent such surplus is not used for depreciation or welfare purposes; (2) the excess of the amount which was paid-in on cancelled shares over any reduction on the issue price of replacement shares. The general reserves are CHF 2,103 as of December 31, 2010 and December 31, 2009, thereby exceeding 20% of the paid-in share capital in both years.

In 2010, cash dividends for 2009 of CHF 0.75 per share, totalling EUR 91, were paid from unappropriated available earnings. For 2010, the Board of Directors of Adecco S.A. will propose a dividend of CHF 1.10 per share outstanding for the approval of shareholders at the Annual General Meeting of Shareholders to be paid out of the reserve from capital contributions which is a sub-account of the general reserve.

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 refer to 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 (refer to 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 with voting rights at a certain record 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 record date defined in the invitation to a General Meeting of Shareholders to be published in the "Swiss Official Gazette of Commerce" ("Schweizerisches Handelsamtsblatt"). Only shareholders who hold shares registered in the share register with a right to vote at a certain date, or their representatives, are entitled to vote. There are no specific rules regarding the granting of exemptions from the above deadline.

7. Changes of control and defence measures

7.1 Duty to make an offer

The Articles of Incorporation of Adecco S.A. do not contain opting-up or opting-out clauses in the sense of Art. 22 and 32 of the Federal Act on Stock Exchanges and Securities Trading ("SESTA"). Therefore, pursuant to the applicable provisions of the SESTA, if any person acquires shares of Adecco S.A., whether directly or indirectly or acting together with another person, which, added to the shares already owned, exceed the threshold of 33⅓% of the voting rights of Adecco S.A., irrespective of whether the voting rights are exercisable or not, that person must make an offer to acquire all of the listed equity securities of Adecco S.A. There is no obligation to make a bid under the foregoing rules if the voting rights in question are acquired as a result of a donation, succession or partition of an estate, a transfer based upon matrimonial property law, or execution proceedings or if an exemption is granted.

Adecco S.A.'s Articles of Incorporation do not contain any provisions other than those mentioned in this report (refer to 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 changes of control clauses in favour of members of the Board of Directors or members of the Executive Committee in place.

Some members of the Executive Committee are promised severance payments in case of termination of their employment contract: refer to footnote 2 in the 2010 Executive Committee compensation table 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 11, 2010, the Annual General Meeting of Shareholders elected Ernst & Young Ltd, Zurich, as statutory auditor of the Company for the business year 2010.

Ernst & Young Ltd has served the Group as its Independent Auditors since 2002. Dominick Giuffrida coordinated the audit from 2008 to present.

The total fee for the Group audit of the Company and for the statutory audits of the Company's subsidiaries for the fiscal year 2010 amounted to EUR 5.8 million.

For the fiscal year 2010, additional fees of EUR 0.2 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 0.1 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 2010, the Independent Auditors attended nine 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 2010 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 auditors' 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. 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 2010 is planned to be held on April 19, 2011, 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:

April 19, 2011	Annual General Meeting of Shareholders;
May 10, 2011	Q1 2011 results;
August 10, 2011	Q2 2011 results;
November 8, 2011	Q3 2011 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 regular 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 had commissioned the services of independent external consultants (Hay Group and Towers Watson) to provide and review 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. 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 partially compensated in Adecco S.A. shares.

2.3 Elements of the Executive Committee's compensation

2.3.1 Compensation programme 2010 for the Executive Committee

In 2008, the NCC launched the development of a new compensation model for the members of the Executive Committee and a further group of senior managers, effective 2009. In order to ensure that the new model 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.

For 2010, a further 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 Human Resources 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 compensation model effective 2009 with some changes in the short-term incentive plan and long-term incentive plan.

On May 11, 2010, the Annual General Meeting of shareholders approved the principles of the 2010 compensation model in a consultative vote with a majority of more than 90 percent.

The compensation model includes fixed and variable elements, whereby for the determination of the variable part of the compensation, no other targets than the ones mentioned in the description of short- and long-term incentive plans are relevant:

- 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, including performance share awards based on ambitious internal and external performance objectives and restricted share unit awards;
- Social charges and benefits where payments and contributions are based on local regulations, market conditions, and industry practices.

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 in monthly instalments, 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 minimised. 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 industry practices.

Short-term incentive plan ("STIP"): the STIP is a general cash incentive programme (annual bonus). 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. The Economic Value Added is defined as 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 50% and 100% of the participant's base salary, and has been determined by the NCC upon proposal of the CEO and of the Chief Human Resources Officer. For 2010, the entitlement to the STIP based bonus is limited at 120% of the STIP bonus base, resulting in a cap at 120% of the base salary for the highest paid member of the Executive Committee.

Long-term incentive plan ("LTIP"): under the LTIP, performance share awards were granted in 2010 to members of the Executive Committee. Performance share 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 2010 awards: December 31, 2012), provided and to the extent that certain employment conditions and performance targets are met. In addition to the performance share awards, in 2010 as a further component, restricted share unit awards ("RSU awards") have been introduced.

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 45% and 120% of the participant's base salary. 65% of the LTIP target bonus base is allocated to RSU awards and 35% to performance share awards in form of total shareholder return ("TSR") awards. Of these 35%, half is allocated to relative TSR awards and half is allocated to absolute TSR awards. Furthermore, an additional 17.5% of the LTIP target bonus base is allocated to the additional TSR awards. Certain country specifications apply for France.

The LTIP is subject to certain reclaim provisions in case benefits were acquired by involvement in fraudulent behaviour or intentional misconduct.

Performance share awards
In 2010, performance share awards consisted of relative TSR awards, absolute TSR awards, and additional TSR awards. The additional TSR awards will vest if relative and absolute TSR performance reaches a certain level of achievement. In 2009, performance share awards consisted of relative TSR awards and earning per share ("EPS") awards. EPS awards have not been further granted in 2010.

The performance targets relate to the change in Adecco S.A.'s shareholder value, measured as the total shareholder return taking into consideration reinvested dividends. At the end of the performance period, the performance is measured, determining whether and to which extent the performance targets have been achieved. Any TSR performance adjustments are at the discretion of the NCC. 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 2010: not before March 15, 2013). 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. In case of an involuntary termination without cause, a time-weighted pro-rata portion of the unvested performance share awards will vest at the regular vesting date depending on the level of target achievement.

The maximum number of performance share awards under the LTIP that may vest in favour of the members of the Executive Committee after the end of the performance period is indicated in the table under section 3.5.2 "Share awards".

Relative TSR awards measurement principles: the Adecco S.A. TSR over the performance period of approximately three years is compared with the weighted-average TSR of a predefined group of peers. The composition of the peer group is determined by the NCC and, for 2010, comprised the following companies: Alten, Altran Technologies, Assystem, Brunel International, CDI Corporation, Hays, Kelly Services, Kforce, Manpower, Meitec, Michael Page International, On Assignment, Pasona Group, Randstad Holding, Resources Connection, Robert Half International, Robert Walters, SFN Group (formerly Spherion Corporation), Sthree, Temp Holdings, TrueBlue, and USG People. The performance targets for the relative TSR awards 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 relative TSR part of the award. With an Adecco S.A. TSR that exceeds the weighted-average TSR of the peer group, the participants will be entitled to the vesting of performance share awards to the following extent: if the positive difference between Adecco S.A. TSR and the weighted-average TSR of the peer group is between 0 and 5 percentage points, awards will vest in a linear mode between 0% and 100% of the number of awards granted. The entitlement is capped at 100% of the relative TSR part of the award.

Absolute TSR awards measurement principles: in case the performance of the Adecco S.A. TSR, measured as the compound annual growth rate ("CAGR") in Adecco S.A.'s shareholder value, including reinvested dividends, exceeds a certain target over a period of approximately three years, awards will vest in a linear mode between 50% and 100% of the number of awards granted. The performance targets for the absolute TSR awards have been determined by the NCC. These targets are set for a specific business year and are considered highly confidential as they would allow competitors to understand the objectives of the Company. They are therefore not published in order to protect the business secrets.

Additional TSR awards measurement principles: if at the end of the performance period, the performance target of the absolute TSR awards is fully achieved and the performance target of the relative TSR awards is overachieved, additional TSR awards will vest, depending on the degree of overachievement of the relative TSR awards target. If the positive difference between Adecco S.A.'s TSR and the weighted-average TSR of the peer group is between 5 and 10 percentage points, additional TSR awards will vest in a linear mode between 0% and 100% of the number of awards granted.

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 employment conditions. 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 RSU awards. In case of an involuntary termination without cause, a time-weighted pro-rata portion of RSU awards will vest at the regular vesting date.

The maximum number of shares under the RSU award part of the plan that may vest in favour of the members of the Executive Committee is indicated in the table under section 3.5.2 "Share awards".

2.3.2 Compensation programme 2011 for the Executive Committee

The NCC has decided to continue the existing compensation programme for the Executive Committee, as described under section 2.3.1 "Compensation programme 2010 for the Executive Committee" with the following changes in the STIP and in the LTIP.

Short-term incentive plan ("STIP"): the STIP bonus base for members of the Executive Committee ranges between 60% and 100% of the participant's base salary. For 2011, the entitlement to the STIP based bonus is limited at 150% of the STIP bonus base, resulting in a cap at 150% of the base salary for the highest paid member of the Executive Committee.

Long-term incentive plan ("LTIP"): 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 60% and 120% of the participant's base salary.

For performance share awards granted in 2011, the end of the performance period is December 31, 2013 and restrictions on the awards are not lifted before March 15, 2014.

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 partially compensated with Adecco S.A. shares. The amount conferred to the members of the Board of Directors for the fiscal year 2010 amounted to CHF 5.1 million. The total of all compensation conferred for the fiscal year 2010 to all members of the Executive Committee, including bonus payments for 2010 due in 2011, and awards granted in 2010 under the LTIP, at grant date fair value, amounted to CHF 27.9 million. Not included are bonus payments due for 2009 but made during 2010 as this information was disclosed in 2009.

Individual compensation and shareholding for 2010 and 2009 are presented in the following tables:

3.1.1 Board of Directors compensation

For the year 2010

in CHF (except shares)	Office/ compensation period in 2010	Net compensation for term served	Social contributions [1] Old age insurance/ pensions and others	Shareholding as of December 31, 2010 [2]
Name and function				
Rolf Dörig, Chairman	since Jan. 2010	1,800,000 [3]	246,088	30,000
Thomas O'Neill, Vice-Chairman	since Jan. 2010	427,596	52,760	2,000
Jakob Baer	since Jan. 2010	428,123	51,630	4,601
Alexander Gut	since May 2010	189,095	25,446	840
Andreas Jacobs	since Jan. 2010	450,000		714,915 [4]
Francis Mer	since Jan. 2010	428,123	51,630	
David Prince	since Jan. 2010	297,000	3,000	2,416
Wanda Rapaczynski	since Jan. 2010	300,000		2,000
Judith A. Sprieser	since Jan. 2010	300,000		2,000
Subtotal		**4,619,937**	**430,554**	
Total			**5,050,491**	**758,772**

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 (refer to: http://www.adecco.com).

3 CHF 300,000 of the total net compensation was paid with Adecco S.A. shares.

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

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 (refer to: http://www.adecco.com).

3 CHF 300,000 of the total net compensation was paid with Adecco S.A. shares.

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

3.1.2 Executive Committee compensation

The following elements have to be taken into account when comparing the compensation of the Executive Committee for 2010 and 2009:

- The individual annual base salaries for the major part of the members remained basically unchanged.
- The CEO joined the Company in June 2009 and thus, his compensation was accounted for seven months only.
- In 2009, seven members joined the Executive Committee in October and thus, their compensation was accounted for three months only.
- The strong business performance in 2010 resulted in high achievements under the STIP.

For the year 2010

in CHF	Patrick De Maeseneire, CEO[1]	Total Executive Committee[2]
Gross cash compensation[3]:		
• Base salary	1,800,000	9,631,381
• Annual bonus	2,160,000	8,649,131
Compensation in kind[4]	120,000	1,217,944
Social contributions[5]:		
• Old age insurance/pensions and others	351,416	2,087,315
• Additional health/accident insurance	36,841	80,228
Total conferred	**4,468,257**	**21,665,999**
Share awards granted in 2010 under the long-term incentive plan (LTIP)[6]:		
• RSU awards	1,425,770	5,069,246
• Relative TSR awards	155,863	554,169
• Absolute TSR awards	95,167	338,388
• Additional TSR awards	57,586	204,746
Social contributions on awards, estimated[5]		48,550
Total conferred including LTIP	**6,202,643**	**27,881,098**

1 Highest conferred individual compensation in 2010.

2 In 2010, the Executive Committee consisted for the full year of Patrick De Maeseneire, Dominik de Daniel, François Davy, Theron I (Tig) Gilliam Jr., Christian Vasino, Alain Dehaze, Andreas Dinges, Mark Du Ree, Enrique Sanchez, Peter Searle, Federico Vione, and Sergio Picarelli. Notice periods of up to 12 months apply. For two members of the Executive Committee, severance payments of approximately CHF 1.9 million (including bonus entitlement) and CHF 0.9 million, respectively would be due in case of termination of the employment contract by the employer.

3 Including employee's social contributions.

4 Car allowance for private use, car lease financed by the Company, membership fees, housing allowance, relocation, education, health insurance, representation allowance. Includes tax equalisation payments to a member of the Executive Committee, partly refundable to the Company in the future.

5 Employer's social contributions.

6 Value in CHF of Adecco S.A. shares awarded in 2010 under the LTIP 2010 (grant date: March 16, 2010).
Valuation of the share awards granted:

- *The grant date fair value of the restricted share unit awards ("RSU awards") is equal to the closing price of the Adecco S.A. share on the day of grant less 3% discount related to non-entitlement of RSU awards to dividend until vesting. An additional discount of 11% is applied to the value of RSU awards granted to the French participants, related to additional 2-year post-vesting restrictions on sale of shares.*
- *The grant date values of the total shareholder return awards ("TSR awards") are calculated based on the closing price of the Adecco S.A. share on the day of grant multiplied by the respective probability factors. These factors reflect the likelihood that the respective TSR targets will be met at the end of the performance period. The probability factors of 0.41, 0.25, and 0.15 for relative, absolute, and additional TSR awards, respectively, have been determined using a binomial model. A discount of 3% is applied in relation to non-entitlement of TSR awards to dividend until vesting. An additional discount of 11% is applied to the value of TSR awards granted to the French participants, related to additional 2-year post-vesting restrictions on sale of shares by the participants. Thus, the per-share value of awards granted in 2010 amounts to CHF 50.55 and CHF 56.79 for RSU awards, CHF 20.52 and CHF 23.06 for relative TSR awards, CHF 12.54 and CHF 14.08 for absolute TSR awards, and CHF 7.58 and CHF 8.52 for additional TSR awards (lower values: French participants).*

For the year 2009

in CHF	Patrick De Maeseneire, CEO[1]	Total Executive Committee[2]
Gross cash compensation[3]:		
• Base salary for term served	1,050,000	5,621,751
• Annual bonus	945,000	3,666,526[4,5]
Compensation in kind[6]	70,000	364,056
Social contributions[7]:		
• Old age insurance/pensions and others	174,889	1,284,288
• Additional health/accident insurance	7,091	26,360
Total conferred	**2,246,980**	**10,962,981**
Share awards granted in 2009 under the long-term incentive plan (LTIP)[8]:		
• EPS awards	783,209	2,640,395
• TSR awards	621,212	2,247,393
Social contributions on EPS and TSR awards, estimated[7]	112,354	312,544
Total conferred including LTIP	**3,763,755**	**16,163,313**

1 Highest conferred individual compensation in 2009, not taking into account severance payment to the former CEO. Dieter Scheiff, the former CEO with a minimum contract duration until June 30, 2011, having served 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 included 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.

2 In 2009, the Executive Committee consisted of Patrick De Maeseneire (since June 2009), Dominik de Daniel, François Davy, Theron I (Tig) Gilliam Jr., and Christian Vasino (all since January 2009), and Alain Dehaze, Andreas Dinges, Mark Du Ree, Enrique Sanchez, Peter Searle, Federico Vione, and Sergio Picarelli (all since October 2009). For Andreas Dinges, Mark Du Ree, Enrique Sanchez, Federico Vione, and Sergio Picarelli, 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. Peter Searle became a member of the Executive Committee at the end of October 2009. Compensation information only included for November and December 2009.
For the members of the Executive Committee, except for Andreas Dinges, notice periods of up to 12 months apply. For Andreas Dinges, the minimum contract duration is 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. For two further members of the Executive Committee, severance payments of approximately CHF 2.3 million (including bonus entitlement) and CHF 1.1 million respectively would be due in case of termination of the employment contract by the employer.
In addition, a total amount of CHF 1,515,953 was conferred to a member of the Executive Committee who left the Company in September 2009, consisting of a base salary, including employee's social contributions for the term served of CHF 412,500, severance payment of CHF 948,103, employer's social contributions of CHF 130,599 for old age insurance and pension, additional health/accident insurance of CHF 4,049 and compensation in kind for relocation costs of CHF 20,702.

3 Including employee's social contributions.

4 Besides Patrick De Maeseneire, Andreas Dinges received a guaranteed bonus in 2009. For Tig Gilliam and Mark Du Ree, 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).

5 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 of Directors, upon proposal of the NCC, decided to grant Mark Du Ree, Tig Gilliam, Enrique Sanchez, Federico Vione, Sergio Picarelli, and Christian Vasino an extraordinary one-time cash bonus. The total amount of this extraordinary discretionary cash bonus was approximately CHF 2.2 million.

6 Car allowance for private use, car lease financed by the Company, membership fees, housing allowance, relocation, education, health insurance, representation allowance. Amount includes tax equalisation payments to Mark Du Ree, partly refundable to the Company in the future.

7 Employer's social contributions.

8 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 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 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").*

For 2010, the variable portion of cash compensation (annual bonus) to the CEO amounted to 120% and for the other members of the Executive Committee ranged between 60% and 120% of the base salary. The variable portion of compensation consisting of share awards (at values as indicated in the previous table) to the CEO amounted to 96% and for the other members of the Executive Committee ranged between 36% and 80% of the base salary. The CEO has achieved the cap of the STIP based bonus, and the other members of the Executive Committee have reached between 97% and 120% (cap) of the STIP bonus base.

3.2 Compensation of former members of Governing Bodies (Board of Directors, Executive Committee, closely linked parties)

Dieter Scheiff, former CEO with minimum contract duration until June 30, 2011, having served until April 2009, was conferred an amount of CHF 0.7 million (including employer's social contributions) in 2010, relating to the fulfilment of non-compete obligations.

No compensation payments were made to other former members of Governing Bodies in relation to their former offices.

3.3 Shares allocated to Governing Bodies

In 2010, no Adecco S.A. shares were allocated to current or former members of Governing Bodies, except for part of the Chairman's compensation delivered in form of shares (refer to the table in section 3.1.1 "Board of Directors compensation").

3.4 Share ownerships of Governing Bodies

As per December 31, 2010, the members of the Board of Directors, including parties closely linked, reported to hold 758,772 shares; not included are the shares held by a group to which Andreas Jacobs is a member (refer to section 1.2 "Significant shareholders" of the Corporate Governance Report). For the individual share ownerships of the Board of Directors, refer to the table "Board of Directors compensation" and section 1.2 "Significant shareholders" of the Corporate Governance.

As per December 31, 2010, the members of the Executive Committee, including parties closely linked, reported to hold 32,768 shares. For the individual share ownership of the Executive Committee, refer to the following table.

Share ownership as per December 31[1]	Patrick De Maeseneire[2]	Dominik de Daniel	François Davy	Mark Du Ree	Sergio Picarelli	Christian Vasino	Total
2010	590	29,978	100	50	1,050	1,000	32,768
2009	590	29,978		50	1,050	1,000	32,668

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

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

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 (refer to: http://www.adecco.com).

3.5 Stock options and share awards held by and granted to Governing Bodies

3.5.1 Stock options

Stock options outstanding, as granted since the merger of Adia and Ecco in 1996, exercised by, lapsed from, and held by the members of Governing Bodies in office as of December 31, 2010 and as of December 31, 2009, are presented in the following tables (no stock options were granted since 2004):

As of December 31, 2010

	Last year of expiry detail							
Year of grant	Federico Vione	Christian Vasino	Strike price (CHF)	Granted	Exercised	Lapsed	Held by Federico Vione	Held by Christian Vasino
Stock options held								
2003	2012	2012	78.50	6,500	3,200	1,500	800	1,000

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

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" and Note 9 "Stock-based compensation" to the consolidated financial statements.

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

3.5.2 Share awards

Share awards as of December 31, 2010 granted on March 16, 2010 under the LTIP:

	RSU awards	TSR awards[1]	Total
Patrick De Maeseneire	25,106	20,277	45,383
Total Executive Committee	90,135	72,801	162,936

1 Split into relative TSR, absolute TSR, and additional TSR awards (one third each).

Share awards as of December 31, 2010 and as of December 31, 2009 granted on March 16, 2009, and April 1, 2009 under the LTIP:

	EPS awards[1]	TSR awards	Total
Patrick De Maeseneire[2]	22,500	22,500	45,000
Total Executive Committee	80,912	128,945	209,857

1 For EPS awards refer to the description of the long-term incentive plan for the awards granted in 2009 as described on pages 189 and 190 of the Annual Report 2009.

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

3.6 Additional fees and remuneration of Governing Bodies

No member of the Board of Directors received any additional honorariums in 2010.

3.7 Loans granted to Governing Bodies

In 2010, the Company did not grant any guarantees, loans, 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.
Ageing workforce The next few decades will see substantial demographic changes due to the ageing 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.
Branch Where we offer our products and services to candidates and clients.
Compound average growth rate (CAGR) 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.
Days sales outstanding (DSO) 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.
Employee A person who works within the Adecco Group.
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.
Human resource business process outsourcing (HR BPO) 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.
Key performance indicator (KPI) 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, kinaesthetic 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.
Managed Services Provider (MSP) Is contingent 3rd party Labour Management Outsourcing where the core solution provided to a client is Business Process Outsourcing with the utilisation of a Vendor Management System (VMS).
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.
Professional employer organisation (PEO) 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 cooperation 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.
Recruitment process outsourcing (RPO) Is the transfer of operational responsibility for one or more recruiting functions for permanent labour (including recruitment administration) from the client to a services provider.
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 marketplace demands for employment at any price.
Succession planning The process by which successors are identified for key positions throughout an organisation. According to Adecco, the process should focus not only on the top levels of the company, but also on other vital roles throughout the organisation. Succession planning should take into account the strategic vision and culture of the organisation.
Talent management The management of an organisation's employees or workers. Talent management requires that a company recognise the individual strengths and weaknesses of its employees or workforce, as well as strive to revise and improve the talents and skills of its workforce.

Telecommute A term used for employees who tend to work from a remote location, usually from home, and are reachable by one or more of the following: e-mail, telephone and fax.

Temporary placement The placement of human resources for non-permanent employment needs. Placements may be 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.

Vendor management system (VMS) 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.

Addresses

Registered office
Adecco S.A. (Holding)
CH-1275 Chéserex

Contact details
Adecco management & consulting S.A.
Sägereistrasse 10
CH-8152 Glattbrugg
T +41 44 878 88 88
F +41 44 829 88 88

Group communications
T +41 44 878 87 87
F +41 44 829 89 24
press.office@adecco.com
media.adecco.com

Investor relations
T +41 44 878 89 89
F +41 44 829 89 24
investor.relations@adecco.com
investor.adecco.com

Adecco on the Internet
www.adecco.com

Imprint
Publisher: Adecco Group, Glattbrugg
Design: MetaDesign, Zurich
Photography: Anita Affentranger, Zurich / Rui Camilo, Wiesbaden
Print: Linkgroup, Zurich

March 2011

MIX
Paper from responsible sources
FSC® C007447
www.fsc.org

Climate neutral by firstclimate.com

Climate-neutral printing by Linkgroup AG.

Emissions caused by the printing of this brochure, i.e. 8.865 metric tons of CO_2, are compensated by international projects of myclimate.org.

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.

Adecco set up a joint venture in Shanghai with leading Chinese HR services company Fesco. FESCO Adecco began operations on January 1, 2011 with over 100,000 associates and a well-established local and multinational client base.