Annual Report 2013

Adecco Group

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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 provider of HR solutions – a business that has a positive impact on millions of people every day – we are conscious of our global role. Helping people to 'better work, better life' is our common purpose and the way in which we contribute to society.

31,000+
FULL-TIME EQUIVALENT EMPLOYEES [1]

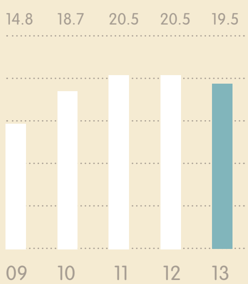
650,000+
ASSOCIATES ON ASSIGNMENT DAILY [2]

100,000+
CLIENTS EVERY DAY [2]

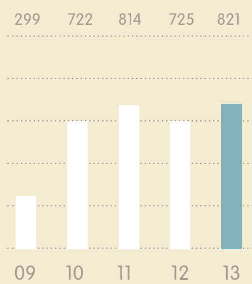
5,100~
BRANCHES IN OVER 60 COUNTRIES & TERRITORIES [1]

Key figures

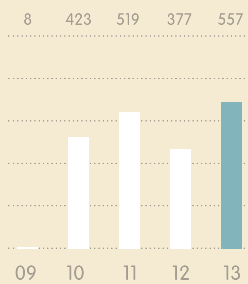
Revenues
in EUR billions



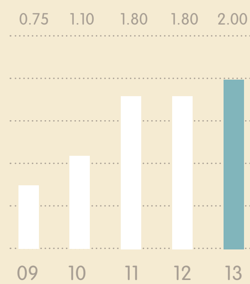
EBITA
in EUR millions

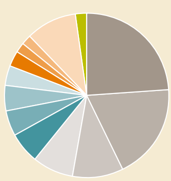


Net income attributable to Adecco shareholders
in EUR millions



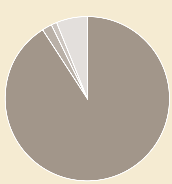
Cash dividend [3]
in CHF





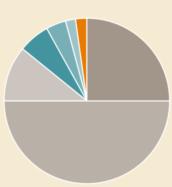
2013 Revenue split by segment *in %*

- France 24%
- North America 19%
- UK & Ireland 10%
- Germany & Austria 8%
- Japan 6%
- Italy 5%
- Benelux 5%
- Nordics 4%
- Iberia 3%
- Australia & New Zealand 2%
- Switzerland 2%
- Emerging Markets 10%
- LHH 2%



2013 Revenue split by service line *in %*

- Temporary 91%
- Permanent 2%
- Career Transition 1%
- Outsourcing, Talent Development and other services 6%



2013 Revenue split by business line *in %*

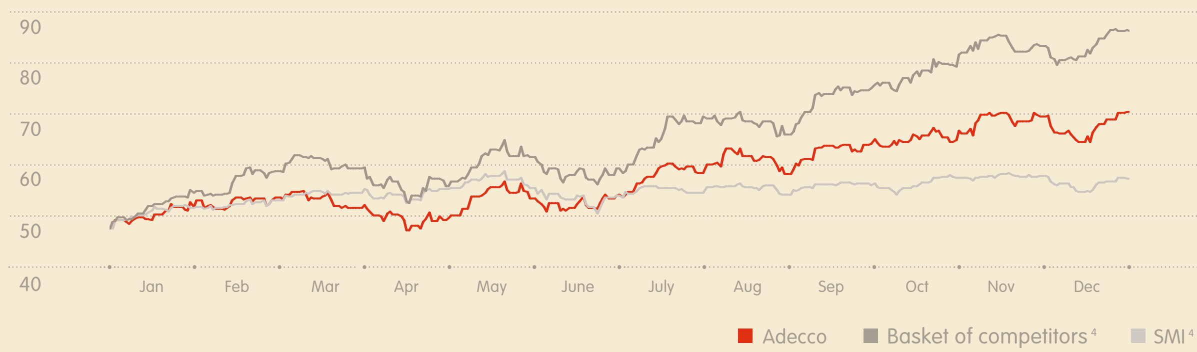
- Office 25%
- Industrial 50%
- Information Technology 11%
- Engineering & Technical 6%
- Finance & Legal 4%
- Medical & Science 2%
- Solutions 2%

1 Year end 2013.

2 Average 2013.

3 Paid in the following year. 2013 dividend proposed by Board of Directors.

Share price performance comparison 2013
in CHF



Share information

Tickers

SIX Swiss Exchange	ADEN
Bloomberg	ADEN VX
Reuters	ADEN.VX
ISIN	CH0012138605

Share price *in CHF*

• Year end	70.60
• Average	58.26
• High/low	70.60/47.72

Historical data

for the fiscal years in EUR millions (except share and per share information)	2013	2012	2011	2010	2009
Statement of operations data					
Revenues	19,503	20,536	20,545	18,656	14,797
Gross profit	3,560	3,674	3,566	3,329	2,649
EBITA [5]	821	725	814	722	299
Net income attributable to Adecco shareholders	557	377	519	423	8
Other financial indicators					
Cash flow from operating activities	520	579	524	455	477
Free cash flow [6]	439	491	415	350	385
Net debt (year end) [7]	1,096	972	892	751	110
Key ratios (as % of revenues)					
Gross margin	18.3%	17.9%	17.4%	17.8%	17.9%
SG&A ratio [8]	14.0%	14.4%	13.4%	14.0%	15.9%
EBITA margin	4.2%	3.5%	4.0%	3.9%	2.0%
Per share figures					
Basic EPS in EUR	3.09	2.00	2.72	2.20	0.04
Diluted EPS in EUR	3.08	2.00	2.72	2.17	0.04
Cash dividend in CHF [3]	2.00	1.80	1.80	1.10	0.75
Number of shares					
Basic weighted-average shares	180,511,706	188,393,511	190,671,723	192,113,079	177,606,816
Diluted weighted-average shares	180,781,433	188,555,377	190,805,080	195,596,325	177,613,991
Outstanding (year end)	178,138,000	184,609,768	170,448,401	174,702,026	174,079,431

4 SMI and basket of competitors (Manpower, Randstad and Kelly Services market capitalisation weighted in CHF) relative to Adecco's share price: 1.1.2013 = CHF 48.04.

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

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

7 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.

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

Dear shareholder,

2013 marked a year of labour market stabilisation for most regions. This trend is likely to continue, with the OECD predicting global growth of 3.5% in 2014. At the same time, the operational environment of businesses around the world continued to change at a rapid rate. Organisations are being challenged to adapt their employment practices to remain competitive. As a strategic partner for over 100,000 clients in more than 60 countries and territories, Adecco helped to find the best talents for our clients. We made a difference for millions of people, for whom we found a first job, a second one and a third one: in so doing, we provided them with an income, and we gave them dignity and perspective.

For Adecco, 2013 was a year of encouraging performance. Early on we saw signs of stabilisation in our business; our financial results throughout the year confirmed this view. The revenue decline eased in the first half of the year and most markets returned to growth in the second. In 2013 Group revenues declined by 1% organically. Our gross margin increased from 17.9% in 2012 to 18.3% in 2013. EBITA excluding restructuring and integration costs increased from EUR 813 million in 2012 to EUR 854 million in 2013. Net income attibutable to Adecco shareholders increased year over year by 48% to EUR 557 million.

At regional level the picture was very diverse. Nevertheless, Adecco reported a gradual improvement in most markets. Thanks to increased demand for flexible labour, we returned to growth in many countries in Europe, with a particularly encouraging pick-up in Germany & Austria, Iberia, Italy and Benelux, while France lagged behind the other European markets. North America held up very well, delivering good growth in the IT and Industrial businesses, as did the Emerging Markets.

Overall we have strengthened our leading position by adapting to the fast-changing economic environment. At the upcoming Annual General Meeting, the Board of Directors will propose a dividend of CHF 2.00 to shareholders. This dividend would be equal to a pay-out ratio of 47%, which is within our current pay-out range of between 40 and 50% of adjusted net earnings.

The increasing volatility in the economic cycle has shown that strategic Human Resources solutions are fast becoming fundamental to business leaders in all industries and markets. Adapting quickly to changing market conditions, Adecco is the trusted business partner to numerous organisations across the globe. The recovery is becoming tangible, which means that at this stage of the cycle companies are hiring temporary labour to meet demand. This is indeed positive news for Adecco: there are numerous opportunities to be seized, for only flexibility can keep our clients competitive and in business.

Although the world's economy is showing signs of improvement, unemployment and the skills mismatch continue to feature high on the political and business agenda. Countries in the Northern Hemisphere are struggling to match talent with market demand. In the USA, for example, millions of jobs in manufacturing and agriculture have shifted to the services and creative sectors. Germany is struggling to find enough talent with MINT training (Mathematics, Informatics, Natural Sciences, Technology) to match the more than 90,000 technical and engineering vacancies. At the same time, up to eight million jobs are left vacant each year in the USA and Europe.

Flexibility is central to matching talent with vacant positions, yet strict rules and regulatory barriers continue to limit labour mobility between countries and regions. Although technological advances are allowing for greater adaptability in the workplace, the regulatory framework within which we operate must change too. Barriers that prevent HR services from playing their role in creating jobs need to be removed.

Programmes such as the Adecco Way to Work™ are an example of the ways in which we strive to increase the employability of a generation at risk of exclusion from the workforce. On April 30, 2013 over 10,000 Adecco employees in 50 countries kicked off the Adecco Way to Work™ programme. We went into the streets, visited nearly 300 schools and universities to offer career advice, guidance and free training workshops. There were over 1,000 street day activities and over 2,000 branches held open days. 20,000 coaching sessions were held and in total we reached out to well over half a million young people.

Equally, we are helping our clients better understand the role that talent plays as the key resource of the global economy. We help decision-makers understand what they can do to achieve or maintain a competitive edge, whether they are in Beijing or Boston, Buenos Aires or Berlin. Adecco was proud to launch the first annual Global Talent Competitiveness Index (GTCI) with partners INSEAD and the Human Capital Leadership Institute (HCLI) in Singapore in November 2013. This rigorous study confirms that talent will play an ever-increasing role in defining the economic outlook of a country. Talent becomes the future currency: the value that businesses now place on talent for today's and tomorrow's successes provides rich opportunities for our industry.

On a strategic level, we remain focused on meeting the demands of the global labour market. We continue to develop our operational excellence, specialisation and more efficient delivery models. 2013 saw us dedicate particular efforts to the centralisation of our IT organisation and an improved segmentation of our client base. This will help us further cement our leading position in the HR industry and put us in a strong position for growth.

It is clear that Adecco's prospects are excellent. There is an ever-greater need for a strategic Human Resources partner that is best-equipped to help businesses pursue growth, underpinning the emergence of the global economy from recession. In fulfilling this role, we remain committed to achieving value for our shareholders and our stakeholders by doing what we are best at: providing 'better work, better life'.

We sincerely thank you, our shareholders, as well as our clients, associates and colleagues for your support and confidence in Adecco in 2013.

Rolf Dörig
Chairman

Patrick De Maeseneire

Patrick De Maeseneire
Chief Executive Officer

Leading HR solutions on a global scale

Interview with Patrick De Maeseneire, CEO

2013 again saw its fair share of ups and downs in the global economy, but most notable was the improving picture in Europe. How was the year for your business? The year indeed began with much uncertainty especially in Europe, but in Q1 we already started to see signs of stabilisation in our business. We were cautiously optimistic on the outlook based on improving GDP forecasts and the customer feedback we received. The results through the year confirmed our view. For the Group, the revenue declines eased during the first half of the year and most countries returned to growth in the second half. We maintained our price discipline and cost focus, and we were able to deliver a 40 bps increase in our 2013 EBITA margin excluding restructuring and integration costs.

Where have you seen the most significant improvements? During 2013 we saw better conditions for most of our businesses, although the pick-up was gradual rather than dramatic. The improvement is most obvious in the countries with a higher exposure to industrial demand. In Germany & Austria, Italy, Benelux and Iberia, for example, revenues adjusted for trading days declined by mid-single-digits in Q1 2013 but grew by 9–12% in Q4 2013. Industrial demand is normally the first area to pick up in a recovery, followed by Office and then Professional Staffing, so we are encouraged by the pattern of improvement we saw during 2013.

France is clearly lagging behind the other European countries for Adecco in terms of growth. How do you see the situation there? We expected France to be a difficult market in 2013 and that turned out to be the case. In other European countries such as Italy and Spain we clearly see the positive effects of structural labour market reforms, while in France we have not seen similarly effective measures implemented. The economic situation is forecast to improve only modestly in 2014, but we do expect our business to return to growth in the first half as employers appreciate more than ever the value of the flexibility we provide. Given the continued difficult environment, it was important that in 2013 we realised the benefits of the successful 2012 merger of the Adecco and Adia brands in France. This helped us maintain our industry-leading profitability. Following the additional cost adjustments we made during 2013, the Adecco business is well positioned for any future recovery in market conditions.

North America was a brighter spot and in the USA the industry has reached the prior peak penetration rate of temporary workers in the overall workforce. Does that make growth prospects for the coming years more limited? North America did indeed show steady growth in 2013 and we were especially pleased to see good growth in our IT business, where we previously made targeted investments. Looking forward, we do not see prior peak penetration rates as a ceiling for our industry in the USA or any other country. Changing labour needs, the increasing skills gap, mobility and the trend towards flexibility in general mean that the penetration rate of temporary workers is likely to increase in the USA and elsewhere.

What are your expectations for 2014? In our business we have low visibility, but PMI surveys and other economic leading indicators point to a progressively improving economic outlook. This is reflected in consensus expectations of stronger GDP growth in 2014 than last year in Europe, North America and most of the Emerging Market economies in which we operate. This should support a further acceleration in revenue growth in 2014 compared to the 4% growth in constant currency that we achieved in Q4 2013. Through our EVA framework, we will continue to focus on price discipline, cost control and working capital efficiency, in order to deliver strong operating leverage and cash generation.

At the beginning of 2013 you set the target of reaching your EBITA margin goal of above 5.5% in 2015. What do you need to do to achieve this? We are committed to reaching our profitability target in 2015 and we remain highly focused on executing on our strategic priorities in order to make this possible. The primary driver of EBITA margin improvement will be operating leverage, coming from a topline recovery in conjunction with strict cost control as we utilise the spare capacity in our business. Given the structural growth drivers our industry enjoys, we expect to deliver high single-digit organic revenue growth in 2014 and 2015, assuming GDP growth in line with current consensus estimates. In addition to operating leverage, we expect a further modest improvement in gross margin.

In 2013 you completed a EUR 400 million share buyback programme and immediately launched a new programme for up to EUR 250 million. Why do you prefer to use your cash flow in this way rather than for acquisitions? Our decision was a consequence of not pursuing acquisitions for the foreseeable future, not the other way around. At this point in the Company's development and the economic cycle, we think shareholders' interests are better served by a focus on organic growth. We see considerable upside from fully leveraging our strong portfolio of businesses across the Group and from our project to globalise our IT platforms. By keeping our management team focused on our existing operations, we can best capture the growth opportunities presented by a recovering global economy and deliver on our target of reaching an EBITA margin of above 5.5% in 2015.

Do you see any regulatory changes coming up over the next few years that could help or hurt your industry? Overall, the regulatory trend goes towards being less restrictive as most countries recognise the benefit of a flexible labour market in general and agency work in particular. Agency work is an important step for individuals to gain experience and confidence in the labour market in a regulated environment where their rights are protected. In times of uncertainty, companies are more willing to add temporary labour and this helps to drive economic recovery. In Germany, we have seen recent regulatory developments following the creation late last year of the coalition between the Christian Democratic Union (CDU)/Christian Social Union (CSU) and the Social Democratic Party (SPD). The main changes relevant for our industry are the introduction of a minimum wage, the 18-month time limit on temporary assignments and the removal of the right of workers' councils to negotiate surcharges as an alternative to equal pay for temporary workers.

Are there any other trends shaping your markets, such as in the field of technology? Advances in technology have always helped drive the development of our industry, and such changes often contain elements of both opportunity and threat. The increasing influence of social media in society is one of the latest examples of this. We do not expect social networking platforms to drastically alter our industry, but there are significant benefits for us in tapping into such networks to access candidates. The need to fully leverage such opportunities is one of the motivations for us to centralise our IT organisation and improve and standardise our IT platforms. This process is progressing well and we are on track to begin rolling out our new systems in 2014.

You launched a Global Talent Competitiveness Index (GTCI) in cooperation with INSEAD in France and the Human Capital Leadership Institute (HCLI) in Singapore. Can you tell us a little more about it? Adecco is confronted with the realities and challenges of labour markets on a daily basis. We see that talent becomes increasingly scarce in many regions despite high unemployment, due to demographics and also to the mismatch between skills available and open positions. Companies, countries and cities are increasingly competing for talent, and seeking to attract, develop and retain it. Talent has become the key resource of the global economy and therefore one that decision-makers need to understand in depth. The GTCI evaluates and ranks over 100 countries based on their talent competitiveness. The analysis will help decision-makers, businesses and governments to better match talent with jobs. The GTCI confirms that talent champions foster and develop locally available talent by making their labour markets more flexible, by investing in lifelong learning and by promoting geographical mobility. The availability of 'labour and vocational skills' and 'global knowledge skills' seem to be other crucial elements to do well in today's talent economy.

Our industry increases the efficiency of labour markets, raises the competitiveness of companies and creates jobs that would not otherwise exist.

The HR industry

Lifelong employment for everyone, adapted to personal, family, generational and geographical needs and abilities is the aim of our industry. HR services companies help people find a permanent, fixed-term or temporary job as well as enhance their employability through continuous training, education and career counselling.

Market development in 2013

In 2013, the global staffing market grew approximately 2%[1, 2] to EUR 289 billion[1]. Professional Staffing accounted for around 34%[1] of the market in 2013 and increased 5%[1, 2] year-on-year, while General Staffing increased by 1%[1, 2] compared to 2012 and represented 66%[1] of the global market in 2013. The USA represented the single largest market for HR services measured by revenues in 2013, with a share of approximately 34%[1], followed by Japan with 13%[1] and the UK with 11%[1]. Europe as a whole represented 35%[1] of the global staffing market in 2013, whereas the Emerging Markets accounted for 10%[1].

2013 was marked by a divergence in how the major markets developed. The European markets declined in the first part of 2013 and stabilised or returned to growth towards the end of the year. Among the major European countries, France declined and Germany remained unchanged at the 2012 level, while the UK grew moderately. France and Germany were impacted by the European recession, while the UK was sustained by a more resilient economy. In the improving economic context of Japan, demand picked up only slowly, as the industry is more exposed to the late-cyclical office business; in 2013 this resulted in a market broadly unchanged when compared to the prior year. In the USA, moderate economic growth and the need for flexibility drove demand for HR solutions and services.

Competitive landscape

The global HR services market is highly fragmented and the competitive landscape varies considerably from one country to another. There were 137,300 registered private employment agencies worldwide in 2012 according to Ciett[3]. Among the biggest markets measured by revenues, the USA, Japan and the UK show a high degree of fragmentation. The French market, by contrast, is highly concentrated. The top three listed staffing companies dominate the French market with a combined market share of around 70%[1], measured by revenues. Looking at the global picture, the three largest listed staffing companies represent around 20%[1] of global turnover. The Adecco Group is the leading HR services company worldwide and has leading positions in Europe, North America, Asia/Pacific and Latin America.

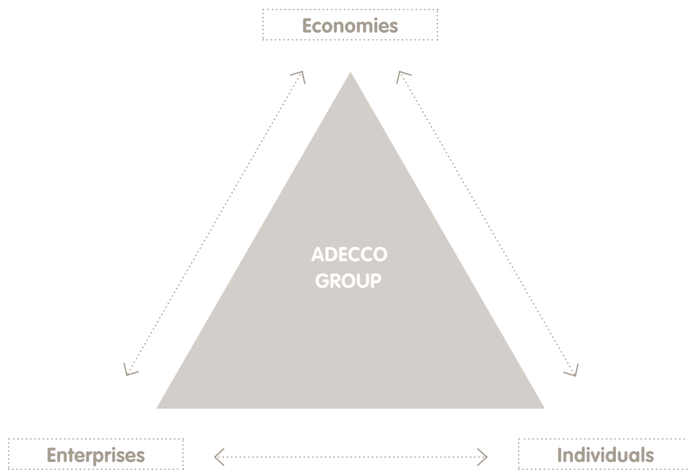
Consolidation in the staffing industry is ongoing, particularly in fragmented markets and it is prompted by several factors. First, consolidation is driven by the need of companies to better utilise economies of scale. Additionally, the trend of large multinational companies to outsource part or all of their HR processes continues and will lead to further consolidation in the industry. Partnering with a Managed Services Provider to manage a company's 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 professional staffing in order to diversify their product offerings and to enhance their position in this more profitable and faster-growing segment.

1 Adecco estimate.

2 In constant currency.

3 Ciett = International Confederation of Private Employment Agencies.

How HR services benefit labour markets



Our role

We are conscious of our role towards all stakeholders in the markets where we operate. We maintain a constant dialogue with employers and employees as well as with societal, governmental and business stakeholders to create more and better work opportunities for individuals worldwide. Economies, enterprises and individuals all have to face seasonal, cyclical and structural market changes and as a labour market intermediary, we help them to adapt and react to these challenges.

Economies

As an HR services company we turn available work into jobs and thereby support economic growth. Labour market transparency is increased through our deep understanding of companies' needs and people's work or education aspirations to provide the needed match between supply and demand. We increase labour market participation by enhancing employability of workers, creating new work solutions and fostering geographic and occupational mobility. As a result, our industry provides economies with the needed flexibility for increased competitiveness and sustained economic growth.

Individuals

For individuals, we offer legally recognised and regulated work opportunities, facilitate on-the-job training and enhance occupational and geographic mobility. HR services companies also create stepping-stone opportunities for under-represented groups to gain work experience and to secure complementary incomes (e.g. students, part-timers, retirees). By offering flexible work solutions we increase work options and enable workers to improve their work-life balance. Individuals benefit from a greater choice of work and from improved employability.

Enterprises

The Adecco Group offers enterprises all its HR services both locally and globally. We provide companies with flexible HR solutions to help them weather peaks and troughs in demand, thereby maintaining and increasing their competitiveness. Our expertise in workforce management and the rapidity of execution make us a valuable partner for enterprises to manage their complex workforce planning as well as risks. We also provide access to talents or improve skills of workers. Through improved flexibility, companies are in a position to protect core activities and cope with unpredictable changes in the market environment.

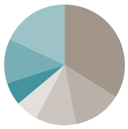
Evidence from research[4]

Research studies increasingly recognise the positive role that HR services companies play for economies, individuals and enterprises. The key findings so far show:

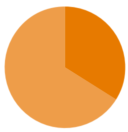
- In the new reality of volatile economic cycles, the industry provides an array of value-added services to help companies to adapt better and faster to economic cycles and to be able to focus on their core business. These services reduce the time lag between recovery and job creation and increase the range of choices and opportunities for people. It is estimated that 76% of employers use agency work to respond to changing business demands and activity fluctuations. In France, when asked about the main reasons they decided to work through private employment agencies, 60% of agency workers answered "to find a job quickly".
- HR services companies reduce the two dimensions of unemployment: structural and frictional. Evidence is that countries with higher agency work penetration rates are also the ones with lower unemployment rates. Agency work does not substitute permanent contracts: 74% of user organisations would not consider hiring permanent workers as an alternative to taking on agency workers, and 62% of them would not have created jobs if they had no access to private employment services.

4 Sources: Ciett; Adapting to Change, 2011; The Role of Temporary Work and Labour Market Transitions in Europe, 2013.

2013 global HR services market by revenues[1] *in %*



- USA 34%
- Japan 13%
- UK 11%
- Germany 6%
- France 6%
- Rest of Europe 12%
- Rest global 18%



- Professional 34%
- General 66%

Adecco's market position in 2013

	% of Adecco revenues	Market share in %[1]	Market position[1]
France	24	28	1
North America	19	4	2
UK & Ireland	10	6	1
Germany & Austria	8	9	2
Japan	6	3	4
Italy	5	17	1
Benelux	5	6	3
Nordics	4	13	2
Iberia	3	19	2
Australia & New Zealand	2	3	5
Switzerland	2	14	1
Emerging Markets	10	6	1
LHH	2	15	1

- The transition function that our industry provides is crucial in maintaining inclusive labour markets with high levels of participation. Temporary agency work facilitates the transition from unemployment to work, from temporary to permanent jobs, from education to work for young people. Across Europe, agency work is recognised as an effective channel to find a permanent job (from 90% in the UK and 78% in the Netherlands to 43% in Germany and 40% in Italy) as well as a first job (from 92% in the UK and 86% in Belgium to 71% in Italy and 59% in Germany). In Europe, 35% of agency workers are below 25 years of age; for them agency work is often the first opportunity to gain work experience.
- HR services companies contribute to matching and developing the skills needed in labour markets. Most agency workers use agency work to gain experience and develop their skills (from 56% in Spain and 36% in the UK to 27% in Belgium and 26% in the USA). In several European countries, sectoral training funds managed by social partners have been established to facilitate access to vocational training for agency workers. In the Netherlands, for example, agency workers receive substantially more training than fixed term workers and regularly undergo training to find new job opportunities.
- Satisfaction among agency workers is very high. Across Europe, a very large percentage of agency workers would recommend agency work to their family or friends, ranging from 83% in the UK and 76% in Poland to 69% in France and 55% in Italy; in France, 93% are happy with their work, 89% with their work-life balance.
- Efficient labour markets need appropriate regulation for the HR industry. Generally, countries showing higher scores of labour market efficiency are the ones where agency work has been able to operate for many years. There is a direct correlation between labour market efficiency and the World Economic Forum Global Competitiveness Index.

The industry's vision

In May 2012, at the World Employment Conference in London, Ciett, the International Confederation of Private Employment Agencies, of which the Adecco Group is the largest member, announced a new vision for the industry, 'The Way to Work: a Job for Every Person, a Person for Every Job'. The private employment services industry made a five-year global commitment to reach several important goals (in brackets the % of the year 1 target achieved):

- Support 280 million people in their job life (93%)
- Help 75 million young people enter the labour market (93%)
- Up-skill 65 million people, giving them more work choices (93%)
- Create 18 million more jobs (97%)
- Serve 13 million companies with the right talents to succeed (100%).

The industry aims to achieve these goals through:

- Directing the way to work (being a labour market entry point, encouraging transitions, enhancing people's skills)
- Offering a new way to work (providing labour contractual diversity to meet work-life balance and individual constraints)
- Giving people a great way to work (delivering decent and quality jobs)
- Helping people to organise the way to work (matching skills and jobs better and faster).

Regulatory environment

To maximise the benefits of HR services in delivering greater labour market efficiency, relevant regulation should balance flexibility with security, for both workers and businesses. Adecco is supportive of international instruments that provide guidelines to properly regulate private employment services, such as the ILO[5] Convention at global and the EU Agency Work Directive at European level.

ILO Convention 181

Along with its accompanying Recommendation n°188, ILO Convention 181 encourages the effective operation of services provided by private employment agencies, and especially temporary work agencies. The convention was adopted in 1997. It recognises the role HR services companies play in a well-functioning labour market and emphasises the protection of the workers using their services. As ILO Convention 181 only provides the framework within which HR services companies should operate, member countries implement it in accordance with their national labour legislation. To date, ILO Convention 181 has been ratified by 27 countries. Adecco supports efforts at national level with national legislators to ratify ILO Convention 181.

EU Agency Work Directive

The EU member countries were required to implement the EU Agency Work Directive in their own legislation by the end of 2011. Key elements of the Directive are the recognition of agency work, the removal of unjustified restrictions against the use of temporary work and the establishment of the equal treatment principle (unless national collective labour agreements with social partners set exceptions to the principle). Since the end of the transposition deadline, the industry has faced a heterogeneous implementation of the Directive across the EU. Adecco, Eurociett and the national associations continue to advocate for the correct implementation of the Directive, focusing on the appropriate regulation and lifting of unjustified restrictions.

Across the globe, Adecco encounters considerably different regulatory schemes and drives the efforts of national associations to improve labour market efficiency. In most markets where Adecco operates, company representatives are engaged in the dialogue with national authorities to foster appropriate labour market regulation and define the proper regulatory environment for the provision of private employment services. In 2013, Adecco was a founding member of the Staffing Federation in Croatia. In regions where the staffing industry is less mature, much emphasis is placed on setting up the proper regulation of the industry, in order to differentiate properly regulated agencies from rogue providers.

5 International Labour Organization.

6 Source: Ciett.

7 Source: Bureau of Labor Statistics (BLS).

Key growth drivers for our industry

Penetration rates – the number of full-time equivalent associates (temporary workers) divided by the total active working population – differ significantly across the markets. The key growth drivers for penetration rates and, hence, our industry, are appropriate regulation, the business environment, production shifts, changing labour needs, the increasing skills gap, mobility and the trend towards flexibility in general. In 2013, the UK enjoyed one of the highest penetration rates in temporary staffing, around 3.9%[1], but significantly below the prior peak penetration rate of 4.7%[6] in 2007. In Germany the penetration rate remained in line with the prior two years, at the peak level of 2.2%[1]. In the USA, the world's largest staffing market, the penetration rate stood at 2.0%[7] in line with the peak achieved in 2000. Japan at 1.4%[1] and France at 1.9%[1] are still below historic peaks. In the BRIC and other developing countries, penetration rates continued to increase but remained below 1%[1].

Business environment

Growth in our industry, in particular for temporary staffing services, correlates with GDP development. In 2013, persistent high unemployment, related to many economies remaining below their full potential, highlighted the importance of a flexible workforce in adapting to fluctuations in demand. Companies increasingly scale their fixed workforce in line with troughs in demand and use a flexible workforce for any additional need. Many industries and regions still offer immense untapped potential for HR services, and the structural growth drivers for the industry remain fully intact.

Production shifts change labour needs

Moving production to low-cost countries will continue to 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, today the Emerging Markets 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.

The increasing skills gap

As the unemployment rate among workers with lower qualifications increases in the developing countries, a high number of specialised roles remain vacant. The staffing industry can help to narrow this gap by accessing additional demographic groups (e.g. students, part-timers, retirees), by taking full advantage of its global presence and pool of candidates and by facilitating mobility.

Greater mobility

Meanwhile, individuals are more willing to move across borders to pursue work opportunities and enhance their careers. This fits well with the trend in many companies to look for greater flexibility and better job-profile matches, in order to overcome the growing talent shortages in many industries. It exemplifies that our business is not just about recruitment, but also about training and providing lifelong learning to increase employability.

Trend towards more flexibility

Greater flexibility in dealing with peaks and troughs in demand is achieved by companies employing temporary workers as a part of their workforce. Current production trends, oriented towards made-to-order, are structurally increasing the need of companies for flexible staffing levels. The inventory-to-sales ratio continued to decrease as witnessed in all businesses in the USA, where the ratio declined by 15%[8] between 1992 and 2013. This trend is expected to continue and should further drive demand for our services.

Appropriate regulation

The regulatory framework of labour markets in individual countries has a significant influence on the size of HR services markets and growth rates. The appropriate regulation of the HR industry, and in particular the temporary labour market, balances flexibility with security for companies and workers alike, and drives the efficiency of labour markets. Each market requires appropriate regulation to increase transparency and allow HR services companies to play their role in creating jobs and increasing labour market participation.

Outlook for the staffing market

In the initial stages of economic recovery, employers will remain hesitant to hire permanent labour. Additional labour needs will mainly be covered by temporary staff. At the same time, the structural trend towards more flexibility in manufacturing and the shift of production to low-cost countries will continue. The HR industry will help employers face these challenges and will also reduce the skills gap, as the willingness of individuals to move across borders increases. In 2014, HR services and solutions will continue to prove their value while the structural growth drivers for the industry remain intact.

8 Source: United States Census Bureau.

As the global leader in HR solutions, at the Adecco Group we offer the full range of HR services. We have the capability to serve individuals and enterprises with all these services, locally and globally. This makes us unique.

Our strategy

The strategy of the Adecco Group is to be alongside each phase in the life cycle of our associates and clients. As the world's leading provider of HR solutions in over 60 countries and territories, we offer all HR services to over 100,000[1] clients and every day we place more than 650,000[1] associates at work.

Candidates and associates

We support job seekers from their very first career steps: giving them an opportunity to start to build up valuable skills and to gain the work experience required by the job market. We help people identify roles that will allow them to re-enter the working world and provide them with the training to do so. A temporary job can often lead to permanent employment. Adecco offers talent development services, including training, coaching and counselling, to enable all our associates to reach their professional goals and potential. Our Career Transition services help individuals move into new roles in cases of redundancy, by preparing and guiding them during the phase of career change. They are assisted with the preparation of their CV, in job market orientation, in setting up interviews and during the final placement. We aim to accompany our associates throughout every phase in the worker life cycle.

Clients

When a great idea is ready to be turned into a business, we support our clients through the start-up and growth phases. We find the right people, with the right skill sets, and help in developing individuals' potential, to contribute to the company's success. Growth and expansion can also mean mergers and acquisitions, human resources need to be carefully managed and maintained, and changes may need to be made to the organisation: Adecco has the services and skills to support clients through all of these phases and more. Once the client's company structure matures, we help to manage the attrition of people or to optimise business processes through outsourcing solutions. Should circumstances require a client to downsize operations, we help by deploying staff to increase business efficiency and effectiveness. Whatever the phase in the client life cycle, Adecco strives to provide an HR solution.

How we monitor our operations

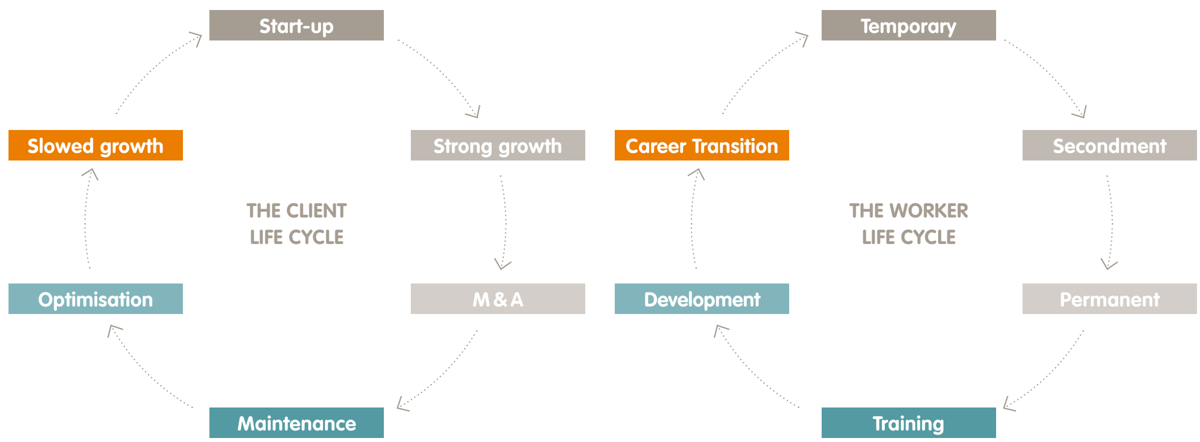
Top management carries out frequent operational and financial reviews with the country and regional heads of Adecco's business segments to ensure that the Group's strategy is embedded in the local operations and that execution remains on track. While we selectively invest in high-growth segments and markets, we continue to practice stringent cost management to ensure 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 and strategy, ensuring discipline with respect to client contract pricing, cost containment and evaluating business opportunities.

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 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 channels and serving as a basis for performance-related incentives.

1 Average 2013.

Alongside the life cycle of our clients, candidates and associates



Where we apply 'Economic Value Added'
We apply the EVA concept in: 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.
- **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 EVA, the concept helps us to avoid overpaying.

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 created only if EBITA after the deduction of taxes is greater than the minimum required rate of return on the invested capital. The calculation is based on the Adecco Group's net operating profit after taxes (NOPAT). Invested capital is defined as total assets, excluding cash and including gross acquired goodwill and other gross acquired intangibles since the introduction of the EVA concept, minus non-interest-bearing liabilities. We apply a 10% weighted-average cost of capital (WACC) across all our entities, although the actual WACC in the reporting period was below 10%.

Put simply, the concept allows us to find the right balance between revenue growth, market share, pricing and cost structure and invested capital. It enhances our ability to make the right choices with respect to client relationships, acquisitions, strategies, incentive schemes and targets.

Adecco EVA
=
NOPAT
minus
Invested capital x WACC (10%)

Our above 5.5% EBITA margin target

We aim to reach an EBITA margin of above 5.5% in 2015 – a new peak for Adecco. The target level was initially set at the beginning of 2010, after having increased the share of the higher-margin Professional Staffing business to above 20% of our total revenues. In 2013, the EBITA margin excluding restructuring costs was 4.4%, up 40 bps when compared with the EBITA margin excluding restructuring and integration costs of 4.0% for 2012. The recession in Europe caused revenues to be organically down from 2012 by 1% but we managed to improve our gross margin, driven by price discipline, a better business and country mix and the positive impact from the French CICE (tax credit for competitiveness and employment). At the same time, our SG&A reduced and was strictly controlled, benefiting from the restructuring initiatives started in 2012 and 2013. This resulted in a higher EBITA margin excluding restructuring and integration costs, despite declining revenues. As the economies of our major markets return to growth, we are well-positioned to deliver strong operating leverage. We continue to be very focused on reaching our EBITA margin target of above 5.5% in 2015. Based on the good

How we reach our target

Strategic priorities

- Engagement
- IT
- Professional Staffing & Services
- Segmentation
- Business Process Outsourcing solutions
- Emerging Markets

Our target

EBITA MARGIN > 5.5%

Enablers

- Topline growth
- Price discipline
- Business mix
- Cost control

progress on our six strategic priorities, recent trends and more favourable economic conditions expected going forward, we remain convinced we will achieve this target.

Strategic mid-term priorities

The strategic focus of the Adecco Group's management is on employee Engagement, Information Technology (IT), Professional Staffing & Services, Segmentation, Business Process Outsourcing solutions and the Emerging Markets.

- **Engagement:** Attracting, developing and retaining our employees is essential to building successful long-term relationships with both clients and associates. A better, longer-lasting relationship with our clients and associates protects our business and is a competitive advantage both from a revenue and also from a cost perspective. The regularly conducted Great Place to Work® survey on the job satisfaction of our own employees gives insight into how we can continuously improve our working environment.
- **Information Technology:** An important strategic priority for the Adecco Group is the better use of IT to maximise business opportunities and to improve efficiency. A major milestone in 2013 was the development of global platforms for the six key focus areas covered by this transformational project. The aim is to optimise our IT processes through further consolidation of data centres and to standardise systems by key focus areas that are flexible, scalable and can be integrated. Additionally, we invest in our web presence to remain at the forefront of the emergence of new delivery models. The investments in IT are aimed at enhancing our cost leadership position but also at maximising our revenue-generation opportunities.
- **Professional Staffing & Services:** Already today, Adecco is the global leader in Professional Staffing worldwide. However, it remains an essential part of the Group's strategy to increase the share of revenues generated from Professional Staffing. This segment, with higher growth and margin potential, accounts for approximately 34%[2] of the global staffing market. Growth in 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. We are also the global leader in Career Transition (outplacement) and Talent Development through our Lee Hecht Harrison (LHH) business. The counter-cyclical nature of the Career Transition business is a good hedge during economically difficult times, as this business peaks during recessions. At the same time, the large scale and a flexible approach to cost management enable LHH to achieve double-digit EBITA margins throughout the cycle.
- **Segmentation:** Optimising the segmentation of our client base allows us to capture additional market and margin opportunities as we target to increase business with small and medium-sized clients. In 2014 we will continue to roll out specific operating models for different types of clients into further countries, following the successful implementation in several pilot markets.
- **Business Process Outsourcing solutions:** As the world's leading provider of HR solutions, Adecco considers the continuing trend towards Business Process Outsourcing (BPO) solutions, including Managed Service Programmes (MSP), Recruitment Process Outsourcing (RPO) and Vendor Management Systems (VMS) a major opportunity to differentiate its service offering. Large multinational clients increasingly seek to outsource their HR processes. With a global footprint and extensive know-how of local labour markets, Adecco is ideally positioned to take advantage of this trend. Our comprehensive solutions offering is unique and a key competitive advantage.

2 *Adecco estimate.*

- **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, the shift of production and growing investments in the Emerging Markets by multinational corporations are the main growth drivers for our business in these markets, which remain a strategic focus for us.

How we are organised

The set-up of our organisation is a key success factor for our business. We are organised in a geographical structure plus the global business Lee Hecht Harrison (LHH):

- France
- North America
- UK & Ireland
- Germany & Austria
- Japan
- Italy
- Benelux
- Nordics
- Iberia
- Australia & New Zealand
- Switzerland
- Emerging Markets
- Lee Hecht Harrison (LHH)

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. The heads of each country or region have operational responsibility for both the General and the Professional Staffing business lines. We are convinced that, for the staffing business, decentralisation is the right way to manage a global staffing organisation and to promote local entrepreneurship. On the other hand, our Career Transition and Talent Development solutions business (LHH) globally benefits clients with its unparalleled service offering. Clients increasingly require these services in multiple countries and our organisation structure perfectly fits this need.

The Board of Directors (BoD) determines the overall strategy of the Adecco Group and supervises Management. The Chief Executive Officer is responsible for the implementation of the strategic and financial plans as approved by the BoD and represents the overall interests of the Adecco Group. The Executive Committee consists of the Group's CEO, Chief Financial Officer, Chief Sales Officer, Chief Human Resources Officer and eight Regional Heads representing the major countries where Adecco operates.

Our key performance indicators (KPIs)

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

- Revenue growth
- Gross profit growth and gross 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)
- 'Economic Value Added' (EVA).

We also measure non-financial goals. Engaging with our own employees is a strategic priority of Management. We review the retention rate quarterly and use the Great Place to Work® survey to further improve our attractiveness as an employer. We conduct the Global Satisfaction Survey among clients and associates on a regular basis – a dialogue with those people who determine our success. It provides us with feedback on our brand promise, brand voice, processes and KPIs, and allows us to constantly improve. By increasing client, associate and employee satisfaction we enhance the creation of value.

What makes us unique

Adecco offers a complete range of HR solutions and services along the life cycle of clients and workers in more than 60 countries and territories around the world. This means we provide solutions to enterprises and individuals globally. We are the largest provider of general and professional skills and through our network we place more than 650,000[1] people at work every day. We are the only global player offering both Managed Service Programmes (MSP) and our own Vendor Management System (Beeline) in a bundled solution to those customers looking to outsource the management of their contingent workforce. Furthermore, we are the uncontested global leader in the Career Transition and Talent Development space, with our LHH business. We partner our associates and our clients, finding the best fit for the skills and aspirations of talents to the evolving needs of enterprises. Coupled with our global reach and decentralised management approach, which fosters entrepreneurship and enables adaptation to local market conditions, we are a trusted and reliable partner for all stakeholders. What makes us unique is our global reach and our broad, comprehensive range of leading services and solutions.

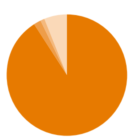
As the world leader, Adecco offers the full range of HR solutions tailored to meet the evolving needs of clients and associates around the globe.

Our solutions and services

The Adecco Group's business can be viewed from different perspectives: by service, by business line and by segment. In this chapter we describe our services and solutions together with the business lines and brands through which we deliver these services. A review of our 2013 performance by segment can be found in the chapter 'Our results' on page 20.

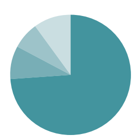
2013 split by service line *in %*

Revenues



- Temporary 91%
- Permanent 2%
- Career Transition 1%
- Outsourcing, Talent Development and other services 6%

Gross profit



- Temporary 74%
- Permanent 9%
- Career Transition 7%
- Outsourcing, Talent Development and other services 10%

Our services

Temporary staffing

In 2013, 91% of revenues and 74% of gross profit of the Adecco Group stemmed from temporary staffing services, which include general and professional skill sets, as described in the section 'Our business lines and brands' on page 18. Companies increasingly use temporary staffing services to quickly adapt to seasonal and cyclical fluctuations as well as to structural changes in the economy.

Employers can manage market dynamics by adding either flexible resources through hiring temporary workers, or fixed resources through adding permanent employees. Enterprises are similarly challenged to decide how to fill the gap when employees retire, change jobs or are temporarily absent (e.g. maternity leave, sickness or unpaid leave). For individuals seeking employment, we provide work opportunities and experience that increase their employability.

We handle all of the logistics of the world of work. We make contact with candidates both through on-line channels and through our branch network. We conduct interviews and match the client's requirements with the candidate's skills and needs to ensure a perfect match. Adecco performs all administrative tasks, like contract handling and payrolling. We always strive to find consecutive assignments for our associates to ensure they are continuously employed.

Permanent staffing

Permanent placement services accounted for 2% of revenues and 9% of gross profit of the Adecco Group in 2013. When employers are confident on the economic development and on their need to fill certain key positions, they hire staff on a permanent basis. We have access to a wide range of top talents, including the hard-to-reach professionals who are not actively looking for a job. We search for candidates, screen the CVs and conduct interviews and assessments. We are committed to finding the right people for the client's business and will only propose candidates who have passed our in-depth screening process to ensure a perfect fit. We support our associates in ensuring that they reach their career goals, guiding them in selecting the right role for their skills and aspirations.

Adecco Group business lines

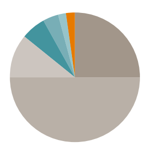
STAFFING		SOLUTIONS	
General Staffing	Professional Staffing	Business Process Outsourcing Solutions	Career Transition & Talent Development Services
· Office · Industrial	· Information Technology · Engineering & Technical · Finance & Legal · Medical & Science	· Managed Service Programmes (MSP) · Recruitment Process Outsourcing (RPO) · Vendor Management System (VMS)	· Outplacement · Leadership Development · Career Development · Change Management Solutions · Training · Consulting

Career Transition (outplacement)
Revenues generated from Career Transition represented 1% of Adecco's total revenues and 7% of gross profit in 2013. We assist clients in the effort to reorganise their workforce, due to mergers and acquisitions or when pressured to downsize as a result of reduced business activity. During the transition phase we support affected employees with training and facilitate their move to the next step in their career. We have the capabilities and expertise to manage an entire process, be it for a few people or thousands. We ensure that affected employees are engaged in transition activities and that retained employees remain productive, committed and focused on their work. It often happens that some areas of an organisation are downsizing while others are expanding and recruiting. We reduce transition and recruitment costs by redeploying employees affected by a downsize to areas in need of talent.

Outsourcing, talent development and other services
6% of revenues and 10% of gross profit of the Adecco Group in 2013 stemmed from outsourcing, talent development and other services. We see a clear trend of clients evaluating what to do on their own and what to outsource. In outsourcing, we include services where Adecco is not paid by the hours an associate works but by a task-related measure. This could be for example by the number of calls answered, the number of records entered into a database or the number of packages moved. Outsourcing also includes clients transferring Human Resources processes to the Adecco Group through Managed Service Programmes (MSP), Recruitment Process Outsourcing (RPO) and our Vendor Management System (VMS). Talent Development services include change management solutions and career and leadership development programmes. We assist our clients in maintaining productivity through changes, engaging and retaining talent and developing leaders at all levels.

Our business lines and brands

2013 revenue split by business line *in %*



- Office 25%
- Industrial 50%
- Information Technology 11%
- Engineering & Technical 6%
- Finance & Legal 4%
- Medical & Science 2%
- Solutions 2%

General Staffing

Professional Staffing

General Staffing
In 2013, General Staffing made up 75% of the Adecco Group's revenues. We offer tailored solutions to retail and large clients with the aim of building longer-lasting relationships with both associates and clients. Given the relatively lower-margin nature of the business, an efficient delivery model is key to optimising our own costs and being competitive. General Staffing includes the two business lines Office and Industrial, as described below.

Office
Office represented 25% of revenues of the Adecco Group in 2013. We are specialised in the temporary and permanent placement of administrative and clerical staff. In order to provide the right combination of personal and technical skills, we mainly focus on the business areas Administrative/Clerical, Assistance, Customer Service, Human Resources, Import/Export, Project Management, Purchasing, Secretarial/Personal Assistant and Sales, Marketing & Events. Main brands in this segment include Adecco Office and Office Angels.

Industrial
The Industry segment accounted for 50% of Adecco's revenues in 2013. We serve our clients in the temporary and permanent placement of staff mainly in sectors such as Automotive, Man-

ufacturing and Heavy Industry, Construction, Hospitality, Transportation and Logistics. Main brands include Adecco, Adecco Industrial and Tuja.

Professional Staffing

Professional Staffing accounted for 23% of Adecco's total revenues in 2013. With the 'experts talk to experts' approach we have a high-end specialist point of contact for our clients and associates alike. We establish relationships with line managers at enterprises to better understand the skills sets of candidates needed. This ensures successful matching of candidates' profiles with clients' needs for positions requiring higher qualifications. In turn, expert points of contact enable us to offer high-level assignments for candidates and to attract talented, qualified and sought-after individuals. Professional Staffing includes the business lines Information Technology, Engineering & Technical, Finance & Legal and Medical & Science, as described below.

Information Technology

The Information Technology segment represented 11% of the Group's revenues in 2013. At Adecco, our Information Technology experts partner with clients to integrate, structure and streamline their IT services and activities. Among others, we provide temporary assignments and permanent positions for IT Developers, Programmers, Consultants, Project Managers, Systems Engineers or Analysts and IT Support for any industry. Main brands include Modis and Computer People.

Engineering & Technical

In 2013, we generated 6% of the Group's revenues in Engineering & Technical. In this field our associates take on assignments and projects on a temporary or permanent basis for key industries such as Electronics, Automotive and Transportation, Energy, Oil & Gas, Utilities, Medical Products, Aerospace, Chemicals and Raw Materials. Main brands include Adecco Engineering & Technical, Entegee and euro engineering.

Finance & Legal

4% of revenues of the Adecco Group in 2013 stemmed from the Finance & Legal business line. In a rapidly changing world, new standards, systems and regulatory requirements are emerging all the time. Finance & Legal specialises in the temporary and permanent placement of talented accounting, finance and legal professionals who work in sectors including Accounting, Finance, Banking, Legal, Construction, Property, HR, Architecture, Management and Marketing & Communications. Main brands include Badenoch & Clark and Accounting Principals.

Medical & Science

The Medical & Science segment represented 2% of Adecco's revenues in 2013. We recruit and place doctors, nurses, therapists, pharmacists and other allied healthcare professionals on a permanent or temporary basis in the field of Clinical Research, Regulatory Affairs, Pharmacy, Medical Writing, Laboratory Research Science and Sales & Products Support. Our main brands include Soliant and Adecco Medical.

Solutions

Solutions accounted for 2% of revenues of the Adecco Group in 2013 including revenues generated with Business Process Outsourcing, Career Transition and Talent Development solutions as described below.

Business Process Outsourcing solutions

Managed Service Programmes (MSP) Clients increasingly ask Adecco to manage all or parts of their contingent workforce. There are clear advantages in outsourcing the management of contingent labour to us: one single point of contact, speed, enhanced recruitment process and transparency. We can manage the contingent workforce solutions, programme management, reporting and tracking, supplier selection and management, order distribution and even consolidated billing. Our global brand name is Pontoon.

Our **Recruitment Process Outsourcing (RPO)** solution is suited to companies that want to outsource their recruitment process for permanent employees. The entire process includes the search for candidates, CV screening, interviews, candidate assessment, offer management, on-boarding and recruitment administration. We can take care of the whole or part of the process or act as a partner for all the permanent recruitment needs. We reduce costs and complexity for our clients and ensure that they get the right people, with the right skills at the right time. These solutions are also offered under the Pontoon brand.

Clients can also keep the management of their contingent workforce in-house by using our market-leading **Vendor Management System (VMS)** branded Beeline. It is an internet-enabled, web-based application delivered through a software-as-a-service model. Beeline's VMS automates the process of acquiring and managing contingent labour, time and expense and consolidated invoicing. It provides significant improvements in reporting and analytics capabilities that far outperform manual systems and processes.

Career Transition and Talent Development services

In our Lee Hecht Harrison (LHH) business, we focus on delivering Career Transition (outplacement), leadership development, career development and change management solutions for organisations committed to developing the best talent and becoming employers of choice. We are the world's leading Career Transition and Talent Development services provider.

2013 began with uncertainty and ended with signs of economic recovery. Revenue trends improved for the Adecco Group and we increased our EBITA margin excluding restructuring and integration costs.

Our results

Group performance highlights 2013

A return to revenue growth in Q4 2013

The economic situation entering 2013 was marked by continued uncertainty over the European debt crisis and the looming fiscal cliff in the USA. However, during Q1 2013 signs of stability became visible and overall macroeconomic conditions improved modestly as the year progressed. We saw a similar gradual development in our own business, with year-on-year organic[1] revenue growth moving from -7% in Q1 2013 to 4% in Q4 2013. This improvement was largely driven by regions where our business has a high exposure to industrial demand, such as France, Germany & Austria, Iberia, Italy and Benelux. Our growth in the latter two regions was especially encouraging as we significantly outperformed the market, especially in the second half of the year. We also grew faster than our major peers in North America, where we saw steady revenue growth during 2013, and in our global business LHH.

Increased EBITA margin

Our EBITA margin excluding restructuring costs increased to 4.4% in 2013, up 40 bps compared to the 4.0% EBITA margin excluding restructuring and integration costs in 2012. Gross margin was the primary driver, increasing from 17.9% in 2012 to 18.3% in 2013. This was the result of our continued strict approach to pricing as well as the effect of the French CICE (tax credit for competitiveness and employment). In addition, we maintained our tight cost control and aligned the cost base where necessary: we took additional cost reduction measures in France and combined data centres in North America. Overall, SG&A excluding restructuring and integration costs fell by 1% organically compared to the prior year, mirroring the organic revenue decline.

Dividends and share buyback programmes

Strong cash generation is a key focus throughout the Company, underpinned by our use of EVA in managing the business. In May 2013, we paid the dividend for 2012 of CHF 1.80 per share, amounting to a total of EUR 266 million. For 2013, the proposed dividend is CHF 2.00[2] per share, an increase of 11%. This will amount to an estimated payout of EUR 290[3] million in May 2014. In addition we continued our share buyback programmes. In September 2013 we completed a EUR 400 million share buyback programme (commenced in July 2012), and launched a further share buyback programme of up to EUR 250 million.

Main financial highlights 2013

- Revenues of EUR 19.5 billion, down 5% year-on-year (-1% organically)
- Strong gross margin increase to 18.3%, up 40 bps year-on-year
- SG&A down 1% year-on-year, organically and excluding EUR 33 million restructuring costs in 2013 and EUR 88 million restructuring and integration costs in 2012
- EBITA excluding restructuring costs of EUR 854 million, up 9% in constant currency compared to EBITA excluding restructuring and integration costs of EUR 813 million in 2012
- EBITA margin excluding restructuring costs of 4.4%, up 40 bps compared to EBITA margin excluding restructuring and integration costs of 4.0% in 2012
- Net income attributable to Adecco shareholders of EUR 557 million
- Proposed 2013 dividend of CHF 2.00 per share, up 11% compared to last year

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

2 Proposed by the Board of Directors subject to approval at the 2014 AGM.

3 Based on the total number of outstanding shares of 178,138,000 (excluding treasury shares).

Key figures at a glance

in EUR millions (except per share information)	2013	2012	variance
Revenues	19,503	20,536	-5%
Gross profit	3,560	3,674	-3%
Gross margin	18.3%	17.9%	
SG&A	(2,739)	(2,949)	-7%
EBITA	821	725	13%
EBITA margin	4.2%	3.5%	
Net income attributable to Adecco shareholders	557	377	48%
Basic EPS in EUR	3.09	2.00	54%
Diluted EPS in EUR	3.08	2.00	54%
Operating cash flow	520	579	-10%
Dividend per share in CHF	2.00[2]	1.80	11%

Other highlights

- In July 2013, the Adecco Group successfully issued EUR 400 million medium-term 6-year notes with a coupon of 2.75%. The proceeds will be used for the refinancing of the existing 5-year guaranteed Euro medium-term notes due on April 28, 2014 and for general corporate purposes.
- In September 2013, the Adecco Group completed the share buyback programme of EUR 400 million. The company acquired 9,721,446 shares on a second trading line with the aim of subsequently cancelling the shares and reducing share capital. Immediately after completion the Company started a new share buyback programme of up to EUR 250 million and as of December 31, 2013 had acquired 460,250 shares for EUR 25 million under the new programme. Shareholders will be asked to vote on the cancellation of the shares acquired until December 31, 2013 (10,181,696 shares) at the AGM 2014.
- In November 2013, the Adecco Group announced the appointment of Mark De Smedt as Chief Human Resources Officer of the Group and member of the Executive Committee effective as of January 1, 2014.

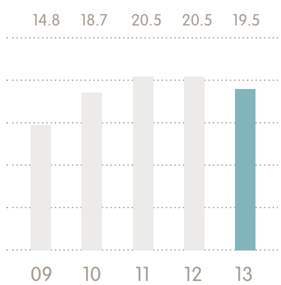
Review of operational results

Revenues

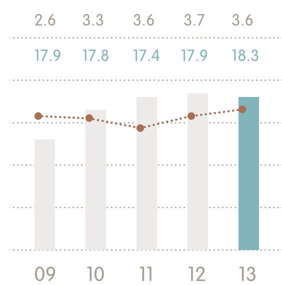
In 2013, our revenues were EUR 19,503 million, down 5% or down 1% organically compared with the prior year. Temporary hours sold were down 4% to 1,144 million. Permanent placement revenues amounted to EUR 320 million, down 7% or down 3% in constant currency. Career Transition (outplacement) revenues totalled EUR 279 million, an increase of 4% or 7% in constant currency. On a geographical basis, trends were somewhat mixed. In France, revenues declined by 8% organically while revenues in North America grew 3% organically. Revenues in UK & Ireland grew by 3% in constant currency, despite a tough comparative due to the London Summer Olympics in 2012. Germany & Austria grew 2%. In Japan, revenues declined by 10% in constant currency while the Emerging Markets continued to expand solidly, growing 8% in constant currency. Elsewhere, Italy outperformed the market with 3% growth and Iberia already returned to positive territory. Our weakest revenue performance in 2013 was in Australia & New Zealand, which saw a revenue decline of 13% in constant currency in a challenging market.

From a business line perspective, General Staffing represented 75% of Group revenues in 2013 with the remaining 25% coming from Professional Staffing and Solutions. In 2013, General Staffing revenues declined by 2% while Professional Staffing grew 1%, both on an organic basis. Importantly, the organic revenue trend in General Staffing improved significantly during the year, from a decline of 9% in Q1 2013 to growth of 4% in Q4 2013. The major driver of the General Staffing recovery was Industrial, which is typical for the first stage in economic recovery. In our Solutions business, counter-cyclical Career Transition and Talent Development services reported a revenue increase of 6%, while in MSP and VMS strong double-digit growth was achieved, all in constant currency.

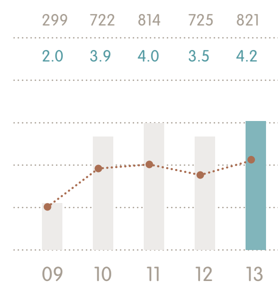
Revenues *in EUR billions*



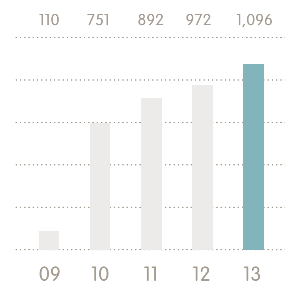
Gross profit *in EUR billions*
Gross margin in %



EBITA *in EUR millions*
EBITA margin in %



Net debt[4] *in EUR millions*



Gross profit

Gross profit of EUR 3,560 million was down by 3% or up by 1% organically. The gross margin was 18.3%, 40 bps higher than in 2012. Organically, the improvement in the gross margin was also 40 bps. This was driven by our continued strict approach to pricing as well as the effect of the French CICE (tax credit for competitiveness and employment). The temporary staffing business had a positive impact of 30 bps on the gross margin. The permanent placement business had a neutral impact on the gross margin whereas outplacement had a positive impact of 10 bps.

Selling, general and administrative expenses (SG&A)

SG&A decreased by 7% or by 1% organically and excluding restructuring and integration costs. In order to protect profitability and further structurally increase efficiency, we took additional actions in 2013 to lower our cost base. In particular, we implemented some further cost reduction measures in France and combined data centres in the USA. Restructuring costs amounted to EUR 33 million in 2013 and 83 million in 2012. Integration costs were EUR 5 million in 2012. In 2013, the average number of FTE employees decreased by 5%. The average branch network was down 6% when comparing 2013 with 2012. On December 31, 2013 the number of branches and FTE employees was around 5,100 and more than 31,000, respectively.

SG&A breakdown
FY 2013

EBITA

In 2013, EBITA increased by 18% in constant currency to EUR 821 million. EBITA excluding restructuring costs was EUR 854 million in 2013, an increase in constant currency of 9% compared to EBITA excluding restructuring and integration costs of EUR 813 million in 2012. The EBITA margin excluding restructuring costs was 4.4%, up 40 bps compared to the 4.0% EBITA margin excluding restructuring and integration costs in 2012.

Amortisation of intangible assets

Amortisation was EUR 42 million in 2013, compared to EUR 52 million in 2012.

Operating income

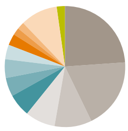
Operating income in 2013 was EUR 779 million, compared to EUR 673 million in 2012.

Interest expense and other income/(expenses), net

Interest expense increased by EUR 3 million to EUR 79 million in 2013. Other income/(expenses), net was an expense of EUR 2 million in 2013, compared to a net expense of EUR 13 million in 2012. The 2012 expense included EUR 15 million loss on the sale of a business in North America.

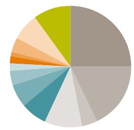
4 Net debt is a non-U.S. GAAP measure and comprises short-term and long-term debt, less cash and cash equivalents and short-term investments.

2013 revenue split by segment *in %*



- France 24%
- North America 19%
- UK & Ireland 10%
- Germany & Austria 8%
- Japan 6%
- Italy 5%
- Benelux 5%
- Nordics 4%
- Iberia 3%
- Australia & New Zealand 2%
- Switzerland 2%
- Emerging Markets 10%
- LHH 2%

2013 EBITA split by segment *in %*
(operating units)



- France 25%
- North America 18%
- UK & Ireland 4%
- Germany & Austria 10%
- Japan 7%
- Italy 6%
- Benelux 4%
- Nordics 2%
- Iberia 2%
- Australia & New Zealand 1%
- Switzerland 4%
- Emerging Markets 7%
- LHH 10%

Provision for income taxes

The effective tax rate for 2013 was 20% compared to 35% in 2012. In 2013, discrete events had a positive impact of approximately 8% on the tax rate. In 2012, discrete events including the valuation allowance on the French deferred tax assets had a negative impact of approximately 4% on the tax rate.

Net income attributable to Adecco shareholders and EPS

In 2013, net income attributable to Adecco shareholders was up 48% to EUR 557 million. Basic EPS was EUR 3.09, up 54% compared to 2012, reflecting net income growth and the impact of the share buyback programmes.

Cash flow, net debt[4] and DSO

Cash flow generated from operating activities amounted to EUR 520 million in 2013. The Group invested EUR 81 million in capex in 2013. Dividends paid were EUR 266 million and the Group paid EUR 297 million for treasury shares. Net debt at the end of December 2013 was EUR 1,096 million compared to EUR 972 million at year end 2012. In 2013, DSO was 54 days, the same as in 2012.

Outlook for 2014

Most European economies have begun to recover. In Q4 2013, we saw a strong pick-up in our early-cyclical Industrial business, driven by double-digit growth in the manufacturing sector. We expect demand for flexible labour to continue to increase in 2014. Revenue growth in constant currency and adjusted for trading days was 5% for January and February, 2014 with revenue trends across all major geographies similar to Q4 2013.

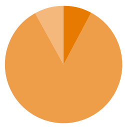
Given these trends, we maintain our price discipline and cost control. In 2014, we expect to incur restructuring costs of approximately EUR 20 million for the move to a single headquarters in North America and several smaller projects in other countries. At the same time, we will continue to invest in organic growth opportunities and the consolidation of our IT platforms, whilst focusing on our strategic priorities. SG&A in Q1 2014 is expected to increase slightly compared to Q4 2013 on a constant currency basis and excluding restructuring costs.

We continue to be very focused on reaching our EBITA margin target of above 5.5% in 2015. Based on the good progress on our six strategic priorities, recent trends and more favourable economic conditions expected going forward, we remain convinced we will achieve this target.

Review of main markets

France

Country revenue split by business line



in EUR millions	2013	2012[6]	variance
Revenues	4,735	5,183	-9%
EBITA	224	103	117%
EBITA margin	4.7%	2.0%	

Market overview

France is a key market for staffing, with an approximate share of 6%[5] of the global market. While the staffing industry in general shows a high degree of fragmentation, the French market is significantly concentrated: the three major players hold a total market share of around 70%[5]. Adecco is the market leader in France, with a market share of around 28%[5].

France is our largest market, generating 24% of our total revenues in 2013. Approximately 90% of revenues stemmed from the General Staffing business, the majority of which is blue-collar industrial staffing. Professional Staffing still represents a minor part of our business in France, but is clearly a structural growth area for the future.

At the end of 2012 the Government introduced a tax relief programme known as CICE (tax credit for competitiveness and employment) for all companies operating in France. For 2013, this provided employers with a tax credit of 4% on employee salaries up to 2.5 times the minimum wage; for 2014, the amount of credit increases to 6%. This credit must be used, amongst other purposes, to fund training and investment in research and development. Separately, new regulations came into effect in July 2013 increasing unemployment social charges on short-term contracts with a limited duration (CDD contracts). These new social charges do not apply to temporary staffing contracts, but in return the temporary staffing industry committed to employ a certain number of flexible workers on unlimited duration contracts (CDI contracts).

Over the last two years Adecco has implemented significant measures to further increase the efficiency of the French operations. In 2012, we combined the Adecco and Adia branded businesses under the single Adecco brand, resulting in significant reductions in headcount and branch footprint. In 2013, further cost reduction measures were taken to continue to align the cost base with the negative revenue development.

Performance in 2013

The weak economic backdrop in France led to a further decline in the French staffing market of 7%[5] in 2013. As a result of our continued focus on profitability, Adecco's revenues decreased by 8% organically for the year as a whole. This was slightly more than the market, but by the second half of the year we had closed the gap to our major peers. The revenue decline was driven primarily by weakness in the Industrial business (-9%).

EBITA was EUR 224 million and the EBITA margin was 4.7%. EBITA excluding restructuring costs was EUR 243 million, up 48% compared to 2012. The EBITA margin excluding restructuring costs increased to 5.1%, the leading performance in the market. This margin increased by 190 bps compared to the prior year driven by our cost reduction measures, price discipline and the effect of CICE.

Priorities for 2014

A priority for the management in France in 2014 will be the ongoing segmentation of our business, with dedicated branch networks and distinct operating models by segment. Further developing our permanent placement business is another area of focus. We will also be implementing a bench model in which a number of our associates will receive unlimited duration contracts (CDI contracts) as part of a broader industry initiative agreed by all major staffing companies. This is a new model in France but the Adecco Group can draw on its experience of similar systems in Germany and Sweden. As the market leader, we will also focus on maintaining price discipline as the market begins to recover.

5 Adecco estimate.

6 As of January 2013, Morocco and Tunisia, previously within France, are reported under Emerging Markets. The 2012 Information has been restated to conform to the current year presentation.

North America

Country revenue split by business line

in EUR millions	2013	2012	variance[7]
Revenues	3,726	3,800	1%
EBITA	168	161	7%
EBITA margin	4.5%	4.2%	

Market overview

The US market, which represents 34%[5] of the global staffing market, is the largest worldwide. It is highly fragmented, and while we are the second-largest player, our market share is only about 4%[5]. From a regulatory perspective, this market is amongst the most liberalised in our industry. The share of revenues generated in the Professional Staffing business is also amongst the highest when compared with other markets.

North America represented 19% of the Group's total revenues in 2013. From a business line perspective, Professional Staffing and Solutions revenues were roughly 50% of total revenues while 50% stemmed from General Staffing.

In the USA, demand for temporary jobs was healthy in 2013 and increased faster than permanent employment. Approximately 900,000 temporary staffing jobs were lost during the recession in 2008 and 2009, but by the end of 2013 over 1,000,000 had been recovered while total employment in the USA is still 0.5%[8] below the 2007 peak. As a result, the penetration rate (the number of temporary employees as a percentage of the overall workforce) increased from the trough of 1.4%[8] in 2009 to 2.0%[8] in 2013, equal to the peak reached in the year 2000. Recent regulatory and structural trends point to this peak being surpassed in the future. One driver is healthcare reform, which could spur further demand for temporary staffing.

Performance in 2013

Overall, revenues in the region amounted to EUR 3,726 million, up 3% organically. General Staffing grew 2% with good growth in Industrial of 7%, somewhat offset by a decline in Office of 3%, all in constant currency. Professional Staffing was up 3% organically, with our two largest segments, IT and Engineering & Technical, performing well. In our permanent placement business we had a strong year, with revenues up 15% in constant currency.

EBITA was EUR 168 million and the EBITA margin was 4.5%. EBITA excluding restructuring costs was EUR 174 million, up 8% in constant currency. The EBITA margin excluding restructuring costs was 4.7%, up 30 bps compared to 2012. Restructuring costs incurred for the consolidation of several data centres amounted to EUR 6 million in 2013 and EUR 6 million in 2012.

Priorities for 2014

In North America, our revenue growth rate was steady throughout 2013 in constant currency. For 2014, economic forecasts point to accelerating GDP growth and we will focus on driving strong commercial activity levels in order to benefit from this improvement. In addition, we will continue to grow our leading operations in Business Process Outsourcing through our Pontoon business for MSP and RPO and our Beeline business for VMS. A key priority for management is to leverage further our cost base and the previous investments we have made, especially in our IT staffing business. In 2014 we will also move to a single headquarters for the Adecco Group in North America, in order to realise further overhead savings.

UK & Ireland

Country revenue split by business line

in EUR millions	2013	2012	variance[7]
Revenues	1,907	1,936	3%
EBITA	37	32	20%
EBITA margin	1.9%	1.6%	

Market overview

Representing 11%[5] of the global staffing market, 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. With a market share of 6%[5] we are the market leader in the UK. From a business mix perspective, roughly two-thirds of our revenues stemmed from Professional Staffing, while one-third was generated in General Staffing. The UK & Ireland represented 10% of the Group's total revenues in 2013. In line with the recovering UK economy, the UK staffing market showed an improving growth trend during 2013.

7 In constant currency.

8 Source: Bureau of Labor Statistics (BLS).

Performance in 2013

Our revenues amounted to EUR 1,907 million, up 3% in constant currency. Revenues were flat in General Staffing, while Professional Staffing was up 4%, both in constant currency.

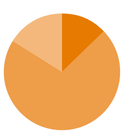
EBITA was EUR 37 million, and the EBITA margin was 1.9%. EBITA excluding restructuring costs was EUR 40 million in 2013, up 28% in constant currency. The EBITA margin excluding restructuring costs was 2.1%, an increase of 50 bps compared to the prior year. In 2013, restructuring costs amounted to EUR 3 million. It should be noted that 2012 was affected by the London Summer Olympics, with a benefit to revenues but a negative impact on profitability due to sponsorship costs.

Priorities for 2014

In 2014, we will continue to focus on leveraging our market-leading position, with high levels of commercial activity in order to benefit from an improving economy. A top priority remains further increasing our profitability, by focusing on appropriate service delivery models, strengthening our presence in the permanent placement business and leveraging the opportunities offered by Business Process Outsourcing solutions (MSP/RPO/VMS).

Germany & Austria

Country revenue split by business line



Office
Industrial
Professional Staffing & Solutions

General Staffing

in EUR millions	2013	2012	variance
Revenues	1,620	1,591	2%
EBITA	88	90	-1%
EBITA margin	5.5%	5.6%	

Market overview

Germany is a key market for staffing with a roughly 6%[5] share of the global market, and we continue to view it as one of the most attractive markets. We generated 8% of the Group's revenues in 2013 in Germany & Austria. In Germany our market share is 9%[5], making us the second-largest player.

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

At the end of 2012 and during 2013, new collective wage agreements for temporary staffing came into effect in various industries, reflecting better alignment in terms of compensation between temporary and permanent jobs as stipulated by the Equal Pay provisions in the European Directive on Temporary Agency Work. For instance, IG Metall, the largest Union in Germany negotiated progressive wage increases on top of the base rate as follows – an increase of 15% after six weeks, 30% after five months, 45% after seven months and 50% after nine months. The wage increases are based on the length of the assignment at the same client company. Other Unions followed suit, with similar structures. At Adecco, we have been supportive of this development as this will help enhance the image of the staffing industry and will drive higher penetration rates in Germany. At the end of 2013, the new Government announced a coalition agreement which also affects temporary work.

In 2013, the penetration of temporary staff as a proportion of the overall workforce was 2.2%[5] in Germany, the same as the prior year. In the medium term, Germany remains an attractive structural growth market in our view, as greater acceptance of temporary staffing and the need for flexibility will result in even higher penetration rates. Companies strive to further increase their flexible workforce and the European Agency Work Directive requires the lifting of all restrictions on temporary agency work. This offers additional revenue potential for our industry. Moreover, in the German construction sector, which today is still closed to temporary labour, restrictions should eventually be lifted.

Performance in 2013

In 2013, our revenues in Germany & Austria increased by 2% to EUR 1,620 million. From a business line perspective, Professional Staffing revenues represented 16% of our revenues in Germany & Austria, while General Staffing contributed 84%. In 2013, revenues grew by 2% in General Staffing and declined by 1% in Professional Staffing.

EBITA was EUR 88 million in 2013 compared to EUR 90 million in the prior year. Restructuring costs in 2012 amounted to EUR 10 million. In 2013, the EBITA margin was 5.5%, down 80 bps compared to the EBITA margin excluding restructuring costs in 2012.

Priorities for 2014

In Germany & Austria, revenue growth clearly improved from a decline of 7% in Q1 2013 to growth of 10% in Q4 2013. In 2014, we will focus on capturing further growth from this recovering trend, which was led by the Industrial business, and on expanding our business with small and medium-sized companies. As the leader in Professional Staffing, we are also well positioned to benefit from the structural growth potential in higher-skill areas.

Japan

Country revenue split by business line

in EUR millions	2013	2012	variance[7]
Revenues	1,118	1,550	-10%
EBITA	66	91	-9%
EBITA margin	5.9%	5.8%	

Market overview

The Japanese market is the second-largest staffing market in the world, representing roughly 13%[5] of the global market. This market has seen robust growth since the beginning of liberalisation in 1996. Fragmentation is high, with the five largest players representing only around 20%[5] of the market, while the remainder is dominated by numerous regional and local staffing firms. Adecco is currently the fourth-largest player in the Japanese market. In 2013, Japan represented 6% of the Group's revenues.

In 2013, the new Government announced a planned structural change of the temporary staffing and worker dispatch laws. The new legislation would eliminate restrictions based on specific job categories and also change contract periods for non-permanent workers. These regulatory changes are expected to be considered for legislative approval in 2014 and to take effect in late 2015.

Performance in 2013

Our revenues in Japan decreased 10% in constant currency to EUR 1,118 million. This reflects in part the fact that approximately 75% of our revenues are generated in the late-cyclical Office business, which is yet to see the benefit of expansionist economic policies. In addition, we still suffered early in 2013 from the fact that large outsourcing contracts from 2011–2012 were successfully completed and did not recur. However, by Q4 2013 revenues were only down 3% in constant currency due to the already lower base. Professional Staffing now represents around 20% of revenues while approximately 80% are generated in General Staffing.

EBITA decreased by 9% in constant currency to EUR 66 million. The EBITA margin was 5.9% in 2013, up 10 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.

Priorities for 2014

In Japan our business is heavily exposed to the late-cyclical Office business and as such has yet to see the clear benefits of the improving economy, although growth did accelerate during 2013 in our smaller IT and Engineering & Technical businesses. In 2014 we aim to drive organic growth for the overall business through focusing on opportunities in temporary staffing, permanent placement, professional staffing and outsourcing. Maintaining our strong profitability in Japan continues to be a key priority for management.

Further information on countries and regions can be found in the Financial Review, starting on page 43.

Every day we strive to ensure that we fulfil our claim 'better work, better life' by giving all our colleagues the chance to grow and develop both personally and professionally.

Our people

We are fortunate to work with exceptional colleagues, who live and represent our group values and leadership principles. To strengthen our role as the industry leader, it is our priority to assist our employees in developing their individual potential. Their development is the main factor in the success of our business.

Talent Management has been a critical component of the HR strategy within the Adecco Group for many years, through a collaborative effort between the Group initiatives and the local programmes in the countries where we operate. Our ultimate goal is to attract and retain the best talent and to ensure that our leaders can continue to deliver on the overall Adecco Group strategy.

The four components of the Adecco Group Talent Management framework are: identification of high potentials, development, performance management and finally, succession planning.

Group development programmes

Adecco Academy

The Adecco Academy
The Adecco Academy provides a solid foundation for the Group's global training and development offerings catering for a wide variety of employees. The programmes are organised under two pillars: leadership and service & sales.

Leadership
Through our leadership programmes, in cooperation with two of the best business schools in the world, INSEAD in France and IMD in Switzerland, more than 900 of Adecco's managers have been trained to improve their leadership skills.

SLDP SENIOR LEADERSHIP DEVELOPMENT PROGRAM

This programme is designed around Adecco Group's six strategic priorities. The basic concept is to combine each of these with cutting-edge academic thinking, practically addressing the challenges facing the Adecco Group and its Senior Management team.

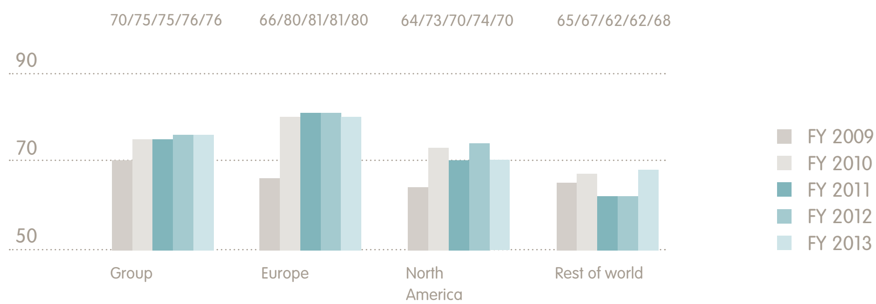
Attending colleagues engage in active and practical discussions concerning different initiatives and leave the programme with a clearer focus and a personal action plan on what we can do to further progress on specific initiatives.

Furthermore, participants have the chance to apply the concepts introduced to real business challenges they face at the Adecco Group.

I^3 LEADERSHIP PROGRAM

This course focuses on leadership situations our colleagues experience and the behaviours they require to be an effective leader. The colleagues receive intense individual feedback and coaching and gain a better understanding of why people behave as they do.

Retention rate 2009–2013 *in %*



Colleagues work in small teams with an experienced leadership coach: learning through deep self-assessment, role play, outdoor exercises and debriefs, case studies, group work and video (observing their own behaviour on film). The emphasis is on experiences – they experiment with their own behaviour and actions, to find out more about themselves and others.

LWI LEADING WITH INNOVATION

With this programme colleagues gain a greater awareness of a changing world and develop an understanding of the impact digital media and technology has on society, communication and brands.

It challenges existing ways of thinking and working whilst building competence and confidence within the digital space. Colleagues get to experience digital media through tangible tasks and explore digital opportunities within their own Adecco Group business. The programme showcases best practice examples of what other organisations have implemented, with a special emphasis on the service industry.

MBA HIGHLIGHTS

This highly intensive programme develops the skills that are needed to meet the demands of general management responsibilities and effective leadership in an operations environment.

The content has been adapted to the challenges of our industry and the unique needs of the Adecco Group business while still bringing innovation from other industries and leveraging the expertise of the world-class faculty members.

Service & sales

SEC SERVICE EXCELLENCE COURSE

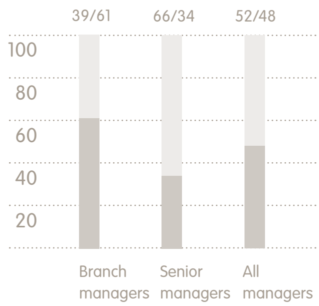
The Service Excellence Course has been designed, built and delivered by Adecco, for Adecco. It is aimed at raising awareness of our customer needs and expectations, and how we can exceed these.

The course is designed especially for Branch Managers as they have the most access to and impact on our customers. Participants will work through a series of discussions, activities and experiences to adapt a common customer service framework for key interactions with their customers. This proves a great opportunity to highlight the impact of one's actions and behavior and assist with overcoming potential poor perceptions.

VFS VALUE FOCUSED SELLING

Value Focused Selling goes beyond basic sales techniques and delivers a tried-and-tested approach focused on consultative selling methodologies. It has been delivered to Adecco colleagues in over 15 countries since 2009.

Gender distribution in 2013 *in %*



Male managers
Female managers

Colleagues learn how to engage clients in a way that helps them understand what is important to our clients (value) and how to then customize a solution to meet those wants and needs. The course introduces a process with a practical application that guides colleagues throughout the entire sales process, giving them a better way to qualify and quantify the sales potential.

The consultative approach covers how to work proactively throughout the entire client structure and utilise time and resources effectively.

HIGH INTENSITY TRAINING

High Intensity Training, or HIT as it is commonly referred to, has been enhancing Adecco colleagues' sales and recruiting skills in over 25 countries since 2006.

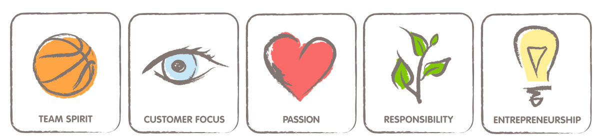
This training programme is targeted at colleagues with a 'retail' focus, both in the Professional and General Staffing businesses.

Colleagues learn the basics of sales, recruiting, order maintenance and operational efficiencies. We discuss global best practices and work through techniques in a classroom setting, to adapt these best practices to local desks. Learning techniques include large group discussion, role plays and culturally adapted small group discussions.

All activities are done while receiving real-time coaching and mentoring from trainers. Confidence is built through repetition and reinforcement of the skills necessary to succeed in our industry.

Our core values

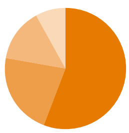
Our core values – team spirit, customer focus, responsibility entrepreneurship and passion – are at the very heart of how we operate. They are shared and brought to life by all our employees around the globe. On Group level, the Win4Youth initiative is a global manifestation of how we live by our values and is now being run for the fifth consecutive year (you can read more in our corporate social responsibility section on page 32).



Engagement

Our retention rate of 76% is among the best in the industry. In most of our major markets the rate is close to 80%. Engaging with our employees is a strategic priority for Adecco and the retention is tracked on a quarterly basis across the Group. In 60% of the countries the retention rate is above 70% and we are seeing good improvements in the others due to an increased focus and the actions implemented. More than 70% of our employees remain in the Company for more than two years and 50% for more than five years. In France – our largest market – close to 80% of our employees stay with us for more than five years.

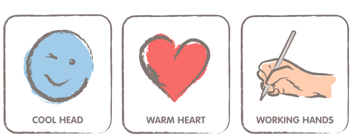
Employees per region 2013[1]



- Europe 56%
- North America 22%
- Asia Pacific 14%
- Latin America 8%

Great place to work
Our goal is for Adecco 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 2013 almost 95% of our employees in around 30 countries had the opportunity to participate in the survey. Through the survey we are able to measure the engagement levels of our employees year over year and get a good understanding of our strengths and where we have room to improve. Through action plans and sharing across countries we are able to leverage our best practices across the Group.

In 2013 DIS AG in Germany ranked second on the Best Workplaces list in Germany and fourth on the European Best Workplaces list. In addition, Adecco Belgium, Adecco Denmark, Adecco Luxembourg, Adecco Netherlands, Adecco Norway, Adecco Sweden and Adecco and Office Angels in the UK were on the Best Workplaces lists in their respective countries. This is an all-time high for Adecco and we aim for even more countries on the list next year. The secret to these successes is our open Company culture which is firmly based on our Group values and leadership principles: Cool Head, Warm Heart, Working Hands.



Equal treatment and diversity

At Adecco we foster a culture of equal opportunity, good training and career possibilities regardless of gender, age, disability or ethnic background. We see diversity as a great competitive advantage. Over time the demographics of our candidates and clients have changed and today are very different from only a few years ago. It is important for us to follow this development closely and create a workforce that is diverse and can understand the changing needs of our customers. In the Great Place to Work survey we scored very highly on the aspect of diversity in all countries.

Diversity awards received in North America in 2013
- Recognized by New York State as one of the top 25 employers for individuals with disabilities.
- Named as a top company for Diversity & Inclusion by Uptown Professional Magazine.
- Recognized by OFC Venture Fund for participation in their competition with students from Historically Black Colleges and Universities (HBCUs).

1 Based on headcount.

We believe work is a basic human need. Our responsibility is to bring to life the principle of 'better work, better life' amongst all our stakeholders.

Our corporate social responsibility

'Better work, better life' is our job. Every day, we support many companies to succeed by bringing together work teams with skills and attitudes that best match their needs. Employment is key to a healthy economy and reduces the welfare burden but most importantly, it gives people dignity and purpose through their contributing to society at large.

To demonstrate our commitment to 'better work, better life' for all our stakeholders and to constantly improve our performance, we participate in the Dow Jones Sustainability Index where in 2013 we were named the Leader in the Commercial & Professional Services Industry, the Carbon Disclosure Project and the FTSE4Good Index Series. We also submit our Communication on Progress (CoP) on a yearly basis to the UN Global Compact and apply the GRI Guidelines.

In 2013, we further developed our Corporate Social Responsibility strategy, aligning it more closely with our core business in response to global trends in our industry and to the requests and feedback we receive from our employees, associates/candidates and our clients as well as the broader public.

Corporate Social Responsibility for us is the responsibility of companies towards the three dimensions of sustainability:

1. Economic
2. Social
3. Environmental

Our goal is to integrate economic, social and environmental targets into our corporate activities in a way that fulfils the requirements of each of the three dimensions without compromising on any one of them.

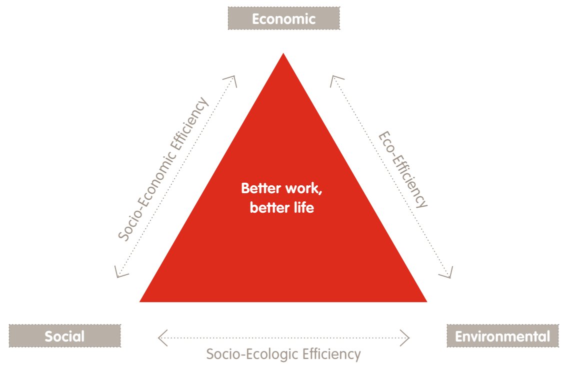
Our six focus areas

Our six focus areas

Our Corporate Social Responsibility reflects our business values, while addressing social, environmental and economic challenges. We have therefore defined the following six focus areas with the greatest value and impact for our company and society in the current labour market environment:

Team, Training & Development Currently, around 7 million jobs don't get filled despite high unemployment rates especially in European countries such as Greece, Spain, Italy, France and the USA, Australia and Japan. This is to a large extent due to a mismatch between available jobs and skills. Adecco and its industry can contribute to solving this issue through unlocking people's potential by retraining and up-

Three Dimensions of CSR



Economic
- Business Excellence
- Governance & Compliance
- Risk Management & mitigation
- Customer satisfaction
- Supply Chain management

Social
- Training & Development
- Human & Labour Rights
- Integration
- Diversity & Equal Opportunities
- Health & Safety

Environmental
- Environmentally conscious behaviour
- Reducing consumption
- Lowering CO_2 emissions
- Supporting clients with their environmental targets

grading workers' skills. HR services companies help people enhance their employability through career counselling, education and continuous training.

Integration Every company's workforce needs people with diverse skill sets and from all backgrounds with regard to disabilities, age, ethnicity or gender. Integrating people into the workforce through agency work is a central part of our business. Jobs offer people work experience and an income. Consecutive assignments provide people with diverse work experiences, enhance their adaptability to different roles and teams and serve as a stepping-stone to a permanent position for individuals who otherwise could become marginalised.

Diversity and equal opportunities Engagement with our employees is one of six strategic priorities for the Adecco Group. Our employees and associates are the most important reason for our success. Our approach to diversity and equal opportunities and our open Company culture help the Adecco Group to attract, motivate and retain talented employees and associates. The London 2012 Olympic and Paralympic Games were an example of what diverse teams can accomplish. Adecco as the official recruitment services provider was given the task and succeeded in recruiting the most diverse workforce. Adecco shared the LOCOG (London Organising Committee of the Olympic and Paralympic Games) vision for a highly talented, committed and diverse workforce, developing a special tracking software that measured the six streams of diversity. London 2012 provided a unique opportunity for our teams to help people realise their true potential, regardless of their background.

Health & Safety We are committed to the health and safety of our employees and the associates working with our clients. Our industry is unique. We do not directly control the workplace of our associates. Therefore, we must properly select, train and equip our associates before assigning them to a job. It is of utmost importance to ensure that our clients adhere to the highest safety standards so that our associates have a safe and healthy workplace with adequate supervision.

Business & Human Rights In recent years, human and labour rights have become an increasingly important aspect to businesses and within corporate social responsibility. Adecco has published guidelines on human rights which reflect the size and maturity of our company. They were released in August 2013 to provide guidance and raise awareness amongst all our stakeholders. Also, in June 2013, the European Commission issued Sector Guides on Implementing the UN Guiding Principles on Business and Human Rights for three business sectors including a guide for the Employment and Recruitment Agencies' sector to which we contributed in a multi-stakeholder initiative.

Environment Since 2010, environmentally conscious management, monitoring and reduction is carried out in the areas of:

- Electrical energy consumption
- Mobility: company car mileages and air miles flown
- Office supply: paper and toner consumption
- Office equipment: computers bought and replaced

in our 11 largest regions and countries including the joint global & Adecco Switzerland headquarters. These countries represent over 86% of our business operations in terms of revenues. By improving our environmental performance, we will save costs due to the lower consumption of resources which will benefit the Company's overall performance as well as our clients' performance through the services they receive from us.

Our global figurehead programmes in the social dimension

Win4Youth Over the four years of the Win4Youth programme, we have built on its huge success and momentum, also opening up participation to our clients and associates around the world. The 2013 Win4Youth initiative went back to its roots by selecting running as our sports activity. It culminated in the Athens Classic Marathon in Greece on November 10, 2013, where 75 colleagues participated in one of the toughest long-distance races, running 42.195 kilometres each. The Adecco team of ambassadors who competed in Athens represented their colleagues worldwide who have been running and walking for Win4Youth throughout the year. The goal was to cover at least 500,000 kilometres to ensure a donation to the four selected foundations in Colombia, Italy, Thailand and Belgium. The targeted kilometres were already reached in autumn and were immediately upped to 600,000 kilometres by year end. An outstanding result of 700,840 kilometres was achieved in 2013. Over 11,000 events in more than 60 countries took place where 20,853 colleagues, 2,304 associates and 9,531 clients participated. Since the launch of Win4Youth in 2010, sports events have been organized in all our countries contributing to a Group donation by running, biking and swimming for youth employment and development programmes around the world. A total of more than one million Swiss francs had been donated by the Adecco Group by the end of 2013. For more information:
www.facebook.com/win4youth.

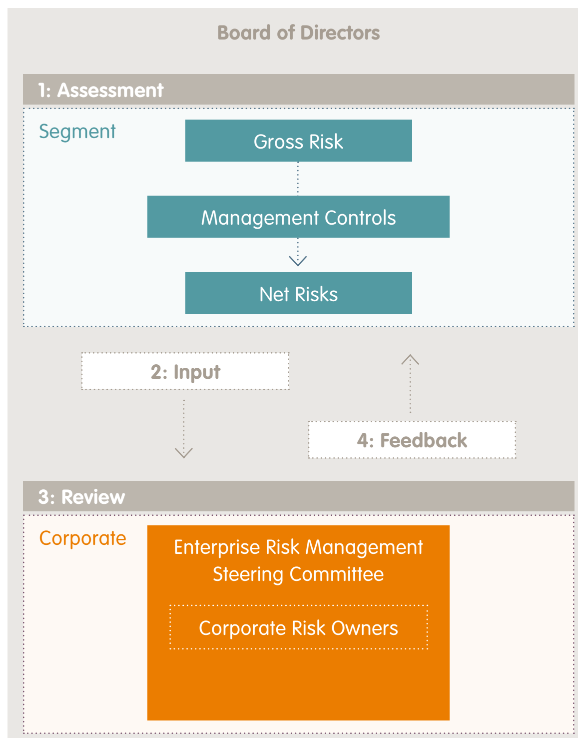
International Olympic Committee & International Paralympic Committee Athlete Career Programmes
While life as an elite athlete and life in the business world may seem to have few similarities, achieving success in the field of play and in a corporate environment requires similar personal traits. There are many transferable skills acquired by athletes during their sporting career that can prove to be invaluable in a professional capacity, such as the ability to perform under pressure, dedication, self-motivation, time management and a winning attitude. Making the transition from a sports career into the job market can be a difficult process, which is why the International Olympic Committee (IOC) and the International Paralympic Committee (IPC) Athlete Career Programmes are proving to be such a vital resource for Olympians and Paralympians with one eye on the future. Since 2005 and 2007 respectively, the IOC and IPC in cooperation with the Adecco Group have been providing educational, life skills, career development and job placement expertise to help elite athletes successfully transition into the workforce. Since the programmes were launched, more than 35 National Olympic and Paralympic Committees have been cooperating with Adecco in their countries to deliver the programmes. Together with outreach activities, delivered in countries that do not currently have a local agreement in place, more than 15,000 elite athletes from over 100 countries had been supported by the end of 2013. Outreach training continues to grow in the following regions: Oceania, Africa, Europe, Middle East, Latin America and Asia, strengthening the Olympic Movement's global commitment to preparing athletes for life after sports. Read more on how to engage in the Athlete Career Programmes:
http://athlete.adecco.com.

Adecco Way to Work™ Given the current, dramatic employment prospects for young people – globally, almost 300 million 15- to 24-year-olds are unemployed or inactive and the Eurozone youth unemployment rate again hit a record high of 24% – Adecco employees worldwide gave a helping hand to school leavers and graduates in their search for a job. Driven by the belief that access to work is a fundamental right, over 10,000 Adecco employees in 50 countries kicked off the Adecco Way to Work™ programme on April 30 and took to the streets, visiting nearly 300 schools and universities to offer career advice, guidance and free training workshops. Today it is clear that young people must be better equipped with the right hard and soft skills that businesses are asking for. That's where Adecco comes in – we help bridge the skills mismatch by providing guidance and training. The lack of job experience counts strongly against new entrants to the job market. Temporary work can help youngsters to take their first step onto the career ladder. They can start to build up that much-needed experience through a variety of jobs. In total, we reached out to more than half a million youngsters. The initiative also sent nine young people – the winners of a work experience contest with 23,500 applicants – around the world to gain a first-hand insight into the world of work through job experiences across five continents. The first edition of the Adecco Way to Work™ programme was very well received. The Adecco Way to Work™ is here to stay and will be continued in 2014. For a full overview of the programme visit the main website at: www.adeccowaytowork.com.

Identifying, mitigating and managing risks is central to our culture. Our enterprise risk management process is used to identify business opportunities, to improve our services for clients and associates and to increase the value of the Adecco Group.

Enterprise risk management

An objective, quantitative and integrated approach



The process

The enterprise risk management process at the Adecco Group has strategic and operational dimensions. Whilst the focus is on analysing, managing and mitigating risks, we also aim to identify opportunities for business development. The process is overseen and approved by the Board of Directors. The enterprise risk management process comprises two interacting and integrated levels: segment and corporate. All segments perform regular risk assessments on the risk categories that can have a significant impact on their operations, quantifying both Gross Risk and Net Risk. Gross Risk is an estimate of the likelihood of risk occurrence and the potential impact on the financial results in the worst-case scenario. Net Risk is an estimate of the likelihood of risk occurrence and the potential impact on the financial results taking into account the risk mitigation effect of Management Controls. If these controls do not reduce risk to an acceptable level, action plans are established and implemented.

The segment assessments are reported to Group Management and discussed with the Corporate Risk Owner for each risk category. The Enterprise Risk Management Steering Committee (made up of all Corporate Risk Owners) then determines whether the segment assessments are plausible from a Group perspective. The Steering Committee also assesses risk interactions, taking into account both mutually amplifying risks and the presence of natural hedges.

This hybrid top-down and bottom-up approach achieves consistency and comprehensive coverage while embedding accountability and leveraging expertise of the people in the organisation close to the risk. Risks identified at segment and corporate level are treated as opportunities for improvement. In this sense, the enterprise 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 110 in the Financial Review. This section focuses on describing where the key risks could arise and the actions Adecco takes to manage and mitigate these risks.

Key business risks

Economic environment

Demand for HR services is highly sensitive to changes in economic activity. When the economy accelerates, demand for temporary staffing and permanent placement services increases; when the economy decelerates, so does demand. On the other hand, Career Transition (outplacement) is counter-cyclical in nature: demand for these services rises during economic downturns and decreases during upturns. Staffing companies must adjust their capacity to fluctuations in demand, over which they have limited visibility and which can occur rapidly. Failure to anticipate and respond to changes in economic conditions can adversely impact financial performance.

How do we handle changes in the economic environment? Adecco has leading positions in most major geographical markets and HR service lines, with clients across many different industries. The diversity of our exposures provides some natural hedge to the risk of changing economic conditions. Nonetheless, we place a high priority on closely monitoring economic data and our own weekly and monthly results and forecasts. Supported by an active dialogue between corporate and regional management, this allows us to stay abreast of any business developments and swiftly adjust our capacity levels.

Client attraction and retention

Adecco's results and 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? We emphasise the importance of acting as a partner to clients to help them satisfy their HR needs. On a regular basis we conduct a client Global Satisfaction Survey. The results are used to train and support salespeople, to draft and execute sales action plans, and to further enhance the services delivered. At the same time, we continuously strive to improve our delivery channels and to optimise sales processes, leading to enhanced client attraction.

Associate attraction and retention

We depend on our ability to attract and retain associates who possess the skills and experience to meet clients' needs. With talent shortages in some high skill sets, providing suitably qualified associates can be a challenge.

How do we address associate attraction and retention? Candidates are attracted through a variety of channels, from the traditional physical branch to on-line technologies. Key to retention is being able to offer associates consecutive assignments at attractive wages and with training to improve their skills. Our Global Satisfaction Survey, which also addresses associates, is designed to help us identify and listen to their needs.

Employee attraction and retention

The success of our operations depends on the talent and motivation of key corporate personnel, local managers and field staff. Hiring and retaining the right people in the right job can significantly influence Adecco's business prospects. The loss of key 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? Frequent, honest and transparent communication and a clear strategy from top management are essential in ensuring employee satisfaction. We actively promote a way of working that is open, fair, efficient and collaborative. Compensation packages are competitive, closely aligned with Company targets and consistent with the EVA methodology. We invest in mentoring and talent development, including comprehensive performance and development review processes. The annual Great Place to Work® survey gauges employees' satisfaction with their workplace.

Information Technology

IT plays a pivotal role in today's business operations. Key business processes, such as client and candidate management and search and match between roles and candidates, are dependent on IT systems and infrastructures. Among others, a significant system interruption, loss or leakage of confidential business information could result in material disruptions to our business.

What mitigating measures do we take? We undertake ongoing assessment of our global security and IT infrastructure and continue to improve our existing IT process risk management, including monitoring, security and compliance. We have country-by-country contingency plans that would be implemented in the event of a severe IT disruption. A review of agreements with IT service providers and enhancement of service-level and contract management are embedded in the IT processes as is the steady improvement of user security awareness. Continuous investments in our IT platform and a move to a centralised organisation further increase the efficiency and quality of our services.

Change in regulatory/legal and political environment

The private employment services industry requires appropriate regulation with the ultimate goal of enhanced quality standards to the benefit of the societies, workers, private employment agencies and their clients. A changing political environment might lead to inappropriate or unbalanced regulation which may impair our business model.

What can Adecco do to avoid inappropriate or unbalanced regulation? Adecco is a founding member of Ciett, the International Confederation of Private Employment Agencies and of several national associations, which comprise the primary bodies for participation in current public debates. Adecco monitors and evaluates, at regional and local level, the changes in the regulatory/legal environment, promoting actions and initiatives directed at improving working and employability conditions, whilst ensuring the competitiveness and growth of economies.

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.

Investor Relations

Equity story

The Adecco Group is the world's leading provider of HR solutions, offering a wide variety of services including temporary staffing, permanent placement, Career Transition (outplacement), Talent Development, outsourcing and other services. We have more than 31,000 FTE employees and place more than 650,000 people at work every day through a network of around 5,100 branches in over 60 countries and territories.

Our core competences include providing flexible workforce solutions and matching clients' needs with candidates' skills. In an environment of cyclical and seasonal changes in demand, we help our clients to adapt their workforce needs accordingly. More customisation and made-to-order manufacturing impact the production cycle and reduce the predictability of our clients' business development. We help our clients manage their business cycles by providing them with the required human resources with the right skills, at the right time. We help smooth seasonal impacts on businesses through flexible workforce solutions allowing for rapid adaptation to peaks and troughs in demand during the year. Thanks to our global presence we can deliver geographic mobility and organise work migration to match clients' needs with candidates' skills to meet the diverse needs of labour markets.

Our temporary staffing and permanent placement services, which constitute over 90% of our total revenues, are cyclical and dependent on the level of economic activity in the countries where we operate. These services expand during periods of economic growth and contract during recessions. On the other hand, Career Transition, where we offer outplacement services, is counter-cyclical and expands during difficult economic periods.

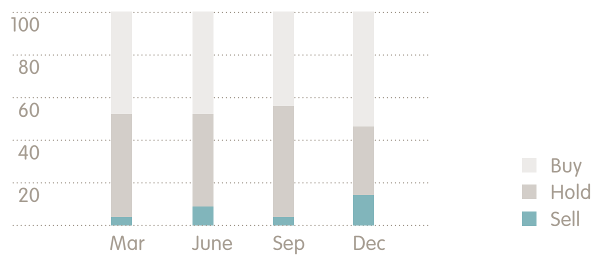
Through organic initiatives and past acquisitions we have improved our business mix. Today we are the largest player in Professional Staffing, having increased our exposure to this higher-growth and higher-margin business. We are also the leader in the Career Transition and Talent Development segment, where we achieve very attractive double-digit EBITA margins.

The profitability of the Group is dependent on revenue level, business mix, country mix, pricing and the way we manage our cost base. While revenue development to a large degree hinges on economic activity, we actively practise price discipline to optimise gross profit and we consistently manage our cost base very strictly, to protect profitability in downturns and to deliver increasing returns in upturns.

While our business offers operating leverage, we limit financial leverage and will always aim to maintain our investment grade credit rating. The application of the 'Economic Value Added' (EVA) concept ensures that the interests of our shareholders are met and that our daily decision-making processes are geared towards value creation. We have paid a dividend to our shareholders every year since the creation of Adecco in 1996, even in economically very challenging times. Given Adecco's solid financial position and strong cash flow generation, the dividend pay-out range was increased for the year 2011 and going forward to 40–50% of adjusted net earnings. In addition, the Company is committed to pay at least a stable dividend compared to the previous year even if the pay-out range is temporarily exceeded, barring seriously adverse economic conditions.

We are confident that we are in good shape to enhance our leadership position in the HR services industry. We continue to be very focused on reaching our EBITA margin target of above 5.5% in 2015. Based on the good progress on our six strategic priorities, recent trends and more favourable economic conditions expected going forward, we remain convinced we will achieve this target.

Distribution of broker ratings in 2013* *in %*



** At quarter end.*

Investor Relations

The Adecco Group 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 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. We are 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. 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 2013, devoting 24 days to market communication around the time of our quarterly results releases. We participated in 13 broker conferences and 30 roadshows in Europe and North America during 2013.

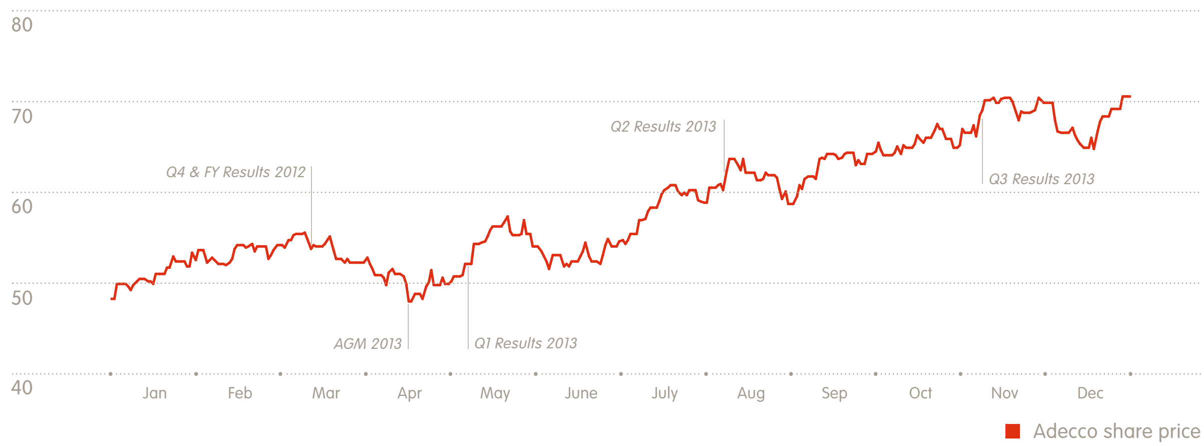
In addition, the Investor Relations section on the Adecco website, investor.adecco.com, provides the investment community with a broad source of up-to-date information at all times.

Coverage

Adecco's share price development is closely monitored by the financial community. After reporting the Q4 and FY results for 2012, at the end of March 2013, 48% of the analysts recommended to buy the stock, 48% had a neutral view and 4% recommended selling. The year 2013 ended with 54% of the analysts being positive, 32% being neutral and 14% being negative on Adecco shares. This evolution has been influenced by continued strong profitability, improving revenue trends and the strong share price performance.

Currently 23 brokers are actively covering Adecco, maintaining regular contact with Group Management and the Investor Relations team. They comprise: ABN Amro, Bank am Bellevue, Bank of America Merrill Lynch, Bank Vontobel, Barclays Capital, Bryan Garnier & Co., Citigroup, Credit Suisse, Deutsche Bank, Exane BNP Paribas, Goldman Sachs, Helvea, HSBC, Jefferies, JP Morgan Cazenove, KeplerChevreux, MainFirst, Morgan Stanley, Natixis, Rabo Bank, Royal Bank of Canada, UBS and Zürcher Kantonalbank.

Adecco share price in CHF and main events 2013



Dividend history

The Company steadily increased its dividend from CHF 0.60 for 2002 to CHF 1.50 for 2007, a level it maintained for 2008. Even during the severe recession in 2009, thanks to the healthy financial position of the Company, Adecco was in a position to pay a dividend of CHF 0.75 per share, in line with the historical pay-out ratio of 25–30% of adjusted net earnings. For 2010 a dividend of CHF 1.10 per share was paid, equivalent to a 30% pay-out ratio based on adjusted net earnings. Subsequently, the pay-out ratio was increased to a range of 40–50% of adjusted net earnings and the dividend paid was CHF 1.80 per share for 2011 and 2012. At the next Annual General Meeting, the Board of Directors will propose a dividend of CHF 2.00 per share for 2013 for approval by shareholders. This amount represents an increase of 11% compared to the dividend paid for 2012 and is equivalent to a pay-out ratio of 47% of adjusted net earnings.

Share performance report

After a 22% increase in 2012, the Adecco share price started 2013 at CHF 48.04. The shares continued to rise by more than the market in January and February, as the US economy continued to grow steadily and expectations formed for a European recovery in the second half of 2013. March saw the release of the Q4 2012 results, which were somewhat lower than market expectations. This, together with the re-emergence of broader macro-economic concerns in Europe, caused the shares to fall back, ultimately giving up their relative outperformance from the first part of the year.

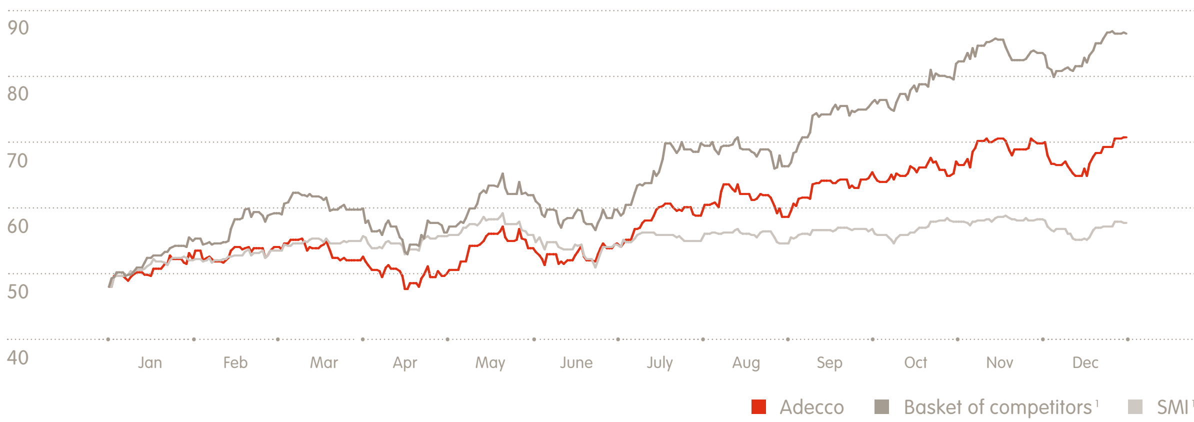
At the beginning of May, Adecco's Q1 2013 results highlighted an improving revenue trend and outlook, pushing the shares to a price of CHF 57.15, their high point for the first half of the year. However, by late May the possibility of an end to the stimulus programme from the Federal Reserve pushed markets lower and the share closed at CHF 53.85 at the end of June.

Economic data during the months of July and August showed the end of the recession in Europe, while it became clear that the accommodative monetary policy would not change in the short term. This helped markets move gradually higher during the third quarter and Adecco shares outperformed, helped by the release of good Q2 2013 results and the announcement of a new share buyback programme of up to EUR 250 million. At the end of September, the shares stood at CHF 64.40, up 20% from the end of June.

In September and October, continued good employment reports and the reaching of an agreement to raise the debt ceiling in the USA, together with positive corporate results, further lifted the equity markets. Following strong Q3 2013 results, the Adecco share price rose further to CHF 70.45, in mid-November. After a brief dip in early December, our shares ended 2013 at CHF 70.60, the highest level of the year.

Over the year 2013, Adecco shares increased 47% and closed at CHF 70.60 on December 31, 2013, compared with CHF 48.04 on December 31, 2012. Adecco shares outperformed the Swiss Market Index (SMI) by 27% (in CHF), but underperformed a basket of key competitors[1] in the staffing industry by 33%. Adecco's market capitalisation, based on issued shares, was CHF 13.4 billion at the end of 2013, compared with CHF 9.1 billion a year earlier.

Share price performance comparison 2013
in CHF



Shareholder base

Adecco has a broad investor base of over 14,000 shareholders. At the same time, the shareholder base is relatively concentrated, with 66% of all issued shares held by our top 20 investors. Some year-on-year changes were observed within the group of institutional shareholders. European institutional investors increased their holdings in Adecco to 32% of shares issued at the end of 2013, compared to 27% at the end of 2012. The percentage held by North American institutions declined by 5% to 27%.

1 SMI and Basket of competitors (Manpower, Randstad and Kelly Services market capitalisation weighted in CHF) relative to Adecco's share price: 1.1.2013 = CHF 48.04.

Investor structure

in % of shares issued	2013	2012
Institutional:		
• Europe	32%	27%
• North America	27%	32%
• Rest of world	2%	1%
Retail	4%	4%
Insider and treasury	24%	21%
Unassigned	11%	15%

Insider and treasury holdings

as of year end 2013	in % of shares issued
Group represented by Jacobs Holding AG	18.4%
Treasury shares	5.9%
Management and Board[2]	0.1%

Shareholder concentration

as of year end 2013	in % of shares issued
Top 5 investors	40%
Rest of top 10 investors	13%
Rest of top 20 investors	13%
Rest of top 50 investors	12%
Others	22%

Key data

	2013	2012
Shares issued	189,263,506	189,263,506
Treasury shares	11,125,506	4,653,738
Shares outstanding	178,138,000	184,609,768
Weighted-average shares	180,511,706	188,393,511[3]
Basic earnings per share in EUR	3.09	2.00
Diluted earnings per share in EUR	3.08	2.00
Dividend per share in CHF	2.00[4]	1.80
Year end share price in CHF	70.60	48.04
Highest share price in CHF	70.60	49.18
Lowest share price in CHF	47.72	36.33
Year end market capitalisation[5] in CHF million	13,362	9,092
Price/earnings ratio[6]	18.6	19.9
Enterprise value[7]/EBITA	14.6	11.7

2 Not included are shares held by one member of the Board of Directors, who is part of the Group represented by Jacobs Holding AG.

3 Includes weighted-average outstanding shares and shares delivered under the prepaid forward (for details refer to page 106, Note 15).

4 Proposed by the Board of Directors.

5 Based on shares issued.

6 Based on basic earnings per share and share price at year end CHF/EUR per year end 2013: 1.23 (year end 2012: 1.21).

7 Enterprise value equals net debt plus market capitalisation at year end; CHF/EUR per year end 2013: 1.23 (year end 2012: 1.21).

Financial Review

Adecco Group

Adecco S.A. (Holding Company)

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 services including temporary staffing, permanent placement, outsourcing, career transition (outplacement), and other services. The Company had a network of around 5,100 branches and more than 31,000 full-time equivalent ("FTE") employees in over 60 countries and territories at the end of 2013. In 2013, the Company connected on average on a daily basis more than 650,000 associates with over 100,000 clients. Registered and headquartered 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, medium, and large business clients as well as those of associates.

The HR 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. Appropriate regulation, particularly for temporary staffing, is beneficial for the industry and has 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 HR services is difficult. Typically, customers are not able to provide much advance notice of changes in their staffing needs. Responding to the customers' fluctuating staffing requirements in a flexible way is a key element of the Company's strategy, which it addresses through its diverse HR 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 high standards of quality to both clients and associates, are key components in achieving profitability targets during any part of the economic cycle.

1.2 Organisational structure

The Company is organised in a geographical structure plus the global business Lee Hecht Harrison ("LHH"), which corresponds to the primary segments. This structure is complemented by business lines. The segments consist of France, North America, UK & Ireland, Germany & Austria, Japan, Italy, Benelux, Nordics, Iberia, Australia & New Zealand, Switzerland, Emerging Markets, and LHH. The business lines consist of Office, Industrial, Information Technology, Engineering & Technical, Finance & Legal, Medical & Science, as well as Solutions. Solutions comprises Career Transition & Talent Development ("CTTD"), Managed Service Programmes ("MSP"), Recruitment Process Outsourcing ("RPO"), and Vendor Management System ("VMS"). The classification of a specific branch into a business line for General Staffing and Professional Staffing is determined by the business line generating the largest revenue share in that specific branch.

1.3 Service lines

Revenues and gross profit derived from temporary staffing totalled 91% and 74% in 2013 and 90% and 74% in 2012 of the respective consolidated totals. Temporary staffing billings are generally negotiated and invoiced on an hourly basis. 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 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, career transition (outplacement), and other services totalled 9% and 26% in 2013 and 10% and 26% in 2012 of the respective consolidated totals. The terms of outsourcing 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. Career transition (outplacement) and permanent placement services provide significantly higher gross margins than temporary staffing.

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:
- Service line mix – the split between temporary staffing, permanent placement, outsourcing, career transition (outplacement), and other services.
- Business line mix – the split between General Staffing (Office, Industrial), Professional Staffing (Information Technology, Engineering & Technical, Finance & Legal, Medical & Science), and Solutions.
- Sequential revenue momentum – the quarter-on-quarter revenue development compared to the long-term trend.
- 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.
- Associates – the number of 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 HR services.
- Conversion ratio – operating income before amortisation and impairment of goodwill and intangible assets ("EBITA") as a percentage of gross profit.
- 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 uses as its reporting currency in recognition of the significance of the Euro to the Company's operations. In 2013, 47% of total revenues were generated in the Euro zone. Amounts shown in the consolidated statements of operations, consolidated statements of comprehensive income, and consolidated statements of cash flows are translated using average exchange rates for the period or at transaction exchange rates. In 2013, the average exchange rate for the US Dollar, British Pound, Japanese Yen, Swiss Franc, Norwegian Krone, Australian Dollar, and Canadian Dollar which comprised 18%, 10%, 6%, 2%, 2%, 2%, and 2% of total revenues, respectively, weakened against the Euro when compared to 2012. The Company's consolidated balance sheets are translated using the year end exchange rates. At year end 2013, all aforementioned currencies weakened against the Euro when compared to 2012.

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 highlights the calculation of net debt based upon financial measures in accordance with U.S. GAAP:

in EUR	31.12.2013	31.12.2012
Net debt		
Short-term debt and current maturities of long-term debt	492	541
Long-term debt, less current maturities	1,567	1,536
Total debt	**2,059**	**2,077**
Less:		
Cash and cash equivalents	(963)	(1,103)
Short-term investments		(2)
Net debt	**1,096**	**972**

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 rate fluctuations, acquisitions, and divestitures.

3. Operating results

3.1 Overview

In 2013, the business environment and growth in demand for HR services was diverse across geographies. Revenues decreased by 5% in 2013 to EUR 19,503 or decreased by 2% in constant currency when compared to 2012.

Gross profit decreased by 3% or was flat in constant currency to EUR 3,560 in 2013. The gross margin increased by 40 basis points ("bps") to 18.3% in 2013.

Operating income before amortisation of intangible assets (EBITA)[1] increased by 13% or by 18% in constant currency from EUR 725 in 2012 to EUR 821 in 2013. The EBITA margin was 4.2% in 2013 and 3.5% in 2012. Excluding restructuring costs of EUR 33 in 2013 and restructuring and integration costs of EUR 88 in 2012, the EBITA margin increased by 40 bps from 4.0% in 2012 to 4.4% in 2013.

Operating income increased by 16% to EUR 779 in 2013 compared to EUR 673 in 2012.

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

Net income attributable to Adecco shareholders increased to EUR 557 in 2013 compared to EUR 377 in 2012, mainly due to increased operating income and a lower effective tax rate in 2013 (20%) compared to 2012 (35%) as discrete events had a positive impact in 2013 whereas a negative impact in 2012.

3.2 Revenues

Revenues in 2013 decreased by 5% to EUR 19,503 and decreased by 2% in constant currency. On an organic basis, revenues decreased by 1% in 2013. This decrease was driven primarily by a decline in temporary staffing volume as temporary hours sold decreased by 4% to 1,144 million. Permanent placement revenues were EUR 320 in 2013, which represents a decrease versus 2012 of 7% or 3% in constant currency. Career transition (outplacement) revenues were EUR 279 in 2013 which represents an increase of 4% or 7% in constant currency.

Segment performance

The segment breakdown of revenues is presented below:

			Variance %	
in EUR	**2013**	**2012**	**EUR**	**Constant currency**
Revenues				
France [1,2]	4,735	5,183	(9)	(9)
North America [2]	3,726	3,800	(2)	1
UK & Ireland	1,907	1,936	(2)	3
Germany & Austria	1,620	1,591	2	2
Japan	1,118	1,550	(28)	(10)
Italy	960	934	3	3
Benelux	929	922	1	1
Nordics	815	840	(3)	(1)
Iberia	662	657	1	1
Australia & New Zealand	423	531	(20)	(13)
Switzerland	411	437	(6)	(4)
Emerging Markets [1]	1,878	1,845	2	8
LHH	319	310	3	6
Adecco Group [2]	**19,503**	**20,536**	**(5)**	**(2)**

1 In 2013, Morocco and Tunisia, previously within France, are reported under Emerging Markets. The 2012 information has been restated to conform to the current year presentation.

2 In 2013, revenues changed organically in France by -8%, North America by 3%, and Adecco Group by -1%.

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France

Revenues in France decreased by 9% or by 8% organically to EUR 4,735 in 2013. Temporary hours sold decreased by 9% and temporary staffing services bill rates increased by 1% versus 2012. In 2013, France accounted for 24% of the Company's revenues.

North America

Revenues in North America decreased by 2%, increased by 1% in constant currency or by 3% organically to EUR 3,726 in 2013. Temporary hours sold grew by 3% and bill rates decreased by 1% versus 2012 in constant currency. North America contributed 19% to the Company's revenues in 2013.

UK & Ireland

UK & Ireland's revenues decreased by 2% or increased by 3% in constant currency to EUR 1,907 in 2013. Temporary hours sold increased by 1% and bill rates grew by 3% in constant currency. UK & Ireland generated 10% of the Company's revenues in 2013.

Germany & Austria

Germany & Austria's revenues increased by 2% to EUR 1,620 in 2013. Temporary hours sold decreased by 5% and bill rates grew by 7%. Revenues in Germany & Austria accounted for 8% of the Company's revenues in 2013.

Japan

Revenues in Japan decreased by 28% or by 10% in constant currency to EUR 1,118 in 2013. Temporary sales decreased by 8% in constant currency. Temporary hours sold decreased by 9% and bill rates increased by 1% in constant currency. Revenues in outsourcing were down 19% in constant currency. In 2013, 6% of the Company's revenues were generated in Japan.

Italy

In Italy, revenues increased by 3% to EUR 960 in 2013 as temporary hours sold were flat and bill rates grew by 2%. Italy accounted for 5% of the Company's revenues in 2013.

Benelux

In the Benelux countries, revenues increased by 1% to EUR 929 in 2013. Temporary hours sold were flat and bill rates increased by 1%. The Benelux revenues in 2013 accounted for 5% of the Company's revenues.

Nordics

Revenues in the Nordic countries decreased by 3% or 1% in constant currency to EUR 815 in 2013. Temporary hours sold decreased by 5% and the bill rates increased by 4% in constant currency. The Nordics revenues accounted for 4% of the Company's revenues in 2013.

Iberia

In Iberia, revenues increased by 1% to EUR 662 in 2013. The temporary hours sold decreased by 2% and the bill rate increased by 2%. Revenues in outsourcing increased by 4% compared to 2012. In 2013, Iberia contributed 3% to the Company's revenues.

Australia & New Zealand

In Australia & New Zealand, revenues decreased by 20% or by 13% in constant currency to EUR 423 in 2013. Temporary hours sold decreased by 17% and the bill rates increased by 2% in constant currency. Australia & New Zealand contributed 2% of the Company's revenues in 2013.

Switzerland

In Switzerland, revenues decreased by 6% or by 4% in constant currency to EUR 411. Temporary hours sold decreased by 4% and the bill rates were flat in constant currency. Switzerland revenues represented 2% of the Company's revenues in 2013.

Emerging Markets

In the Emerging Markets, revenues increased by 2% or by 8% in constant currency to EUR 1,878. The Emerging Markets represented 10% of the Company's revenues in 2013.

LHH

Revenues of Lee Hecht Harrison ("LHH"), Adecco's Career Transition and Talent Development business, amounted to EUR 319, an increase of 3% or 6% in constant currency. LHH represented 2% of the Company's revenues in 2013.

Business line performance

The business line breakdown of revenues is presented below:

in EUR	2013	2012	Variance % EUR	Variance % Constant currency
Revenues [1]				
Office	4,949	5,476	(10)	(3)
Industrial	9,627	9,955	(3)	(2)
General Staffing [2]	**14,576**	**15,431**	**(6)**	**(3)**
Information Technology [2]	2,249	2,379	(5)	0
Engineering & Technical	1,138	1,169	(3)	1
Finance & Legal	751	761	(1)	1
Medical & Science	364	398	(9)	(7)
Professional Staffing [2]	**4,502**	**4,707**	**(4)**	**0**
Solutions	**425**	**398**	**7**	**10**
Adecco Group [2]	**19,503**	**20,536**	**(5)**	**(2)**

1 Breakdown of staffing revenues into Office, Industrial, Information Technology, Engineering & Technical, Finance & Legal, and Medical & Science is based on dedicated branches. Solutions comprises Career Transition & Talent Development ("CTTD"), Managed Service Programmes ("MSP"), Recruitment Process Outsourcing ("RPO"), and Vendor Management System ("VMS").

2 In 2013, revenues changed organically in General Staffing by -2%, Information Technology by 2%, Professional Staffing by 1% and Adecco Group by -1%.

General Staffing

In 2013, the Company's Office & Industrial businesses, which represented 75% of total revenues, decreased by 3% in constant currency or by 2% organically to EUR 14,576.

In the Office business, revenues decreased by 3% in constant currency. Revenues increased in constant currency in Emerging Markets (8%), whereas revenues decreased in constant currency in Japan (-14%), Nordics (-6%), North America (-3%), and UK & Ireland (-2%). Emerging Markets, Japan, North America, UK & Ireland, and Nordics generated more than 75% of the revenues in the Office business.

In the Industrial business, revenues decreased by 2% in constant currency. Revenues increased in Emerging Markets (7%) and North America (7%) both in constant currency, as well as in Italy (3%) and Germany & Austria (2%), whereas revenues decreased in France (-9%). France, Germany & Austria, North America, Italy, and Emerging Markets accounted for 80% of the revenues in the Industrial business.

Information Technology

In Information Technology, the Company's revenues were flat in constant currency or increased by 2% organically compared to 2012. Revenues increased organically in North America (5%) and in constant currency in UK & Ireland (5%) and Japan (4%), whereas revenues declined in constant currency in Australia & New Zealand (-13%). UK & Ireland, North America, Japan, and Australia & New Zealand contributed over 80% to the business line's revenues.

Engineering & Technical

Revenues in the Company's Engineering & Technical business line increased by 1% in constant currency compared to 2012. Revenues increased in constant currency in North America (2%) whereas revenues were flat in Germany & Austria. Over 70% of the business line's revenues were generated in North America and Germany & Austria.

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Finance & Legal
In Finance & Legal, the Company's revenues increased by 1% in constant currency. Revenues in constant currency increased in UK & Ireland (7%) and were flat in North America when compared to 2012. North America and UK & Ireland generated more than 75% of the revenues of the business line Finance & Legal.

Medical & Science
Medical & Science revenues decreased by 7% in constant currency. Compared to 2012, revenues increased in constant currency in North America (5%) whereas revenues declined in France (-23%). North America and France accounted for almost 70% of the business line's revenues.

Solutions
The Company's Solutions revenues increased by 10% in constant currency. Revenues in the CTTD business increased by 6%, while in MSP and VMS revenues had strong double-digit growth, all in constant currency.

3.3 Gross profit

Gross profit decreased by 3%, or was flat in constant currency, to EUR 3,560 in 2013. Organically, gross profit increased by 1%. The gross margin increased by 40 bps organically to 18.3% driven by the Company's continued strict approach to pricing as well as the effect of the French CICE (tax credit for competitiveness and employment). Higher gross margins in the temporary staffing business (30 bps) and the higher contribution of outplacement (10 bps) positively impacted the gross margin.

The change in gross margin in 2013 compared to 2012 is as follows:

	%
Gross margin 2012	**17.9**
Temporary staffing	0.3
Permanent placement	–
Outplacement	0.1
Others	–
Gross margin 2013	**18.3**

3.4 Selling, general, and administrative expenses

During 2013, the Company maintained its emphasis on cost control. Selling, general, and administrative expenses ("SG&A") were EUR 2,739 in 2013 and decreased by 7%, 4% in constant currency or 3% organically, reflecting a decrease in SG&A as a percentage of revenues of 40 bps to 14.0% in 2013 from 14.4% in 2012. SG&A in 2013 included restructuring costs of EUR 33. In 2012, SG&A included restructuring and integration costs of EUR 88.

Compensation expenses, which include restructuring costs, comprised approximately 70% of total SG&A and decreased by 5% in constant currency to EUR 1,983 in 2013. The average FTE employees during 2013 decreased by 5% and the average number of branches during 2013 decreased by 6%.

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

	FTE employees		Branches	
	2013	% variance	2013	% variance
Segment breakdown (yearly average)				
France	4,725	(15)	1,053	(22)
North America	6,720	1	844	(2)
UK & Ireland	2,614	(7)	363	1
Germany & Austria	2,396	(8)	460	(10)
Japan	1,904	(11)	131	(8)
Italy	1,299	(15)	378	(4)
Benelux	1,386	(5)	352	1
Nordics	971	(4)	179	(3)
Iberia	1,369	(4)	380	(6)
Australia & New Zealand	435	(8)	62	1
Switzerland	419	1	98	0
Emerging Markets	5,197	2	605	3
LHH	1,608	6	280	29
Corporate	286	5		
Adecco Group	**31,329**	**(5)**	**5,185**	**(6)**

Marketing expenses were EUR 71 in 2013, compared to EUR 97 in 2012. Bad debt expense decreased by EUR 5 to EUR 8 in 2013.

3.5 Amortisation of intangible assets

Amortisation of intangible assets decreased by EUR 10 to EUR 42 in 2013.

in millions, except share and per share information

3.6 Operating income

Operating income before amortisation of intangible assets (EBITA) increased by 13% or by 18% in constant currency from EUR 725 in 2012 to EUR 821 in 2013. The EBITA margin was 4.2% in 2013 and 3.5% in 2012. Excluding restructuring costs of EUR 33 in 2013 and restructuring and integration costs of EUR 88 in 2012, the EBITA margin increased by 40 bps from 4.0% in 2012 to 4.4% in 2013.

Operating income increased by 16% to EUR 779 in 2013 compared to EUR 673 in 2012.

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

in EUR	2013	2012	Variance % EUR	Variance % Constant currency
Operating income				
France [1]	224	103	117	117
North America	168	161	4	7
UK & Ireland	37	32	16	20
Germany & Austria	88	90	(1)	(1)
Japan	66	91	(27)	(9)
Italy	58	51	14	14
Benelux	39	40	(3)	(3)
Nordics	21	30	(30)	(29)
Iberia	18	20	(10)	(10)
Australia & New Zealand	8	17	(52)	(48)
Switzerland	34	42	(20)	(19)
Emerging Markets [1]	65	63	2	9
LHH	88	82	6	10
Corporate	(93)	(97)		
Operating income before amortisation of intangible assets (EBITA)	**821**	**725**	**13**	**18**
Amortisation of intangible assets	(42)	(52)		
Adecco Group	**779**	**673**	**16**	**21**

1 In 2013, Morocco and Tunisia, previously within France, are reported under Emerging Markets. The 2012 information has been restated to conform to the current year presentation.

France
France's operating income increased by 117% to EUR 224 in 2013. The operating income margin was 4.7% in 2013, an increase of 270 bps compared to 2012. Excluding restructuring costs of EUR 19 in 2013 and EUR 60 in 2012 associated with headcount reduction and branch optimisation, the operating income margin was 5.1% in 2013 compared to 3.2% in 2012. This was driven by cost reduction measures, pricing discipline, and the effect of CICE (tax credit for competitiveness and employment). At the end of 2012, the government introduced a tax relief programme known as CICE for all companies operating in France. For 2013, this provided employers with a tax credit of 4% on employee salaries up to 2.5 times the minimum wage; for 2014, the amount of credit increases to 6%.

North America
North America's operating income increased by 4% or 7% in constant currency to EUR 168 in 2013. The operating income margin was 4.5% in 2013, an increase of 30 bps compared to 2012. Excluding restructuring costs of EUR 6 in 2013 as well as in 2012, the operating income margin was 4.7% in 2013 compared to 4.4% in 2012.

UK & Ireland
UK & Ireland's operating income increased by 16% or 20% in constant currency to EUR 37 in 2013. The operating income margin was 1.9% in 2013, an increase of 30 bps compared to 2012. Excluding restructuring costs of EUR 3 in 2013, the operating income margin was 2.1%. Included in 2012 were sponsorship costs for the London Summer Olympics.

Germany & Austria
Germany & Austria's operating income decreased by 1% to EUR 88 in 2013 and the operating income margin was 5.5%, down 10 bps compared to 2012. Restructuring costs in 2012 were EUR 10. Excluding restructuring costs in 2012 the operating income margin in 2013 decreased by 80 bps compared to 2012.

Japan
Japan's operating income decreased in 2013 by 27%, or 9% in constant currency to EUR 66. The operating income margin was 5.9%, an increase of 10 bps compared to 2012.

Italy
In Italy, operating income increased by 14% to EUR 58 in 2013 and the operating income margin increased by 60 bps to 6.0% compared to 2012. In 2012, results included restructuring costs of EUR 3. Excluding restructuring costs in 2012 the operating income margin in 2013 increased by 30 bps compared to 2012.

Benelux
In the Benelux countries, operating income was EUR 39 in 2013, down 3% versus 2012. The operating income margin decreased by 10 bps to 4.2% in 2013 compared to 2012. In 2012, results included restructuring costs of EUR 1. Excluding restructuring costs in 2012 the operating income margin in 2013 decreased by 30 bps compared to 2012.

Nordics
Operating income in the Nordic countries decreased by 30% or 29% in constant currency to EUR 21 in 2013. The operating income margin decreased by 100 bps to 2.6% in 2013 compared to 2012.

Iberia
In Iberia, operating income decreased by 10% to EUR 18 in 2013. The operating income margin decreased by 30 bps to 2.7% in 2013 compared to 2012. Excluding restructuring costs of EUR 2 in both years, the operating income margin was 3.0% in 2013 compared to 3.3% in 2012.

Australia & New Zealand
In Australia & New Zealand, operating income decreased by 52% or 48% in constant currency to EUR 8 in 2013. The operating income margin decreased by 130 bps to 1.9% in 2013 compared to 2012.

Switzerland
In Switzerland, operating income decreased by 20% or 19% in constant currency to EUR 34 in 2013. The operating income margin declined by 140 bps to 8.3%.

Emerging Markets
In the Emerging Markets, operating income increased by 2% or 9% in constant currency to EUR 65 in 2013. The operating income margin was unchanged at 3.4% in 2013 compared to 2012.

LHH
In 2013, operating income in LHH increased by 6% or 10% in constant currency to EUR 88. The operating income margin was 27.5% in 2013 compared to 26.6% in 2012. In 2013, results included restructuring costs of EUR 2, and in 2012 integration costs relating to the DBM acquisition of EUR 5. Excluding restructuring and integration costs the operating income margin declined by 20 bps.

3.7 Interest expense

Interest expense increased by EUR 3 to EUR 79 in 2013 compared to EUR 76 in 2012.

3.8 Other income/(expenses), net

Other income/(expenses), net, which include interest income, foreign exchange gains and losses, proportionate net income of investee companies, and other non-operating income/(expenses), net, amounted to an expense of EUR 2 in 2013, compared to an expense of EUR 13 in 2012. The 2012 expense includes the loss of EUR 15 on the sale of a business in North America at the end of June 2012.

3.9 Provision for income taxes

In 2013, the provision for income taxes amounted to EUR 140 and the effective tax rate was 20%. This compared to a provision for income taxes of EUR 206 and an effective tax rate of 35% 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 effective tax rate in both years includes the positive impact from the successful resolution of prior years' audits and disputes and the expiration of the statutes of limitations.

In 2013, discrete events had a positive impact of approximately 8% on the tax rate. In 2012, discrete events including the valuation allowance on the French deferred tax assets had a negative impact of approximately 4% on the tax rate. At the end of 2012, CICE (tax credit for competitiveness and employment) was approved. As CICE has a negative impact for income tax purposes starting in 2013, management reassessed the recoverability of the French deferred tax assets and recorded a full valuation allowance on those assets in 2012.

3.10 Net income attributable to Adecco shareholders and EPS

Net income attributable to Adecco shareholders for 2013 increased to EUR 557 compared to EUR 377 in 2012. Basic earnings per share ("EPS") was EUR 3.09 in 2013 compared to EUR 2.00 in 2012.

4. Outlook

Most European economies have begun to recover. In Q4 2013, the Company saw a strong pick-up in its early-cyclical Industrial business, driven by double-digit growth in the manufacturing sector. The Company expects demand for flexible labour to continue to increase in 2014. Revenue growth in constant currency and adjusted for trading days was 5% for January and February 2014, with revenue trends across all major geographies similar to Q4 2013.

Given these trends, the Company maintains its price discipline and cost control. In 2014, the Company expects to incur restructuring costs of approximately EUR 20 for the move to a single headquarters in North America and several smaller projects in other countries. At the same time, the Company will continue to invest in organic growth opportunities and the consolidation of its IT platforms, whilst focusing on its strategic priorities. SG&A in Q1 2014 is expected to increase slightly compared to Q4 2013 on a constant currency basis and excluding restructuring costs.

The Company continues to be very focused on reaching its EBITA margin target of above 5.5% in 2015. Based on the good progress on its six strategic priorities, recent trends and more favourable economic conditions expected going forward, the Company remains convinced it will achieve this target.

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 other 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 70% of total current assets as of December 31, 2013. Accounts payable, accrued salaries and wages, payroll taxes and employee benefits, and sales and value added taxes comprise approximately 70% of total current liabilities as of December 31, 2013. 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 EUR 140 to EUR 963 as of December 31, 2013. The decrease was mainly due to the repayment of EUR 345 of long-term debt, the EUR 266 payment of dividends, the purchase of treasury shares of EUR 297, and capital expenditures of EUR 81. This was partly offset by the generation of EUR 520 in operating cash flows and the EUR 398 net proceeds from borrowings of long-term debt.

Cash flows from operations are generally derived from receipt of cash from customers less payments to associates, 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 associates. 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 flows from or used in operating, investing, and financing activities:

in EUR	2013	2012
Summary of cash flow information		
Cash flows from operating activities	520	579
Cash used in investing activities	(55)	(197)
Cash flows from/(used in) financing activities	(570)	206

Cash flows from operating activities decreased by EUR 59 to EUR 520 in 2013 compared to 2012. This decrease is primarily attributable to pick up in the business at the end of 2013 compared to the end of 2012 whereas the business declined at the end of 2012 compared to the end of 2011. DSO was 54 days for the full year 2013 compared to 54 days for the full year 2012.

Cash used in investing activities decreased by EUR 142 to EUR 55 in 2013 compared to 2012. In 2012, VSN was acquired for a consideration, net of cash acquired of EUR 87. The Company's capital expenditures amounted to EUR 81 in 2013 and EUR 88 in 2012.

Cash used in financing activities totalled EUR 570, compared to cash flows from financing activities of EUR 206 in 2012. In 2013, the Company issued long-term debt of EUR 398, net of issuance costs and repaid long-term debt of EUR 345, whereas in 2012 the Company issued long-term debt of EUR 683, net of issuance costs and repaid long-term debt of EUR 73. Furthermore, the Company paid dividends of EUR 266 and EUR 256 in 2013 and 2012, respectively, and purchased treasury shares, net of disposals for EUR 297 and EUR 191 in 2013 and 2012, respectively.

5.2 Additional capital resources

As of December 31, 2013, the Company's total capital resources amounted to EUR 6,073 comprising EUR 2,059 in debt and EUR 4,014 in equity, excluding treasury shares and noncontrolling interests. Long-term debt, including current maturities, was EUR 1,914 as of December 31, 2013 and EUR 1,872 as of December 31, 2012 and includes long- and medium-term notes. The borrowings, which are unsecured, are denominated in Euros and Swiss Francs. The borrowings outstanding as of December 31, 2013 mature in 2014, 2016, 2017, 2018, 2019 and 2020. During 2013, the Company decreased its short- and long-term debt including foreign currency effects by EUR 18.

The Company maintains 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 per individual paper of 365 days or less. As of December 31, 2013 and December 31, 2012, EUR 82 and EUR 184, respectively, were outstanding under the programme, with maturities of up to 364 days. The weighted-average interest rate on commercial paper outstanding was 0.43% and 0.31% as of December 31, 2013 and December 31, 2012, respectively.

On July 16, 2013, Adecco International Financial Services BV, a wholly owned subsidiary of the Company, issued EUR 400 medium-term 6-year notes with a coupon of 2.75%, guaranteed by Adecco S.A., due on November 15, 2019, but callable at par within 3 months prior to maturity. The notes were issued within the framework of the Euro Medium-Term Note Programme and trade on the London Stock Exchange. The proceeds will be used for the refinancing of the existing 5-year guaranteed Euro medium-term notes due on April 28, 2014 and for general corporate purposes.

In addition, the Company maintains a committed multicurrency revolving credit facility that was renegotiated in October 2011. The five-year revolving credit facility, which was extended for one more year in September 2012, contained a further 1-year extension option at the discretion of the lender which was executed in September 2013. The five-year revolving credit facility has been issued by a syndicate of banks, permits borrowings up to a maximum of EUR equivalent of EUR 600 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 0.6% and 1.3% per annum, depending on certain debt-to-EBITDA ratios. A utilisation fee of 0.25% and 0.5%, applies on top of the interest rate, if drawings exceed 33.33% and 66.67% of total commitment, respectively. The letter of credit fee equals the applicable margin, and the commitment fee equals 35% of the applicable margin. As of December 31, 2013 and December 31, 2012, there were no outstanding borrowings under the credit facility. As of December 31, 2013, the Company had EUR 533 available under the credit facility after utilising the EUR equivalent of EUR 67 in the form of letters of credit.

Net debt increased by EUR 124 to EUR 1,096 as of December 31, 2013. The calculation of net debt based upon financial measures in accordance with U.S. GAAP is presented on page 46.

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, 2013, 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	2014	2015	2016	2017	2018	Thereafter	Total
Contractual obligations by year							
Short-term debt obligations	145						145
Long-term debt obligations	347		285	286	494	502	1,914
Interest on debt obligations	58	49	43	43	20	15	228
Operating leases	169	116	83	61	43	64	536
Purchase and service contractual obligations	50	38	33	19	3	1	144
Total	**769**	**203**	**444**	**409**	**560**	**582**	**2,967**

Short-term debt obligations consist of borrowings outstanding under the French commercial paper programme and other short-term debt. Long-term debt obligations consist primarily of the EUR 346 medium-term notes due 2014, the CHF 350 fixed rate notes due 2016, the CHF 350 fixed rate notes due 2017, the EUR 500 medium-term notes due 2018, the EUR 400 medium-term notes due 2019, and the CHF 125 fixed rate notes due 2020. These debt instruments were issued partly for acquisitions and the share buyback programme, 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 536 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, 2013, the Company has future purchase and service contractual obligations of approximately EUR 144, primarily related to IT development and maintenance agreements, 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 2014. The focus of these investments will be on information technology.

Further planned cash outflows include distribution of dividends for 2013 in the amount of CHF 2.00 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, 2013 of 178,138,000 is EUR 290 (CHF 356 based on CHF/EUR exchange rate of 1.23 as of December 31, 2013). Payment of dividends is subject to approval by shareholders at the Annual General Meeting. In June 2012, the Company launched a share buyback programme of up to EUR 400 on a second trading line with the aim of subsequently cancelling the shares and reducing share capital. The share buyback commenced in mid-July 2012. In 2013, the Company completed the EUR 400 share buyback programme and introduced a new share buyback programme of up to EUR 250 also on a second trading line with the aim of subsequently cancelling the shares and reducing share capital. The Board of Directors of Adecco S.A. will propose to the Annual General Meeting of Shareholders of April 15, 2014 to cancel the total number of 10,181,696 treasury shares acquired until December 31, 2013 under the two share buyback programmes. The Company plans to invest an additional EUR 225 to complete the EUR 250 share buyback programme.

The Company has entered into certain guarantee contracts and standby letters of credit that total EUR 617, including the letters of credit issued under the multicurrency revolving credit facility (EUR 67). 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 on the outcome of examinations, or as a result of the expiration of the statute of limitations 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 closed.

5.6 Credit ratings

As of December 31, 2013, the Company's long-term credit rating was Baa3 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 and interest rates. 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 the effects of changes in foreign currency exchange rates. Consequently in order to preserve the value of assets, equity, and commitments, 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.

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 has also issued fixed rate long- and medium-term notes. Accordingly, the Company manages exposure to changes in fair value of fixed interest long-term debt through the use of derivative instruments. 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 the Head of Group Compliance Reporting oversee worldwide business ethics and compliance practices and report regularly on these topics, depending on the nature of the irregularities, to the Audit Committee or 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, 2013. In making this assessment, management used the criteria established in Internal Control – Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management has concluded that, as of December 31, 2013, 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 associates. 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 associates 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 expense.

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, 2013 and December 31, 2012, the Company has recorded an allowance for doubtful accounts of EUR 62 and EUR 85, respectively. Bad debt expense of EUR 8 and EUR 13 was recorded in 2013 and 2012, 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 2013 or 2012.

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 2013 or 2012 in connection to indefinite-lived intangible assets.

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, and changes in the business strategy that may lead to reorganisation of reporting units 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 2013 or 2012 in connection with definite-lived intangible assets.

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, review 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 11, 2014, 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)	2013	2012	2011	2010	2009
Statements of operations					
Revenues	19,503	20,536	20,545	18,656	14,797
Amortisation of intangible assets	(42)	(52)	(51)	(55)	(42)
Impairment of goodwill and intangible assets					(192)
Operating income	779	673	763	667	65
Net income attributable to Adecco shareholders	557	377	519	423	8

As of (in EUR)	31.12.2013	31.12.2012	31.12.2011	31.12.2010	31.12.2009
Balance sheets					
Cash and cash equivalents and short-term investments	963	1,105	534	554	1,460
Trade accounts receivable, net	3,526	3,492	3,725	3,541	2,560
Goodwill	3,408	3,517	3,455	3,273	2,657
Total assets	9,329	9,614	9,354	8,879	7,831
Short-term debt and current maturities of long-term debt	492	541	236	217	456
Accounts payable and accrued expenses	3,346	3,332	3,545	3,472	2,716
Long-term debt, less current maturities	1,567	1,536	1,190	1,088	1,114
Total liabilities	5,772	5,915	5,543	5,312	4,717
Total shareholders' equity	3,557	3,699	3,811	3,567	3,114

For the fiscal years (in EUR)	2013	2012	2011	2010	2009
Cash flows from operations					
Cash flows from operating activities	520	579	524	455	477
Cash used in investing activities	(55)	(197)	(317)	(1,020)	(278)
Cash flows from/(used in) financing activities	(570)	206	(224)	(385)	652
Other indicators					
Capital expenditures	81	88	109	105	92

As of	31.12.2013	31.12.2012	31.12.2011	31.12.2010	31.12.2009
Other indicators					
Net debt (in EUR) [1]	1,096	972	892	751	110
Additional statistics					
Number of FTE employees at year end (approximate)	31,000	32,000	33,000	32,000	28,000

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. The calculation of net debt based upon financial measures in accordance with U.S. GAAP is presented on page 46.

Adecco Group – Consolidated balance sheets

in millions, except share and per share information

As of (in EUR)	Note	31.12.2013	31.12.2012
Assets			
Current assets:			
• Cash and cash equivalents		963	1,103
• Short-term investments			2
• Trade accounts receivable, net	3	3,526	3,492
• Other current assets	14	254	308
Total current assets		**4,743**	**4,905**
Property, equipment, and leasehold improvements, net	4	243	291
Other assets	14	422	331
Intangible assets, net	2, 5	513	570
Goodwill	2, 5	3,408	3,517
Total assets		**9,329**	**9,614**
Liabilities and shareholders' equity			
Liabilities			
Current liabilities:			
• Accounts payable and accrued expenses:			
• Accounts payable		621	575
• Accrued salaries and wages		821	817
• Accrued payroll taxes and employee benefits		785	784
• Accrued sales and value added taxes		408	397
• Accrued income taxes		74	44
• Other accrued expenses	14	637	715
• Total accounts payable and accrued expenses	6	3,346	3,332
• Short-term debt and current maturities of long-term debt	7	492	541
Total current liabilities		**3,838**	**3,873**
Long-term debt, less current maturities	7	1,567	1,536
Other liabilities	14	367	506
Total liabilities		**5,772**	**5,915**
Shareholders' equity			
Adecco shareholders' equity:			
• Common shares	8	118	118
• Additional paid-in capital	8	1,352	1,616
• Treasury shares, at cost	8	(461)	(175)
• Retained earnings		2,851	2,294
• Accumulated other comprehensive income/(loss), net	8	(307)	(157)
Total Adecco shareholders' equity		**3,553**	**3,696**
Noncontrolling interests		4	3
Total shareholders' equity		**3,557**	**3,699**
Total liabilities and shareholders' equity		**9,329**	**9,614**

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	2013	2012	2011
Revenues	16	19,503	20,536	20,545
Direct costs of services		(15,943)	(16,862)	(16,979)
Gross profit		**3,560**	**3,674**	**3,566**
Selling, general, and administrative expenses	6	(2,739)	(2,949)	(2,752)
Amortisation of intangible assets	5	(42)	(52)	(51)
Operating income	16	**779**	**673**	**763**
Interest expense		(79)	(76)	(71)
Other income/(expenses), net	13	(2)	(13)	(6)
Income before income taxes		**698**	**584**	**686**
Provision for income taxes	14	(140)	(206)	(166)
Net income		**558**	**378**	**520**
Net income attributable to noncontrolling interests		(1)	(1)	(1)
Net income attributable to Adecco shareholders		**557**	**377**	**519**
Basic earnings per share	15	**3.09**	**2.00**	**2.72**
Basic weighted-average shares	15	180,511,706	188,393,511	190,671,723
Diluted earnings per share	15	**3.08**	**2.00**	**2.72**
Diluted weighted-average shares	15	180,781,433	188,555,377	190,805,080

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

Adecco Group – Consolidated statements of comprehensive income

in millions, except share and per share information

For the fiscal years ended December 31 (in EUR)	Note	2013	2012	2011
Net income		558	378	520
Other comprehensive income/(loss), net of tax:				
• Currency translation adjustment (net of tax of, 2013: EUR 2, 2012: less than EUR 1, 2011: EUR 1)		(160)	(12)	56
• Change in pension prior years' service costs (net of tax of, 2013: EUR (1), 2012: EUR (2), 2011: EUR 4)	10	5		(8)
• Change in net (gain)/loss on pensions (net of tax of, 2013: EUR (1), 2012: EUR 1, 2011: EUR 2)	10	6	(2)	(9)
• Change in fair value of cash flow hedges (net of tax of, 2013: less than EUR 1, 2012: less than EUR 1, 2011: less than EUR 1)	11	(1)		2
Total other comprehensive income/(loss)		(150)	(14)	41
Total comprehensive income		**408**	**364**	**561**
Less comprehensive income attributable to noncontrolling interests		(1)	(1)	(1)
Comprehensive income attributable to Adecco shareholders		**407**	**363**	**560**

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)	2013	2012	2011
Cash flows from operating activities			
Net income	558	378	520
Adjustments to reconcile net income to cash flows from operating activities:			
• Depreciation and amortisation	143	155	144
• Bad debt expense	8	13	16
• Stock-based compensation	13	14	12
• Deferred tax provision/(benefit)	38	30	(52)
• Other, net	15	25	19
Changes in operating assets and liabilities, net of acquisitions:			
• Trade accounts receivable	(173)	205	(151)
• Accounts payable and accrued expenses	134	(186)	17
• Other assets and liabilities	(216)	(55)	(1)
Cash flows from operating activities	**520**	**579**	**524**
Cash flows from investing activities			
Capital expenditures	(81)	(88)	(109)
Proceeds from sale of property and equipment	3	6	4
Acquisition of VSN, net of cash acquired		(87)	
Acquisition of DBM, net of cash acquired			(148)
Cash settlements on derivative instruments	25	(11)	(59)
Other acquisition and investing activities, net	(2)	(17)	(5)
Cash used in investing activities	**(55)**	**(197)**	**(317)**

For the fiscal years ended December 31 (in EUR)	2013	2012	2011
Cash flows from financing activities			
Borrowings of short-term debt under the commercial paper programme	563	901	919
Repayment of short-term debt under the commercial paper programme	(666)	(863)	(927)
Other net increase/(decrease) in short-term debt	44	5	(1)
Borrowings of long-term debt, net of issuance costs	398	683	330
Repayment of long-term debt	(345)	(73)	(214)
Dividends paid to shareholders	(266)	(256)	(149)
Proceeds from sale/(purchase) of treasury shares, net	(297)	(191)	(178)
Cash settlements on derivative instruments		1	2
Other financing activities, net	(1)	(1)	(6)
Cash flows from/(used in) financing activities	**(570)**	**206**	**(224)**
Effect of exchange rate changes on cash	**(35)**	**(17)**	
Net increase/(decrease) in cash and cash equivalents	**(140)**	**571**	**(17)**
Cash and cash equivalents:			
• Beginning of year	1,103	532	549
• End of year	963	1,103	532
Supplemental disclosures of cash paid			
Cash paid for interest	76	71	56
Cash paid for income taxes	169	251	180

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, 2011	**118**	**2,602**	**(532)**	**1,561**	**(184)**	**2**	**3,567**
Comprehensive income:							
Net income				519		1	520
Other comprehensive income/(loss)					41		41
Total comprehensive income							**561**
Stock-based compensation		12					12
Vesting of RSU awards		(4)	4				
Treasury share transactions			(178)				(178)
Cash dividends, CHF 1.10 per share		(149)					(149)
Other		(2)					(2)
December 31, 2011	**118**	**2,459**	**(706)**	**2,080**	**(143)**	**3**	**3,811**
Comprehensive income:							
Net income				377		1	378
Other comprehensive income/(loss)					(14)		(14)
Total comprehensive income							**364**
Settlement of prepaid forward sale of Adecco S.A. shares, net of tax of EUR 10		(587)	715	(160)			(32)
Settlement of call spread option on Adecco S.A. shares		1	(1)				
Call option			(37)				(37)
Stock-based compensation		14					14
Vesting of share awards		(14)	11				(3)
Treasury shares purchased on second trading line			(145)				(145)
Other treasury share transactions			(12)	(3)			(15)
Cash dividends, CHF 1.80 per share		(256)					(256)
Dividends paid to noncontrolling interests						(1)	(1)
Other		(1)					(1)
December 31, 2012	**118**	**1,616**	**(175)**	**2,294**	**(157)**	**3**	**3,699**
Comprehensive income:							
Net income				557		1	558
Other comprehensive income/(loss)					(150)		(150)
Total comprehensive income							**408**
Stock-based compensation		13					13
Vesting of share awards		(12)	12				
Treasury shares purchased on second trading line			(280)				(280)
Other treasury share transactions			(18)				(18)
Cash dividends, CHF 1.80 per share		(266)					(266)
Other		1					1
December 31, 2013	**118**	**1,352**	**(461)**	**2,851**	**(307)**	**4**	**3,557**

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, career transition (outplacement), and other services to businesses and organisations throughout Europe, North America, Asia Pacific, South America, and North Africa. At the end of 2013, the Company's worldwide network consists of around 5,100 branches and more than 31,000 full-time equivalent ("FTE") employees in over 60 countries and territories.

The Company is organised in a geographical structure plus the global business Lee Hecht Harrison ("LHH"), which corresponds to the primary segments. This structure is complemented by business lines. The segments consist of France, North America, UK & Ireland, Germany & Austria, Japan, Italy, Benelux, Nordics, Iberia, Australia & New Zealand, Switzerland, Emerging Markets, and LHH. The business lines consist of General Staffing (Office, Industrial) and Professional Staffing (Information Technology, Engineering & Technical, Finance & Legal, Medical & Science), as well as Solutions. Solutions comprises Career Transition & Talent Development ("CTTD"), Managed Service Programmes ("MSP"), Recruitment Process Outsourcing ("RPO"), and Vendor Management System ("VMS"). The classification of a specific branch into a business line for General Staffing and Professional Staffing is determined by the business line generating the largest revenue share in that specific branch.

Basis of presentation

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

Reporting currency

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

Foreign currency translation

The Company's operations are conducted in various countries around the world and the financial statements of foreign subsidiaries are reported in the applicable foreign currencies (functional currencies). Financial information is translated from the applicable functional currency to the Euro, the reporting currency, for inclusion in the Company's consolidated financial statements. Income, expenses, and cash flows are translated at average exchange rates prevailing during the fiscal year or at transaction exchange 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 Standards Codification ("ASC") 810, "Consolidation" ("ASC 810"). As of December 31, 2013, the consolidated subsidiaries include all majority-owned subsidiaries of the Company; however, prior to December 1, 2012 they did not include the variable interest entity Adecco Investment (Bermuda) Ltd ("Adecco Investment") – as discussed 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 which do not have readily determinable fair values and 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, issued CHF 900 Senior Secured Limited Recourse Mandatory Convertible Bonds ("MCB") due on November 26, 2012. The bonds converted into 19,131,064 shares of Adecco S.A. The number of shares delivered was calculated as defined in the prospectus and were adjusted for dividend payments on the shares of Adecco S.A. over the lifetime of the MCB. At maturity, the calculated conversion price was CHF 47.03 per share (not considering the early conversion of the MCB), whereas at issuance of the MCB the minimum conversion price was CHF 50.50 per share and the maximum conversion price was CHF 60.60 per share. The bonds had an annual coupon of 6.5%.

In 2009, 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 was adjusted for dividend payments on the shares of Adecco S.A. over the lifetime of the MCB. In accordance with the terms of the prepaid forward, Adecco Investment was to receive the shares of Adecco S.A. from the Company with the settlement of the prepaid forward. 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 consolidated subsidiary of the Company. The call spread option gave the Company the right to benefit from appreciation of the shares underlying the prepaid forward between floor and cap defined in the agreement. In 2012, the call spread option was settled in shares, reducing the net number of shares the Company had to deliver in combination with the prepaid forward. In 2012, the Company delivered 19,157,073 shares of Adecco S.A. to Adecco Investment upon settlement of the prepaid forward and received 26,009 shares from Adecco Investment upon settlement of the call spread option. The shares were delivered out of treasury shares.

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 were subject to anti-dilution provisions. The bondholders only had recourse against the prepaid forward. Subsequently, Adecco Investment granted a loan of EUR 116 (CHF 176) to the Company, which was fully repaid by November 26, 2012.

Prior to the settlement of the call spread option on November 26, 2012, the Company had a variable interest in Adecco Investment related to the call spread option. The assets of Adecco Investment consisted of the prepaid forward and a loan to the Company of EUR 5 (CHF 6) as of November 26, 2012 (EUR 76 (CHF 92) as of December 31, 2011). The call spread option only absorbed 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 was not exposed to any overall variability due to the call spread option. The prepaid forward and the call spread option were recorded as equity instruments in the Company's consolidated financial statements. The Company also owned the common shares of Adecco Investment in the amount of USD 10 thousand and a deemed capital contribution of EUR 8 (CHF 12), which was not a variable interest because these investments were not at risk as they were loaned back to the Company. As of November 26, 2012 and December 31, 2011, the Company had an investment in Adecco Investment with a carrying amount of EUR 5 recorded within other assets. Prior to the settlement of the call spread option, the Company did not consolidate Adecco Investment because it did not have an obligation to absorb any losses or the right to receive any benefits which did not result from an equal and offsetting gain or loss incurred by the Company through the prepaid forward and the loan agreement described above. Upon settlement of the call spread option on November 26, 2012, the Company became the primary beneficiary of Adecco Investment. Consequently the Company consolidated Adecco Investment from December 2012. During 2013, the Company liquidated Adecco Investment.

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 value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates.

Recognition of revenues
The Company generates revenues from sales of temporary staffing services, permanent placement services, outsourcing services, career transition (outplacement), and other 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. 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 (including MSP, RPO, and VMS), career transition (outplacement), and other services are negotiated with the client on a project basis and are recognised upon rendering the services. Revenues invoiced prior to providing services are deferred and recognised in other current liabilities until the services are rendered.

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 the associate 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 generally the case in most 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 71, EUR 97, and EUR 81 in 2013, 2012, and 2011, 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 ten 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.

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 value of goodwill and indefinite-lived intangible assets is 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 are received, which generally ranges from one to ten 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 shares for the fiscal year. Diluted earnings per share reflects the maximum potential dilution that could occur if dilutive securities, such as stock options, non-vested shares 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 recognised at fair value as either other current assets, other assets, other accrued expenses, or other liabilities in the accompanying consolidated balance sheets regardless of the purpose or intent for holding the derivative instruments. The derivatives are subsequently remeasured to fair value at the end of each reporting period. 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 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 from investing activities.

Fair value measurement

The Company accounts for assets and liabilities which are required to be recorded 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 exchange 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 February 2013, the Financial Accounting Standards Board ("FASB") issued ASU 2013-02, "Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income" ("ASU 2013-02"). The amendments under ASU 2013-02 require an entity to provide additional disclosures about amounts reclassified out of accumulated other comprehensive income. This guidance is effective for fiscal years beginning after December 15, 2012. The Company adopted this guidance on January 1, 2013 and it did not have a significant impact on the consolidated financial statements.

In March 2013, the FASB issued ASU 2013-05, "Foreign Currency Matters (Topic 830): Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity" ("ASU 2013-05"). The amendments under ASU 2013-05 prohibits for transactions within a foreign entity, a parent entity from releasing into earnings any of the cumulative translation adjustment ("CTA") unless the sale represents a complete or substantially complete liquidation of the foreign entity. ASU 2013-05 also clarifies the accounting for the release of CTA upon loss of a controlling interest in a foreign entity, partial sale of a foreign entity and the acquisition in stages of a controlling interest in a foreign entity. This guidance is effective for fiscal years beginning after December 15, 2013. The Company will adopt this guidance on January 1, 2014 and does not expect it to have a significant impact on the consolidated financial statements.

In July 2013, the FASB issued ASU 2013-11, "Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists" ("ASC 2013-11"). The amendments under ASC 2013-11 requires entities to present unrecognized tax benefits as a reduction of the deferred tax asset rather than as a liability when uncertain tax positions would reduce the deferred tax asset available under the tax law. This guidance requires prospective adoption, is effective for fiscal years and interim periods within those years beginning after December 15, 2013; however, early adoption is permitted. The Company adopted this guidance on December 31, 2013 and it did not have a significant 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	2013	2012
Personnel expenses	1,983	2,148

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 660 and EUR 717 as of December 31, 2013 and December 31, 2012, respectively.

in millions, except share and per share information

Note 2 • Acquisitions

The Company did not make any material acquisition in 2013. The Company made several acquisitions in 2012. The Company does not consider any of its 2012 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 2012 acquisitions:

in EUR	**2012**
Impact of acquisitions	
Net tangible assets acquired	41
Identified intangible assets	38
Goodwill	88
Deferred tax liabilities	(12)
Total consideration	**155**

In 2012, the Company acquired all outstanding common shares of VSN Inc. ("VSN"), a leading provider of professional staffing services in Japan, for EUR 87, net of EUR 34 cash acquired. As a result of the VSN acquisition, Adecco has doubled its exposure to professional staffing in Japan and has reinforced its strong position in an attractive structural growth market. Goodwill of EUR 66 and intangible assets of EUR 27 were recorded in connection with VSN. The purchase price was funded with internal resources. VSN was consolidated by the Company as of January 6, 2012, and the results of VSN's operations have been included in the consolidated financial statements since January 2012. The goodwill of EUR 66 arising from the acquisition consists largely of acquired expertise in professional staffing and increased penetration in the professional staffing market.

Total acquisition related costs expensed in 2012 were not significant and amounted to EUR 2 in 2011. Acquisition related costs are included in SG&A within the consolidated statement of operations.

Note 3 • Trade accounts receivable

in EUR	**31.12.2013**	**31.12.2012**
Trade accounts receivable	3,588	3,577
Allowance for doubtful accounts	(62)	(85)
Trade accounts receivable, net	**3,526**	**3,492**

Note 4 • Property, equipment, and leasehold improvements

in EUR	31.12.2013 Gross	31.12.2013 Accumulated depreciation	31.12.2012 Gross	31.12.2012 Accumulated depreciation
Land and buildings	27	(12)	41	(16)
Furniture, fixtures, and office equipment	154	(129)	159	(131)
Computer equipment and software	766	(614)	769	(595)
Leasehold improvements	235	(184)	264	(200)
Total property, equipment, and leasehold improvements	**1,182**	**(939)**	**1,233**	**(942)**

Depreciation expense was EUR 101, EUR 103, and EUR 93 for 2013, 2012, and 2011, respectively.

Computer equipment and software includes the net book value of capitalised software costs of EUR 119 and EUR 133, as of December 31, 2013 and December 31, 2012, respectively. In 2013 and 2012, the Company recorded EUR 52 and EUR 42, respectively, depreciation expense in connection with capitalised software.

Note 5 • Goodwill and intangible assets

The changes in the carrying amount of goodwill for the years ended December 31, 2013 and December 31, 2012, are as follows:

in EUR	France	North America	UK & Ireland	Germany & Austria	Japan	Italy	Benelux	LHH	Other	Total
Changes in goodwill										
January 1, 2012	**236**	**995**	**233**	**1,250**	**37**	**–**	**95**	**253**	**356**	**3,455**
Additions		1		19	66			2		88
Disposals		(7)								(7)
Currency translation adjustment		(16)	6		(13)			(2)	6	(19)
December 31, 2012	**236**	**973**	**239**	**1,269**	**90**	**–**	**95**	**253**	**362**	**3,517**
Additions										
Disposals										
Currency translation adjustment		(42)	(5)		(19)			(9)	(34)	(109)
December 31, 2013	**236**	**931**	**234**	**1,269**	**71**	**–**	**95**	**244**	**328**	**3,408**

in millions, except share and per share information

As of December 31, 2013 and December 31, 2012, the gross goodwill amounted to EUR 3,591 and EUR 3,701, respectively. As of December 31, 2013 and December 31, 2012, accumulated impairment charges amounted to EUR 183 and EUR 184, respectively, impacted only by fluctuations in exchange rates.

The Company performed its annual impairment test of goodwill in the fourth quarter of 2013, 2012, and 2011 and determined that there was no indication of impairment.

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 2013, 2012, and 2011 ranged from 7.0% to 14.5%.

The carrying amounts of other intangible assets as of December 31, 2013 and December 31, 2012, are as follows:

	31.12.2013		31.12.2012	
in EUR	Gross	Accumulated amortisation	Gross	Accumulated amortisation
Intangible assets				
Marketing related (trade names)	423	(33)	432	(34)
Customer base	393	(287)	410	(258)
Contract	22	(5)	23	(5)
Other	4	(4)	4	(2)
Total intangible assets	**842**	**(329)**	**869**	**(299)**

The carrying amount of indefinite-lived intangible assets was EUR 390 and EUR 399 as of December 31, 2013 and December 31, 2012, respectively. Indefinite-lived intangible assets consist mainly of trade names.

The Company performed its annual impairment test of indefinite-lived intangible assets in the fourth quarter of 2013, 2012, and 2011 and determined that there was no indication of impairment.

No definite-lived intangible assets have a residual value. The estimated aggregate amortisation expense related to definite-lived intangible assets is EUR 35 in 2014, EUR 28 in 2015, EUR 19 in 2016, EUR 12 in 2017, EUR 12 in 2018, and EUR 17 after year 2018. The weighted-average amortisation period for customer base intangible assets is five to ten years.

Note 6 • Restructuring

In 2012, the Company launched restructuring measures in France to merge the networks of Adecco and Adia under the single Adecco brand in order to further strengthen its position in France and to ensure sustainable profitability. In addition, the Company incurred restructuring costs in 2012 in Japan and various other European countries in connection with headcount reductions and branch optimisation as well as for the data centre consolidation in North America. In 2013, additional restructuring costs were incurred related to the above activities in France, North America, and various other European countries.

Total restructuring costs incurred by the Company in 2013 amounted to EUR 33. Restructuring expenses are recorded in SG&A and represent mainly costs related to headcount reductions and branch optimisation. The Company does not expect to incur any additional costs in 2014 in connection with these plans.

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

in EUR	2013	2012
Restructuring costs		
France	19	60
North America	6	6
UK & Ireland	3	
Germany & Austria		10
Japan		1
Italy		3
Benelux		1
LHH	2	
Other	3	2
Total restructuring costs	**33**	**83**

The changes in restructuring liabilities in connection with the 2012 and 2013 plans for the period ended December 31, 2013 are as follows:

in EUR	Restructuring liabilities
Restructuring costs	83
Cash payments	(30)
Write-off of fixed assets and other	(3)
December 31, 2012	**50**
Restructuring costs	33
Cash payments	(59)
Write-off of fixed assets and other	(6)
December 31, 2013	**18**

As of December 31, 2013 and December 31, 2012, restructuring liabilities in connection with these plans of EUR 18 and EUR 50, respectively, were recorded in accounts payable and accrued expenses.

in millions, except share and per share information

Note 7 • Financing arrangements

Short-term debt

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

French commercial paper
In August 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 per 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 on the commercial paper. The programme is guaranteed by Adecco S.A. As of December 31, 2013 and December 31, 2012, EUR 82 and EUR 184, respectively, were outstanding under the programme, with maturities of up to 364 days. The weighted-average interest rate on commercial paper outstanding was 0.43% as of December 31, 2013 and 0.31% as of December 31, 2012.

Other short-term debt
As of December 31, 2013 and December 31, 2012, bank overdrafts and other short-term borrowings amounted to EUR 63 and EUR 21, respectively.

Long-term debt

The Company's long-term debt as of December 31, 2013 and December 31, 2012 consists of the following:

in EUR	Principal at maturity	Maturity	Fixed interest rate	31.12.2013	31.12.2012
8-year Swiss Franc fixed rate notes	CHF 125	2020	2.625%	102	104
6-year guaranteed Euro medium-term notes	EUR 400	2019	2.75%	400	
7-year guaranteed Euro medium-term notes	EUR 500	2018	4.75%	494	493
5-year Swiss Franc fixed rate notes	CHF 350	2017	1.875%	286	291
4-year Swiss Franc fixed rate notes	CHF 350	2016	2.125%	285	289
5-year guaranteed Euro medium-term notes	EUR 346	2014	7.625%	346	358
7-year Euro fixed rate guaranteed notes	EUR 333	2013	4.5%		336
Other				1	1
				1,914	**1,872**
Less current maturities				(347)	(336)
Long-term debt, less current maturities				**1,567**	**1,536**

8-year Swiss Franc fixed rate notes and 5-year Swiss Franc fixed rate notes
On July 18, 2012, Adecco S.A. issued CHF 125 fixed rate notes with a coupon of 2.625% ("2020 notes") and CHF 250 fixed rate notes with a coupon of 1.875% ("2017 notes") due on December 18, 2020 and December 18, 2017, respectively. Furthermore, on October 19, 2012, the Company increased the outstanding 2017 notes by CHF 100. The notes were issued within the framework of the Euro Medium-Term Note Programme and trade on the SIX Swiss Stock Exchange. The proceeds were used to fund the share buyback programme approved by the Board of Directors in June 2012 (for further details, refer to Note 8). Interest is paid annually in arrears.

6-year guaranteed Euro medium-term notes
On July 16, 2013, Adecco International Financial Services BV, a wholly owned subsidiary of the Company, issued EUR 400 medium-term 6-year notes with a coupon of 2.75%, guaranteed by Adecco S.A., due on November 15, 2019, but callable at par within 3 months prior to maturity. The notes were issued within the framework of the Euro Medium-Term Note Programme and trade on the London Stock Exchange. The proceeds will be used for the refinancing of the existing 5-year guaranteed Euro medium-term notes due on April 28, 2014 and for general corporate purposes.

Exchange and tender offers for outstanding notes and issuance of 7-year guaranteed Euro medium-term notes
In April 2011, Adecco International Financial Services BV, a wholly owned subsidiary of the Company, completed tender and exchange offers for the outstanding EUR 500 5-year guaranteed medium-term notes due 2014 ("2014 notes") and EUR 500 fixed rate guaranteed notes due 2013 ("2013 notes"), collectively "old notes" and issued new 7-year fixed rate notes for EUR 500 guaranteed by Adecco S.A., due on April 14, 2018 ("2018 notes"). The purpose of the transaction was to lengthen the Company's debt maturity profile and to take advantage of favourable market conditions.

The 2018 notes were issued within the framework of the Euro Medium-Term Note Programme and trade on the London Stock Exchange. Interest is paid annually in arrears at a fixed annual rate of 4.75%.

The exchange and tender were priced at 103.06% for the 2013 notes and at 111.52% for the 2014 notes. In relation to the tender of the old notes, the Company recognised a loss of EUR 11, included in other income/(expenses), net. In addition, a loss of EUR 10 relating to the exchange transaction was deferred and is amortised to interest expense over the life of the 2018 notes.

The Company has entered into fair value hedges of the 2018 notes, which are further discussed in Note 11.

4-year Swiss Franc fixed rate notes
On February 8, 2012, Adecco S.A. issued CHF 350 fixed rate notes due on February 8, 2016 ("2016 notes"). The 2016 notes were issued within the framework of the Euro Medium-Term Note Programme and trade on the SIX Swiss Stock Exchange. The proceeds were used for general corporate purposes. Interest is paid annually in arrears at a fixed annual rate of 2.125%.

5-year guaranteed Euro medium-term notes
On April 28, 2009, Adecco International Financial Services BV, a wholly owned subsidiary of the Company, issued EUR 500 medium-term notes guaranteed by Adecco S.A., due on April 28, 2014. The 2014 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 were used for general corporate purposes. Interest is paid annually in arrears at a fixed annual rate of 7.625%.

In April 2011, EUR 71 nominal value of outstanding 2014 notes were exchanged for the 2018 notes and EUR 73 nominal value of the outstanding 2014 notes were tendered for cash. Additionally, in 2013, the Company purchased EUR 10 nominal value of the outstanding 2014 notes and incurred a loss of EUR 1 on the purchase. Both transactions reduced the nominal value of the outstanding principal of the 2014 notes to EUR 346.

The Company had entered into fair value hedges of the 2014 notes, which are further discussed in Note 11.

7-year Euro fixed rate guaranteed notes
On April 25, 2006, Adecco International Financial Services BV, a wholly owned subsidiary of the Company, issued EUR 500 fixed rate notes guaranteed by Adecco S.A. due on April 25, 2013. The proceeds were used to refinance the DIS acquisition and for general corporate purposes. Interest was paid annually in arrears at a fixed annual rate of 4.5%.

In April 2011, EUR 84 nominal value of the outstanding 2013 notes were exchanged for the 2018 notes and EUR 83 nominal value of the outstanding 2013 notes were tendered for cash. This transaction reduced the nominal value of the outstanding principal of the 2013 notes to EUR 333. In April 2013, the Company settled the remaining outstanding 2013 notes at maturity.

in millions, except share and per share information

The Company had entered into fair value hedges of the 2013 notes, which are further discussed in Note 11.

Payments of long-term debt are due as follows:

in EUR	2014	2015	2016	2017	2018	Thereafter	Total
Payments due by year	347		285	286	494	502	1,914

Other credit facilities

Committed multicurrency revolving credit facility
In October 2011, the Company renegotiated the existing EUR 550 multicurrency revolving credit facility. The five-year revolving credit facility of EUR 600, which was extended for one more year in September 2012, contained a further 1-year extension option at the discretion of the lender which was executed in September 2013, 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 0.6% and 1.3% per annum, depending on certain debt-to-EBITDA ratios.

A utilisation fee of 0.25% and 0.5%, applies on top of the interest rate, if drawings exceed 33.33% and 66.67% of total commitment, respectively. The letter of credit fee equals the applicable margin, and the commitment fee equals 35% of the applicable margin. As of December 31, 2013 and December 31, 2012, there were no outstanding borrowings under the credit facility. As of December 31, 2013, the Company had EUR 533 available under the facility after utilising the EUR equivalent of EUR 67 in the form of letters of credit. As of December 31, 2012, the Company had EUR 517 available under the facility after utilising the EUR equivalent of EUR 83 in the form of letters of credit.

Note 8 • Shareholders' equity

The summary of the components of authorised shares as of December 31, 2013, December 31, 2012, and December 31, 2011 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, 2011	**174,702,026**	**14,561,480**	**189,263,506**	**19,566,804**	**208,830,310**
Treasury share transactions	(4,253,625)	4,253,625			
December 31, 2011	**170,448,401**	**18,815,105**	**189,263,506**	**19,566,804**	**208,830,310**
Purchased over second trading line (share buyback)	(3,837,087)	3,837,087			
Settlement of the prepaid forward	19,157,073	(19,157,073)			
Other treasury share transactions	(1,158,619)	1,158,619			
December 31, 2012	**184,609,768**	**4,653,738**	**189,263,506**	**19,566,804**	**208,830,310**
Purchased over second trading line (share buyback)	(6,344,609)	6,344,609			
Other treasury share transactions	(127,159)	127,159			
December 31, 2013	**178,138,000**	**11,125,506**	**189,263,506**	**19,566,804**	**208,830,310**

1 Shares at CHF 1 par value.

Authorised shares and appropriation of available earnings
As of December 31, 2013 and December 31, 2012, 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. In addition, as of December 31, 2013 and December 31, 2012, Adecco S.A. was authorised by its shareholders to issue up to 15,400,000 shares 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. 6,000 options were outstanding as of December 31, 2013.

Adecco S.A. may only pay dividends based on the requirements of the Swiss Code of Obligations, Articles of Incorporation and based on the shareholders' equity reflected in the stand-alone financial statements of Adecco S.A., the holding company of the Adecco Group, prepared in accordance with Swiss law. As of December 31, 2013, the stand-alone financial statements of Adecco S.A. included shareholders' equity of CHF 6,429 (EUR 5,238), of which CHF 189 represent share capital and CHF 6,240 represent reserves and retained earnings. Of the CHF 6,240 balance, the statutory legal reserve for treasury shares of CHF 565 as well as an amount of CHF 38 representing 20% of share capital are restricted based on the Swiss Code of Obligations and cannot be distributed as dividends.

In 2013, upon approval at the Annual General Meeting of Shareholders, dividends for 2012 of CHF 1.80 per share, totalling EUR 266, were allocated from Adecco S.A.'s reserve from capital contributions (subaccount of general reserves) to free reserves and subsequently distributed to shareholders. For 2013, the Board of Directors of Adecco S.A. will propose a dividend of CHF 2.00 per share outstanding for the approval of shareholders at the Annual General Meeting of Shareholders to be allocated from Adecco S.A.'s reserve from capital contributions to the free reserves and subsequently distributed to shareholders. The statutory reserve from capital contributions is classified as additional paid-in capital in the consolidated balance sheet.

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 were indexed to and settled in the Company's own shares and therefore were accounted for as equity instruments included in additional paid-in capital. The strike prices of both instruments were reduced whenever the Company made a dividend distribution by a fraction determined as follows: (share price excluding dividend minus dividend per share) divided by (share price excluding dividend).

in millions, except share and per share information

The initial terms of these contracts were as follows:

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

In 2012, the Company delivered 19,157,073 shares of Adecco S.A. to Adecco Investment upon settlement of the prepaid forward and received 26,009 shares from Adecco Investment upon settlement of the call spread option. The shares were delivered out of treasury shares.

Treasury shares

In 2013 and 2012, the number of treasury shares acquired on the regular trading line, net of disposals amounted to 428,473 and 419,334, respectively, and the net consideration paid amounted to EUR 18 and EUR 13, respectively. In 2012, the Company used 19,157,073 treasury shares to settle the prepaid forward it had entered into in 2009 and received 26,009 shares from Adecco Investment upon settlement of the call spread option (for further details refer to Note 1). Additionally, in November 2012, the Company purchased and exercised a call option on 1,000,000 treasury shares for a total consideration of EUR 37 for the settlement of the prepaid forward.

In 2013 and 2012, the Company awarded 6,009 and 6,555 treasury shares, respectively, to the Chairman of the Board of Directors as part of his compensation package (refer to section 5.1.1 "Board of Directors' compensation and shareholding" within the Remuneration Report). In addition, in 2013 and 2012, 295,305 and 280,169 treasury shares, respectively, were used to settle share awards under the long-term incentive plan.

In June 2012, the Company launched a share buyback programme of up to EUR 400 on a second trading line with the aim of subsequently cancelling the shares and reducing share capital. The share buyback commenced in mid-July 2012. In 2013, the Company completed the EUR 400 share buyback programme and introduced a new share buyback programme of up to EUR 250 also on a second trading line with the aim of subsequently cancelling the shares and reducing share capital. As of December 31, 2013 and December 31, 2012, the Company has acquired 9,721,446 shares for EUR 400 and 3,837,087 for EUR 145, respectively, under the EUR 400 share buyback programme. In addition as of December 31, 2013, the Company has acquired 460,250 shares for EUR 25 under the EUR 250 share buyback programme. The Board of Directors of Adecco S.A. will propose to the Annual General Meeting of shareholders of April 15, 2014 to cancel the total number of 10,181,696 treasury shares acquired until December 31, 2013 under the two share buyback programmes.

As of December 31, 2013, the treasury shares, excluding those acquired on the second trading line with the aim of subsequently cancelling the shares and reducing share capital, are intended to be used for the settlement of the Company's outstanding employee stock option plans and long-term incentive plan (for further details refer to Note 9).

No dividends are distributed in relation to treasury shares.

Accumulated other comprehensive income/(loss), net

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

in EUR	31.12.2013	31.12.2012
Currency translation adjustment	(282)	(122)
Unrealised gain on cash flow hedging activities	1	2
Pension-related adjustments	(26)	(37)
Accumulated other comprehensive income/(loss), net	**(307)**	**(157)**

In 2013, 2012, and 2011, an amount of EUR 4 (net of tax of EUR 1), EUR 6 (net of tax of EUR 1), and EUR 1 (net of tax of less than EUR 1), respectively, was reclassified from accumulated other comprehensive income/(loss), net to SG&A in the statement of operations in connection with pension-related adjustments. Additionally, in 2013, 2012, and 2011, an amount of EUR 1 (net of tax of less than EUR 1), less than EUR 1, and EUR 1 (net of tax of less than EUR 1), respectively was reclassified from accumulated other comprehensive income/(loss), net to interest expense in the statement of operations in connection with cash flow hedging activities.

Note 9 • Stock-based compensation

As of December 31, 2013, the Company had non-vested share awards and options outstanding relating to its common shares. Compensation expense of EUR 13, EUR 14, and EUR 12 was recognised in 2013, 2012, and 2011, respectively, in connection with the non-vested share awards granted in 2013, 2012, and 2011. No compensation expense was recognised in 2013, 2012, or 2011 in connection with the stock option plans as all options outstanding were fully vested. The total income tax benefit recognised related to stock compensation amounted to EUR 3 in 2013 and EUR 4 in 2012 and 2011.

Non-vested share award plans

Performance share awards were granted in March 2013, 2012, and 2011 to the members of the Executive Committee (12 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 2013, 2012, and 2011 awards: December 31, 2015, December 31, 2014, and December 31, 2013, respectively). The requisite service period represents three calendar years starting on January 1, 2013, January 1, 2012, and January 1, 2011, respectively. 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 2013, 2012, and 2011 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").

In addition, service condition awards (restricted share unit awards: "RSU awards") were granted in 2013, 2012, and 2011 to the members of the Executive Committee and to a further group of senior managers (approximately 250 individuals in total in each respective year) 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 anniversary of the date of grant. For RSU awards, the requisite service period represents three calendar years starting on January 1, 2013 for the 2013 awards, January 1, 2012 for the 2012 awards, and January 1, 2011 for the 2011 awards. 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, 2013 for 2013 awards, January 1, 2012 for 2012 awards, and January 1, 2011 for 2011 awards.

The plan foresees that 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 2013, 2012, and 2011 will vest at the regular vesting date, depending on the level of target achievement. 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.

in millions, except share and per share information

TSR share awards

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:

	2013	2012	2011
Assumptions used for the estimation of the fair value of the TSR awards			
Implied at-the-money volatility	24.8%	32.2%	27.6%
Expected dividend yield	3.3%	3.7%	2.0%
Expected term (in years)	2.8 years	2.8 years	2.8 years
Risk-free rate	0.16%	0.30%	0.88%

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, 2013, December 31, 2012, and December 31, 2011, and changes during those 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						
Non-vested share awards outstanding as of January 1, 2011	**169,984**	**16**	**24,267**	**14**	**24,267**	**8**
Granted	20,645	22	20,645	15	20,645	10
Forfeited	(2,343)	22	(2,343)	14	(2,343)	9
Non-vested share awards outstanding as of December 31, 2011	**188,286**	**17**	**42,569**	**14**	**42,569**	**9**
Granted	28,203	19	28,203	18	28,203	12
Forfeited	(2,574)	20	(2,574)	18	(2,574)	12
Cancelled	(145,717)	15				
Non-vested share awards outstanding as of December 31, 2012	**68,198**	**21**	**68,198**	**16**	**68,198**	**10**
Granted	25,941	20	25,941	16	25,941	10
Forfeited	(1,895)	20	(1,895)	17	(1,895)	11
Cancelled	(26,650)	23	(26,650)	14	(26,650)	9
Non-vested share awards outstanding as of December 31, 2013	**65,594**	**20**	**65,594**	**17**	**65,594**	**11**

RSU share awards

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, taking into account estimated employee forfeitures.

A summary of the status of the Company's RSU non-vested share plan as of December 31, 2013, December 31, 2012, and December 31, 2011, and changes during those years are as follows:

	Number of shares	Weighted-average grant date fair value per share (in CHF)
Summary of RSU non-vested share awards		
Non-vested share awards outstanding as of January 1, 2011	**308,747**	**56**
Granted	269,319	55
Vested	(96,506)	57
Forfeited	(19,866)	54
Non-vested share awards outstanding as of December 31, 2011	**461,694**	**55**
Granted	369,892	47
Vested	(192,772)	55
Forfeited	(38,715)	50
Non-vested share awards outstanding as of December 31, 2012	**600,099**	**51**
Granted	350,650	50
Vested	(295,305)	52
Cancelled	(127)	50
Forfeited	(33,554)	49
Non-vested share awards outstanding as of December 31, 2013	**621,763**	**50**

EPS share awards

Under the 2009 awards plan, the Company granted earnings per share awards ("EPS share awards") to the Executive Committee and to a further group of senior managers. As of December 31, 2012, there were no EPS share awards outstanding. The fair value of the EPS share awards was determined based on the grant date market price of the Adecco S.A. share, and assumed that the EPS performance conditions of the plan would be met. Compensation expense was 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 was reassessed at each reporting date, and the new estimate was recognised, to the extent the estimate changed, taking into account the service already rendered.

in millions, except share and per share information

A summary of the status of the Company's EPS non-vested share plan as of December 31, 2012 and December 31, 2011, and changes during those years are as follows:

	Number of shares	Weighted-average grant date fair value per share (in CHF)
Summary of EPS non-vested share awards		
Non-vested share awards outstanding as of January 1, 2011	**84,192**	**35**
Non-vested share awards outstanding as of December 31, 2011	**84,192**	**35**
Cancelled	(23,045)	35
Vested	(61,147)	35
Non-vested share awards outstanding as of December 31, 2012	**0**	

Guaranteed TSR and EPS share awards

Certain awards were granted in 2009, in addition to those described above, which were guaranteed to vest irrespective of the EPS and TSR conditions being met, provided that the requisite service was rendered. As of December 31, 2012 there were no guaranteed TSR and EPS share awards outstanding.

A summary of the status of these service condition share awards as of December 31, 2012 and December 31, 2011, and changes during those years 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		
Non-vested share awards outstanding as of January 1, 2011	**26,250**	**36**
Non-vested share awards outstanding as of December 31, 2011	**26,250**	**36**
Vested	(26,250)	36
Non-vested share awards outstanding as of December 31, 2012	**0**	

As of December 31, 2013, the total unrecognised compensation expense related to non-vested share awards amounted to EUR 13. The cost is expected to be recognised over a weighted-average period of two years. The total fair value of share awards vested in 2013, 2012, and 2011 amounted to EUR 12, EUR 11, and EUR 4, respectively. The excess tax benefits resulting from vesting of share awards in 2013, 2012, and 2011 were not significant and were reported as cash flows from financing activities.

Option plans

Under several option plans, options vested and became 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 were 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.

The Company used 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, was expensed on a straight-line basis.

A summary of the status of the Company's stock option plans as of December 31, 2013, December 31, 2012, and December 31, 2011, and changes during those years are presented below:

	Number of shares	Weighted-average exercise price per share (in CHF)	Weighted-average remaining life (in years)	Aggregate intrinsic value (in CHF millions)
Summary of stock option plans				
Options outstanding and vested as of January 1, 2011	**439,559**	**76**	**1.1**	
Exercised	(172)	60		
Forfeited	(6,278)	73		
Expired	(329,969)	76		
Options outstanding and vested as of December 31, 2011	**103,140**	**78**	**1.0**	
Forfeited	(8,110)	74		
Expired	(86,480)	79		
Options outstanding and vested as of December 31, 2012	**8,550**	**73**	**1.1**	
Forfeited	(500)	60		
Expired	(2,050)	60		
Options outstanding and vested as of December 31, 2013	**6,000**	**79**	**0.4**	

The aggregate intrinsic value as of December 31, 2013 of the outstanding stock options in the table above is zero and represents the total pre-tax intrinsic value (the difference between the Company's closing share price on the last trading day of 2013 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 2013. This amount changes based on the fair market value of Adecco S.A. shares.

in millions, except share and per share information

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 64 in 2013, EUR 70 in 2012, and EUR 60 in 2011, in connection with defined contribution plans, and an expense of EUR 34, EUR 34, and EUR 36, in connection with the Italian employee termination indemnity arrangement in 2013, 2012, and 2011, 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. As of December 31, 2013 and December 31, 2012, the assets held in the Rabbi trusts amounted to EUR 74 and EUR 60, respectively. The related pension liability totalled EUR 91 and EUR 77 as of December 31, 2013 and December 31, 2012, respectively.

Certain employees in Sweden are covered under the ITP multi-employer pension plan (employer identification number 55927) administered by a union. The data available from the administrator of the plan (Alecta) is not sufficient to determine the projected benefit obligation or the net assets attributable to the Company. Consequently, this plan is reported as a defined contribution plan. As of December 31, 2013 Alecta managed approximately EUR 63,300 of plan assets on behalf of 2 million private individuals and 33,000 companies. As of December 31, 2012, total assets managed by Alecta amounted to approximately EUR 63,600. Total contributions made by all plan members to this plan in 2012 amounted to approximately EUR 2,900. The information on total contributions made by all plan members in 2013 has not yet been published by Alecta. Contributions made to this plan by the Company amounted to EUR 3 in 2013, EUR 3 in 2012, and EUR 2 in 2011.

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 2013 and 2012 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	**2013**	**2012**	**2011**	**2013**	**2012**	**2011**
Components of pension expense						
Service cost	13	13	11	6	5	2
Interest cost	3	3	3	5	6	5
Expected return on plan assets	(6)	(5)	(6)	(3)	(6)	(4)
Amortisation of prior years' service costs				2	2	
Amortisation of net (gain)/loss	2	3			1	1
Pension expense, net	**12**	**14**	**8**	**10**	**8**	**4**

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, 2013 and December 31, 2012:

	Swiss plan		Non-Swiss plans	
in EUR	**31.12.2013**	**31.12.2012**	**31.12.2013**	**31.12.2012**
Pension liabilities and assets				
Projected benefit obligation, beginning of year	**171**	**152**	**153**	**126**
Service cost	13	13	6	5
Interest cost	3	3	5	6
Participants contributions	36	32	1	1
Plan amendments	(3)			
Actuarial (gain)/loss	(4)	4		13
Acquisitions				7
Benefits paid	(43)	(34)	(4)	(4)
Curtailments			(4)	(2)
Foreign currency translation	(2)	1	(3)	1
Projected benefit obligation, end of year	**171**	**171**	**154**	**153**
Plan assets, beginning of year	**160**	**140**	**117**	**100**
Actual return on assets	10	8	(1)	13
Employer contributions	13	13	4	4
Participants contributions	36	32	1	1
Benefits paid	(43)	(34)	(3)	(2)
Foreign currency translation	(2)	1		1
Plan assets, end of year	**174**	**160**	**118**	**117**
Funded status of the plan	**3**	**(11)**	**(36)**	**(36)**
Accumulated benefit obligation, end of year	**168**	**168**	**143**	**124**

The following amounts are recognised in the consolidated balance sheets as of December 31, 2013 and December 31, 2012:

	Swiss plan		Non-Swiss plans	
in EUR	**31.12.2013**	**31.12.2012**	**31.12.2013**	**31.12.2012**
Pension-related assets	3		4	9
Pension-related liabilities		(11)	(40)	(45)
Total	**3**	**(11)**	**(36)**	**(36)**

in millions, except share and per share information

As of December 31, 2013, the Company recognised a net loss of EUR 12 and EUR 11 for the Swiss defined benefit plan and for the non-Swiss defined benefit plans, respectively, in accumulated other comprehensive income/(loss), net. Furthermore, a net gain of EUR 2 and a net loss of EUR 5 of prior years' service costs were recognised in accumulated other comprehensive income/(loss), net, as of December 31, 2013 for the Swiss defined benefit plan and for the non-Swiss defined benefit plans, respectively. There is no net loss to be amortised from accumulated other comprehensive income/(loss), net, into earnings, over the next fiscal year for the Swiss defined benefit plan and less than EUR 1 for the non-Swiss defined benefit plans. In addition, a EUR 1 gain of prior years' service costs related to the Swiss defined benefit plans and a EUR 1 loss of prior years' service costs related to the non-Swiss defined benefit plans are to be amortised into earnings from accumulated other comprehensive income/(loss), net, over the next fiscal year. As of December 31, 2012, the Company recognised a net loss of EUR 21 and EUR 8 for the Swiss defined benefit plan and for the non-Swiss defined benefit plans, respectively, in accumulated other comprehensive income/(loss), net. Furthermore, EUR 8 prior years' service costs were recognised in accumulated other comprehensive income/(loss), net, for the non-Swiss defined benefit plans as of December 31, 2012.

For plans with a PBO in excess of the fair value of plan assets as of December 31, 2013 and December 31, 2012, the total PBO was EUR 42 and EUR 239, respectively, and the fair value of the plan assets was EUR 2 and EUR 184, 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 35 and EUR 211 as of December 31, 2013 and December 31, 2012, respectively, and the fair value of the plan assets of those plans was EUR 2 and EUR 183, 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 %	2013	2012	2011	2013	2012	2011
Weighted-average actuarial assumptions						
Discount rate	2.2	1.9	2.3	2.8	2.4	4.1
Rate of increase in compensation levels	2.5	2.5	2.5	1.3	1.3	2.1
Expected long-term rate of return on plan assets	3.5	3.5	3.8	4.1	3.5	4.1

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

The Swiss and non-Swiss pension plans' target weighted-average asset allocations as of December 31, 2013 and December 31, 2012, by asset category, are as follows:

in %	Swiss plan Target allocation range	Non-Swiss plans Target allocation range
Weighted-average asset allocations		
Equity securities	20–40	5–25
Debt securities	15–50	25–55
Real estate	5–25	0–10
Other	0–60	25–45

The actual asset allocations of the plans are in line with the target asset allocations.

The fair values of the Company's pension plan assets as of December 31, 2013 and as of December 31, 2012 by asset category are as follows:

December 31, 2013

	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	30			30				
• Rest of the world	35			35	13			13
Debt securities:								
• Government bonds	5			5	35			35
• Corporate bonds	48			48	18			18
Alternative investments:								
• Commodity funds/private equity	6		3	9	2			2
• Liability driven investments ("LDI")					28			28
• Alternative investment funds	5	17		22	16			16
Real estate funds	25			25				
Other					1	4		5
Total	**154**	**17**	**3**	**174**	**114**	**4**		**118**

in millions, except share and per share information

December 31, 2012

	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	2			2	1			1
Equity securities:								
• Switzerland	27			27				
• Rest of the world	29			29	20			20
Debt securities:								
• Government bonds	4			4	29			29
• Corporate bonds	46			46	24			24
Alternative investments:								
• Commodity funds/private equity	5		2	7	2			2
• Liability driven investments ("LDI")					29			29
• Alternative investment funds		21		21	8			8
Real estate funds	24			24				
Other						4		4
Total	**137**	**21**	**2**	**160**	**113**	**4**		**117**

A reconciliation of the change in the fair value measurement of the defined benefit plans' consolidated assets using significant unobservable inputs (Level 3) during the years ended December 31, 2013 and December 31, 2012 is as follows:

in EUR	Swiss plan
Private equity funds	
Balance as of January 1, 2012	**1**
Return on plan assets	1
Balance as of December 31, 2012	**2**
Purchases, sales, and settlements, net	1
Balance as of December 31, 2013	**3**

The Company expects to contribute EUR 14 to its pension plan in Switzerland and EUR 4 to its non-Swiss plans in 2014. Future benefits payments, which include expected future service, are estimated as follows:

in EUR	Swiss plan	Non-Swiss plans
Future benefits payments		
2014	49	3
2015	13	3
2016	12	3
2017	11	4
2018	10	5
Years 2019–2023	42	29

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. 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 fixed rate long-term notes. Accordingly, the Company may manage exposure to changes in fair value of fixed interest long-term debt 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 assess ing 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 limits 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, 2013 and December 31, 2012:

	31.12.2013		31.12.2012	
in EUR	Carrying value	Fair value	Carrying value	Fair value
Non-derivative financial instruments				
Current assets:				
• Cash and cash equivalents	963	963	1,103	1,103
• Short-term investments			2	2
• Trade accounts receivable, net	3,526	3,526	3,492	3,492
Current liabilities:				
• Accounts payable	621	621	575	575
• Short-term debt	145	145	205	205
• Current maturities of long-term debt	347	354	336	340
Non-current liabilities:				
• Long-term debt	1,567	1,654	1,536	1,661

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. Refer to Note 7 for details of debt instruments.

in millions, except share and per share information

Fair value of derivative financial instruments

The following table shows the notional amount and the fair value of derivative financial instruments as of December 31, 2013 and December 31, 2012:

in EUR	Balance sheet location	Notional amount 31.12.2013	Notional amount 31.12.2012	Fair value 31.12.2013	Fair value 31.12.2012
Derivative assets					
Derivatives designated as hedging instruments under ASC 815:					
• Interest rate swaps	Other current assets		150		2
• Interest rate swaps	Other assets	50	175	1	6
Derivatives not designated as hedging instruments under ASC 815:					
• Foreign currency contracts	Other current assets	515	1,437	10	21
• Cross-currency interest rate swaps	Other current assets		42		4
• Interest rate swaps	Other current assets	125	150	1	2
Derivative liabilities					
Derivatives not designated as hedging instruments under ASC 815:					
• Foreign currency contracts	Other accrued expenses	1,357	582	(12)	(24)
• Interest rate swaps	Other current liabilities		150		(1)
Total net derivatives				–	**10**

In addition, accrued interest receivable on interest rate swaps of EUR 2 and EUR 11 was recorded in other current assets as of December 31, 2013 and December 31, 2012, respectively. There was no accrued interest payable on cross-currency interest rate swaps and interest rate swaps recorded as of December 31, 2013 whereas EUR 2 was recorded in other accrued expenses as of December 31, 2012.

The fair value of interest rate swaps, foreign currency contracts, and cross-currency interest rate swaps is calculated by using the present value of future cash flows based on observable market inputs. 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, 2013 and December 31, 2012, the total impact of non-performance risk and liquidity risk was an adjustment of EUR 1 and EUR 2, respectively.

Fair value hedges

Interest rate swaps with a notional amount of EUR 150 that contain a receipt of fixed interest rate amounts and payment of floating interest rate amounts have been designated as fair value hedges of the 2013 notes for EUR 333 issued by Adecco International Financial Services BV. These contracts had an original contract period of four to seven years and expired in April 2013.

Interest rate swaps with a notional amount of EUR 125 that contain a receipt of fixed interest rate amounts and payment of floating interest rate amounts of the 2014 notes for EUR 346 issued by Adecco International Financial Services BV have been de-designated as fair value hedges in March 2013. The outstanding contracts have an original contract period of three to five years and expire in April 2014.

Interest rate swaps with a notional amount of EUR 50 that contain a receipt of fixed interest rate amounts and payment of floating interest rate amounts have been designated as fair value hedges of the 2018 notes for EUR 500 issued by Adecco International Financial Services BV. The outstanding contracts have an original contract period of six years and expire in April 2018.

The gain and loss on the hedged fixed rate notes attributable to the hedged benchmark interest rate risk and the offsetting loss and gain on the related interest rate swaps, both reported as interest expense for 2013, 2012, and 2011 are as follows:

in EUR Derivative	Location of gain/(loss) on derivative recognised in earnings	Gain/(loss) on derivative recognised in earnings 2013	2012	2011	Hedged item	Location of gain/(loss) on related hedged item recognised in earnings	Gain/(loss) on related hedged item recognised in earnings 2013	2012	2011
Interest rate swaps	Interest expense	(3)	(1)	(5)	Long-term debt	Interest expense	3	1	5

In addition, the Company recorded a gain of EUR 2 in interest expense related to the amortisation of terminated hedges in 2013 and 2012, whereas no significant gain/(loss) related to the amortisation of terminated hedges was recorded in interest expense in 2011.

Furthermore, the net swap settlements that accrue each period are also reported in interest expense. No significant gains or losses were recorded in 2013, 2012, and 2011, 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 2013, 2012, or 2011.

Cash flow hedges
There was an effective portion of gains on cash flow hedges recognised in other comprehensive income/(loss), net of less than EUR 1 as of December 31, 2013, and as of December 31, 2012. There was an effective portion of gains on cash flow hedges recognised in other comprehensive income/(loss), net of EUR 3 as of December 31, 2011. As of December 31, 2013 and December 31, 2012, gains relating to cash flow hedges included as a component of accumulated other comprehensive income/(loss), net, amounted to EUR 1 and EUR 2, respectively. No significant gains or losses were recorded in 2013, 2012, and 2011, due to ineffectiveness in cash flow hedge relationships. In 2013, 2012, and 2011, no significant gains or losses were excluded from the assessment of hedge effectiveness of the cash flow hedges. 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, 2013 and December 31, 2012, the net loss relating to net investment hedges included as a component of accumulated other comprehensive income/(loss), net, amounted to EUR 68 (net of tax of EUR 6) and EUR 69 (net of tax of EUR 6), 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. Forward foreign currency contracts and cross-currency interest rate swaps are used to hedge the net exposure of subsidiary funding advanced in the local operations' functional currency. Contracts are entered into in accordance with the approved treasury policies and procedures and represent economic hedges. Gains and losses on these contracts are recognised in earnings and are included in other income/(expenses), net, in the accompanying consolidated statements of operations.

in millions, except share and per share information

In connection with these activities, the Company recorded a net loss of EUR 4 in 2013 and in 2012, and a net loss of EUR 1 in 2011, as follows:

in EUR Derivative	Location of gain/(loss) on derivative recognised in earnings	Gain/(loss) on derivative recognised in earnings 2013	2012	2011	Hedged item	Location of gain/(loss) on related hedged item recognised in earnings	Gain/(loss) on related hedged item recognised in earnings 2013	2012	2011
Cross-currency interest rate swaps	Other income/(expenses), net		(1)	(6)	Loans and receivables to/from subsidiaries	Other income/(expenses), net		1	4
Foreign currency contracts	Other income/(expenses), net	16	(38)	(11)	Cash, loans, and receivables to/from subsidiaries	Other income/(expenses), net	(20)	34	12

In 2013, an insignificant gain was recorded in other income/(expenses), net, related to interest rate swaps not designated as a hedging instrument under ASC 815. In 2012, an expense of EUR 2 was recorded in other income/(expenses), net, related to a swaption not designated as a hedging instrument under ASC 815 whereas no significant amounts were included in relation to interest rate swaps not designated as hedging instruments under ASC 815. In 2011, the Company recorded in other income/(expenses), net, a gain of EUR 3 in connection with non-designated interest rate swaps and a release of the fair value adjustment on part of the debt tendered in April 2011, and a loss of EUR 1 in connection with a non-designated interest rate swaption.

Credit risk concentration

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

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

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

Note 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, 2013 and December 31, 2012, consistent with the fair value hierarchy provisions of ASC 820:

in EUR	Level 1	Level 2	Level 3	Total
December 31, 2013				
Assets				
Derivative assets		14		14
Liabilities				
Derivative liabilities		12		12
December 31, 2012				
Assets				
Available-for-sale securities	2			2
Derivative assets		45		45
Liabilities				
Derivative liabilities		26		26

Note 13 • Other income/(expenses), net

For the years 2013, 2012, and 2011, other income/(expenses), net, consist of the following:

in EUR	2013	2012	2011
Foreign exchange gain/(loss), net	(4)	(4)	(1)
Interest income	4	5	5
Proportionate net income of investee companies	3	2	1
Other non-operating income/(expenses), net	(5)	(16)	(11)
Total other income/(expenses), net	**(2)**	**(13)**	**(6)**

In 2012, other non-operating income/(expenses), net, includes a loss of EUR 15 related to the sale of a business in North America. In 2011, other non-operating income/(expenses), net, includes a loss of EUR 11 related to the tender of the 2014 notes and 2013 notes (refer to Note 7 for further details).

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 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 159, EUR 183, and EUR 215 in 2013, 2012, and 2011, respectively. Foreign source income before income taxes amounted to EUR 539, EUR 401, and EUR 471 in 2013, 2012, and 2011, respectively.

The provision for income taxes consists of the following:

in EUR	2013	2012	2011
Provision for income taxes			
Current tax provision:			
• Domestic	15	24	26
• Foreign	86	152	192
Total current tax provision	**101**	**176**	**218**
Deferred tax provision/(benefit):			
• Domestic	(1)		5
• Foreign	40	30	(57)
Total deferred tax provision/(benefit)	**39**	**30**	**(52)**
Total provision for income taxes	**140**	**206**	**166**

in millions, except share and per share information

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

in EUR	2013	2012	2011
Tax rate reconciliation			
Income taxed at weighted-average tax rate	146	111	128
Items taxed at other than weighted-average tax rate	(27)	8	58
Non-deductible expenses	9	13	11
Net change in valuation allowance	25	84	4
Adjustments to deferred tax assets due to rate changes	1	4	(2)
Tax on undistributed earnings	(1)	(5)	(31)
Other, net	(13)	(9)	(2)
Total provision for income taxes	**140**	**206**	**166**

In 2013, 2012, and 2011, the reconciling item "items taxed at other than weighted-average tax rate" includes the French business tax. In accordance with French legislation, a portion of the business tax is computed based on added value and consequently, under U.S. GAAP, this component is reported as income tax. Furthermore, in 2013, 2012, and 2011, the reconciling item "items taxed at other than weighted-average tax rate" includes EUR 42, EUR 50, and EUR 31 positive impact related to the settlement of tax contingencies and additionally in 2013 the impact of CICE (tax credit for competitiveness and employment) which is non-taxable.

In 2013, the reconciling item "net change in valuation allowance" includes EUR 22 valuation allowance on current year French losses and temporary differences. In 2012, the reconciling item "net change in valuation allowance" includes EUR 73 valuation allowance on French deferred tax assets recognised in prior years and current year French losses. At the end of 2012, CICE was approved. As CICE has a negative impact for income tax purposes starting in 2013, management reassessed the recoverability of the French deferred tax assets and recorded a full valuation allowance on those assets in 2012.

In 2011, the reconciling item "tax on undistributed earnings" includes a benefit of EUR 31 in connection with the reversal of a deferred tax liability related to distributable earnings of the Company's Japanese subsidiary following the ratification of the Swiss-Japanese Tax Treaty, which resulted in a reduction of withholding taxes payable upon distribution of dividends to Switzerland. As of December 31, 2013 and December 31, 2012, a deferred tax liability of EUR 9 and EUR 10, respectively, has been provided for non-Swiss withholding taxes and additional Swiss taxes due upon the future dividend payment of cumulative undistributed earnings which are not considered permanently reinvested. In 2013 and 2012, the Company has not provided for Swiss income taxes on one of its Swiss subsidiaries' undistributed earnings as such amounts are considered permanently reinvested. As of December 31, 2013 and December 31, 2012, such earnings amounted to approximately EUR 2,748 and EUR 2,793, respectively. Furthermore, in 2013, the Company has not provided for income and withholding taxes on certain non-Swiss subsidiaries' undistributed earnings as such amounts are considered permanently reinvested. As of December 31, 2013 and December 31, 2012, such earnings amounted to approximately EUR 460 and EUR 450, respectively. It is not practicable to estimate the amount of taxes that would be payable upon remittance of these earnings.

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

in EUR	31.12.2013	31.12.2012
Temporary differences		
Net operating loss carryforwards and capital losses	185	223
Tax credits	12	13
Depreciation	12	11
Deferred compensation and accrued employee benefits	77	99
Allowance for doubtful accounts	8	12
Accrued expenses	74	62
Intercompany transactions	32	49
Other	17	22
Gross deferred tax assets	**417**	**491**
Unrecognised tax benefits provision, net	(22)	(43)
Valuation allowance	(202)	(179)
Deferred tax assets, net	**193**	**269**
Intangible assets book basis in excess of tax basis	(124)	(140)
Tax amortisation in excess of financial amortisation	(71)	(92)
Undistributed earnings of subsidiaries	(9)	(10)
Other		(11)
Deferred tax liabilities	**(204)**	**(253)**
Deferred tax assets, net of deferred tax liabilities	**(11)**	**16**

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 23 to EUR 202. Included in the change of the valuation allowance is an increase of EUR 17 for current and prior year's losses and an increase of EUR 7 in connection with management's reassessment of the realisability of deferred tax assets. This was partially offset by a decrease of EUR 1 related to changes in enacted tax rates and foreign currency fluctuations.

The following table summarises the deferred tax assets and deferred tax liabilities reported by the Company as of December 31, 2013 and December 31, 2012:

in EUR	Balance sheet location	31.12.2013	31.12.2012
Deferred tax assets – current	Other current assets	90	102
Deferred tax assets – non-current	Other assets	94	120
Deferred tax liabilities – current	Other accrued expenses	(2)	(10)
Deferred tax liabilities – non-current	Other liabilities	(193)	(196)
Deferred tax assets, net of deferred tax liabilities		**(11)**	**16**

in millions, except share and per share information

As of December 31, 2013, the Company had approximately EUR 626 of net operating loss carryforwards and capital losses. These losses will expire as follows:

in EUR	2014	2015	2016	2017	2018	Thereafter	No expiry	Total
Expiration of losses by year	2	15	10	100	19	56	424	626

The largest net operating loss carryforwards and capital losses are in France, Germany, the Netherlands, Belgium, the UK, Brazil, and the USA and total EUR 490 as of December 31, 2013. The losses in the Netherlands, Belgium, and the USA begin to expire in 2015, 2017, and 2017, respectively. The losses in France, Germany, the UK, and Brazil do not expire. In addition, tax credits of EUR 12 are related to the USA and Spain operations and begin to expire in 2018.

As of December 31, 2013, the amount of unrecognised tax benefits including interest and penalties is EUR 81 of which EUR 66 would, if recognised, decrease the Company's effective tax rate. As of December 31, 2012, the amount of unrecognised tax benefits including interest and penalties was EUR 219 of which EUR 154 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, 2011	**243**
Increases related to current year tax positions	26
Expiration of the statute of limitations for the assessment of taxes	(14)
Settlements with tax authorities	(3)
Additions to prior years including acquisitions	33
Decreases to prior years	(60)
Foreign exchange currency movement	5
Balance as of December 31, 2011	**230**
Increases related to current year tax positions	24
Expiration of the statute of limitations for the assessment of taxes	(7)
Settlements with tax authorities	(26)
Additions to prior years	13
Decreases to prior years	(45)
Foreign exchange currency movement	(2)
Balance as of December 31, 2012	**187**
Increases related to current year tax positions	10
Expiration of the statute of limitations for the assessment of taxes	(13)
Settlements with tax authorities	(77)
Additions to prior years	10
Decreases to prior years	(36)
Foreign exchange currency movement	(8)
Balance as of December 31, 2013	**73**

In 2013, the items "decreases to prior years" and "settlements with tax authorities" include EUR 106 related to various settlements of contingencies with a corresponding offset to net operating losses carryforwards of EUR 44, cash payments of EUR 31, of which EUR 29 are expected to be paid in 2014, and a favourable impact of EUR 17 to income tax expense. Furthermore, in 2013 the item "additions to prior years" mainly relates to changes in estimates due to current year audit activity. In 2012, the item "decreases to prior years" includes EUR 38 related to a favourable court case resolution and to various settlements of contingencies with a favourable impact of EUR 38 to income tax expense. Furthermore, in 2012 the item "additions to prior years" mainly relates to changes in estimates due to current year audit activity. In 2011, the item "decreases to prior years" includes EUR 57 related to a settlement of contingencies with a corresponding offset to net operating losses carryforwards and a favourable impact of EUR 31 to income tax expense. Furthermore, in 2011 the items "additions to prior year including acquisitions" mainly relates to changes in estimates due to current year audit activity and pre-acquisition contingencies.

The Company recognises interest and penalties related to unrecognised tax benefits as a component of the provision for income taxes. As of December 31, 2013 and December 31, 2012, the amount of interest and penalties recognised in the balance sheet amounted to EUR 8 and EUR 32, respectively. The total amount of interest and penalties recognised in the statement of operations was a net benefit of EUR 20 and EUR 24 in 2013 and 2012, respectively, and a net expense of EUR 9 in 2011.

The Company and its subsidiaries file income tax returns in multiple jurisdictions with varying statute of limitations. The open tax years by major jurisdiction are as follows:

	Open tax years
Country	
Australia	2001 onwards
Canada	2009 onwards
France	2011 onwards
Germany	2006 onwards
Italy	2005 onwards
Japan	2007 onwards
Netherlands	2011 onwards
Spain	2011 onwards
UK	2010 onwards
USA	2012 onwards

In certain jurisdictions, the Company may have more than one tax payer. The table above reflects the statute of limitations 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 the statute of limitations 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.

in millions, except share and per share information

Note 15 • Earnings per share

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

in EUR (except number of shares)	2013 Basic	2013 Diluted	2012 Basic	2012 Diluted	2011 Basic	2011 Diluted
Numerator						
Net income attributable to Adecco shareholders	**557**	**557**	**377**	**377**	**519**	**519**
Denominator						
Weighted-average outstanding shares	180,511,706	180,511,706	171,380,880	171,380,880	172,394,340	172,394,340
Weighted-average shares deliverable under prepaid forward			17,012,631	17,012,631	18,277,383	18,277,383
Weighted-average shares	**180,511,706**	**180,511,706**	**188,393,511**	**188,393,511**	**190,671,723**	**190,671,723**
Incremental shares for assumed conversions:						
• Employee stock-based compensation		269,727		161,866		133,357
Total average equivalent shares	**180,511,706**	**180,781,433**	**188,393,511**	**188,555,377**	**190,671,723**	**190,805,080**
Per share amounts						
Net earnings per share	**3.09**	**3.08**	**2.00**	**2.00**	**2.72**	**2.72**

The weighted-average shares include 17,012,631 and 18,277,383 shares for 2012 and 2011, respectively, deliverable under the prepaid forward with Adecco Investment. The prepaid forward was settled on November 26, 2012 upon the conversion of the MCB. The exercise price of the prepaid forward was reduced proportionally for each dividend distribution to common shareholders made during the lifetime of the MCB, as described in Note 1, which represented participation rights of the prepaid forward.

Stock options of 7,150 in 2013, 98,485 in 2012, and 392,108 in 2011 were excluded from the computation of diluted net income per share as the effect would have been anti-dilutive.

Note 16 • Segment reporting

The Company is organised in a geographical structure plus the global business Lee Hecht Harrison ("LHH"), which corresponds to the primary segments. This structure is complemented by business lines. The segments consist of France, North America, UK & Ireland, Germany & Austria, Japan, Italy, Benelux, Nordics, Iberia, Australia & New Zealand, Switzerland, Emerging Markets, and LHH. The business lines consist of General Staffing (Office, Industrial) and Professional Staffing (Information Technology, Engineering & Technical, Finance & Legal, Medical & Science), as well as Solutions. Solutions comprises Career Transition & Talent Development ("CTTD"), Managed Service Programmes ("MSP"), Recruitment Process Outsourcing ("RPO"), and Vendor Management System ("VMS"). The classification of a specific branch into a business line for General Staffing and Professional Staffing is determined by the business line generating the largest revenue share in that specific branch.

The Company evaluates the performance of its segments based on operating income before amortisation of intangible assets, which is defined as the amount of income before amortisation of 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.

Revenues derived from temporary staffing represented 91% in 2013, 90% in 2012, and 91% in 2011 of the Company's revenues. The remaining portion was derived from permanent placement, outsourcing, career transition (outplacement), and other services.

in EUR	France[1]	North America	UK & Ireland	Germany & Austria	Japan	Italy	Benelux	LHH	Other[1]	Corporate	Total
2013 segment reporting											
Revenues	4,735	3,726	1,907	1,620	1,118	960	929	319	4,189		19,503
Depreciation	(25)	(15)	(5)	(8)	(6)	(3)	(5)	(4)	(21)	(9)	(101)
Operating income before amortisation of intangible assets	224	168	37	88	66	58	39	88	146	(93)	821
Amortisation of intangible assets											(42)
Operating income											779
Interest expense and other income/(expenses), net											(81)
Provision for income taxes											(140)
Net income											**558**
Capital expenditures	(11)	(22)	(2)	(3)	(3)	(1)	(4)	(4)	(15)	(16)	(81)
Segment assets	1,395	2,081	651	1,788	266	216	306	413	1,398	815	9,329
Long-lived assets[2]	204	134	11	18	19	10	11	15	115	34	571

in EUR	France[1]	North America	UK & Ireland	Germany & Austria	Japan	Italy	Benelux	LHH	Other[1]	Corporate	Total
2012 segment reporting											
Revenues	5,183	3,800	1,936	1,591	1,550	934	922	310	4,310		20,536
Depreciation	(18)	(16)	(8)	(8)	(13)	(3)	(6)	(3)	(20)	(8)	(103)
Operating income before amortisation of intangible assets	103	161	32	90	91	51	40	82	172	(97)	725
Amortisation of intangible assets											(52)
Operating income											673
Interest expense and other income/(expenses), net											(89)
Provision for income taxes											(206)
Net income											**378**
Capital expenditures	(16)	(14)	(3)	(9)	(4)	(3)	(3)	(2)	(25)	(9)	(88)
Segment assets	1,311	2,083	703	1,768	343	214	289	450	1,460	993	9,614
Long-lived assets[2]	114	121	16	24	28	12	18	17	122	30	502

1 In 2013, Morocco and Tunisia, previously within France, are reported under Emerging Markets. The 2012 and 2011 information has been restated to conform to the current year presentation.

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

in millions, except share and per share information

in EUR	France [1]	North America	UK & Ireland	Germany & Austria	Japan	Italy	Benelux	LHH	Other [1]	Corporate	Total
2011 segment reporting											
Revenues	6,045	3,442	1,707	1,544	1,406	1,032	961	236	4,172		20,545
Depreciation	(18)	(16)	(8)	(8)	(8)	(3)	(6)	(3)	(16)	(7)	(93)
Operating income before amortisation of intangible assets	219	146	32	110	80	60	44	36	169	(82)	814
Amortisation of intangible assets											(51)
Operating income											763
Interest expense and other income/(expenses), net											(77)
Provision for income taxes											(166)
Net income											**520**
Capital expenditures	(23)	(18)	(3)	(9)	(4)	(4)	(5)	(2)	(31)	(10)	(109)
Segment assets	1,631	2,084	729	1,820	329	199	301	452	1,384	425	9,354
Long-lived assets [2]	107	117	23	32	38	7	18	22	106	47	517

1 In 2013, Morocco and Tunisia, previously within France, are reported under Emerging Markets. The 2012 and 2011 information has been restated to conform to the current year presentation.

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

Information by country is as follows:

in EUR	France [1]	USA	UK	Germany	Japan	Italy	Switzerland	Rest of the world [1]	Total
Revenues									
2013	4,818	3,520	1,896	1,571	1,121	964	422	5,191	19,503
2012	5,250	3,588	1,927	1,551	1,553	935	449	5,283	20,536
2011	6,124	3,182	1,694	1,503	1,407	1,035	482	5,118	20,545
Long-lived assets [2]									
2013	215	140	11	18	19	11	30	127	571
2012	126	127	16	24	28	12	23	146	502
2011	121	126	23	32	39	7	38	131	517

1 Restated.

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

Revenues by business line are as follows:

in EUR	Office	Industrial	Information Technology	Engineering & Technical	Finance & Legal	Medical & Science	Solutions	Total
Revenues								
2013	4,949	9,627	2,249	1,138	751	364	425	19,503
2012	5,476	9,955	2,379	1,169	761	398	398	20,536
2011	5,301	10,642	2,176	1,009	722	384	311	20,545

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 221 in 2013, EUR 225 in 2012, and EUR 215 in 2011. Future minimum annual lease payments under operating leases are as follows:

in EUR	2014	2015	2016	2017	2018	Thereafter	Total
Lease payments by year	169	116	83	61	43	64	536

As of December 31, 2013, the Company has future purchase and service contractual obligations of approximately EUR 144, primarily related to IT development and maintenance agreements, marketing sponsorship agreements, equipment purchase agreements, and other vendor commitments. Future payments under these arrangements are as follows:

in EUR	2014	2015	2016	2017	2018	Thereafter	Total
Contractual obligations by year	50	38	33	19	3	1	144

in millions, except share and per share information

Guarantees

The Company has entered into certain guarantee contracts and standby letters of credit that total EUR 617, including those letters of credit issued under the multicurrency revolving credit facility (EUR 67). 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 segments 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 Risk Management Steering Committee supports the segments when identifying risks. The defined risk categories are divided into externally and internally driven risks. The Risk Management Steering Committee has defined 16 overarching risk categories, which can have a significant impact on the Company's results. Those key recurring risk categories are, amongst others, economic environment, client attraction and retention, associate attraction and retention, employee attraction and retention, financial risk, Information Technology, change in regulatory/legal and political environment. All identified risk categories have to be assessed by all segments 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 segments report to Group management a comprehensive risk assessment, including mitigating actions. At the Group management level, the individual segment results are reviewed and discussed with the segments 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 and interest rates and is further discussed in Note 11. 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 2013.

Note 19 • Subsequent events

The Company has evaluated subsequent events through March 11, 2014, the date the financial statements were available to be issued. No significant events occurred subsequent to the balance sheet date but prior to March 11, 2014 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 2013 and 2012, and the related consolidated statements of operations, comprehensive income, cash flows and changes in shareholders' equity for each of the three years in the period ended 31 December 2013, and notes thereto.

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 from 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. and subsidiaries as of 31 December 2013 and 2012, and the consolidated results of the operations and the cash flows for each of the three years in the period ended 31 December 2013, 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

André Schaub
Licensed audit expert
(Auditor in charge)

Thomas Stenz
Licensed audit expert

Zurich, Switzerland
11 March 2014

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

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

As of (in CHF)	Note	31.12.2013	31.12.2012
Assets			
Current assets:			
• Cash and cash equivalents		322	596
• Receivables from subsidiaries		39	64
• Accrued income, prepaid expenses, and withholding taxes		8	22
Total current assets		**369**	**682**
Non-current assets:			
• Investments in subsidiaries		10,472	10,088
• Loans to subsidiaries		2,549	3,008
• Provisions on investments in and loans to subsidiaries		(782)	(619)
• Treasury shares	3	565	213
• Intangible assets		114	154
• Other assets		9	8
Total non-current assets		**12,927**	**12,852**
Total assets		**13,296**	**13,534**
Liabilities and shareholders' equity			
Liabilities			
Current liabilities:			
• Amounts due to subsidiaries		215	219
• Other current liabilities		38	89
Total current liabilities		**253**	**308**
Non-current liabilities:			
• Long-term debt to subsidiaries		5,772	5,693
• Provisions and non-current liabilities		17	18
• Long-term debt	2	825	825
Total non-current liabilities		**6,614**	**6,536**
Total liabilities		**6,867**	**6,844**
Shareholders' equity			
Share capital	4	189	189
General reserves:			
• Reserve from capital contributions	4	874	1,200
• Other reserves	4	407	407
Reserve for treasury shares	4	565	215
Retained earnings	4	4,394	4,679
Total shareholders' equity		**6,429**	**6,690**
Total liabilities and shareholders' equity		**13,296**	**13,534**

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)	Note	2013	2012
Operating income			
Royalties and license fees		330	381
Dividends from subsidiaries		104	410
Interest income from subsidiaries		95	131
Interest income from third parties		9	16
Other income		39	39
Total operating income		**577**	**977**
Operating expenses			
Interest expense to subsidiaries		(186)	(227)
Interest expense to related parties			(1)
Interest expense to third parties		(21)	(17)
Charge to provisions on loans and investments, net		(165)	(173)
Taxes		(2)	(14)
Financial expense			(64)
Other expenses (including depreciation of CHF 4 in 2013 and CHF 3 in 2012)	7	(138)	(130)
Total operating expenses		**(512)**	**(626)**
Net income		**65**	**351**

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	31.12.2013	31.12.2012
Guarantees	2,265	2,305
Letters of comfort	101	101
Other	10	10
Total contingent liabilities	**2,376**	**2,416**

Adecco S.A. has irrevocably and unconditionally guaranteed the 2019 notes of CHF 491 (EUR 400) and accrued interest of CHF 2, the 2018 notes of CHF 614 (EUR 500) and accrued interest of CHF 21, the 2014 notes of CHF 437 (EUR 356) and accrued interest of CHF 23, 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 101 (EUR 82) 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 79 utilised from the revolving credit facility in the form of letters of credit as of December 31, 2013.

Approximately CHF 503 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 95 relating to government requirements for operating a temporary staffing business and to operating leases of its subsidiaries mainly in the USA.

Adecco S.A. is jointly and severally liable for the liabilities of the Swiss VAT group. As of December 31, 2013, the Swiss VAT group liability amounted to CHF 10.

Note 2 • Long-term debt

The long-term debt issued by Adecco S.A. as of December 31, 2013 consists of the following:

in CHF	Principal at maturity	Maturity	Fixed interest rate	31.12.2013
8-year Swiss Franc fixed rate notes	CHF 125	2020	2.625%	125
5-year Swiss Franc fixed rate notes	CHF 350	2017	1.875%	350
4-year Swiss Franc fixed rate notes	CHF 350	2016	2.125%	350
Total long-term debt				**825**

8-year Swiss Franc fixed rate notes and 5-year Swiss Franc fixed rate notes

On July 18, 2012, Adecco S.A. issued CHF 125 fixed rate notes with a coupon of 2.625% ("2020 notes") and CHF 250 fixed rate notes with a coupon of 1.875% ("2017 notes") due on December 18, 2020 and December 18, 2017, respectively. Furthermore, on October 19, 2012, the Company increased the outstanding 2017 notes by CHF 100. The notes were issued within the framework of the Euro Medium-Term Note Programme and trade on the SIX Swiss Stock Exchange. The proceeds were used to fund the share buyback programme approved by the Board of Directors in June 2012 (for further details, refer to Note 3). Interest is paid annually in arrears.

4-year Swiss Franc fixed rate notes

On February 8, 2012, Adecco S.A. issued CHF 350 fixed rate notes due on February 8, 2016 ("2016 notes"). The 2016 notes were issued within the framework of the Euro Medium-Term Note Programme and trade on the SIX Swiss Stock Exchange. The proceeds were used for general corporate purposes. Interest is paid annually in arrears at a fixed annual rate of 2.125%.

Note 3 • Treasury shares

The reserve for treasury shares held by Adecco S.A. is transferred to/from retained earnings. As of December 31, 2013 and December 31, 2012, all treasury shares held by the Adecco Group are held by Adecco S.A.

	Carrying value (in CHF millions)	Number of shares	Average price per share (in CHF)
January 1, 2012	**912**	**18,815,105**	
Purchases, net	12	419,334	37
Purchased over second trading line (share buyback)	175	3,837,087	46
Utilisation for stock-based compensation settlement	(17)	(286,724)	58
Settlement of the prepaid forward	(930)	(19,157,073)	49
Purchased from AFS upon settlement of call spread	1	26,009	49
Purchase and exercise of call option	45	1,000,000	45
Reversal of write-down	15		
December 31, 2012	**213**	**4,653,738**	
Purchases, net	23	428,473	52
Purchased over second trading line (share buyback)	342	6,344,609	54
Utilisation for stock-based compensation settlement	(15)	(301,314)	51
Reversal of write-down	2		
December 31, 2013	**565**	**11,125,506**	

In 2013 and 2012, the number of treasury shares acquired by Adecco S.A. on the regular trading line, net of disposals, amounted to 428,473 and 419,334, respectively. The highest and lowest price per share paid for the shares acquired in 2013 amounted to CHF 54 and CHF 50 and for the shares acquired in 2012 to CHF 44 and CHF 36. In 2012, Adecco S.A. used 19,157,073 treasury shares to settle the prepaid forward it had entered into in 2009 and purchased 26,009 shares from Adecco Financial Services ("AFS") upon settlement of the call spread option between AFS and Adecco Investment (Bermuda) Ltd. Additionally, in November 2012, Adecco S.A. purchased and exercised a call option on 1,000,000 treasury shares for the settlement of the prepaid forward.

In 2013 and 2012, Adecco S.A. awarded 6,009 and 6,555 treasury shares, respectively, to the Chairman of the Board of Directors as part of his compensation package (refer to Note 7 and section 5.1.1 "Board of Directors' compensation and shareholding" within the Remuneration Report). In addition, in 2013 and 2012, 295,305 and 280,169 treasury shares, respectively, were used to settle share awards under the long-term incentive plan.

In 2013, CHF 2 and in 2012, CHF 15 of the write-down on treasury shares recorded in 2011 was reversed.

In June 2012, Adecco S.A. launched a share buyback programme of up to EUR 400 on a second trading line with the aim of subsequently cancelling the shares and reducing share capital. The share buyback commenced in mid-July 2012. In 2013, Adecco S.A. completed the EUR 400 share buyback programme and introduced a new share buyback programme of up to EUR 250 also on a second trading line with the aim of subsequently cancelling the shares and reducing share capital. As of December 31, 2013 and December 31, 2012, Adecco S.A. has acquired 9,721,446 shares for CHF 487 (EUR 400) and

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3,837,087 for CHF 175 (EUR 145), respectively, under the EUR 400 share buyback programme. In addition as of December 31, 2013, Adecco S.A. has acquired 460,250 shares for CHF 30 (EUR 25) under the EUR 250 share buyback programme. The highest and lowest price per share paid under the share buyback programmes in 2013 amounted to CHF 70 and CHF 48, respectively, and in 2012 amounted to CHF 49 and CHF 40, respectively. The Board of Directors of Adecco S.A. will propose to the Annual General Meeting of Shareholders of April 15, 2014 to cancel the total number of 10,181,696 treasury shares acquired until December 31, 2013 under the two share buyback programmes.As of December 31, 2013, the treasury shares, excluding those acquired on the second trading line with the aim of subsequently cancelling the shares and reducing share capital, are intended to be used for the settlement of the Company's outstanding employee stock option plans and long-term incentive plan (for further details refer to Note 9 to the consolidated financial statements).

Note 4 • Shareholders' equity

		General Reserves					
in CHF	Share capital	Reserve from capital contributions	Other reserves	Free reserves	Reserve for treasury shares	Retained earnings	Total
January 1, 2013	**189**	**1,200**	**407**		**215**	**4,679**	**6,690**
Allocation from reserve from capital contributions to free reserves for dividend distribution		(326)		326			
Dividend distribution				(326)			(326)
Net movement in reserve for treasury shares					350	(350)	
Net income						65	65
December 31, 2013	**189**[1]	**874**	**407**		**565**	**4,394**	**6,429**

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

On April 18, 2013, Adecco S.A. held its Annual General Meeting of Shareholders in Lausanne.

Conditional capital

As of December 31, 2013, Adecco S.A. has 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 to 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 may issue in the future.

As of December 31, 2013 and December 31, 2012, Adecco S.A. has 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 under Art. 3ter of the Articles of Incorporation of Adecco S.A. These shares shall be fully paid up by the exercise of option rights which the Board of Directors has granted to the employees and to the members of the Board of Directors of Adecco S.A. or of its affiliated companies. During 2013, Adecco S.A. did not issue any shares. 6,000 options were outstanding as of December 31, 2013.

General Reserves

Pursuant to Swiss tax legislation, the reserve from capital contributions amounting to CHF 874 and CHF 1,200 as of December 31, 2013 and as of December 31, 2012, respectively, is presented separately within general reserves. Any dividend distribution made out of the reserve from capital contributions (or from free reserves allocated from reserves from capital contributions) after January 1, 2011 is not subject to Swiss withholding tax. Only capital contributions made after December 31, 1996 qualify for the tax exemption and are classified in the reserve from capital contributions.

In 2013, upon approval at the Annual General Meeting of Shareholders, dividends for 2012 of CHF 1.80 per share, totalling CHF 326 (EUR 266), were allocated from Adecco S.A.'s reserve from capital contributions to free reserves and subsequently distributed to shareholders. For 2013, the Board of Directors of Adecco S.A. will propose a dividend of CHF 2.00 per share outstanding for the approval of shareholders at the Annual General Meeting of Shareholders to be allocated from Adecco S.A.'s reserve from capital contributions to the free reserves and subsequently distributed to shareholders.

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, 2013, on shareholders' disclosures or on other information available to Adecco S.A.

34,873,578 and 34,873,579 shares in 2013 and 2012, respectively, held by a shareholder group with pooled voting rights, consisting, of Jacobs Holding AG, Zurich, Switzerland; Jacobs Stiftung, Zurich, Switzerland; Renata I. Jacobs, Sliema, Malta; Lavinia Jacobs, Zug, Switzerland; Nicolas Jacobs, Kusnacht, Switzerland; Philippe Jacobs, London, UK; Nathalie Jacobs, Kusnacht, Switzerland; Christian Jacobs, Hamburg, Germany; Andreas Jacobs, Hamburg, Germany; Verein Jacobs Familienrat, Zurich, Switzerland; Sentosa Beteiligungs GmbH, Hamburg, Germany (controlled by Christian Jacobs); Niantic Finance AG, Zurich, Switzerland (controlled by Andreas Jacobs); and Triventura AG, Baar, Switzerland.

10,163,580 shares in 2013 and 2012, respectively, held by Akila Finance S.A., Luxembourg, controlled by Philippe Foriel-Destezet, Gstaad, Switzerland.

9,660,727 shares as notified to the Company on May 11, 2011, held by Harris Associates L.P., 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 reserves, 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 reserves to the extent, they 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 reserves until they have 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 reserves the following: (1) any surplus over par value upon the issue of new shares after deduction of the issuance 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 amounted to CHF 1,281 and CHF 1,607 as of December 31, 2013 and December 31, 2012, respectively, thereby exceeding 20% of the paid-in share capital in both years.

Note 7 • Compensation, shareholdings, and loans

Compensation and shareholding of 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 ("Board") are compensated in cash. The Chairman is partially compensated with Adecco S.A. shares. As in previous years, no retirement benefits beyond the ones required by law were paid. The amount conferred to the members of the Board for the fiscal year 2013 amounted to CHF 4.8. The total of all compensation conferred for the fiscal year 2013 to all members of the Executive Committee ("EC"), including bonus payments for 2013 due in 2014, and awards granted in 2013 under the long-term incentive plan ("LTIP"), at grant date fair value, amounted to CHF 25.8. Not included are bonus payments due for 2012 but made during 2013 as this information was disclosed in 2012.

For further information on the compensation of the Board and the EC of the Adecco Group refer to the Remuneration Report.

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

Individual compensation and shareholding for 2013 and 2012 are shown in the following tables:

Board of Directors' compensation and shareholding

For the year 2013

in CHF (except shares)	Office/ compensation period in 2013	Net compensation for term served	Social charges[1]	Shareholding as of December 31, 2013[2]
Name and function				
Rolf Dörig, Chairman	since Jan. 2013	1,823,585[3]	241,526	53,009
Andreas Jacobs, Vice-Chairman	since Jan. 2013	450,000		754,591[4]
Dominique-Jean Chertier	since Jan. 2013	300,000		7,000
Alexander Gut	since Jan. 2013	424,224	59,923	13,200
Didier Lamouche	since Jan. 2013	282,114	41,353	
Thomas O'Neill	since Jan. 2013	332,640	40,918	6,000
David Prince	since Jan. 2013	289,349	50,507	5,539
Wanda Rapaczynski	since Jan. 2013	450,000		7,700
Subtotal		**4,351,912**	**434,227**	
Total			**4,786,139**	**847,039**

1 Directors' and Company's social charges required by law.

2 Indicating the number of registered shares held, with a par value of CHF 1 each. The members of the Board and of the EC are required to disclose to the Company direct or indirect purchases and sales of equity related securities of Adecco S.A.

3 CHF 323,585 of the total net compensation was paid with Adecco S.A. shares (6,009 shares at a price of CHF 53.85 per share).

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

For the year 2012

in CHF (except shares)	Office/ compensation period in 2012	Net compensation for term served	Social contributions [1] Old age insurance and other	Shareholding as of December 31, 2012 [2]
Name and function				
Rolf Dörig, Chairman	since Jan. 2012	1,800,000 [3]	239,242	47,000
Andreas Jacobs, Vice-Chairman	since Jan. 2012	450,000		714,915 [4]
Dominique-Jean Chertier	since Apr. 2012	225,000	33,000	1,000
Alexander Gut	since Jan. 2012	424,224	59,956	13,200
Didier Lamouche	since Jan. 2012	282,114	41,375	
Thomas O'Neill	since Jan. 2012	332,640	40,942	6,000
David Prince	since Jan. 2012	289,132	40,410	5,539
Wanda Rapaczynski	since Jan. 2012	450,000		7,700
Jakob Baer	until Apr. 2012	71,968	7,152	n.a.
Subtotal		**4,325,078**	**462,077**	
Total			**4,787,155**	**795,354**

1 Including Directors' 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 and of the EC are required to disclose to the Company direct or indirect purchases and sales of equity related securities of Adecco S.A.

3 CHF 300,000 of the total net compensation was paid with Adecco S.A. shares (6,555 shares at a price of CHF 45.76 per share).

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

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

Executive Committee's compensation

For the year 2013

in CHF	Patrick De Maeseneire, CEO[1]	Total Executive Committee[2]
Gross cash compensation[3]:		
• Base salary	1,800,000	8,964,108
• Annual bonus	1,710,000	7,210,398
Compensation in kind[4]	124,950	818,997
Other		88,831
Share awards granted in 2013 under the long-term incentive plan (LTIP)[6]:		
• RSU awards	1,415,892	5,050,804
• Relative TSR awards	150,966	513,571
• Absolute TSR awards	122,726	417,503
• Additional TSR awards	75,483	256,777
Social contributions:		
• Old age insurance/pensions and other[5]	627,500	2,304,806
• Additional health/accident insurance	44,793	171,918
Total conferred	**6,072,310**	**25,797,713**

1 Highest conferred individual compensation in 2013.

2 In 2013, the EC consisted of Patrick De Maeseneire, Dominik de Daniel, Alain Dehaze, Robert P. (Bob) Crouch, Peter Searle, Andreas Dinges, Christophe Duchatellier, Martín Alonso, Federico Vione, Enrique Sanchez, Sergio Picarelli, and Christian Vasino (all since January 2013). Notice periods of up to 12 months apply. For certain members of the EC, based on mandatory foreign law or pre-existing contractual commitments, additional payments may become due in case of termination. For certain members of the EC, compensation related to non-compete obligations after termination of their employment agreement might be due.

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.

5 Employer's social contributions including on LTIP awards where applicable.

6 Value in CHF of Adecco S.A. shares awarded in 2013 under the LTIP 2013 (grant date: March 16, 2013).
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 a 6.5% discount which takes into consideration that RSU awards are not entitled to dividends during the vesting period. An additional discount of 11% is applied to the value of RSU awards granted to the French participants, related to a 2-year post-vesting restriction 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 0.40, 0.32, and 0.20 for relative, absolute, and additional TSR awards, respectively, have been determined using a binomial model. A discount of 6.5% is applied which takes into consideration that TSR awards are not entitled to dividends during the vesting period. An additional discount of 11% is applied to the value of TSR awards granted to the French participants, related to a 2-year post-vesting restriction on sale of shares by the participants.*
- *The per-share value of awards granted in 2013 amounts to CHF 44.81 and CHF 50.35 for RSU awards, CHF 17.75 and CHF 19.94 for relative TSR awards, CHF 14.43 and CHF 16.21 for absolute TSR awards, and CHF 8.87 and CHF 9.97 for additional TSR awards (lower values: French participants).*

For the year 2012

in CHF	Patrick De Maeseneire, CEO[1]	Total Executive Committee[2]
Gross cash compensation[3]:		
• Base salary	1,800,000	9,145,981
• Annual bonus	1,440,000	5,938,496
Compensation in kind[4]	120,000	1,573,033
Social contributions[5]:		
• Old age insurance/pensions and other	619,953	2,163,458
• Additional health/accident insurance	53,078	167,850
Other including severance[6]		3,084,302
Total conferred	**4,033,031**	**22,073,120**
Share awards granted in 2012 under the long-term incentive plan (LTIP)[7]:		
• RSU awards	1,458,786	4,945,927
• Relative TSR awards	157,105	532,657
• Absolute TSR awards	152,810	518,081
• Additional TSR awards	101,763	345,012
Social contributions on awards, estimated[5]		52,457
Total conferred including LTIP	**5,903,495**	**28,467,254**

1 Highest conferred individual compensation in 2012.

2 In 2012, the EC consisted of Patrick De Maeseneire, Dominik de Daniel, Alain Dehaze, Peter Searle, Andreas Dinges, Mark Du Ree, Martín Alonso, Federico Vione, Enrique Sanchez, Sergio Picarelli, and Christian Vasino (all since January 2012), Robert P. (Bob) Crouch (since May 2012), and Theron I (Tig) Gilliam Jr. (until April 2012). Notice periods of up to 12 months apply. For certain members of the EC, based on mandatory local law, severance payments may become due in case of termination.

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 EC, partly refundable to the Company in the future.

5 Employer's social contributions.

6 Including share awards granted under the LTIP, not forfeiting due to severance agreement, valued at grant date values.

7 Value in CHF of Adecco S.A. shares awarded in 2012 under the LTIP 2012 (grant date: March 16, 2012).
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 a 3% discount which takes into consideration that RSU awards are not entitled to dividends during the vesting period. An additional discount of 11% is applied to the value of RSU awards granted to the French participants, related to a 2-year post-vesting restriction 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 0.40, 0.39, and 0.26 for relative, absolute, and additional TSR awards, respectively, have been determined using a binomial model. A discount of 3% is applied which takes into consideration that TSR awards are not entitled to dividends during the vesting period. An additional discount of 11% is applied to the value of TSR awards granted to the French participants, related to a 2-year post-vesting restriction on sale of shares by the participants.*
- *The per-share value of awards granted in 2012 amounts to CHF 42.32 and CHF 47.55 for RSU awards, CHF 16.93 and CHF 19.02 for relative TSR awards, CHF 16.46 and CHF 18.50 for absolute TSR awards, and CHF 10.96 and CHF 12.32 for additional TSR awards (lower values: French participants).*
- *Included are the awards granted to Theron I (Tig) Gilliam Jr. in 2012.*

For 2013, the CEO has reached 95% of the short-term incentive plan ("STIP") bonus base, and the other members of the EC have reached between 79% and 123% of the STIP bonus base. For 2013, the variable portion of cash compensation (annual bonus) to the CEO amounted to 95% and for the other members of the EC ranged between 48% and 114% 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 98% and for the other members of the EC ranged between 49% and 102% of the base salary.

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

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

Shares allocated to Governing Bodies

In 2013, no Adecco S.A. shares were allocated to current or former members of Governing Bodies, except for part of the Chairman's compensation paid with Adecco S.A. shares (refer to the Board of Directors' compensation table on page 120), and except for the allocations made under the share-based incentive plan LTIP (refer to the Executive Committee's compensation table on page 122).

Share ownerships of Governing Bodies

As of December 31, 2013, the members of the Board, including related parties, reported to hold 847,039 shares; not included are the shares held by a group of which Andreas Jacobs is a member (refer to Note 5 and section 1.2 "Significant shareholders" of the Corporate Governance Report). For the individual share ownerships of the members of the Board, refer to the table "Board of Directors' compensation and shareholding" and section 1.2 "Significant shareholders" of the Corporate Governance Report.

The members of the EC, including parties closely linked, reported share ownership as indicated in the following table:

Share ownership as of December 31[1]	Patrick De Maeseneire	Dominik de Daniel	Alain Dehaze	Robert P. (Bob) Crouch[2]	Peter Searle	Andreas Dinges	Christophe Duchatellier[3]	Mark Du Ree[4]	Martín Alonso	Federico Vione	Enrique Sanchez	Sergio Picarelli	Christian Vasino	Theron I (Tig) Gilliam Jr.[5]	Total
2013	80,000	40,359	6,212			10,501	894	n.a.	2,055		4,176	14,477	17,942	n.a.	176,616
2012	61,906	46,437	3,789		2,545	7,590	n.a.	3,456	1,162	5,553		10,512	11,714	8,670	163,334

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

2 Became a member of the EC in 2012.

3 Became a member of the EC in 2013.

4 Member of the EC until December 31, 2012.

5 Ceased to be a member of the EC in 2012, shareholding in 2012 indicated as per date of departure.

The members of the Board and of the EC 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.

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

Stock options

All stock options outstanding held by members of Governing Bodies in office as of December 31, 2013 had lapsed by December 31, 2012.

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

Share awards

Awards granted 2013

Share awards held as of December 31, 2013 granted on March 16, 2013 under the LTIP:

December 31, 2013[1]	RSU awards	TSR awards[2]	Total
Patrick De Maeseneire	28,121	22,713	50,834
Total EC	96,447	72,303	168,750

Awards granted 2012

Share awards held as of December 31, 2013 and December 31, 2012 granted on March 16, 2012 under the LTIP:

December 31, 2013[1]	RSU awards	TSR awards[2]	Total
Patrick De Maeseneire	20,452	24,780	45,232
Total EC	62,377	68,013	130,390

December 31, 2012[1]	RSU awards	TSR awards[2]	Total
Patrick De Maeseneire	30,679	24,780	55,459
Total EC	91,662	74,037	165,699

Awards granted 2011

Share awards held as of December 31, 2013 and December 31, 2012 granted on March 16, 2011 under the LTIP:

December 31, 2013[1]	RSU awards	TSR awards[2]	Total
Patrick De Maeseneire	7,327	17,757	25,084
Total EC	20,977	44,898	65,875

December 31, 2012[1]	RSU awards	TSR awards[2]	Total
Patrick De Maeseneire	14,655	17,757	32,412
Total EC	41,957	49,215	91,172

Awards granted 2010

No share awards granted in 2010 were outstanding as of December 31, 2013.

Share awards held as of December 31, 2012 granted on March 16, 2010 under the LTIP:

December 31, 2012[1]	RSU awards	TSR awards[2]	Total
Patrick De Maeseneire	8,368	20,277	28,645
Total EC	24,179	56,496	80,675

1 Held, as of the date indicated, by members of the EC in office on December 31, 2013.

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

Additional fees and remuneration of Governing Bodies
No member of the Board and of the EC has received any additional honorariums in 2013.

Loans granted to Governing Bodies
In 2013, the Company did not grant any guarantees, loans, advances or credits to members of the Board or to members of the EC, 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.

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
Secad Ltd	Bermuda	Hamilton	100%	F	CHF	44
Adecco Employment Services Limited	Canada	Toronto, ON	100%	H/O	CAD	90,615
Adecco Colombia SA	Colombia	Bogotá	100%	O	COP	111,700
Adecco A/S	Denmark	Frederiksberg	100%	O	DKK	10,002
Adecco Holding France SASU	France	Villeurbanne	100%	H	EUR	602,503
Adecco France SASU	France	Villeurbanne	100%	O	EUR	86,885
Adecco Medical SASU	France	Villeurbanne	100%	O	EUR	230
Modis France SASU	France	Villeurbanne	100%	O	EUR	10,496
Altedia SAS	France	Paris	100%	O	EUR	4,435
Adecco Beteiligungs GmbH	Germany	Düsseldorf	100%	H	EUR	25
Adecco Personaldienstleistungen 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 India Private Limited	India	Bangalore	100%	O	INR	23,666
Adecco Italia SpA	Italy	Milan	100%	O	EUR	2,976
Adecco Ltd	Japan	Tokyo	100%	O	JPY	5,562,863
VSN, Inc.	Japan	Tokyo	100%	O	JPY	1,063,772
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 Personeelsdiensten 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 Solutions AS	Norway	Oslo	100%	O	NOK	208
Adecco Personnel Pte Ltd	Singapore	Singapore	100%	O	SGD	100
Adecco TT SA Empresa de Trabajo Temporal	Spain	Madrid	100%	O	EUR	1,759
Adecco Sweden AB	Sweden	Stockholm	100%	O	SEK	3,038
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 Technology Staffing Services Limited	United Kingdom	London	100%	O	GBP	18,831
Adecco UK Ltd	United Kingdom	London	100%	O	GBP	99,600
Office Angels Ltd	United Kingdom	London	100%	O	GBP	2,657
Olsten (U.K.) Holdings Ltd	United Kingdom	London	100%	H	GBP	9,213
Badenoch and Clark Limited	United Kingdom	London	100%	O	GBP	4
Hy-phen.com Ltd	United Kingdom	London	100%	O	GBP	2,574
Adecco, Inc	United States	Wilmington, DE	100%	H	USD	1
Adecco USA, Inc	United States	Wilmington, DE	100%	O	USD	<1
Entegee, Inc	United States	Burlington, MA	100%	O	USD	4,534
Accounting Principals, Inc	United States	Jacksonville, FL	100%	O	USD	161
Pontoon Solutions, Inc	United States	Wilmington, DE	100%	O	USD	<1
Lee Hecht Harrison LLC	United States	Wilmington, DE	100%	O	USD	n.a.[2]
Modis, Inc	United States	Jacksonville, FL	100%	O	USD	12,612
Special Counsel, Inc	United States	Baltimore, MD	100%	O	USD	18

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.

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

in millions, except share and per share information

in CHF	2013	2012
Available earnings		
Available earnings of previous years	4,679	3,453
Net income	65	351
Net movement in reserve for treasury shares	(350)	877
Transfer to capital contributions reserve		(2)
Total available earnings to be carried forward	**4,394**	**4,679**

in CHF	2013	2012
General reserve from capital contributions		
General reserve from capital contributions of previous years	874	1,198
Dividend distribution of CHF 1.80 per share for 2012		(326)
Transfer from retained earnings		2
Proposed allocation from reserve from capital contributions to free reserves and proposed dividend distribution of CHF 2.00 per share for 2013	(356) [1]	
Balance to be carried forward	**518**	**874**

1 This represents the amount of dividends payable based on the total number of outstanding shares (excluding treasury shares) of 178,138,000 as of December 31, 2013.

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 2013.

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 2013 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

André Schaub
Licensed audit expert
(Auditor in charge)

Thomas Stenz
Licensed audit expert

Zurich, Switzerland
11 March 2014

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 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.

Additionally, on November 20, 2013, the Swiss Federal Council approved the final Ordinance Against Excessive Compensation at Listed Corporations (the "Ordinance") which entered into force on January 1, 2014. The Ordinance was issued to implement the key elements of the so-called Minder-Initiative, a constitutional amendment approved by the Swiss electorate in March 2013.

The Ordinance is applicable to listed companies with registered office in Switzerland and introduces a number of new obligations and requirements such as (i) the individual and yearly election of the members of the Board of Directors, the Chairman, the members of the remuneration committee and the independent proxy agent by the shareholders, (ii) the amendment of the Articles of Incorporation, (iii) the content of the Remuneration Report, (iv) an annual binding say of the shareholders on the compensation of the members of the Board of Directors and of the Executive Committee and (v) provisions regarding employment terms. The Ordinance forbids certain compensation payments (such as severance payments) and obliges pension funds to exercise their voting rights and to disclose their voting behaviour. Non-compliance with the provisions of the Ordinance may entail criminal sanctions.

As Adecco has in the past years already conducted annual (re-)elections of the members of the Board of Directors, the only amendments as a result of the Ordinance are the elections by the shareholders of the Chairman, of the members of the compensation committee and of the independent proxy at the Annual General Meeting 2014. At this occasion, Adecco will also submit the necessary amendments of the Articles of Incorporation to the vote of its shareholders. At the Annual General Meeting 2015, the Board of Directors of Adecco will submit compensation of itself for the office period April 2015 to April 2016, and of the Executive Committee for 2016 to its shareholders for approval annually in a prospective binding vote.

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 using average exchange rates for the period, or at transaction exchange rates, and assets and liabilities are translated using the year 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 Route de Bonmont 31, 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, 2013, 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 13.4 billion. On March 3, 2014, this market capitalisation amounted to approximately CHF 13.9 billion.

The Company is the world's leading provider of human resource services including temporary staffing, permanent placement, outsourcing, career transition (outplacement), and other services.

The Company is organised in a geographical structure plus the global business Lee Hecht Harrison ("LHH"), which corresponds to the primary segments. This structure is complemented by business lines. The segments consist of France, North America, UK & Ireland, Germany & Austria, Japan, Italy, Benelux, Nordics, Iberia, Australia & New Zealand, Switzerland, Emerging Markets, and LHH. The business lines consist of General Staffing (Office, Industrial) and Professional Staffing (Information Technology, Engineering & Technical, Finance & Legal, Medical & Science), as well as Solutions.

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

As of January 1, 2014, the Company's Executive Committee was composed as follows:

- Patrick De Maeseneire, Chief Executive Officer;
- Dominik de Daniel, Chief Financial Officer and Head of Global Solutions;
- Alain Dehaze, Regional Head of France;
- Robert P. (Bob) Crouch, Regional Head of North America;
- Peter Searle, Regional Head of UK & Ireland;
- Andreas Dinges, Regional Head of Germany & Austria;
- Christophe Duchatellier, Regional Head of Japan & Asia;
- Martín Alonso, Regional Head of Northern Europe;
- Federico Vione, Regional Head of Italy, Eastern Europe & India;
- Enrique Sanchez, Regional Head of Iberia & Latin America;
- Sergio Picarelli, Chief Sales Officer;
- Mark De Smedt, Chief Human Resources Officer.

The Company comprises numerous legal entities around the world. The major consolidated subsidiaries are listed on page 128 of this Annual Report. No subsidiary has shares listed on a stock exchange.

1.2 Significant shareholders

As of December 31, 2013, the total number of shareholders directly registered with Adecco S.A. was 14,350. 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 the Internet:
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 SIX publication	Percentage of voting rights as disclosed
Adecco S.A.	**25.06.2013**	**5.03% purchase positions, 0.46% sale positions** [1]
	20.03.2013	3.07% purchase positions, 0.39% sale positions
Akila Finance S.A.	**16.12.2005**	**5.44% equity** [2]
Artisan	**23.03.2013**	**3.32% equity**
Group BlackRock Inc.	**25.07.2013**	**3.03% purchase positions, 0.09% sale positions**
Harris Associates L.P.	**15.01.2014**	**4.86% equity** [2]
Jacobs Group	**28.08.2013**	**18.43% purchase positions** [2]
	20.07.2013	18.43% purchase positions
MFS Investment Management	**18.01.2014**	**Falling below threshold of 3%**

1 For information on treasury shares held by Adecco S.A. as of December 31, 2013, refer to Note 3 to Adecco S.A. (Holding Company) financial statements.

2 For the shareholding in 2013 refer to Note 5 to Adecco S.A. (Holding Company) financial statements.

As of December 31, 2013, 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. 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, 2013, there were no cross-shareholdings exceeding 5% of a party's share capital.

2. Capital structure

2.1 Share capital

As of December 31, 2013, 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.

The Board of Directors will propose to the Annual General Meeting of Shareholders of April 15, 2014 to reduce the Company's registered share capital by approximately CHF 10,181,696 (equal to 10,181,696 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 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. 6,000 options were outstanding as of December 31, 2013.

The conditional capital of 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 Adecco S.A. or its subsidiaries may issue in the future.

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, 2011	**189,263,506**	**189.3**	**19,566,804**	**19.6**	**2,977**	**3,813**
Changes					27	(360)
December 31, 2011	**189,263,506**	**189.3**	**19,566,804**	**19.6**	**3,004**	**3,453**
Changes					(1,182)	1,226
December 31, 2012	**189,263,506**	**189.3**	**19,566,804**	**19.6**	**1,822**	**4,679**
Changes					24	(285)
December 31, 2013	**189,263,506**	**189.3**	**19,566,804**	**19.6**	**1,846**	**4,394**

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. 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, 2013, 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 2013, 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 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

Information provided in this section is in millions, except share and per share information.

The Company 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. 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 at any time within the exercise period except for limitations set forth in the Company's Insider Trading Statement of Policy and by regulatory authorities. The Board of Directors may modify, amend, suspend, or discontinue the plans.

The summary of the status of the stock options held based on above-mentioned plans as of December 31, 2013 is as follows:

	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, 2013	**8,550**	**73**	**1.1**	
Forfeited	(500)	60		
Expired	(2,050)	60		
Options outstanding and vested as of December 31, 2013	**6,000**	**79**	**0.4**	

The aggregate intrinsic value as of December 31, 2013 of the outstanding stock options in the table above is zero. 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 9 to the consolidated financial statements and the Remuneration Report.

Board of Directors as of December 31, 2013

Rolf Dörig

- *Chairman*

Andreas Jacobs

- *Vice-Chairman*
- *Chairman of the Nomination & Compensation Committee*
- *Member of the Audit Committee*

Board of Directors, Executive Committee, and compensation

3. Board of Directors

As of December 31, 2013, the Board of Directors of Adecco S.A. consisted of eight 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, 2013:

Rolf Dörig

- Swiss national, born 1957. Rolf Dörig has been Chairman since January 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 next Annual General Meeting of Shareholders in 2014.
- 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], member of the Board of Directors of Danzer AG (Chairman until April 11, 2014), member of the Board of Directors of Walter Frey Holding AG, all in Switzerland. Furthermore, Rolf Dörig is a member of the Board Committee of economiesuisse, Switzerland.

Andreas Jacobs

- German national, born 1963. Andreas Jacobs has served as Vice-Chairman of the Board of Directors since January 1, 2012, as a member of the Board of Directors since May 2006, as Chairman of the Nomination & Compensation Committee since May 2008, and as a member of the Audit Committee since April 2011. His one-year term of office ends on the day of the next Annual General Meeting of Shareholders in 2014.
- 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.

1 Listed company.

Wanda Rapaczynski

- *Chairwoman of the Corporate Governance Committee*
- *Member of the Nomination & Compensation Committee*

Thomas O'Neill

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

- 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], Minibar AG, Triventura 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.

Wanda Rapaczynski

- United States national, born 1947. Wanda Rapaczynski has been a member of the Board of Directors since May 2008. She has been serving as Chairwoman of the Corporate Governance Committee since April 2011 (member since May 2008) and as a member of the Nomination & Compensation Committee since April 2011. Her one-year term of office ends on the day of the next Annual General Meeting of Shareholders in 2014.
- 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.[1], Poland, where she currently serves as President of the Management Board.
- 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 Polish group in the Trilateral Commission.

Thomas O'Neill

- Canadian national, born 1945. Thomas O'Neill has served as Vice-Chairman of the Board of Directors from January 2009 to December 2011, as a member of the Board of Directors since June 2004, as a member of the Corporate Governance Committee from May 2006 to May 2010 and from January 2012 onwards, as a member of the Audit Committee from June 2004 to April 2011, and as a member of the Nomination & Compensation Committee since April 2011. His one-year term of office ends on the day of the next Annual General Meeting of Shareholders in 2014.
- 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, Ontario, 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 February 2006, of the Ontario Teachers' Pension Plan from January 2003 until April 2007, and of Nexen Inc. from December 2002 to February 2013. Thomas O'Neill was Vice-Chairman of Queen's University, Kingston, Ontario,

Alexander Gut

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

Dominique-Jean Chertier

- *Member of the Audit Committee*

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], and Bank of Nova Scotia (Scotiabank)[1], all in Canada.
- Furthermore, he is Chairman of the Board of Trustees of St. Michael's Hospital, Canada.

Alexander Gut

- British and Swiss national, born in 1963. Alexander Gut has been a member of the Board of Directors since May 2010, since then he has been serving on the Audit Committee and on the Corporate Governance Committee. Since April 2011, he has served as Chairman of the Audit Committee. His one-year term of office ends on the day of the next Annual General Meeting of Shareholders in 2014.
- Alexander Gut holds a doctorate degree in business administration (Dr. oec. publ.) from the University of Zurich, Switzerland and is a Swiss Certified Accountant.
- From 1991 to 2001 he was with KPMG in Zurich and London and from 2001 to 2003 with Ernst & Young in Zurich, where he became a partner in 2002. From 2003 to 2007 he was a partner with KPMG in Zurich, where he became a member of the Executive Committee of KPMG Switzerland in 2005.
- Alexander Gut is the founder and managing partner of Gut Corporate Finance AG. Furthermore, he is a member of the Board of Directors of Holcim AG[1], Switzerland.

Dominique-Jean Chertier

- French national, born 1950. Dominique-Jean Chertier has been a member of the Board of Directors and a member of the Audit Committee since April 2012. His one-year term of office ends on the day of the next Annual General Meeting of Shareholders in 2014.
- Dominique-Jean Chertier obtained a doctorate degree (arts) from Sorbonne University, France. From 1992 to 2002, he held the position of Chief Executive Officer at Unedic (French Unemployment Insurance). From 2002 to 2003, he was Social Advisor to the French Prime Minister. Dominique-Jean Chertier was Executive Vice President of Safran Group[1], France from 2003 to 2011. From 2011 to June 2013, he was Deputy CEO of Safran Group[1], France. As of July 2013, he has been Senior Advisor to the Chairman of Safran Group[1], France.
- Dominique-Jean Chertier has been a member of the Board of Directors of Air France since 2004 and was Chairman of POLE EMPLOI (French employment and unemployment national agency) from 2008 to 2011.

1 Listed company.

David Prince

- *Member of the Audit Committee*

Didier Lamouche

- *Member of the Corporate Governance Committee*

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 next Annual General Meeting of Shareholders in 2014.
- 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. Since 2004, he has acted as investment advisor to companies based in Asia, China, and Australia.
- David Prince was a member of the Board of Directors and Chairman of the Audit Committee of ARK Therapeutics[1], UK until March 2013, and is a member of the Board of Directors of SmarTone Telecommunications Holdings Ltd[1], Hong Kong and of various companies of Wilson Parking Group, Australia.

Didier Lamouche

- French national, born 1959. Didier Lamouche has been a member of the Board of Directors and a member of the Corporate Governance Committee since April 2011. His one-year term of office ends on the day of the next Annual General Meeting of Shareholders in 2014.
- Didier Lamouche obtained a PhD in semiconductor technology from Ecole Centrale de Lyon, France. He was CEO of Altis Semiconductor, a joint venture between IBM and Infineon. From 2003 to 2005, he held the position of Vice President of Worldwide Semiconductor Operations at IBM Microelectronics. From 2005 to 2010, Didier Lamouche was Chairman and Chief Executive Officer at Bull, a French IT group with a worldwide presence. Didier Lamouche was a member of the Board of Directors of STMicroelectronics[1], Switzerland from 2006 to 2010. From November 2010 until March 2013, he was Chief Operating Officer and Vice-Chairman of the Corporate Strategic Committee of STMicroelectronics[1], Switzerland. In addition to this role, from December 2011 until March 2013, he was President of the Executive Board and CEO of ST-Ericsson S.A., Switzerland. Since April 2013, he has been CEO at Oberthur Technologies, France.
- Didier Lamouche was a non-executive Director of the boards of various listed (Atari[1], France) and non-listed companies (CAMECA, France), and is a member of the Board of Directors of Soitec S.A.[1], France.

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 of December 31, 2013, 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, members of the Board of Directors, and significant shareholders through investment or board directorship.

3.3 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 individually 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.

As a result of the Ordinance, the Board of Directors will propose to the Annual General Meeting of Shareholders of April 15, 2014 to elect individually not only the members of the Board of Directors but also its Chairman and members of its compensation committee. For 2014, the members of the Nomination & Compensation Committee are identical with the members of the compensation committee.

3.4 Internal organisational 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 who is appointed by the Board of Directors. As of December 31, 2013, the Board of Directors is composed of eight non-executive members. The agenda of the Board of Directors' meetings is set by the Chairman. Any member of the Board of Directors may request that an item be included on the agenda. Members of the Board of Directors are provided, in advance of meetings, with adequate materials to prepare for the items on the agenda. The Board of Directors recognises the importance of being fully informed on material matters involving the Company and seeks to ensure that it has sufficient information to make appropriate decisions through, at the decision of the Chairman, inviting members of 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 2013, the Board of Directors held nine meetings and phone conferences.

Attendance at meetings and phone conferences during 2013:

	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	3	4		
Average duration in hours:				
• Meetings in person	5 ¼	2 ½	½	1 ¾
• Phone conferences	½	1		
Rolf Dörig	9	6[1]	3[1]	4[1]
Andreas Jacobs	9	7	1[1]	4
Wanda Rapaczynski	9		4	4
Thomas O'Neill	9	1[1]	3	4
Alexander Gut	9	8	4	
Dominique-Jean Chertier	9	8		
David Prince	9	8		
Didier Lamouche	8		4	

1 Guest, without voting right.

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.

3.4.1 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 2013, the AC held eight meetings and phone conferences. For specific subjects, the CEO represents the Executive Committee in the meetings. The Chief Financial Officer ("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, 2013, the members of the AC were:

Name	Position
Alexander Gut	Chairman of the AC
Andreas Jacobs	Member
Dominique-Jean Chertier	Member
David Prince	Member

3.4.2 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 2013, 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 Reporting typically participate in the meetings.

As of December 31, 2013, the members of the CGC were:

Name	Position
Wanda Rapaczynski	Chairwoman of the CGC
Alexander Gut	Member
Didier Lamouche	Member
Thomas O'Neill	Member

3.4.3 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, amongst other tasks, in charge of the duties assigned by the Ordinance to the compensation committee. The NCC is mainly responsible for 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 recommending 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.

As a result of the Ordinance, the Board of Directors will propose to the Annual General Meeting of Shareholders of April 15, 2014 to amend the Articles of Incorporation by specifying the general tasks and responsibilities of the compensation committee.

As a result of the Ordinance, the Board of Directors will also propose to the Annual General Meeting of Shareholders of April 15, 2014 to elect individually the members of the compensation committee.

In 2013, 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 management do not participate in NCC meetings when their individual compensation matters are discussed.

As of December 31, 2013, the members of the NCC were:

Name	Position
Andreas Jacobs	Chairman of the NCC
Thomas O'Neill	Member
Wanda Rapaczynski	Member

3.5 Responsibilities of the Board of Directors and the 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.

3.6 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 Group Internal Audit function as established by the Board of Directors; the Head of Group Internal Audit reports to the AC; the responsibilities of Group Internal Audit are defined by the AC as part of their oversight function in coordination with the CEO and CFO. Group 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 (refer to the Company Report, section "Enterprise risk management" and to Note 18 "Risk management" to the Adecco Group consolidated financial statements). 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 of Directors 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").

Executive Committee as of January 1, 2014

Patrick De Maeseneire

- *Chief Executive Officer*

Dominik de Daniel

- *Chief Financial Officer and Head of Global Solutions*

Alain Dehaze

- *Regional Head of France*

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 January 1, 2014.

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, Belgium. Patrick De Maeseneire also completed studies in business management at the London Business School, UK, 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. In addition, Dominik de Daniel is Head of Global Solutions: Lee Hecht Harrison ("LHH", since 2011), as well as Pontoon and Beeline (both since 2010).
- German national, born 1975. Dominik de Daniel joined the Adecco Group as CFO 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 CFO in 2002.

Alain Dehaze

- Regional Head of France since August 2011, Regional Head of Northern Europe from October 2009 to July 2011, 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

Robert P. (Bob) Crouch

• *Regional Head of North America*

Peter Searle

• *Regional Head of UK & Ireland*

Andreas Dinges

• *Regional Head of Germany & Austria*

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) and Prism'emploi, France.

Robert P. (Bob) Crouch
- Regional Head of North America and member of the Executive Committee since May 2012.
- United States national, born 1968.
- Bob Crouch holds a Bachelor of Science degree from the University of Florida and a master's degree in accounting from the University of North Carolina at Chapel Hill, USA.
- From 1992 to 1995, Bob Crouch was a Senior Auditor with Arthur Andersen LLP. Thereafter, he joined Accustaff (later MPS Group). From 2001 until 2010, Bob Crouch was Chief Financial Officer of MPS Group Inc. and was elected to the Board of MPS in 2008. Bob Crouch played a key role in developing MPS Group into the leading provider of professional staffing solutions in North America. From January 2011 until May 2012, he was the President of RPC Partners Inc., a consulting services firm with a primary emphasis on financial & management consulting.

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 & Ireland.
- Peter Searle holds an honours degree in business from University of Wolverhampton, UK, 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 CEO of Spring Group which was acquired by Adecco in 2009.

Andreas Dinges
- Regional Head of Germany & Austria and member of the Executive Committee 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 2006 as CEO of DIS Deutscher Industrie Service AG. In January 2009, he was appointed Country Manager for Germany.

Christophe Duchatellier

- *Regional Head of Japan & Asia*

Martín Alonso

- *Regional Head of Northern Europe*

Federico Vione

- *Regional Head of Italy, Eastern Europe & India*

- Andreas Dinges is a commercial judge at the district court in Dusseldorf, Germany. He is a member of the board of Bundesarbeitgeberverband der Personaldienstleister, Germany.

Christophe Duchatellier
- Regional Head of Japan & Asia and member of the Executive Committee since January 2013.
- French national, born 1962.
- Christophe Duchatellier holds a master's degree in Labour Law from Sorbonne University, France.
- Christophe Duchatellier started his career with Michael Page in 1992 as Consultant Tax & Legal. He became Regional Managing Director, Michael Page Europe, and a member of Michael Page's Executive Board. Christophe Duchatellier joined the Adecco Group in 2010 as Managing Director, Professional Staffing in France. In March 2012, he was appointed Regional Head Asia excluding Japan.

Martín Alonso
- Regional Head of Northern Europe and member of the Executive Committee since August 2011.
- Spanish national, born 1964.
- Martín Alonso graduated in business administration from the University of Basque Country, Spain.
- Martín Alonso joined Adecco Spain in 1993 as Branch Manager. In 1998, after having held various operational positions, he was appointed Finance Manager for Adecco Spain and Portugal. From 2003 to 2005, he was the Regional Finance Manager for Adecco Central Europe. As of 2007, he also took on the role of Operational Manager for Adecco Portugal. From 2009 to June 2011, he held the position of Finance Manager for Iberia & South America.

Federico Vione
- Regional Head of Italy, Eastern Europe & India since September 2011; 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 G. D'Annunzio University, Pescara, Italy.
- Federico Vione 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 subsequently Head of Eastern Europe. In January 2009, he was appointed Country Manager Adecco Italy.
- Federico Vione was President of Assolavoro (Associazione Nazionale delle Agenzie per il Lavoro), Italy from 2010 to 2012.

Enrique Sanchez

- *Regional Head of Iberia & Latin America*

Sergio Picarelli

- *Chief Sales Officer*

Mark De Smedt

- *Chief Human Resources Officer*

Enrique Sanchez

- Regional Head of Iberia & Latin 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.

Mark De Smedt

- Chief Human Resources Officer and member of the Executive Committee since January 2014.
- Belgian national, born 1961.
- Mark De Smedt has a degree in Commercial Engineering from the Free University of Brussels and has attended several Management programmes in Chicago, Harvard, INSEAD, and the London Business School.
- In 2009, Mark De Smedt joined Adecco as Country Manager for Belgium & Luxembourg. He was previously a founder of Professional Staffing specialist XPE Group, acquired by Adecco. Prior to this, he was responsible for Adecco's Benelux operations between 2002 and 2007. Before Mark De Smedt joined the staffing industry, he held various executive positions at Wang, Apple, Citibank, and Scoot in France, Spain and Belgium.

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 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 rightfully 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 reserves, 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 reserves to the extent, they 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 reserves until they have 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 reserves 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 amounted to CHF 1,281 million and CHF 1,607 million as of December 31, 2013 and December 31, 2012, respectively, thereby exceeding 20% of the paid-in share capital in both years.

In 2013, upon approval at the Annual General Meeting of Shareholders, dividends for 2012 of CHF 1.80 per share, totalling CHF 326 million (EUR 266 million), were allocated from Adecco S.A.'s reserve from capital contributions to free reserves and subsequently distributed to shareholders. For 2013, the Board of Directors of Adecco S.A. will propose a dividend of CHF 2.00 per share outstanding for the approval of shareholders at the Annual General Meeting of Shareholders to be allocated from Adecco S.A.'s reserve from capital contributions to the free reserves and subsequently distributed to shareholders.

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 needs 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 change of control clauses in place in favour of members of the Board of Directors or members of the Executive Committee. Long-term incentive plans of the Company may provide for an accelerated vesting in case of a change of control.

8. Auditors

Each year, the Annual General Meeting of Shareholders of Adecco S.A. elects the statutory auditor. On April 18, 2013, the Annual General Meeting of Shareholders elected Ernst & Young Ltd, Zurich, as statutory auditor of the Company for the business year 2013.

Ernst & Young Ltd has served the Company as its Independent Auditor since 2002. André Schaub has acted as the lead auditor since 2012. Thomas Stenz has been the global coordinating partner since 2011.

The total fee for the Group audit of the Company and for the statutory audits of the Company's subsidiaries for the fiscal year 2013 amounted to EUR 5.7 million.

For the fiscal year 2013, 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 fees for other services (mainly in connection to the issuance of comfort letters) amounted to an additional EUR 0.1 million. Fees for tax services and fees for other services were not significant.

The AC oversees the Company's financial reporting process on behalf of the Board of Directors. In this capacity, the AC discusses, together with the Independent Auditor, the conformity of the Company's financial statements with accounting principles generally accepted in the United States and the requirements of Swiss law.

The AC 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 2013, the Independent Auditors attended all meetings and phone conferences of the AC. The Independent Auditors regularly have private sessions with the AC, without the CEO, the CFO, or any other member of the Executive Committee attending. The AC assessed with the Company's Independent Auditors the overall scope and plan for the 2013 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 AC 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 standalone financial statements of Adecco S.A.

The AC 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 audit partner rotation. The AC 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 AC 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 AC for approval.

9. Information policy

The Annual General Meeting of Shareholders for the fiscal year 2013 is planned to be held on April 15, 2014 at Beaulieu Lausanne Centre de Congrès et d'Expositions, in Lausanne, Switzerland. The venue details are published in the "Swiss Official Gazette of Commerce" at least 20 days before the meeting.

Adecco S.A. provides quarterly media releases on the Company's consolidated and divisional results as per the following agenda:

May 8, 2014	Q1 2014 results;
August 7, 2014	Q2 2014 results;
November 6, 2014	Q3 2014 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

1. General introduction

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 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.

Additionally, on November 20, 2013, the Swiss Federal Council approved the Ordinance Against Excessive Compensation at Listed Corporations (the "Ordinance") which entered into force on January 1, 2014. The Ordinance was issued to implement the key elements of the so-called Minder-Initiative, a constitutional amendment approved by the Swiss electorate in March 2013. As of 2015, the overall compensation amounts available for the compensation of the members of the Board of Directors ("Board") as well as of the Executive Committee ("EC") will be subject to an annual binding prospective vote of the shareholders' meeting of the Company. At the annual shareholders' meeting in 2015, shareholders will vote on Board compensation for the office period April 2015 to April 2016, and on the compensation of the EC for 2016. The Ordinance introduces as a legal requirement that the shareholders elect the members of the compensation committee. As of 2014, the members of the Company's compensation committee will be elected by the shareholders' meeting. For 2014, the members of the Nomination & Compensation Committee ("NCC") are identical with the members of the compensation committee. For further information regarding the measures the Company plans to take to implement the requirements under the Ordinance refer to the Corporate Governance Report.

Statements throughout this Remuneration Report using the terms "the Company" or "the Group" refer to the Adecco Group, which comprises Adecco S.A., a Swiss corporation, its consolidated subsidiaries, as well as variable interest entities in which Adecco is considered the primary beneficiary.

2. Company's compensation philosophy and determination of remuneration principles and compensation

2.1 Compensation philosophy

The Company's compensation philosophy seeks to recognise and reward performance. Taking into consideration Group, business unit and individual contributions, the compensation programmes are designed to attract, retain, motivate, and reward employees in order to support the achievement of the Company's financial and strategic objectives and also to ensure that the total compensation potential 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 cyclicality of the Company's business is also considered in order to reflect the risks of each component of remuneration.

The compensation is to be fair and competitive and therefore the base salaries are aligned at a median level of the relevant peer companies. The individual positioning takes into account factors such as revenues, employees under scope, and market capitalisation. Further responsibilities beyond the typical scope of the function are also taken into consideration. The alignment of base salaries with the median of the relevant peer companies assures that the compensation is competitive in attracting and retaining talent. The benefits are defined regionally to meet local regulations and to take into consideration the local competitive situation.

With the variable components of compensation, 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 and future compensation programmes. The incentive programmes include a short-term incentive plan ("STIP") and a long-term incentive plan ("LTIP"). The STIP incentivises management to achieve the Company's financial targets and to react quickly in order to limit short-term negative effects in a downturn and maximise short-term opportunities in a recovery. This is a very important factor in view of the cyclicality of the Company's business. Long-term performance targets also align the interest of management with the interest of the shareholders but additionally focus on employee retention, a critical aspect in a cyclical business and a key strategic priority for the

Company. More details on the different plans are provided in the discussion of the compensation of the EC in Section 3.3 and 4.3 "Elements of the Executive Committee's compensation".

2.2 Determination of remuneration principles and compensation

In general, compensation of the Board and of the members of the EC is reviewed annually to ensure that competitive pay is maintained and undesired fluctuations are minimised. The Company's compensation programmes, which include share-based compensation elements, are approved by the Board. The Board has entrusted the NCC with providing recommendations to the Board, taking into account proposals of the Chief Executive Officer ("CEO") and the Chief Human Resources Officer, regarding the remuneration principles and general compensation philosophy of the Company, and with reviewing and approving the objectives relevant to compensation of the EC. The NCC is composed of independent Board members only (for further details on NCC composition, tasks, and activities refer to the Corporate Governance Report, section 3.4.3 "Nomination & Compensation Committee").

The remuneration of the Board and of the EC is determined by the full Board, upon recommendation of the NCC. The members of the EC do not attend meetings of the NCC and of the Board when matters concerning their own compensation are being decided. 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. The findings, recommendations and decisions of the NCC are submitted to the Board by the Chairman of the NCC.

In order to ensure that compensation is in line with market standards, the NCC commissioned international independent external consultants to provide a compensation benchmark analysis in 2011 and 2013. Members of the EC with global responsibility (CEO, Chief Financial Officer ("CFO"), Chief Sales Officer, and Chief Human Resources Officer) were benchmarked against comparable functions in terms of revenue and number of employees under scope in a selected reference group of 23 Swiss companies of different industries (for the analysis in 2011: 21 companies). Companies in the financial service industry were included in the assessment for the CFO and for the Chief Human Resources Officer only. The compensation packages of members of the EC with geographical responsibility were benchmarked against the packages of comparable functions in terms of revenue and number of employees in the respective countries of residency. More than 260 companies worldwide, active in different industries, which can be considered potential employers of the individuals in question, were included in the benchmark. Out of these companies, for each region, a specific peer group was determined. Recommendations of the benchmark analysis were provided to the NCC and taken into consideration as an element in determining the final compensation packages. The external consultant has been commissioned in 2013 with additional Human Resources related survey work of minor scope.

3. Remuneration 2013

3.1 Introduction

The NCC recommended to continue the 2012 compensation system in 2013 and introduced only minor adjustments. In the STIP the bonus base range has been extended to lie between 60% and 120% of the participant's base salary. In the LTIP, the relevant period for the calculation of the share price used to determine the numbers of shares granted has been modified. Total compensation accrued in 2013 for the members of the EC slightly decreased compared to 2012, primarily caused by severance payments due for the previous period.

The remuneration system 2014 onwards has been reviewed in detail and includes further changes. It is explained in section 4. "Remuneration 2014".

3.2 Board of Directors' compensation

For the period of office, the members of the Board are compensated with an annual fixed fee paid in cash, except for the Chairman who receives Adecco S.A. shares for a fixed portion of his fixed fee (refer to section 5.1.1 "Board of Directors' compensation and shareholding"). When determining the members' and the Chairman's compensation, the full Board takes into account their various functions and responsibilities within the Board and its committees as well as the recommendation of the NCC.

3.3 Elements of the Executive Committee's compensation

The compensation model for the EC includes fixed and variable elements:

- base salary, taking into account market conditions for comparable functions and positions;
- social charges, pension plan contributions, and fringe benefits;
- STIP, based on annual, ambitious and clearly defined internal performance objectives;
- LTIP, including performance share awards, based on ambitious internal and external performance objectives, and restricted share unit awards.

For the determination of the variable part of the compensation, no other targets than the ones mentioned in the description of STIP and LTIP are taken into account.

As a result of the Ordinance which entered into force on January 1, 2014, the principles underlying the STIP and the LTIP will be set forth in the Company's Articles of Incorporation based on a respective vote by the shareholders. Refer to the Company's Corporate Governance Report for more information.

3.3.1 Base salary

The annual base salary represents payment for due job performance and is determined by the Board, based on the findings of the benchmark studies (refer to section 2.2 "Determination of remuneration principles and compensation"), taking into account comparable functions and positions, considering amongst other elements, the number of employees reporting to the function, revenues generated under the function, and additional responsibilities beyond the typical scope of the function. 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 and designed to provide the Company's employees with fixed compensation to ensure an appropriate standard of living relative to that offered by reference companies. The annual base salary also serves as the basis for determining the variable compensation.

3.3.2 Social charges, pension plan contributions, and fringe benefits

Social charges, pension plan contributions and fringe benefits are awarded based on local regulations and practices. Fringe benefits include amongst other items car allowance for private use, car lease, membership fees, house allowance, relocation, education, health insurance, and representation allowance.

3.3.3 Short-term incentive plan

The STIP is a cash incentive plan (annual bonus) linked to the achievement of Economic Value Added ("EVA") performance targets for a given year. EVA is a measure of financial performance, based on residual income. According to this concept, value is created if EBITA[1] after the deduction of taxes is greater than the minimum required return on invested capital. By using EVA performance targets for the STIP, the Company incentivises employees to focus on both profit and the use of capital to deliver increased value. EVA performance targets for the STIP are derived from the Company's long-term strategic plans, ensuring the alignment of short-term performance targets with long-term objectives.

The calculation of EVA is based on the Company's net operating profit after taxes ("NOPAT"). Invested capital is defined as total assets, excluding cash and including gross acquired goodwill and gross acquired other intangibles since the introduction of the EVA concept, minus non-interest bearing liabilities. The Company applies a 10% weighted average cost of capital ("WACC") across all its entities, although the actual WACC in the reporting period was lower.

The STIP bonus is calculated by reference to the STIP bonus base, defined as a percentage of the participant's annual base salary. For members of the EC, this percentage ranges between 60% and 120% of base salary. The percentage varies according to the participant's function and responsibilities, and has been determined by the NCC upon proposal of the CEO and of the Chief Human Resources Officer. For members of the EC with geographical responsibility, 35% of the STIP bonus base is allocated based on the EVA of the Company and

1 EBITA refers to operating income before amortisation of intangible assets and impairment of goodwill and intangible assets.

65% is allocated based on the EVA of the relevant geographical segment. For the members of the EC who do not have direct responsibility for a specific geographical segment, the entire STIP will be based on the EVA of the Company.

EVA performance targets stipulate the Economic Profit ("EP") Baseline level, EP Target level, and EP Cap level. For performance below the EP Baseline level, no bonus is paid. For performance at the EP Baseline level, 65% of the STIP bonus base is paid. For performance at the EP Target level, 100% of STIP bonus base is paid. For performance at or above EP Cap level, 150% of the STIP bonus base is paid. For performance between EP Baseline and EP Target level, or between EP Target and EP Cap level, bonus is calculated in a linear way. For members of the EC, this results in a cap for the STIP in a range of 90% (150% x 60%) to 180% (150% x 120%) of annual base salary. For the CEO, the highest paid member of the EC, the cap is set at 150% of annual base salary.

EVA Performance	Bonus Payment
< EP Baseline	No bonus
= EP Baseline	65% of bonus base
≥ EP Baseline and ≤ EP Target	Linear between 65% and 100% of bonus base
= EP Target	100% of bonus base
≥ EP Target and ≤ EP Cap	Linear between 100% and 150% of bonus base
> EP Cap	150% of bonus base

Performance targets are both market- and commercially-sensitive and as such are considered highly confidential. Hence, the Company will not disclose these performance targets themselves, but will disclose *ex post* the degree to which performance was achieved.

As in previous years, the STIP bonus shall be paid in the year following the performance period, reflecting common industry practice. In addition to performance targets, the STIP foresees that a bonus payment is subject to continued employment with the Company. In case of termination of employment and depending on the conditions of such termination, the STIP foresees that the STIP bonus may be reduced or excluded.

3.3.4 Long-term incentive plan

3.3.4.1 Introduction

The LTIP is a share-based incentive plan consisting of performance share awards and restricted share unit awards ("RSU awards"). 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 2013 awards: December 31, 2015), provided and to the extent that certain employment conditions and performance targets are met. RSU awards contain an undertaking to deliver a number of Adecco S.A. shares to the participants of the plan linked to the satisfaction of certain employment conditions. Performance share awards and RSU awards were granted in 2013 to the members of the EC.

The LTIP target base is defined as a percentage of the participant's annual base salary. For members of the EC, this percentage ranges between 60% and 120% of base salary. The percentage varies according to the participant's function and responsibilities, and has been determined by the NCC upon proposal of the CEO and of the Chief Human Resources Officer. 65% of the LTIP target base is allocated to RSU awards and 35% to performance share awards, i.e. total shareholder return ("TSR") awards. Of the 35% performance share awards, half are allocated to relative TSR awards and half are allocated to absolute TSR awards. Furthermore, an additional 17.5% of the LTIP target base is allocated to additional TSR awards.

One member of the EC, in order to compensate for additional responsibilities assigned, and upon proposal of the CEO and of the Chief Human Resources Officer, was granted additional RSU awards under the LTIP 2013 that cliff-vest after a period of three years following the date of grant. The LTIP target base in 2013 for that member was 120% of base salary.

To determine the number of share awards to be granted under the LTIP, the three-year average daily closing price of the Adecco S.A. share is used.

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

3.3.4.2 Performance share awards

Performance share awards granted consist of relative TSR awards, absolute TSR awards, and additional TSR awards. The additional TSR awards will vest only if both relative and absolute TSR performance reaches a certain level.

The performance targets relate to Adecco S.A.'s TSR over a performance period of three years. At the end of the performance period, the NCC shall determine the extent to which the performance targets have been met. After determination by 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 2013: not before March 15, 2016). Those awards that do not vest lapse immediately.

The plan foresees that 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 awards. In case of termination by the employer without cause, a time-weighted pro-rata portion of awards will vest at the regular vesting date.

The maximum number of performance share awards under the LTIP that may vest in favour of the members of the EC after the end of the performance period is indicated in the table under section 5.5.2 "Share awards".

Relative TSR awards

The Adecco S.A. TSR over the performance period is compared with the weighted-average TSR of a predefined group of peers ("Peer TSR"). The composition of the peer group is determined by the NCC and, for 2013, comprised the following companies: Alten, Altran Technologies, Assystem, Brunel International, CDI Corporation, Hays, Kelly Services, Kforce, Manpower Group, Meitec, Michael Page International, On Assignment, Pasona Group, Randstad Holding, Resources Connection, Robert Half International, Robert Walters, SThree, Temp Holdings, TrueBlue, and USG People. The performance targets for the relative TSR awards have been determined by the NCC. If the Adecco S.A. TSR is lower than the Peer TSR, there will be no entitlement to the vesting of these awards. If the Adecco S.A. TSR exceeds the Peer TSR, the participants will be entitled to the vesting of these awards to the following extent: if the positive difference between Adecco S.A. TSR and the Peer TSR 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 award.

Relative TSR Performance	Award vesting
< Peer TSR	0%
≥ Peer TSR and ≤ Peer TSR +5%	Linear between 0% and 100%
> Peer TSR +5%	100%

Absolute TSR awards

The performance targets for the absolute TSR awards have been determined by the NCC. If the annualised Adecco S.A. TSR over the performance period exceeds a certain target ("Target TSR"), awards will vest in a linear mode between 50% and 100% of the number of awards granted depending on the level of target achievement and overachievement. The Target TSR is market sensitive and as such is considered highly confidential. Hence, the Company will not disclose this target, but will disclose *ex post* the degree to which performance was achieved.

Absolute TSR Performance	Award vesting
< Target TSR	0%
≥ Target TSR and ≤ Maximum TSR	Linear between 50% and 100%
> Maximum TSR	100%

Additional TSR awards

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. If the positive difference between Adecco S.A.'s TSR and the Peer TSR 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.

Additional TSR Performance	Award vesting
< Target TSR and/or ≤ Peer TSR +5%	0%
≥ Target TSR and ≥ Peer TSR +5% and ≤ Peer TSR +10%	Linear between 0% and 100%
> Target TSR and > Peer TSR +10%	100%

3.3.4.3 RSU awards

The vesting of the awards is subject 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.

The plan foresees that 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 termination by the employer 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 EC is indicated in the table under section 5.5.2 "Share awards".

4. Remuneration 2014

4.1 Background of changes 2014

The NCC has reviewed the compensation policy including the remuneration principles and structure for the members of the EC taking into particular consideration prior shareholder advisory votes, discussions with proxy advisors, current market practices and the level of alignment between pay and performance. Based on the findings of the review, the NCC provided recommendations to the Board who decided to introduce the changes as described in the subsequent sections.

4.2 Board of Directors' compensation

For the period of office, the members of the Board will be compensated with an annual fixed fee. Two-thirds will be paid out in cash and the remainder will be paid with Adecco S.A. shares for which a three-year blocking period applies. This is a change from prior years where only the Chairman received part of his compensation in shares.

When determining the members' and the Chairman's compensation, the full Board takes into account their various functions and responsibilities within the Board and its committees as well as the recommendation of the NCC. The structure of the fee system is summarised in the table below:

	Total CHF[1]
Base fee (gross):	
Chairman of the Board	1,460,000
Vice-Chairman of the Board	450,000
Other members of the Board	250,000
Additional fee for Committee work (gross)[2]:	
Committee Chairperson[3]	150,000
Committee Member	50,000

1 One-third to be paid in Adecco S.A. shares with a three-year blocking period.

2 No entitlement for Chairman and Vice-Chairman.

3 Amount includes fee for committee membership.

4.3 Elements of the Executive Committee's compensation

The compensation model for the EC includes fixed and variable elements:

- base salary, taking into account market conditions for comparable functions and positions;
- social charges, pension plan contributions, and fringe benefits;
- STIP, based on annual, ambitious and clearly defined internal performance objectives; which includes a special one-time cash incentive element applicable only for the years 2014 and 2015 to support the achievement of the 2015 EBITA margin target of above 5.5%;
- LTIP, including performance share awards, based on ambitious internal and external performance objectives, and restricted share unit awards which cliff-vest after a three-year period.

For the determination of the variable part of the compensation, no other targets than the ones mentioned in the description of STIP and LTIP are taken into account.

Elements of the Executive Committee's compensation

	Element	Purpose	Drivers	Performance measures
Base Salary	Cash salary, typically in monthly instalments	• Payment for due job performance and day-to-day responsibilities; • Attract and retain	• Function; • Position; • Market conditions; • Skills; and • Experience of person	n.a.
Short-term Incentive (STIP)	Annual bonus paid in cash in the year following the relevant performance period	• Pay for performance; and • Incentive to achieve the Group EBITA margin target of above 5.5% in 2015	• Achievement of business objectives over a one-year period; or • For 2014 and 2015, a two-year period	• Regional/Group EP; and • For 2014/2015 only, regional absolute EBITA and/or EBITA margin on Regional/Group level
Long-term Incentive (LTIP)	Performance share awards	• Reward long-term performance; and • Align to shareholders' interest	• Achievement of Group objectives; • Continued employment	• EBITA Margin; • EPS; • Relative TSR
	Restricted share unit awards (RSU awards)	• Pay for loyalty over business cycle; • Attract and retain	• Retention	n.a.
Benefits	Social charges, pension plan contributions and fringe benefits	• Attract and retain	• Market practice; • Function; • Local regulations	n.a.

4.3.1 Base salary

For 2014, base salary follows the same principle as in 2013 (refer to section 3.3.1).

4.3.2 Social charges, pension plan contributions, and fringe benefits

For 2014, social charges, pension plan contributions, and fringe benefits follow the same principle as in 2013 (refer to section 3.3.2).

4.3.3 Short-term incentive plan

For 2014, the STIP will follow the main features of the 2013 STIP (refer to section 3.3.3) but with two changes as described below.

First, the EP Target level and EP Baseline level have been significantly increased, and the gap between these two levels has narrowed, thus making it more difficult to achieve EP Baseline. Hence, for performance at EP Baseline level, 80% of the STIP bonus base shall be paid.

EVA Performance	Bonus Payment
< EP Baseline	No bonus
= EP Baseline	80% of bonus base
≥ EP Baseline and ≤ EP Target	Linear between 80% and 100% of bonus base
= EP Target	100% of bonus base
≥ EP Target and ≤ EP Cap	Linear between 100% and 150%[1] of bonus base
> EP Cap	150%[1] of bonus base

1 For the CEO, this percentage is set at 120% of bonus base.

Second, to support the achievement of the Group EBITA margin target of above 5.5% in 2015, the STIP will be enhanced with a special one-time cash incentive element ("STIPA") limited to the years 2014 and 2015. The STIPA is linked to performance targets that reflect the Company's profitability plans for 2014 and 2015 to deliver a Group EBITA margin of above 5.5% in 2015. This is a step-change in profitability, as the targeted EBITA margin for 2015 has not been achieved in Adecco's history.

For EC members without regional responsibilities, the 2014 STIPA at target amounts to 20% of the 2014 STIP bonus base. The 2014 STIPA will be subject to the achievement of Group EBITA margin targets in both 2014 and 2015. In 2015 the STIPA at target shall amount to 30% of the 2015 STIP bonus base and will be subject to the achievement of the Group EBITA margin target of above 5.5% in 2015.

For EC members with regional responsibilities, the 2014 STIPA at target amounts to 35% of the 2014 STIP bonus base. The 2014 STIPA will be subject to the achievement of either regional EBITA margin or regional absolute EBITA targets in both 2014 and 2015, meaning that either the achievement of the regional EBITA margin target or the achievement of the regional absolute EBITA target can lead to a bonus pay-out. In case the target has been achieved in 2014 and not in 2015, but the Group EBITA margin target 2015 has been achieved, the 2014 STIPA will be paid (Scenario 2b in the below table). In 2015 the STIPA at target shall amount to 45% of the 2015 STIP bonus base and will be subject to the achievement of the 2015 targets.

The targets for the STIPA have been determined by the NCC and are derived from the Company's long-term plan including the Group EBITA margin of above 5.5%.

Payments under the STIPA will be deferred to 2016.

The following tables illustrate when there would be a respective STIPA payment in 2016:

STIPA for Executive Committee members with regional responsibilities

	Scenario 1	Scenario 2a	Scenario 2b	Scenario 3	Scenario 4
Regional EBITA margin target or regional absolute EBITA target 2014	Achieved	Achieved	Achieved	Not achieved	Not achieved
Regional EBITA margin target or regional absolute EBITA target 2015	Achieved	Not achieved	Not achieved	Achieved	Not achieved
Additional target applicable in Scenario 2 only: Group EBITA margin 2015		Not achieved	Achieved		
STIPA pay-out (deferred to 2016)	**STIPA 2014 and STIPA 2015**	**None**	**STIPA 2014**	**STIPA 2015**	**None**

STIPA for Executive Committee members without regional responsibilities

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Group EBITA margin target 2014	Achieved	Achieved	Not achieved	Not achieved
Group EBITA margin target 2015	Achieved	Not achieved	Achieved	Not achieved
STIPA pay-out (deferred to 2016)	**STIPA 2014 and STIPA 2015**	**None**	**STIPA 2015**	**None**

Performance targets are both market- and commercially-sensitive and as such are considered highly confidential. Hence, the Company will not disclose these performance targets themselves, but will disclose *ex post* the degree to which performance was achieved.

In addition to performance targets, the STIPA foresees that a bonus payment is subject to continued employment with the Company. In case of termination of employment and depending on the conditions of such termination, the STIPA foresees that the bonus payment may be reduced or excluded.

4.3.4 Long-term incentive plan

4.3.4.1 Introduction

As in 2013, the 2014 LTIP will consist of performance share awards and RSU awards. The plan will conform to similar principles as in 2013 (refer to section 3.3.4) but with several important changes:

- Increasing the proportion of performance share awards from 35% to 60% and lowering the RSU awards proportion accordingly;
- Adjusting the RSU award vesting from linear vesting to cliff-vesting after three years;
- New performance metrics better aligned with shareholders' interest.

The LTIP target base ranges between 75% and 150% of the participant's annual base salary. This is an increase from the range of 60% to 120% in 2013 reflecting the lower weighting of RSU awards and the removal of the additional TSR awards. The CEO's LTIP target base and cap for 2014 has been determined by the NCC at 150% of his base salary.

To strengthen the alignment between pay and performance, the proportion of performance share awards shall be increased to 60% of the LTIP target base amount (vs. 35% from 2010 to 2013; not considering additional TSR awards) while the proportion of RSU awards shall be reduced to 40% (vs. 65% from 2010 to 2013; not considering additional TSR awards).

To determine the number of share awards to be granted under the LTIP the three-year average closing price of the Adecco S.A. share is used. However, the share price used for the allocation cannot deviate by more than 20% from the share price at grant.

Performance targets for performance share awards are both market- and commercially-sensitive and as such are considered highly confidential. Hence, the Company will not disclose these performance targets themselves, but will disclose *ex post* the degree to which performance was achieved.

4.3.4.2 Performance share awards

To further improve the link between pay and performance and to maintain the alignment of management and shareholders' interests, the metrics for the performance targets have been revised. For 2010 to 2013, absolute and relative TSR were the two metrics used as performance targets for the performance share awards. These metrics align the interests of management and shareholders, but they can also have some drawbacks. Share prices of companies in highly cyclical industries like Adecco often reflect investors' expectations of future results rather than the actual results delivered, thus creating a potential tension between TSR awards and pay for results. Furthermore, share prices are impacted not only by financial performance but also by the multiples/discount rates used by investors. For Adecco, EC members have minimal influence over such elements and therefore this limits the incentivising power of the TSR components of variable remuneration.

In light of these considerations, performance targets for performance share awards have been modified to include a combination of financial performance- and market-based metrics. Vesting for 40% of the performance share awards will be according to the average adjusted Group EBITA margin ("EBITA margin awards"), vesting for another 40% will be according to Group adjusted diluted EPS ("EPS awards"), and vesting for the remaining 20% will be according to relative TSR ("relative TSR awards").

Determining whether and to what extent the performance targets have been achieved will be measured at the end of a performance period of three years. Any performance adjustments for extraordinary items have to be approved by the NCC. The awards vest accordingly and restrictions on the awards are lifted (for the awards to be granted in 2014: not before March 15, 2017 and for the awards to be granted in 2015: not before March 15, 2018). Those awards that do not vest lapse immediately.

The plan foresees 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 termination by the employer 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 EC after the end of the performance period is limited to the number of performance share awards granted.

EBITA margin awards

EBITA margin awards comprise 40% of the performance share awards, with vesting subject to performance against a target of average adjusted Group EBITA margin for 2014 to 2016. The adjusted EBITA margin of the Adecco Group is the EBITA as a percentage of sales adjusted for: restructuring and integration costs; and income or expenses relating to years prior to 2014 impacting sales and/or EBITA, if material. EBITA refers to operating income before amortisation of intangible assets and impairment of goodwill and intangible assets. In case of significant acquisitions and/or divestitures targets may be adjusted.

For EBITA margin awards, the plan stipulates Baseline and Target levels of average adjusted Group EBITA margin for 2014 to 2016. The Baseline level is set at 4.4%; the Target level is set equal to the average adjusted EBITA margin for 2014 to 2016 in the Company's five-year plan at the time of grant. For performance below the Baseline level, no EBITA margin awards shall vest. For performance at the Baseline level, 25% of the EBITA margin awards granted shall vest. For performance at the Target level, 100% of the EBITA margin awards granted shall vest. For performance between Baseline and Target levels, the number of awards vesting will be calculated linearly. No additional awards shall vest for performance above the Target level.

Average adjusted EBITA margin	Award vesting
< Baseline	0%
≥ Baseline and ≤ Target	Linear between 25% and 100%
> Target	100% (maximum)

EPS awards

EPS awards comprise 40% of the performance share awards, with vesting subject to performance against a target adjusted diluted EPS for 2016. The adjusted diluted EPS of the Adecco Group is the diluted EPS adjusted for: restructuring and integration costs, net of income tax; income or expenses relating to prior years impacting net income attributable to Adecco shareholders, if material; and impairment of goodwill and intangible assets, net of income tax.

For EPS awards, the plan stipulates Baseline and Target levels of adjusted diluted EPS for 2016. The Baseline is set equal to EUR 2.91; the Target level is set equal to the 2016 adjusted diluted EPS in the Company's five-year plan at the time of grant. For performance below or at Baseline level, no EPS awards shall vest. For performance at the Target level, 100% of the EPS awards granted shall vest. For performance between Baseline and Target levels, the number of awards vesting will be calculated linearly. No additional awards shall vest for performance above the Target level.

Adjusted diluted EPS	Award vesting
< Baseline	0%
≥ Baseline and ≤ Target	Linear between 0% and 100%
> Target	100% (maximum)

Relative TSR awards

Relative TSR awards comprise 20% of the performance share awards, with vesting subject to performance against a targeted level of relative TSR over the performance period. This shall be calculated as the difference between the Adecco S.A. TSR, and the weighted-average TSR of a predefined peer group ("Peer TSR") over the performance period. The 2013 peer group has been reviewed and revised to ensure continued relevance. The peer group for 2014 will comprise the following 18 companies: Amadeus Fire, Brunel International, Hays, Kelly Services, Kforce, Manpower Group, Meitec, Michael Page International, On Assignment, Randstad Holding, Robert Half International, Robert Walters, Skilled Group, SThree, Synergie Groupe, Temp Holdings, TrueBlue and USG People.

For relative TSR awards the plan stipulates Baseline and Target levels of relative TSR. The Baseline level is set as Adecco S.A. TSR being equal to the Peer TSR; the Target is set at the Adecco S.A. TSR exceeding by 5 percentage points the Peer TSR. For performance below or at Baseline level, no relative TSR awards shall vest. For performance at the Target level, 100% of the relative TSR awards granted shall vest. For performance between Baseline and Target levels, the number of awards vesting is calculated linearly. No additional awards shall vest for performance above the Target level.

Relative TSR performance	Award vesting
< Peer TSR (Baseline)	0%
≥ Peer TSR and ≤ Peer TSR +5%	Linear between 0% and 100%
> Peer TSR +5% (Target)	100%

4.3.4.3 RSU awards

The use of RSU awards was given careful consideration, and the Board concluded that RSU awards should continue to constitute a component of the LTIP. RSU awards are an important tool for retaining key personnel, especially in a highly cyclical business like the Company's, and they are widely used both in the staffing industry and in Switzerland. Nonetheless, effective for award grants from 2014 onwards, the RSU award component of the LTIP has been modified in two ways. First, the proportion of RSU awards within the LTIP has been reduced from 65% to 40%, thus further strengthening the alignment of pay and performance. Second, RSU awards shall vest in a single tranche after three years (cliff-vesting). This is instead of vesting annually in equal proportions over a period of three years (staggered vesting), as applicable for RSU awards granted in 2010 to 2013. This extension of the vesting period will enhance the effectiveness of RSU awards in retaining key personnel and better reflects current market practices.

The vesting of RSU awards is subject to employment conditions. Provided that the employment relationship continues, RSU awards will cliff-vest after a period of three years following the date of grant.

The plan foresees 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 termination by the employer 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 EC is limited to the number of RSU awards granted.

Overview of 2014 LTIP

LTIP bonus base [1]	LTIP components	Drivers	CEO potential award [1]	Total EC potential awards [1]
LTIP target base ranges between 75%–150% of base salary	Performance share awards (60%)	EBITA margin awards	36%	25%
		EPS awards	36%	25%
		Relative TSR awards	18%	13%
	RSU awards (40%)	Continued employment	60%	42%

1 Percentages in relation to base salary.

Executive Committee compensation potential 2014 (12 members)

	Element	CEO in relation to base	Total EC in relation to base
Total compensation (excluding benefits [1])	LTIP performance	Target 90%	Target 63%
	LTIP RSU	Target 60%	Target 42%
Target [2] CHF 28 million	STIP [3]	Target 120%	Target 102%
Cap [2] CHF 31 million		Cap 140%	Cap 137%
	Base salary	100%	100%

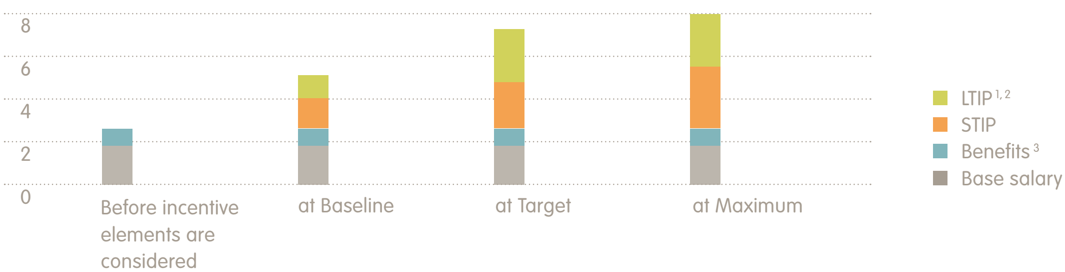
1 Benefits include social charges, pension plan contributions, and fringe benefits, such as benefits in kind.

2 Taking into account that the share allocation price is CHF 58.44 while the share price for valuation purposes at grant is based on the share price as of March 14, 2014 of CHF 73.05. Exchange rates as of December 31, 2013.

3 The STIP includes the STIPA, which is the special one-time cash incentive element applicable only for the years 2014 and 2015 to support the achievement of the 2015 EBITA margin target of above 5.5%. If fully achieved, the 2014 STIPA would amount to CHF 1.9 million for the 12 members of the EC which would only be paid out in 2016.

CEO compensation potential 2014

in CHF millions



1 Valued at grant date.

2 For valuation purposes, EPS and EBITA awards are not probability weighted; relative TSR awards are weighted with an assumed probability of 0.42, whilst in 2013 all performance share awards were probability weighted (ranging from 0.2 to 0.4).

3 Benefits include social charges, pension plan contributions, and fringe benefits, such as benefits in kind.

For 2014, the CEO will receive a base salary of CHF 1.8 million and benefits such as social charges and pension plan contributions of approximately CHF 0.9 million. The CEO's STIP (including STIPA) at target will amount to CHF 2.2 million and at maximum will amount to CHF 2.5 million. The CEO's LTIP at target will amount to CHF 2.8 million, which is also the maximum. For 2014, the CEO's total compensation at maximum level will amount to CHF 8.0 million.

5. Details of compensation elements

5.1 Compensation and shareholding of 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 are compensated in cash. The Chairman is partially compensated with Adecco S.A. shares. As in previous years, no retirement benefits beyond the ones required by law were paid. The amount conferred to the members of the Board for the fiscal year 2013 amounted to CHF 4.8 million. The total of all compensation conferred for the fiscal year 2013 to all members of the EC, including bonus payments for 2013 due in 2014, and awards granted in 2013 under the LTIP, at grant date fair value, amounted to CHF 25.8 million. Not included are bonus payments due for 2012 but made during 2013 as this information was disclosed in 2012.

Individual compensation and shareholding for 2013 and 2012 are shown in the following tables:

5.1.1 Board of Directors' compensation and shareholding

For the year 2013

in CHF (except shares)	Office/ compensation period in 2013	Net compensation for term served	Social charges [1]	Shareholding as of December 31, 2013 [2]
Name and function				
Rolf Dörig, Chairman	since Jan. 2013	1,823,585 [3]	241,526	53,009
Andreas Jacobs, Vice-Chairman	since Jan. 2013	450,000		754,591 [4]
Dominique-Jean Chertier	since Jan. 2013	300,000		7,000
Alexander Gut	since Jan. 2013	424,224	59,923	13,200
Didier Lamouche	since Jan. 2013	282,114	41,353	
Thomas O'Neill	since Jan. 2013	332,640	40,918	6,000
David Prince	since Jan. 2013	289,349	50,507	5,539
Wanda Rapaczynski	since Jan. 2013	450,000		7,700
Subtotal		**4,351,912**	**434,227**	
Total			**4,786,139**	**847,039**

1 Directors' and Company's social charges required by law.

2 Indicating the number of registered shares held, with a par value of CHF 1 each. The members of the Board and of the EC are required to disclose to the Company direct or indirect purchases and sales of equity related securities of Adecco S.A.

3 CHF 323,585 of the total net compensation was paid with Adecco S.A. shares (6,009 shares at a price of CHF 53.85 per share).

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 of which Andreas Jacobs is a member.

For the year 2012

in CHF (except shares)	Office/ compensation period in 2012	Net compensation for term served	Social contributions[1] Old age insurance and other	Shareholding as of December 31, 2012[2]
Name and function				
Rolf Dörig, Chairman	since Jan. 2012	1,800,000[3]	239,242	47,000
Andreas Jacobs, Vice-Chairman	since Jan. 2012	450,000		714,915[4]
Dominique-Jean Chertier	since Apr. 2012	225,000	33,000	1,000
Alexander Gut	since Jan. 2012	424,224	59,956	13,200
Didier Lamouche	since Jan. 2012	282,114	41,375	
Thomas O'Neill	since Jan. 2012	332,640	40,942	6,000
David Prince	since Jan. 2012	289,132	40,410	5,539
Wanda Rapaczynski	since Jan. 2012	450,000		7,700
Jakob Baer	until Apr. 2012	71,968	7,152	n.a.
Subtotal		**4,325,078**	**462,077**	
Total			**4,787,155**	**795,354**

1 Including Directors' 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 and of the EC are required to disclose to the Company direct or indirect purchases and sales of equity related securities of Adecco S.A.

3 CHF 300,000 of the total net compensation was paid with Adecco S.A. shares (6,555 shares at a price of CHF 45.76 per share).

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 of which Andreas Jacobs is a member.

5.1.2 Executive Committee's compensation

For the year 2013

in CHF	Patrick De Maeseneire, CEO[1]	Total Executive Committee[2]
Gross cash compensation[3]:		
• Base salary	1,800,000	8,964,108
• Annual bonus	1,710,000	7,210,398
Compensation in kind[4]	124,950	818,997
Other		88,831
Share awards granted in 2013 under the long-term incentive plan (LTIP)[6]:		
• RSU awards	1,415,892	5,050,804
• Relative TSR awards	150,966	513,571
• Absolute TSR awards	122,726	417,503
• Additional TSR awards	75,483	256,777
Social contributions:		
• Old age insurance/pensions and other[5]	627,500	2,304,806
• Additional health/accident insurance	44,793	171,918
Total conferred	**6,072,310**	**25,797,713**

1 Highest conferred individual compensation in 2013.

2 In 2013, the EC consisted of Patrick De Maeseneire, Dominik de Daniel, Alain Dehaze, Robert P. (Bob) Crouch, Peter Searle, Andreas Dinges, Christophe Duchatellier, Martín Alonso, Federico Vione, Enrique Sanchez, Sergio Picarelli, and Christian Vasino (all since January 2013). Notice periods of up to 12 months apply. For certain members of the EC, based on mandatory foreign law or pre-existing contractual commitments, additional payments may become due in case of termination. For certain members of the EC, compensation related to non-compete obligations after termination of their employment agreement might be due.

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.

5 Employer's social contributions including on LTIP awards where applicable.

6 Value in CHF of Adecco S.A. shares awarded in 2013 under the LTIP 2013 (grant date: March 16, 2013).
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 a 6.5% discount which takes into consideration that RSU awards are not entitled to dividends during the vesting period. An additional discount of 11% is applied to the value of RSU awards granted to the French participants, related to a 2-year post-vesting restriction 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 0.40, 0.32, and 0.20 for relative, absolute, and additional TSR awards, respectively, have been determined using a binomial model. A discount of 6.5% is applied which takes into consideration that TSR awards are not entitled to dividends during the vesting period. An additional discount of 11% is applied to the value of TSR awards granted to the French participants, related to a 2-year post-vesting restriction on sale of shares by the participants.*
- *The per-share value of awards granted in 2013 amounts to CHF 44.81 and CHF 50.35 for RSU awards, CHF 17.75 and CHF 19.94 for relative TSR awards, CHF 14.43 and CHF 16.21 for absolute TSR awards, and CHF 8.87 and CHF 9.97 for additional TSR awards (lower values: French participants).*

For the year 2012

in CHF	Patrick De Maeseneire, CEO[1]	Total Executive Committee[2]
Gross cash compensation[3]:		
• Base salary	1,800,000	9,145,981
• Annual bonus	1,440,000	5,938,496
Compensation in kind[4]	120,000	1,573,033
Social contributions[5]:		
• Old age insurance/pensions and other	619,953	2,163,458
• Additional health/accident insurance	53,078	167,850
Other including severance[6]		3,084,302
Total conferred	**4,033,031**	**22,073,120**
Share awards granted in 2012 under the long-term incentive plan (LTIP)[7]:		
• RSU awards	1,458,786	4,945,927
• Relative TSR awards	157,105	532,657
• Absolute TSR awards	152,810	518,081
• Additional TSR awards	101,763	345,012
Social contributions on awards, estimated[5]		52,457
Total conferred including LTIP	**5,903,495**	**28,467,254**

1 Highest conferred individual compensation in 2012.

2 In 2012, the EC consisted of Patrick De Maeseneire, Dominik de Daniel, Alain Dehaze, Peter Searle, Andreas Dinges, Mark Du Ree, Martín Alonso, Federico Vione, Enrique Sanchez, Sergio Picarelli, and Christian Vasino (all since January 2012), Robert P. (Bob) Crouch (since May 2012), and Theron I (Tig) Gilliam Jr. (until April 2012). Notice periods of up to 12 months apply. For certain members of the EC, based on mandatory local law, severance payments may become due in case of termination.

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 EC, partly refundable to the Company in the future.

5 Employer's social contributions.

6 Including share awards granted under the LTIP, not forfeiting due to severance agreement, valued at grant date values.

7 Value in CHF of Adecco S.A. shares awarded in 2012 under the LTIP 2012 (grant date: March 16, 2012).
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 a 3% discount which takes into consideration that RSU awards are not entitled to dividends during the vesting period. An additional discount of 11% is applied to the value of RSU awards granted to the French participants, related to a 2-year post-vesting restriction 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 0.40, 0.39, and 0.26 for relative, absolute, and additional TSR awards, respectively, have been determined using a binomial model. A discount of 3% is applied which takes into consideration that TSR awards are not entitled to dividends during the vesting period. An additional discount of 11% is applied to the value of TSR awards granted to the French participants, related to a 2-year post-vesting restriction on sale of shares by the participants.*
- *The per-share value of awards granted in 2012 amounts to CHF 42.32 and CHF 47.55 for RSU awards, CHF 16.93 and CHF 19.02 for relative TSR awards, CHF 16.46 and CHF 18.50 for absolute TSR awards, and CHF 10.96 and CHF 12.32 for additional TSR awards (lower values: French participants).*
- *Included are the awards granted to Theron I (Tig) Gilliam Jr. in 2012.*

For 2013, the CEO has reached 95% of the STIP bonus base, and the other members of the EC have reached between 79% and 123% of the STIP bonus base. For 2013, the variable portion of cash compensation (annual bonus) to the CEO amounted to 95% and for the other members of the EC ranged between 48% and 114% 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 98% and for the other members of the EC ranged between 49% and 102% of the base salary.

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

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

5.3 Shares allocated to Governing Bodies

In 2013, no Adecco S.A. shares were allocated to current or former members of Governing Bodies, except for part of the Chairman's compensation paid with Adecco S.A. shares (refer to the table in section 5.1.1 "Board of Directors' compensation and shareholding"), and except for the allocations made under the share-based incentive plan LTIP (refer to the table in section 5.1.2 "Executive Committee's compensation").

5.4 Share ownerships of Governing Bodies

As of December 31, 2013, the members of the Board, including related parties, reported to hold 847,039 shares; not included are the shares held by a group of which Andreas Jacobs is a member (refer to section 1.2 "Significant shareholders" of the Corporate Governance Report and to Note 5 "Significant shareholders" to Adecco S.A. (Holding Company) financial statements). For the individual share ownerships of the members of the Board, refer to the table in section 5.1.1 "Board of Directors' compensation and shareholding" and section 1.2 "Significant shareholders" of the Corporate Governance Report.

The members of the EC, including parties closely linked, reported share ownership as indicated in the following table:

Share ownership as of December 31[1]	Patrick De Maeseneire	Dominik de Daniel	Alain Dehaze	Robert P. (Bob) Crouch[2]	Peter Searle	Andreas Dinges	Christophe Duchatellier[3]	Mark Du Ree[4]	Martín Alonso	Federico Vione	Enrique Sanchez	Sergio Picarelli	Christian Vasino	Theron I (Tig) Gilliam Jr.[5]	Total
2013	80,000	40,359	6,212			10,501	894	n.a.	2,055		4,176	14,477	17,942	n.a.	176,616
2012	61,906	46,437	3,789		2,545	7,590	n.a.	3,456	1,162	5,553		10,512	11,714	8,670	163,334

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

2 Became a member of the EC in 2012.

3 Became a member of the EC in 2013.

4 Member of the EC until December 31, 2012.

5 Ceased to be a member of the EC in 2012, shareholding in 2012 indicated as per date of departure.

The members of the Board and of the EC 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.

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

5.5.1 Stock options

All stock options outstanding held by members of Governing Bodies in office as of December 31, 2013 had lapsed by December 31, 2012.

5.5.2 Share awards

Awards granted 2013

Share awards held as of December 31, 2013 granted on March 16, 2013 under the LTIP:

December 31, 2013 [1]	RSU awards	TSR awards [2]	Total
Patrick De Maeseneire	28,121	22,713	50,834
Total EC	96,447	72,303	168,750

Awards granted 2012

Share awards held as of December 31, 2013 and December 31, 2012 granted on March 16, 2012 under the LTIP:

December 31, 2013 [1]	RSU awards	TSR awards [2]	Total
Patrick De Maeseneire	20,452	24,780	45,232
Total EC	62,377	68,013	130,390

December 31, 2012 [1]	RSU awards	TSR awards [2]	Total
Patrick De Maeseneire	30,679	24,780	55,459
Total EC	91,662	74,037	165,699

Awards granted 2011

Share awards held as of December 31, 2013 and December 31, 2012 granted on March 16, 2011 under the LTIP:

December 31, 2013 [1]	RSU awards	TSR awards [2]	Total
Patrick De Maeseneire	7,327	17,757	25,084
Total EC	20,977	44,898	65,875

December 31, 2012 [1]	RSU awards	TSR awards [2]	Total
Patrick De Maeseneire	14,655	17,757	32,412
Total EC	41,957	49,215	91,172

1 Held, as of the date indicated, by members of the EC in office on December 31, 2013.

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

Awards granted 2010

No share awards granted in 2010 were outstanding as of December 31, 2013.

Share awards held as of December 31, 2012 granted on March 16, 2010 under the LTIP:

December 31, 2012[1]	RSU awards	TSR awards[2]	Total
Patrick De Maeseneire	8,368	20,277	28,645
Total EC	24,179	56,496	80,675

1 Held, as of the date indicated, by members of the EC in office on December 31, 2013.

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

5.6 Additional fees and remuneration of Governing Bodies

No member of the Board and of the EC has received any additional honorariums in 2013.

5.7 Loans granted to Governing Bodies

In 2013, the Company did not grant any guarantees, loans, advances or credits to members of the Board or to members of the EC, including closely linked parties.

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.

History

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 12 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 the 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 HumanGroup 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 the world leader in professional staffing.

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

2011

Adecco aquires US-based Drake Beam Morin Inc., taking the worldwide lead in career transition and talent development services.

2012

Adecco announces the acquisition of VSN Inc., a leading provider of professional staffing services in Japan. The acquisition expands the professional staffing exposure in the world's second-largest staffing market.

Henri Ferdinand Lavanchy, the founder of Adia, passes away.

Addresses

Registered office
Adecco S.A. (Holding)
Route de Bonmont 31
CH-1275 Chéserex

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

Adecco Corporate Press Office
T +41 44 878 87 87
press.office@adecco.com

Adecco Corporate Investor Relations
T +41 44 878 89 89
investor.relations@adecco.com
investor.adecco.com

Adecco on the web
ar.adecco.com
adecco.com
facebook.com/adecco
twitter.com/adeccogroup

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