Annual Report 2007

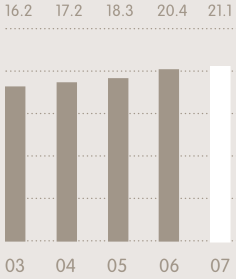
Adecco

better work, better life

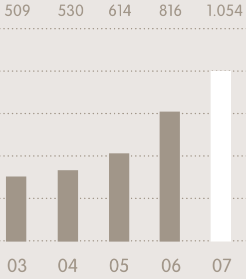
Contents

Development trends

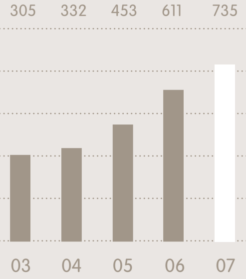
Revenues
in EUR billions



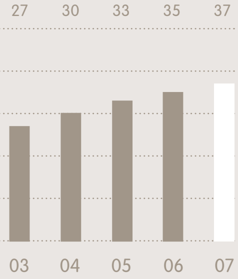
Operating income
in EUR millions



Net income
in EUR millions

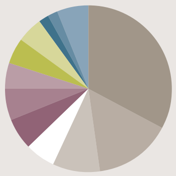


Employees FTE (year-end)
in 1000



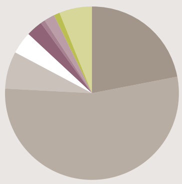
Key figures

- Over 37,000 full-time equivalent employees
- Over 700,000 associates on assignment daily
- Over 150,000 clients every day
- Over 7,000 offices in more than 60 countries and territories



Revenue split by geography *in per cent*

- France 33%
- USA & Canada 15%
- UK & Ireland 9%
- Japan 6%
- Germany 6%
- Italy 6%
- Iberia 5%
- Benelux 5%
- Nordics 5%
- Switzerland 2%
- Australia & New Zealand 2%
- Emerging Markets 6%

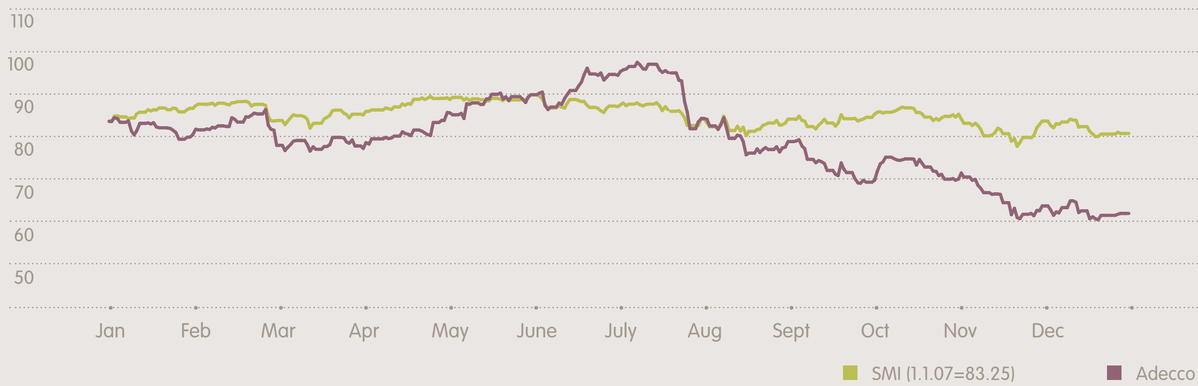


Revenue split by business lines *in per cent*

- Office 22%
- Industrial 54%
- Information Technology 7%
- Engineering & Technical 4%
- Finance & Legal 3%
- Medical & Science 1%
- Sales, Marketing & Events 2%
- Human Capital Solutions 1%
- Emerging Markets* 6%

** Emerging Markets excluding professional business lines*

Stock price performance 2007



Stock information

Tickers

SWX Europe[1]	ADEN
Euronext	ADE
Bloomberg	ADEN VX
Reuters	ADEN.VX
ISIN	CH0012138605

Share price *in CHF*

• year-end	61.25
• average	78.81
• high/low	97.95/59.70

Historical data

for the fiscal years *in EUR million[2] (except shares)*	2007	2006	2005	2004	2003
Statement of operations data					
Revenues	21,090	20,417	18,303	17,239	16,226
Gross profit	3,927	3,546	3,086	2,874	2,757
Operating income	1,054	816	614	530	509
Net income	735	611	453	332	305
Other financial indicators					
Cash flow from operating activities	1,062	747	298	542	453
Free cash flow[3]	971	662	230	474	399
Net debt[4]	866	556	424	299	888
Key ratios (as % of revenues)					
Gross margin	18.6%	17.4%	16.9%	16.7%	17.0%
SG&A ratio[5]	13.5%	13.3%	13.5%	13.6%	13.8%
Operating income margin	5.0%	4.0%	3.4%	3.1%	3.1%
Per share figures					
Basic EPS in EUR[6]	3.97	3.28	2.43	1.77	1.63
Diluted EPS in EUR[7]	3.80	3.14	2.34	1.69	1.61
Cash dividend in CHF	1.50[8]	1.20	1.00	1.00	0.70
Number of shares					
Basic weighted-average shares	185,107,346	186,343,724	186,599,019	187,074,416	186,744,214
Diluted weighted-average shares	195,279,053	196,532,960	196,546,937	201,328,174	195,777,267
Outstanding (year-end)	182,647,293	184,836,462	186,097,645	187,330,240	186,989,728

1 Formerly known as virt-x.

2 For 2007 and 2006, the Company's fiscal year included the full calendar year-ending December 31, 2007 and December 31, 2006 respectively. In 2005 and 2004, the Company's fiscal year contained 52 weeks ending December 31, 2005 and 53 weeks ending January 2, 2005 respectively. In 2003, the Company's fiscal year contained 52 weeks ending December 28, 2003.

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

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

5 Excluding amortisation of intangible assets.

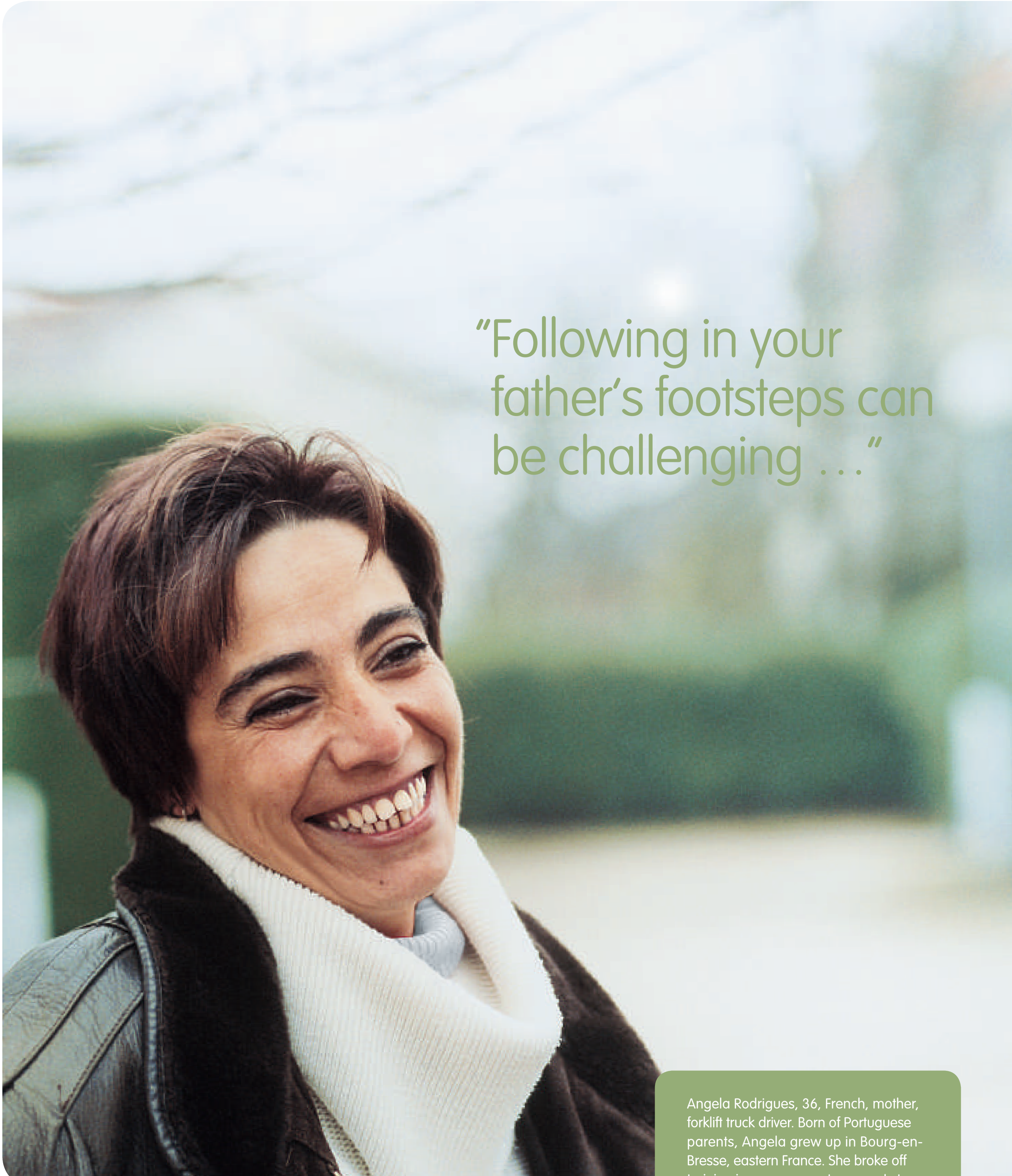
6 Basic earning per share including the impact of discontinued operations of EUR 0.16 and EUR (0.01), in 2004 and 2003 respectively, and the cumulative effect of change in accounting principle of EUR (0.02) in 2003.

7 Diluted earning per share including the impact of discontinued operations of EUR 0.15 and EUR (0.01), in 2004 and 2003 respectively, and the cumulative effect of change in accounting principle of EUR (0.01) in 2003.

8 Proposed by Board of Directors.

Adecco people

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



"Following in your father's footsteps can be challenging …"

Angela Rodrigues, 36, French, mother, forklift truck driver. Born of Portuguese parents, Angela grew up in Bourg-en-Bresse, eastern France. She broke off training in nursery care to marry. Later, returning to work to support herself and her son, she took a series of jobs in catering, industrial cleaning and on assembly lines. Adecco took her on, found her a place at the Renault Magnum plant and helped her train as a driver.

"... especially when he worked for a truck manufacturer."

"My dad worked for Renault making trucks for 17 years. I was always fascinated by the factory. When I first went back to work, it was a struggle. I had a string of jobs I didn't like, as well as a period of illness. But I have a strong family who helped me through. And now I have fallen on my feet with Adecco. They are like a second family. I love the job at the plant. We are a great team. I hope to qualify soon as a truck driver."

Adecco runs retraining programmes in several countries, bringing people back into employment by giving them the skills modern workplaces require. Initiatives worldwide support groups often excluded from skilled work, such as people with disabilities, youth and single parents. By fostering acceptance of flexible work solutions and developing routes to lifelong learning, Adecco is responding to the needs of its associates.

Dear shareholder,

With over 37,000 employees and more than 700,000 associates serving our clients across the globe every day, the Adecco Group delivered a strong performance in the reporting period. Net income increased by 20%. Organic growth saw revenues rise by 4% to EUR 21.1 billion, while operating income grew by 28%. This result represents an important step towards meeting the target set for 2009, with an EBITA margin of more than 5%. In view of this excellent set of results the Board of Directors proposes a dividend of CHF 1.50 per share, an increase of 25%.

We are delighted with the progress Adecco has made in 2007. The set-up of our Professional business lines and our focus on value generation have proven successful. We enhanced gross margins through good pricing discipline and higher growth rates in our Professional business lines, while carefully managing cost efficiency and our invested capital.

In France, USA and Canada, our efforts on cost efficiency, combined with disciplined pricing, produced a strong performance and significantly improved profitability. Adecco France, our largest market, is back on track after years of declining profitability. Their decisive action serves as an inspiration to other countries. We are well prepared to further develop our leading market position.

Jürgen Dormann
Chairman

Dieter Scheiff
Chief Executive Officer

With the acquisition of the German Tuja Group, we continued to strengthen our position in Germany, one of the most promising markets in our industry, with significant structural growth potential. The current penetration of temporary staffing in Germany is only 1.3%, compared with 2.4% in France and 4.5% in the UK.

At the same time, we further strengthened our position in emerging markets such as Eastern Europe, India, Latin America and Asia. Bearing in mind the underlying demographic shift in the developed countries, our focus on these markets is more than just a short-term commitment, it is an integral part of our long-term strategy. By 2020, the majority of the population in Europe will be over 40 years of age. Japan's working-age population peaked already in 1995 and is now falling. Demographers forecast that by 2025 the number of working-age Japanese will drop by 15%, while the majority of India's population will be younger than 30 in 2015. Increasing penetration of temporary staffing, continuing liberalisation of the labour markets, and the fact that our labour force will become more mobile in the future, are creating good opportunities for our industry in these emerging economies.

Using the momentum of a successful 2007, we will continue to focus on profitable growth for 2008 and beyond. Our industry is witnessing a growing demand for both flexibility and skills across the globe – a trend most likely to accelerate in the foreseeable future. In relation to our operating business, this results in our two distinct approaches to the market. For positions that require general skills, we offer specialised solutions, focusing on industry know-how and cost leadership. This also means ensuring continuity and nurturing long-term relationships with our associates and candidates. Attracting professional skills requires "experts" in our network. Their in-depth professional knowledge amongst our employees enables us to find and provide challenging consecutive assignments which offer attractive perspectives for career development. In both approaches to the market, it is our goal to focus on operational excellence, higher specialisation and efficient delivery models.

As the global leader in human resources services, we are aware that traditional patterns of employment will continue to evolve in the years to come. We therefore want to encourage the present and future generations to see change as opportunity in myriad forms. We want to invite people to welcome tomorrow's challenges with confidence and to join us in shaping the future of the workplace.

We thank our shareholders and clients for their continued trust. We are particularly grateful to all our employees for their contribution to the successful development of our Company. Together we will pursue our dual-market approach with passion, determination and a clear purpose: to provide high-value services to our clients, offer attractive professional perspectives to all employees and, as a consequence, generate high value for our shareholders.

Jürgen Dormann
Chairman

Dieter Scheiff
Chief Executive Officer

People are at the centre of everything we do. At Adecco we bring together the needs of our associates and clients. We shape the future by investing in people in times of increasing demand for talent and professional skills.

Our people

Talent development Adecco has been a pioneer in the human resource services industry for more than five decades. Over the years, the Group has constantly expanded its service offering to meet the changing demands of both employers and employees. Today, Adecco provides an unparalleled range of flexible staffing solutions to hundreds of thousands of small, medium and large companies, as well as attractive career perspectives to some five million qualified associates across virtually every business area, seniority level and age group. Our 37,000 full-time employees in over 7,000 offices in more than 60 countries and territories are enthusiastic in their commitment to bring value to over 700,000 individuals every day and society at large, helping us fulfil our responsibility as one of the world's leading employers. Acknowledging this commitment, we encourage and support everyone working with and for us to enhance their personal value in today's ever-changing working environment by taking advantage of the multitude of educational and mentoring programmes offered by Adecco. Our many initiatives are geared towards developing life skills, enabling career progression, and providing access to specialised expertise, thus creating meaningful employment opportunities for many – not least for those who may experience difficulty finding work due to limited skills, disabilities or long-term unemployment. It would be no exaggeration to point out that, since the establishment of the Company by its founding partners, the Adecco Group's unwavering focus on training and education has created countless opportunities for colleagues and associates of all ages, at every stage of their career. Lifelong learning has become a necessity for all firms wanting to keep their talent base flexible.

Our commitment to encourage and facilitate education and skills training is one of the cornerstones of our strategy for dealing with changing demographic trends, which are fuelling the demand for an increasingly flexible, skilled labour force throughout the developed world. Tomorrow's society will not be able to do without the professional skills and expertise of people who, by today's standards, are approaching retirement age. For example, in the next ten years, the majority of people in Europe's five biggest economies will be over 40 years old. We will see the number of people aged 50 to 65 rise considerably, and those aged 20 to 40 decline. By 2050, the European Union's working-age population will be one-fifth below what it is today, and the proportion of the EU-25 population aged over sixty-five will double to 30%. As a consequence, flexible employment models will gradually replace traditional patterns, offering attractive options and opportunities to employers as well as more experienced employees. Against this backdrop, fostering long-term relationships with associates and clients is an important contribution to our endeavours to retain an important source of experience and expertise.

With this in mind, Adecco invested more than EUR 150 million in training and education in 2007. The following examples illustrate our commitment towards the continuous development of skills of our external and internal employees around the world:

- In 2007, Adecco conducted over four million assessments using the Adecco Xpert™ analytical and e-learning software. One of the largest online tools of its kind in the world, the software evaluates candidates' suitability for an individual position, benchmarked against the existing staff profile and industry sector.

- In India, the Adecco Learning Solutions Group trains over 10,000 associates every year, providing training such as selling, customer orientation and negotiation.

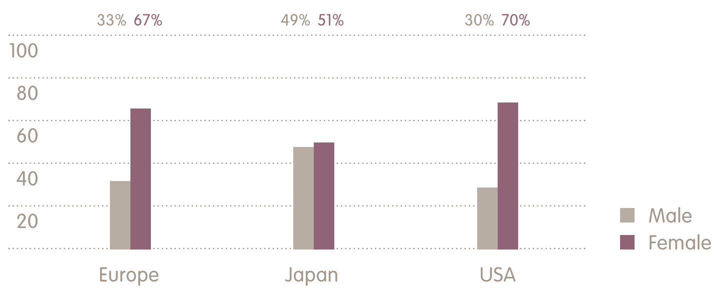
- Adecco Japan's "Career Up" schools benefit 20,000 associates annually in 25 locations, with training programmes that include business language, bookkeeping and interviewing skills.

- In 2007, Adecco Norway introduced its Career Guidance Programme, developed with career psychologists, for long-serving associates.

- And almost 7,000 associates have participated in Adecco UK's online Earn and Learn Programme. In the United States, the opening of the Adecco Training Center in Cincinnati and the launch of 150 new online courses and learning plans – with colleagues spending 30,000 hours on the site in the first eight months – were important milestones for local skills development.

Adecco's commitment to the ongoing professional training and personal development of our associates underscores our culture of innovation, knowledge-sharing and industry leadership throughout the Group's worldwide network.

Adecco's gender distribution by region *in %*



Coaching and mentoring As continuous learning has become the norm during recent years, the challenge now is to provide true leadership development.

In 2004, Adecco launched the Adecco Leadership Programme, in partnership with the IMD Business School in Lausanne, Switzerland. More than 400 managers from 42 countries have since enrolled in the three-year programme, which serves as a high-level leadership training course for Adecco managers around the world. Trust is the basis for collaboration in Adecco, and leadership seminars play an important role in disseminating this value throughout our organisation.

Furthermore, various internal management, career development and mentoring programmes have been implemented in different markets in order to attract and retain associates at a time of increasing shortages of talent. These initiatives are usually complemented by modules designed to identify and develop managerial and leadership skills. Adecco Germany, for example, has launched its innovative Adecco Management Trainee Programme in Sales, which offers university and college graduates showing leadership and professional potential attractive career perspectives. Over the course of 15 months, the selected candidates will be introduced to the entire spectrum of Adecco's human resources services. The objective of the programme is to prepare the participants for the challenge of managerial responsibilities.

Diversity – a key success factor The diversity of the workforce is an important aspect. It is what makes the difference between a good organisation and a preferred employer. Diversity is a major asset, especially in such areas as innovation, flexibility and client orientation. Adecco's self-conception is based on the principle of equal opportunity. We want to be an attractive employer for both women and men, for young and more experienced people alike, regardless of their nationality, cultural background or religion. Needless to say, Adecco adheres to the highest ethical standards, as defined in its Code of Business Conduct and complemented by independent compliance and ethics reporting tools.

The recruitment and retention of more experienced collaborators – who, beyond their undisputed professional experience and maturity, frequently bring a broad spectrum of interpersonal and social skills to the table – is becoming increasingly important. Once companies have experienced the manifold value of such colleagues, they begin to understand the importance of retaining this important pool of talent and expertise.

Several national awards gained in 2007 show that Adecco enjoys a reputation as an employer of choice in various countries, especially in the area of diversity management. Adecco North America has been granted the Exemplary Employer Award by the Governor of Massachusetts and The Global Diversity Innovation Award by The World Diversity Leadership Council and has been recognised as an Employer of Choice by the National Business and Disability Council (NBDC). Our operations in the Netherlands, Denmark, Norway and Germany have achieved prestigious international recognition by being included in the list of best workplaces, following the Great Place to Work 2007 competition.

To understand the importance of our role in relation to associates, clients and society at large; to realise the full potential of our expertise and passion in every assignment – these are the core elements which constitute Adecco's leading position in staffing markets around the world. They are in equal measure the driving force which makes our corporate motto "better work, better life" a tangible experience for millions of people in every country we do business in.

"As an opera singer, I dream of one day performing to a packed concert hall …"

Miwako Mizushina, 30, opera singer and mortgage consultant. A music graduate, Miwako performs at festivals and gives her own concerts, but is equally at home in plays and musicals. She approached Adecco to broaden her career horizons. An assessment of her skills led to a job with Mitsubishi Tokyo UFJ Bank as part of a team advising home purchasers. Miwako hopes one day to bring the house down in a packed concert hall.

"… for now, I'm happy to work in harmony with my colleagues."

"I love to see people happy, whether an audience at the opera or the clients I advise. Music has always been my passion, but to be a great singer I needed time to grow as a human being. Adecco coached me for my job as a mortgage adviser, a role with its fair share of dramatic moments! While respecting me as an artist, Adecco gave me the chance to put my personality to good use, helping those who want a better life for themselves."

Japan faces acute skills shortages. There is a fast-aging population and 35% of young people leave their first job in under three years. Adecco inspires the young to realise their potential, assessing their skills for the best career opportunities. Its coaching and placement programmes foster young talent and enhance employability in a fast-moving labour market – and provide companies with the workforce they need.

As the worldwide leader in HR services, we connect more people with more working opportunities at more companies every day than anyone else in the world.

Our business

People are at the centre of everything we do. This applies to the relationship between our 37,000 full-time internal and more than 700,000 external employees (associates), as well as that between our employees and our more than 150,000 clients every day. In this way, people are always the focus of our continued search for excellence in the provision of our principal offerings: temporary staffing, permanent placement, outsourcing, consulting and outplacement services.

People, whatever their culture or background, all share the same dream of a better life and a more rewarding future. We inspire individuals and organisations to create greater choice in the world of work, for the benefit of all stakeholders. As the world wide leader in HR services, we are conscious of our global role of helping to shape tomorrow's workplace for the better.

In today's fluid business environment, Adecco people around the world are helping connect private and public organisations with the right skills and expertise to fulfil their needs. Matching talent is vital in giving individuals and companies a competitive edge.

We build relationships with talented people around the globe to handle any size of project or assignment, on time and in a professional manner. If someone is looking for an international experience, or a business wants services provided at multiple locations, the individual concerned deals with a single Adecco partner who has expertise in the relevant field. Our strategy is to develop lasting relationships with all our stakeholders. Therefore, as a complement to our traditional Office and Industrial businesses, we operate Professional staffing businesses, focused on the specific professional expertise of our employees.

Our success is driven by the combination of expertise, networking and passion. These are the core elements that have enabled us to build our leading position in the industry and are the basis for the two-sided market approach we have developed worldwide.

Our approaches to the market

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

Our two market approaches We believe in "candidate-based" and "customised" approaches to providing HR services for our candidates and clients, demonstrating our expertise while building continuous relationships. This results in our two distinct approaches to the market:

- For positions that require **general skills,** we offer our clients specialised solutions, focusing on industry know-how and cost leadership, while building longer-lasting relationships with motivated associates.

- Attracting **professional skills** requires "experts" in our network. This in-depth professional knowledge amongst our employees enables us to find challenging serial projects with our clients, which ensures that we retain talented associates and further enhance their skills.

In both approaches, it is our goal to lead the staffing process, ensure a successful match, and develop our associates in order that our clients and associates have a more than merely satisfactory experience. This of course requires the full commitment and dedication of all our stakeholders. We are convinced that our philosophy of "managing for value" is fundamental to our business strategy. It has also proved successful, since it opens up long-term perspectives for our employees, associates, clients and shareholders.

Client journey

First Contact	Recruitment	Placement	Post placement	Ongoing relationship
• Job needs identified • Discuss working relationship	• Agree on working relationship terms • Provide candidate options • Ongoing management of recruitment process • Offer agreed	• Candidate starts to work • Candidate completes 1st day or week • Account management during job	• Evaluation	• Continued interest, cross sell and up sell

Our Office and Industrial businesses

The Office and Industrial businesses, also referred to as our general staffing business, represent the core of the Adecco Group business, accounting for 76% of the Group's revenues for the year ended December 31, 2007. The Industrial business accounted for 54%, and the Office business for 22% of the Group's revenues. Revenues for the Office business totalled EUR 4.7 billion. Revenues for the Industrial business totalled EUR 11,4 billion. Together with the Emerging Markets the two businesses employ over 650,000 associates each day, serving over 135,000 clients.

Strategic objectives The Office and Industrial businesses saw more people seeking employment opportunities than customers have placements available. As a result, our traditional Office and Industrial businesses operate in a competitive market environment. We constantly devise innovative solutions for our clients, allowing them to work even more flexible and productively.

Higher specialisation and efficient delivery models
At Adecco, the journey we make with our clients is a continuous one; this enables us to achieve sustained improvement in the efficiency of our service delivery, while further developing our industry specific know-how. Every step, from the first contact to the ongoing relationship, can be better managed when meeting clients, with a sound understanding of their industries and well-established work processes. In the recent past, we have invested in specialised staffing businesses, focusing on specific industries such as hospitality, construction as well as transport and logistics. At the same time, we are further optimising the efficiency of our services, relying even more on Internet sourcing and making clearer distinctions between large, small, regular and "on the spot" clients, while maintaining a high level of discipline in pricing.

"When I left university I took a temporary job . . ."

Özcan Nalbant, 29, German, telecoms engineering graduate. While studying for a second degree in industrial engineering, he sent his CV to Adecco, who placed him in a job ideally suited to his qualifications and wishes: installing and signing off state-of-the-art electronics for DeTelmmobilien on telecoms buildings. A team player at work and in private, he captains his local football club and encourages young people in his community to get involved.

"… which turned out to be a great career move."

"I studied in various fields of engineering, but couldn't wait to get out into the real world. I was keen to go on learning, but by solving real challenges. And I didn't want to be pinned down before I was ready. The job Adecco found me is very versatile, not just about technical stuff. It takes initiative, responsibility and teamwork. I still enjoy my temporary job 15 months on. Looks like a great career move."

In the German labour market, competition for professional talent is fierce. Shortages of skills and expertise tend to limit growth. Adecco's strategy is designed to fill the gaps. We recruit candidates with the talent, versatility and ambition to fit into a variety of jobs with different demands. We are dedicated to enhancing the knowledge of our associates through continuous learning opportunities and challenging assignments in serial projects.

Candidate journey

First contact	Job search	Placement	Post placement	Ongoing relationship
• Consider agencies • Make first contact, first impression • Decide if agency is right	• Candidate evaluation • Review jobs • Prepare for and go to job interview • Interview feedback • Agree to job and prepare for job	• Candidate starts to work • Candidate completes 1st day or week • Ongoing contact	• Evaluation • Identify next job	• Career coaching • Training

Our Professional business lines

Demographic challenge, demographic crisis or demographic revolution?

Whatever term is appropriate, the consequences of demographic change are clear: we are entering the next decade in the war for talent. The recent heated debate about the talent war is equally relevant in Europe, the USA and Asia: all face significant skills shortages. As the demand for talent accelerates, supply will fall dramatically due to the aging populations in many western countries, as well as in Japan and China. The big question looming over today's business leaders is how to attract, nurture and retain the best people.

The Professional business lines stand for Adecco's strong belief that the shortage of talent and skills is the primary challenge and opportunity in the labour markets of today and even more tomorrow. In 2007, the contribution of our Professional businesses lines accounted for 18% of Group revenues. Revenue growth of 7% in constant currency, compared with 2006, outperformed the traditional Office and Industrial businesses. Revenues for the Professional business lines totalled EUR 3.8 billion.

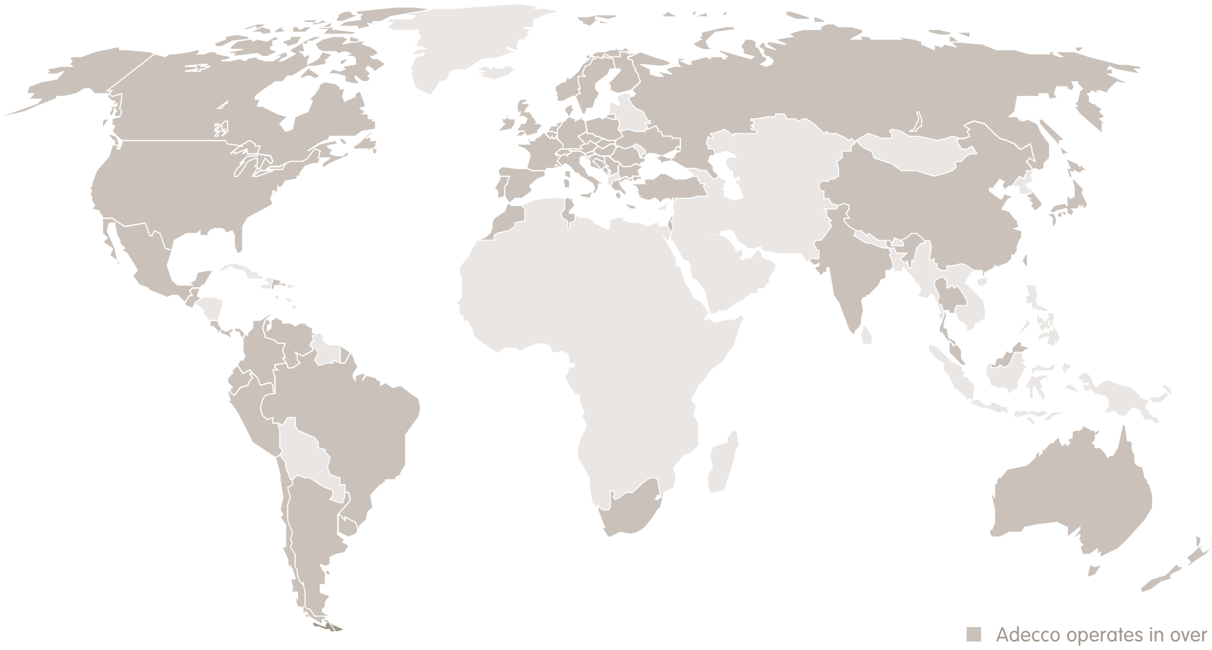
Combining the Finance & Legal, Engineering & Technical, Information Technology, Medical & Science, Human Capital Solution and Sales, Marketing & Events, these businesses together employed over 50,000 associates each day, serving over 15,000 clients in 2007.

Strategic objectives The Professional business lines saw more clients trying to find qualified talents than there were individuals willing and able to fulfil the demand. As the pressure on the worldwide supply of qualified individuals continues to grow, temporary professional assignments are contributing more and more to the efficient allocation of labour and are increasingly attractive to qualified individuals. This shortage of skills is the reason why we have based our Professional business lines on the "experts talk to experts" concept. Higher-level, "expert" points of contact with clients lead to longer-lasting and more challenging assignments for associates. Assignments, which in reverse allow us to attract talented, qualified and consequently highly sought-after individuals.

Professionalism increases associate retention

The typical candidate journey starts with the selection of a professional agency. For a highly qualified professional, it is crucial to communicate with a knowledgeable counterpart. Our employees in the professional business lines first get an idea of the professional background of the candidate and then offer a promising assignment pipeline with potential for further development of the candidate's skills, while complementing his or her professional experience.

In order to continue a successful business relationship with the associate, we continuously evaluate the progress of associates and concentrate on seamless and more challenging assignments. We therefore offer a strong partnership, which effectively results in higher job security and job satisfaction.



Adecco operates in over 60 countries and territories worldwide

Our business at a glance

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

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

* Incl. Office and Industrial of emerging markets

** Only material brands are listed

Countries (alphabetically)

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

Key figures

	2007
in EUR millions	
Revenues G11*	16,127
Revenues Emerging Markets	1,172
Revenues total	**17,299**
External employees (average)	> 650,000
Branch employees (average)	> 24,000
Branches (average)	> 5,800
Countries	60

Countries (alphabetically)

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

Key figures

	2007
in EUR millions	
Revenues total	**3,791**
External employees (average)	> 50,000
Branch employees (average)	> 6,500
Branches (average)	> 1,200
Countries	24

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

Managing for value

At Adecco, our value-based management approach fosters long-lasting relationships with all our stakeholders. We believe that such relationships allow us to provide truly professional coaching for candidates and associates, highly efficient and proficient interaction with clients, and more attractive jobs for our internal employees, while maximising shareholder return.

Whilst we are focused on our bottom line, we have moved beyond pure accounting profitability as a measure of value creation, by promoting tools that take into account capital intensity. Our enterprising approach to value creation, in the form of the Economic Value Added concept, allows us to have a consistent and dependable approach to our pricing policies and performance-related incentives for our employees. It also allows us to focus on acquisitions and investments that create value and exceed a minimum return.

Why Economic Value Added? Through its decentralised organisation, Adecco responds in every region to different degrees of deregulation in temporary labour markets and varying macroeconomic conditions. This approach requires good central control and management tools, to ensure all our operations are in line with the overall Group strategy. The Economic Value Added concept helps us to align the interests of our shareholders with those of our colleagues around the world by enabling our decision-makers to focus on generating value, while encouraging the local entrepreneurship that is key to our global success.

As a management tool, the concept allows us to find the right balance between revenue growth and corresponding market share, local pricing, cost structure and invested capital. It improves our managers' ability to make the right choices and identify the most beneficial client relationships, acquisitions, strategies, incentive schemes and targets.

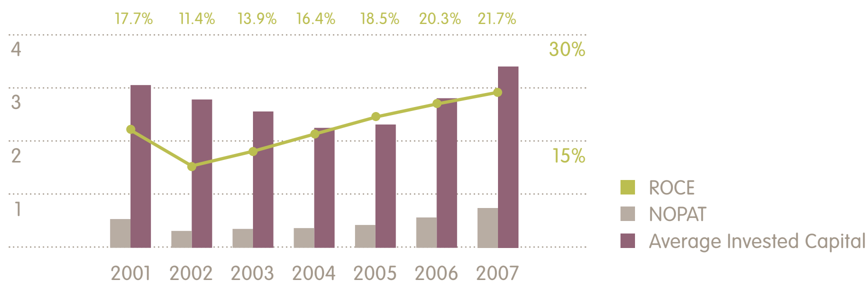
How is Economic Value Added calculated? The Economic Value Added is a performance calculation of residual income. It considers value creation only if operating income after the deduction of taxes is greater than the minimal required rate of return on the invested capital – the Company's weighted average cost of capital (WACC).

This calculation is based on the net operating profit after taxes (NOPAT) of the entity and disregards all non-operational impacts such as financing decisions, taking into account a general tax rate of 30%. Invested capital is defined as total assets minus liabilities, excluding cash and interest-bearing liabilities. The acquired goodwill is carried at book value. For all Adecco's entities, a cost of capital of 10% is applied, while our actual weighted average cost of capital (WACC) in the reporting period was below 10%.

For the purposes of clarity and due to its better acceptance and understanding in the financial community, Adecco reports its capital efficiency as return on capital employed (ROCE), which is simply NOPAT as a percentage of the invested capital.

What is Economic Value Added used for? We apply the concept of Economic Value Added in three main areas: as a performance measure for incentive plans; to determine the value generation of new and existing clients; and as a valuation tool for acquisitions.

ROCE development since 2001 *in EUR millions*

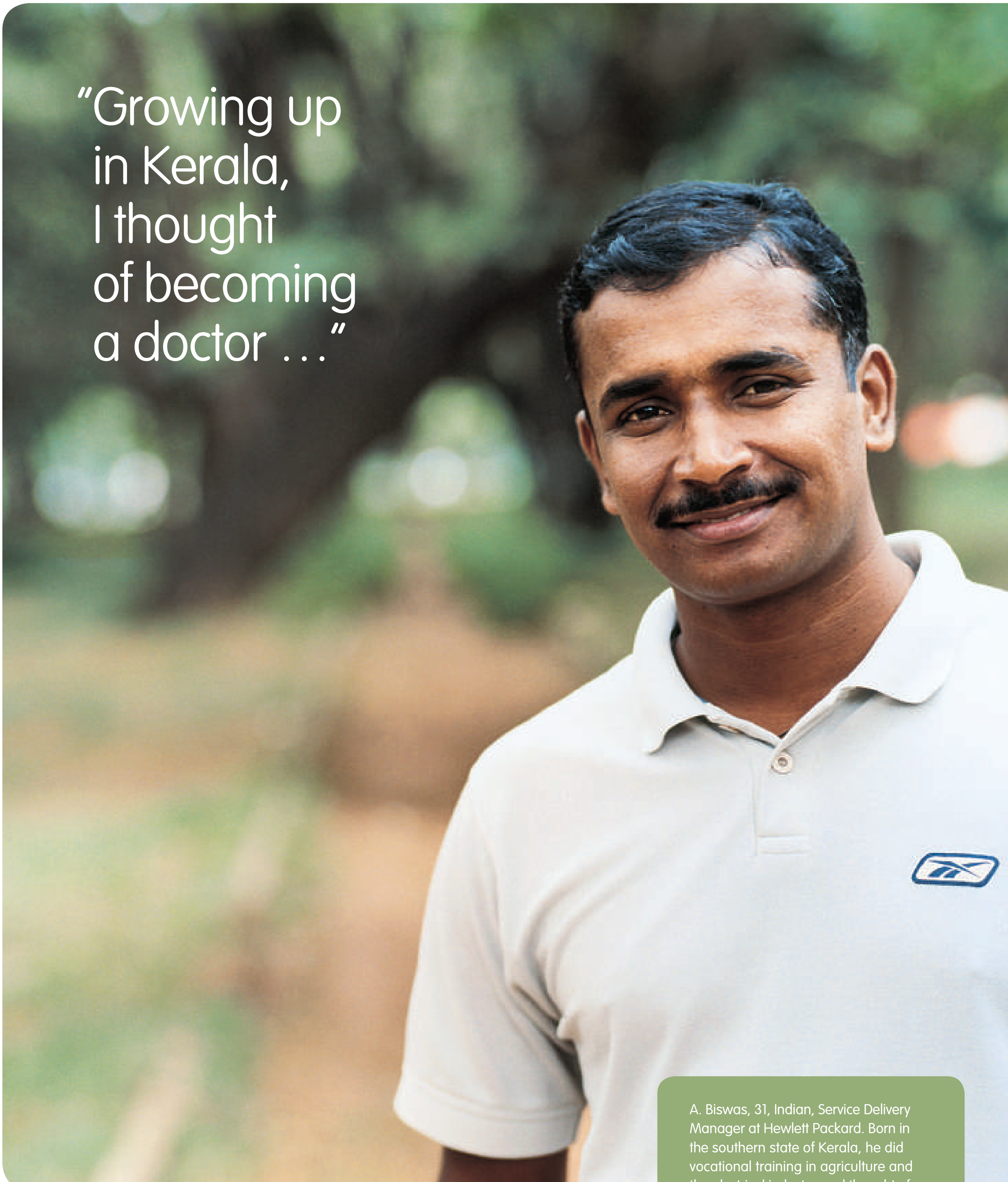


Note: ROCE = NOPAT/average invested capital = (operating profit – 30% income tax)/average invested capital. Invested capital = asset – liabilities excluding cash and interest-bearing liabilities. 2001 NOPAT and average invested capital adjusted for goodwill amortisation.

Incentive plans In 2007 Adecco has implemented variations of Economic Value Added for the calculation of performance-related pay at almost all levels and regions of the organisation. We apply simplified variations of the concept at the level of a branch, while senior management is measured using the most detailed form of calculation, which covers all elements of the concept, including goodwill and intangible assets.

Value generation by clients Economic Value Added by client provides a better understanding of the cost structure and capital needs for doing business with individual clients. It is the first step towards encouraging long-lasting and mutually beneficial client relationships. It also allows us to evaluate potential business with new clients.

Valuation of acquisitions We also use the Economic Value Added concept to test the financial attractiveness of potential acquisitions. The concept helps us avoid overpaying, as goodwill and intangible assets are a substantial part of the invested capital, and therefore have a direct impact on Economic Value Added and subsequently on the incentive pay of senior management.



A. Biswas, 31, Indian, Service Delivery Manager at Hewlett Packard. Born in the southern state of Kerala, he did vocational training in agriculture and the electrical industry, and thought of entering medicine, but later became fascinated by computers and gained a degree in IT. Now living in Bangalore, one of India's new economic hubs, he enjoys playing squash, badminton and rugby and is a passionate trekker.

"My first job in IT was helpdesk engineer for a small company, then I moved to a multinational. But I wanted a bigger challenge. Adecco has a great reputation among professionals here. They helped me step up to management, to my dream job. I'm in charge of a team of 80+ engineers across India and an office providing 24/7 customer support. I really feel I make a difference. This is an exciting place to live and work nowadays, with so many opportunities. And Adecco is helping to make it happen."

"… now I feel I have my finger on the pulse of the new India."

In today's globalised economy, a key factor is flexibility in resource deployment. Adecco works with clients across the world to create flexible and mobile workforces, locating the people with the right skills and experience, providing special training, as well as managing projects on clients' behalf. Adecco is the world leader in connecting companies with the people they need, and providing people with the work they want.

The global staffing market enjoyed another year of strong growth in 2007. This trend can be attributed to continued deregulation and better social acceptance levels for temporary staffing, further enforced by skill shortages, particularly in the professional and specialised general staffing sector.

Our market opportunities

More opportunities for more people Our industry is expected to create more than 2.1 million new jobs in Europe by 2012 (Eurociett/Bain 2007) through structural growth and the lifting of unnecessary restrictions on the use of temporary work agencies. With our focus on offering more work opportunities to people across the globe, we are contributing to more efficient labour markets by reducing unemployment, addressing skill shortages, increasing diversity and integrating disadvantaged people into the labour market. In 2006, only an estimated 1.8% of the European workforce was accounted for by agency workers (Eurociett/Bain 2007).

Through the development of our industry and our broad portfolio, we deliver a strong competitive advantage to labour markets overall. Our industry has:

- Extensive knowledge of local labourmarket requirements
- Access to people covering a broad range of skills and experience
- Extensive experience in matching labour supply with demand
- Expertise in national and transnational labour law
- Know-how in engineering and implementing training programmes
- A global network of branch offices
- Employees with an entrepreneurial spirit
- Professional relationships with trade unions in the framework of a sectoral and social dialogue, at both national and international levels.

Overview of staffing and other HR-related services market

	Permanent		Temporary
Staffing services	· **General staffing**	Blue-collar, White-collar	
	· **Professional staffing**	Medical, Science, Education, Engineering & Technical (E&T) Process Ind., E&T Mfg. Ind., E&T Energy, E&T Infrastructure, E&T Technology, IT Support, IT Application, IT Infrastructure, Finance & Accounting (F&A), Legal	
	· **Executive search**		
HR process management services	· **RPO** (recruitment process outsourcing)		· **MSP** (Managed Service Provider) · **Secondment** Medical, Science, E&T, IT, F&A, Legal
Professional development services	· **Corporate training** · **Restructuring / transformation** · **Individual outplacement**		

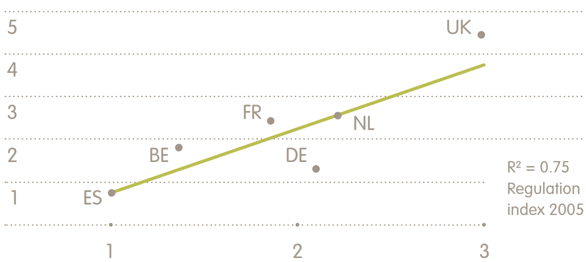
Definition and size of our market

Definition of HR services market Classical staffing services are closely related with services around HR process management and professional development services, such as training and outplacement. While staffing and process management services both have a component focusing on permanent placements and temporary placement, professional development service tend to be a consultancy or outplacement type of business.

Over the recent past process management services have been partially or fully outsourced, for temporary staff to so called managed service providers (MSP) and for permanent staff to recruitment process outsourcers (RPO). The market for professional consulting and secondment can also be seen as part of process management services related to temporary staff, provided the service is on a time and material basis.

Size of our market The size of the global staffing market in 2007 was over EUR 220 billion, excluding staffing-related services in the professional consulting and secondment market, professional development areas and executive search. All other related HR services accounted for an additional EUR 120 billion.

Temporary agency work penetration rate *in %*



Note: Regulation index: 0 = restrictive legislative context, 4 = liberal legislative context
Sources: ING, Morgan Stanley, Vontobel, Litsearch, Eurociett, IAB.

Growth drivers

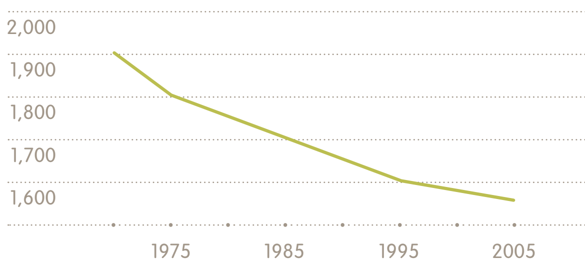
Regulatory environment The size and growth of the temporary staffing markets vary significantly across different countries. The regulatory framework in which temporary staffing is operating – e.g. the existence of other flexible contracts – as well as the industry sectors and qualification levels covered by temporary staffing – have a significant influence on temporary staffing penetration rates, growth expectations and, consequently, the size of local markets. It can be said that, in countries where there are more flexible employment regulations, temporary staffing penetration rates are higher.

More flexible labour regulations are increasing temporary staffing penetration rates around the globe. In developed economies such as Germany, the Netherlands, Spain, Italy and Japan, labour market liberalisation has boosted opportunities in both the temporary and permanent placement staffing markets.

A typical example is Germany where the introduction of the unlimited assignment length boosted the country's penetration rate to 1.3% in 2007, compared with less than 0.5% in 1997. While the assignment length was limited to six months until 1985, it was gradually lengthened until 2005, when the limitation was fully abolished. Companies have built a strategic, flexible workforce. In addition, the conclusion of a collective wage agreement for the temporary staffing industry in 2005 has improved the perception of the temporary staffing industry: over the past three years, the industry has created the most new jobs in the German economy. In total, 75% of German temporary workers are highly or medium-skilled – although 75% of all temporary workers are employed in the industrial sector. The relatively high skills of temporary workers helps gain further social acceptance.

Changing labour force behaviour in Europe

Average hours worked per employee p.a.



- Increasing importance of work-life balance
  - Decreasing average working hours
  - Decreasing cumulated lifetime working years
- Increasing demand for part-time work

›

- Increasing attractiveness of temporary employment (flexibility, control)
- Potential to offer added services

Sources: OECD, lit search, HBS press, Adecco Institute, expert interviews, Bain analysis.

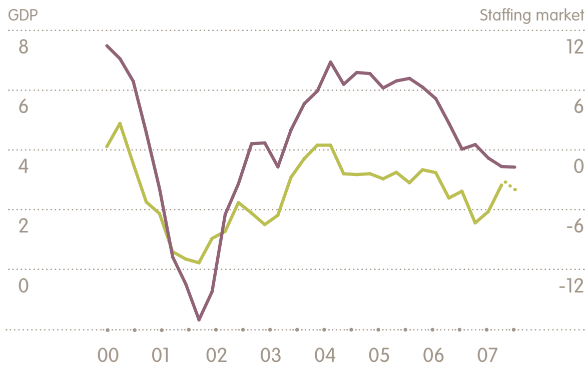
As legislative changes are implemented, companies adapt their demand for more temporary labour and specialised skill sets. We believe the implementation of more flexible regulations in many of Adecco's key markets is likely to continue for the foreseeable future.

Benefits from socio-economic trends Declining birth rates in developed countries and changing labour force behaviour have widened the employment gap. The growing importance of a "work life balance", visible in an increased proportion of early retirees and decreasing average working hours, produces a gap between the actual and ideal workforce to sustain economic growth. At the same time, companies and working candidates are experiencing a fundamental mismatch between required and available skills. This shortage of qualified and professional skills is further compounded by the exclusion of the skilled and experienced workforce.

The increasing scarcity of professional and specialised skills is leading to more flexible staffing patterns and higher job turnover. Our industry is seeking to address these issues by attracting and retaining highly qualified professional and specialised associates for both temporary and permanent placements. To meet clients' demand for skills and greater flexibility in the workforce, Adecco is focusing not only on recruitment, but also on the training and continuous education of its associates, which will increase the general acceptance level of temporary staffing.

Cyclicality of staffing markets *in %*

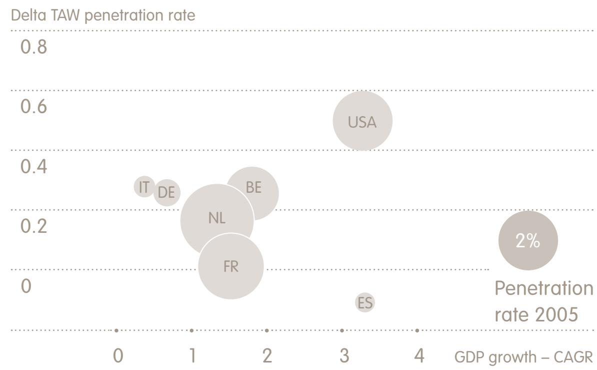
US staffing volume vs. GDP growth (2000–2007)



Sources: OECD; BLS

Correlation between penetration rates and GDP growth rates *in %*

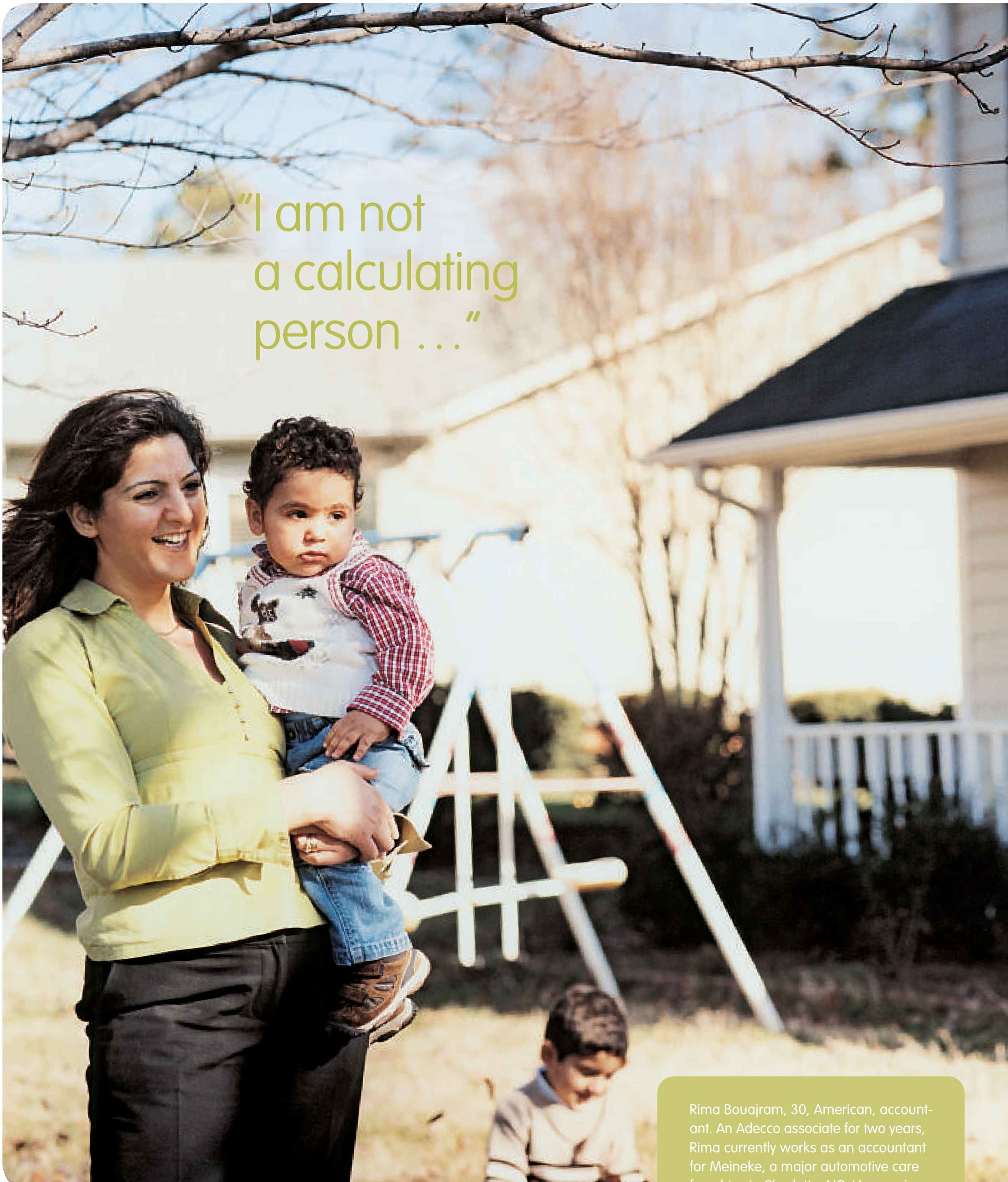
Delta agency work penetration rate (2002–2005)



Sources: EuroFound, EuroStat, Ciett, Federgon, Prisme, BZA, ABU, REC, AGETT, German state statistics, ONS, Prognos.

Dependence on GDP development A favourable economic environment is the key to growth in the staffing industry. Demand for more flexible staffing and human resource solutions is expected to increase as the global economy improves. Historically, there is a positive correlation between economic development and demand for temporary staffing. This is illustrated for the USA above on the left. However, increasing penetration rates, whether through deregulation or higher social acceptance levels, do not follow the same pattern as GDP. Consequently, we believe that in countries where deregulation is in progress, the impact of any economic softness will not erode structural growth.

While GDP growth in most parts of the world is slower than a year ago, it still indicates that demand for temporary staffing, particularly in Europe and Asia, will continue to grow for the foreseeable future. To conclude: assuming the economic environment is favourable, the staffing market according to the Eurociett study published in 2007 is expected to show a 7% growth rate (CAGR) until 2012.

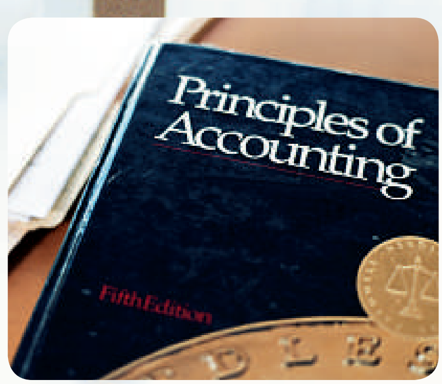


"I am not a calculating person …"

Rima Bouajram, 30, American, accountant. An Adecco associate for two years, Rima currently works as an accountant for Meineke, a major automotive care franchise in Charlotte, NC. Her previous placement was with a big bank. Originally from Lebanon, Rima moved to the States in 2001. The mother of two children, she may eventually return to college to study for a higher degree.

"… but I am passionate about accountancy."

"As a child, I adored playing with numbers. Aged 11, I decided I was going to be an accountant and have a job doing something I love. While finishing my degree, I met the man of my dreams, married and started a new life in America. I really like the life and people here. And thanks to Adecco my career never lost its momentum. I came to the USA as a professional, and Adecco made sure my skills were put to good use. The work is really challenging, and I am growing and learning all the time."



Experts talk to experts: Adecco's long-term strategy for the professional staffing sector is focused on building lasting relationships with clients and associates. By developing long-term relationships with our associates we are responding to the growing demand for a flexible, professional workforce. First-hand knowledge of the industries we serve makes us better equipped to help our clients and candidates meet their present and future needs.

Dear all,

Speaking for myself and my colleagues, I can say that we are proud to work for Adecco: not just because we are the world leader in our industry, but because of the positive impact we – and our industry – are having on the work and lives of individuals, as well as on companies, economies and society as a whole.

This brings me to the heart of what sustainability means to us. Adecco is a commercially driven, forward-looking strategic business, working towards long-term success. Sustainable success is contingent on behaving responsibly towards stakeholders. It is not, by and large, focused on charitable good deeds.

There is "shared value" in what companies like Adecco do: what we do is good for us, but also for individuals, the economy and society at large. A sound economy and society create a better environment for us to operate in, with talented people seeking better work and a better life, and companies seeking to grow, thus generating employment. We believe business and society should be seen as interdependent and not in conflict.

And this is actually true for all our stakeholders: we are interdependent with our individual employees, our clients, shareholders and suppliers, with governments, society at large and, finally, with the natural environment. Building fair and sustainable stakeholder relationships is how we expect to enhance trust and reputation, strengthen our competitive position and achieve sustained long-term growth and thus contribute to a better workplace.

Our approach is threefold. First, we focus on the mandatory platform for building success and sustainability: to ensure that we always comply in our daily business with local laws as well with international rules. We were the first in our industry to sign up to the United Nations Global Compact in 2003, and we have a continuing commitment to making its principles an increasing part of our culture and day-to-day operations.

Secondly, we concentrate on bringing our stakeholders substantial benefits, with the aim to be superior to those delivered by competitors or other bodies. The more we meet or even exceed our stakeholders' expectations, the more successful we will be in attaining our mutual goals. To this end, we invest in ongoing training of our internal employees and external employees (associates); we help make the labour market accessible for people with disabilities; we support our client companies in fulfilling their social responsibilities; and serve governments and society by integrating under-represented groups into the labour market.

Last but not least, we monitor our progress and strive for transparency in reporting our findings. We apply the Global Reporting Initiative Guidelines, which represent the globally recognised standard for sustainability reporting. We are committed to building long-term value by sustainable means. The following pages provide some examples of our respective commitment.

Dieter Scheiff
Chief Executive Officer

We help make the world of work a better place: fair access for all, equal opportunities, and attractive working conditions leading to less unemployment and higher employability for individuals in society at large.

Our social responsibility

Taking responsibility As the world leader in HR services and one of the world's largest employers, Adecco has a vital interest and responsibility to help make the world of work a better place. For us "better" means fair and equal access to job opportunities and working conditions that meet international standards and respect employees' rights and expectations. This implies great opportunities and challenges alike: we have some over 700,000 associates working at up to 150,000 client companies on a day-to-day basis in a highly decentralised operation, which covers more than 60 countries, diverse economies, societies and cultures.

In 2003, we joined the United Nations Global Compact (UNGC), a milestone in our efforts to meet this challenge, which helped us to focus even more on the programme's principles in the areas of human rights, labour, environment and anti-corruption as part of our strategy, culture and day-to-day operations.

We distributed a Code of Conduct to every employee. This requires that they comply with and surpass legal requirements and conduct their daily business in an ethical way. Various reporting tools, including a whistle-blower system, enable us to act rapidly and responsibly should we fall short of our own standards.

Our focus is on prevention. All our employees complete online training on the Code of Conduct and business ethics. The selection of mandatory training modules depends on the individual employee's function and responsibilities.

Country extension and athletes placement since 1999

1999–2004	Until 2006	Until 2007
Countries involved: • Spain • Italy • Norway • Denmark • Sweden • Finland	**Countries added:** • USA • Romania • Hungary • New Zealand • Poland • Mexico • Switzerland • Germany • South Africa • Slovenia	**Countries added:** • Portugal • Olympic Solidarity • Hong Kong • Singapore **In process to add:** • Asia • France • UK • Latin America

Developing talent People are at the heart of everything we do. Adecco is about placing talented individuals in temporary or permanent positions in businesses across the world. Our ability to attract and retain the right people is based on our track record in developing talent – not just finding people their next assignment, but providing expert career guidance and appropriate training.

However, talent and skills can only prosper on the solid fundament of a safe and healthy working environment, fair and equal treatment, and protection from discrimination. Our commitment to these principles is translated into positive action to combat discrimination, reduce workplace accidents and promote inclusiveness of disadvantaged groups.

Together with the International Olympic Committee (2005) and the International Paralympic Committee (2007) our Athlete Career Programme (ACP) helps professional athletes make the difficult transition from elite sport to a new career. During years of dedication to sport, they are often left behind in professional development. We provide advice, coaching and training to prepare them for the next stage of their working lives. Until the end of 2007, the ACP supported more than 3,000 athletes from 30 countries, including those where we have agreements with the respective National Olympic Committees and the Olympic Solidarity.

Supporting corporate social responsibility Our services have become a key competitive factor for many companies, but we also work with them to develop a joint commitment to corporate social responsibility.

We have well-established programmes to help individuals with disabilities enter the labour market. In Europe – especially in France, Spain and Italy – we secure placements for over 10,000 people with disabilities every year. In the USA, Adecco's Renaissance programme is a large-scale recruiting effort aimed specifically at experienced workers (50+). The programme has been an integral part of the way local recruiters across the country recruit, place and help employers retain mature talent. This programme has gained great traction and continues to be a core component of overall recruiting initiatives in the USA.

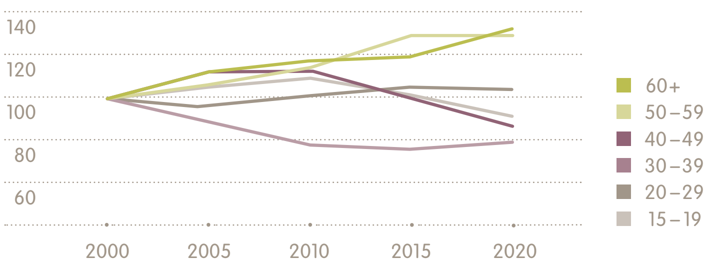
In December 2007, the CEO of the international chemical company Rhodia, and Adecco France, signed a charter setting out their joint commitment to social responsibility and commitment to progress in the conditions of employment for temporary staff. It is the first charter of its kind to be signed in France (www.adecco-rse.com).

More jobs, better jobs and less unemployment
We enhance people's employability – from top professionals to young or disadvantaged people looking for a stepping stone into employment. Research has shown that there is a causal link between the availability of our industrial services and reductions in unemployment. Governments are recognising this and are working with us to tackle unemployment.

Adecco in France is responsible for reintegrating 10,000 long-term unemployed into the workforce. We are supporting the French government's measures in a programme running from 2006 to 2008. Currently, 73% of participants have obtained employment, with 50% moving from temporary to permanent employment within a six-month period. The UK, the Netherlands, Italy, Spain, Germany, Austria and many more countries are running similar programmes.

Economically active population, 2000 – 2020

Index of age group sizes, 2000 = 100



Sources: International Labor Organisazion (ILO): Laborsta database February 2007; Adecco Institute analysis.

Developing expertise Besides such practical measures to reduce unemployment, we also invest in developing our expertise. Adecco plays an integral role in today's evolving workplace. Through the Adecco Institute and other research organisations, we regularly consult internal and external stakeholders as well as our clients to ascertain the trends and developments that affect them most. These consultations are documented in our series of studies and white papers. The research and best practices we offer are designed to help professionals achieve even greater success, and to help organisations prepare for tomorrow's workforce. The Institute provides a forward-thinking and fact-based perspective on innovative approaches to helping organisations and regions raise employability, productivity and employee satisfaction. A joint project in 2007 with Warwick University in the UK and the Shanghai Academy of Social Sciences (SASS) is conducting research into the China's labour market and its fast-growing business links with the developed economies.

Further subjects include an assessment of European measures to integrate young people into the workforce, and the Demographic Fitness Survey 2007, designed to improve the readiness of companies in the EU to deal with demographic change and inherent labour market trends.

The Adecco Institute is committed to facilitating discussions amongst all stakeholders on the broad topic of labour and how it affects our society. The goal of the Institute, founded in 2006, is to develop ways for private and public organisations, as well as regions, to raise employability, productivity and employee satisfaction (www.adeccoinstitute.com).

Caring about the environment For our business, sustainability relates to social responsibility, workplace conditions and human rights. However, we also abide by the environmental principles of the UN Global Compact. We support a preventive approach to environmental challenges, undertake initiatives to promote environmental responsibility and encourage the development and diffusion of green technologies.

Our subsidiaries launched many environmental initiatives in 2007, such as Adecco Sweden obtaining the ISO 14001:2004 environmental management certification, and Adecco Japan switching to recycled paper and using soy ink for their print publications.

For further details please access the full Sustainability Report on our website www.adecco.com.

"The perfect jump . . ."

Thomas Lambert, 23, Swiss, world-class freestyle skier, future MBA, Adecco trainee. Between competing at the highest level and business studies in Zurich, Thomas has found time to be part of our Athlete Career Programme. His part-time placements enable him to train with the Swiss Olympic team and pursue his goal of a medal in Vancouver in 2010. Then it's onwards and upwards to a master's degree.

"… is to retire from competition with a flying start to my career."

"I committed to sport at a young age because I wanted to compete for my country. Early on, I realised that an athlete's career often ends when other people the same age are leaping ahead in theirs. Adecco is helping me gain the kind of professional experience and real-world skills that are vital to my future business career. It gives me the flexibility I need to stay up to speed and balance the demands of training, studies and work."

Jointly developed with the International Olympic Committee and launched in 2005, Adecco's Athlete Career Programme (ACP) has helped more than 3,000 athletes prepare for a career after competitive sport. The difficult transition from elite athlete to the workforce is the main focus of the ACP. It does not remove the challenge, but provides athletes with practical professional development and placements relevant to their future career path.

Adecco shares are listed on the Swiss Exchange (SWX) in Switzerland and on Euronext in France. They are traded on SWX Europe, an exchange for pan-European blue-chip shares (formerly known as virt-x).

Our shareholders

Investor relations Investor relations rely on transparent and consistent information, trust and interactive communication. Adecco therefore strives for an open dialogue with the financial community, enhancing understanding of our business as well as explaining the implied risks and opportunities.

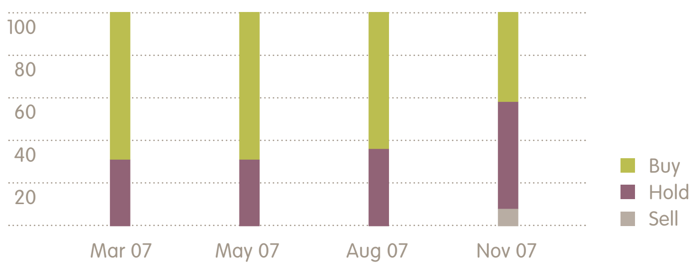
In addition to quarterly results conferences (that can also be followed via conference call or webcast), management conducts direct one-on-one discussions at roadshows, industry or market conferences and in-house meetings at our headquarters, while respecting its legal obligations relating to confidentiality and disclosure, and guaranteeing equal distribution of price-sensitive information.

The Company is committed to providing regular updates on key value drivers, business strategy, threats and opportunities, as well as insights into the key ratios which the group uses to track its own performance.

The investor relations team's dedicated target is to convey true, fair and timely information to every interested stakeholder, so that the share price reflects the inherent value of our Company at any given moment.

Our strong commitment to open and transparent communications was recognised in 2007 by the Institutional Investor magazine's accolade of "most improved IR" in the sector. Continuing this strategy, we further broadened our IR activities in 2007, devoting 53 man days to market communications around our quarterly conference calls, compared with 47 man-days in 2006. Adecco held more than 340 meetings, talking to more than 475 different institutional investors, analysts, portfolio managers and brokers in the USA, the UK, continental Europe and Asia.

Distribution of broker rating *in %*



Coverage Adecco share price movements are closely followed by the financial community. In 2007, financial analysts' perception of the Company's shares changed, so the recommendation turned from buy (69%) to hold (51%), reflecting the uncertainties of the macroeconomic situation.

More than 20 brokers are covering Adecco, maintaining regular contact with the IR department. Among them are ABN AMRO, Bank am Bellevue, Bank Vontobel, Cazenove, Cheuvreux, Citigroup, Credit Suisse, Deutsche Bank, Exane BNP Paribas, Fortis, Goldman Sachs, Helvea, ING, Kepler, Merrill Lynch, Morgan Stanley, Neue Zürcher Bank, Petercam, Sal. Oppenheim, UBS and Zürcher Kantonalbank.

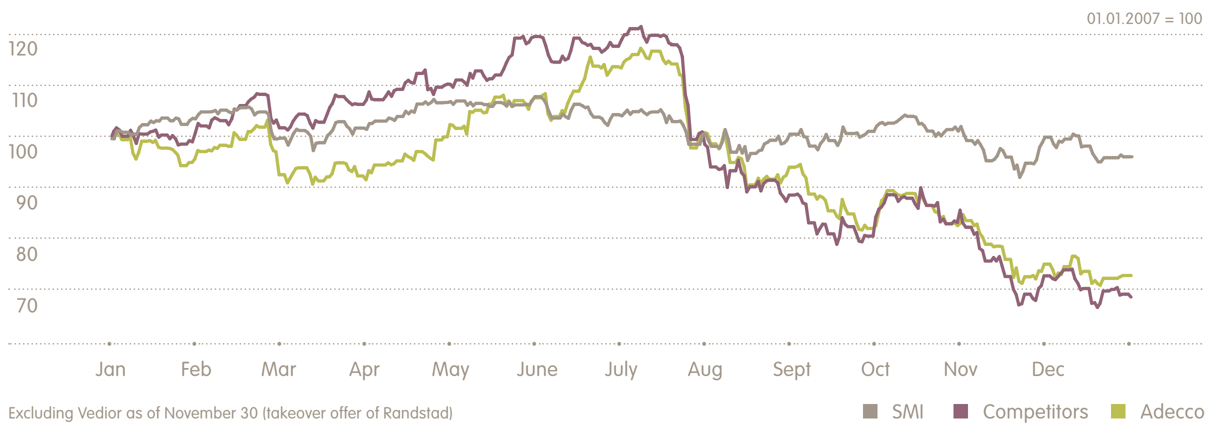
Dividend history In the last six years, the Company witnessed a steady increase in its dividend from CHF 0.60 for 2002 in 2003 to CHF 1.20 for 2006 in 2007, maintaining a payout ratio of about 25% to 30% of adjusted net earnings. The board of directors will propose a dividend of CHF 1.50 per share for 2007, reflecting a 25% year-on-year increase and a 25% payment ratio on adjusted net earnings.

Adecco share price and main events 2007

Performance report Adecco's share price started well into 2007. It was trading at CHF 83.25 at the beginning of the year and increased until the end of February. Concerns about the US economy and speculation about related spillovers into Europe caused a general stock market correction in March. A positive set of full-year results for 2006 broke the fall. In the second quarter, Adecco shares benefited from a series of positive developments. In April, the French government changed the basis for calculation of French tax rebates, resulting temporarily in better returns for the French staffing business. At the beginning of May, Adecco posted a very good set of first-quarter results. In June, Adecco announced the acquisition of Tuja Group, which significantly increased the exposure to the high-potential German staffing market. As a result, the share price rose 26% to its all-year high of CHF 97.95 in July.

In August, precautionary statements about the outlook for economic development issued by some industry players, as well as general uncertainties regarding global economic developments, led to a revaluation of the sector as a whole. This resulted in a steep downward trend for all stocks in the staffing sector. The perception of economic development remained cautious throughout the remainder of 2007.

Share price performance comparison 2007



Excluding Vedior as of November 30 (takeover offer of Randstad)

Adecco shares posted a 26% decrease in 2007, reaching CHF 61.25 on December 31, compared with CHF 83.25 on December 29, 2006. Adecco shares on Euronext were down 29%. Adecco was outperformed by a slightly declining Swiss Market Index (SMI), but was slightly ahead of a basket of its main competitors in the staffing industry (excluding latest M&A related premiums paid). Market capitalisation reached more than CHF 11 billion by the end of 2007, compared with CHF 15 billion a year earlier.

Delisting and deregistration from the NYSE

On June 4, 2007, Adecco terminated its listing and thereafter its registration on the New York Stock Exchange and ceased its ADR (American Depository Receipt) programme, five years after its inauguration. This step reflects the Company's wish to concentrate its trading volume in its prime markets (the average daily trading volume on the NSYE was less than 2% in both 2005 and 2006), as well as its drive to optimise costs by reducing complexity.

Adecco considers that US investors are an important part of its shareholder base and has therefore maintained English language reporting and continued its close relations with US institutional shareholders.

Investor structure

in per cent of shares issued	2007	2006
Institutional:		
• Europe	33%	29%
• North America	18%	25%
• Rest of world	1%	1%
Retail	3%	3%
Insider and treasury	33%	36%
Unassigned	12%	6%

Insider and treasury holdings

	in per cent of shares issued
Group represented by Jacobs Holding AG	29.0%
Treasury shares	3.5%
Management and Board	0.1%

Shareholder base Adecco has a broad investor base of over 15,000 shareholders. At the same time the shareholder base is concentrated with 52% of all issued shares with institutional shareholders, 33% with insiders and the Adecco Group and only 3% with retail shareholders. Within the group of institutional shareholders there were the largest year-on-year changes. European institutional shareholders increased their holdings in Adecco significantly, representing end of 2007 33% of issued shares. The percentage held by US institutions decreased notably to 18%, while the percentage of holdings by institutions from the rest of the world remained unchanged compared to 2006.

Insider and treasury holdings decreased slightly to 33% of issued share capital, mainly due to Akila Finance SA no longer being an insider, partially offset by the Company's share buy-back programme.

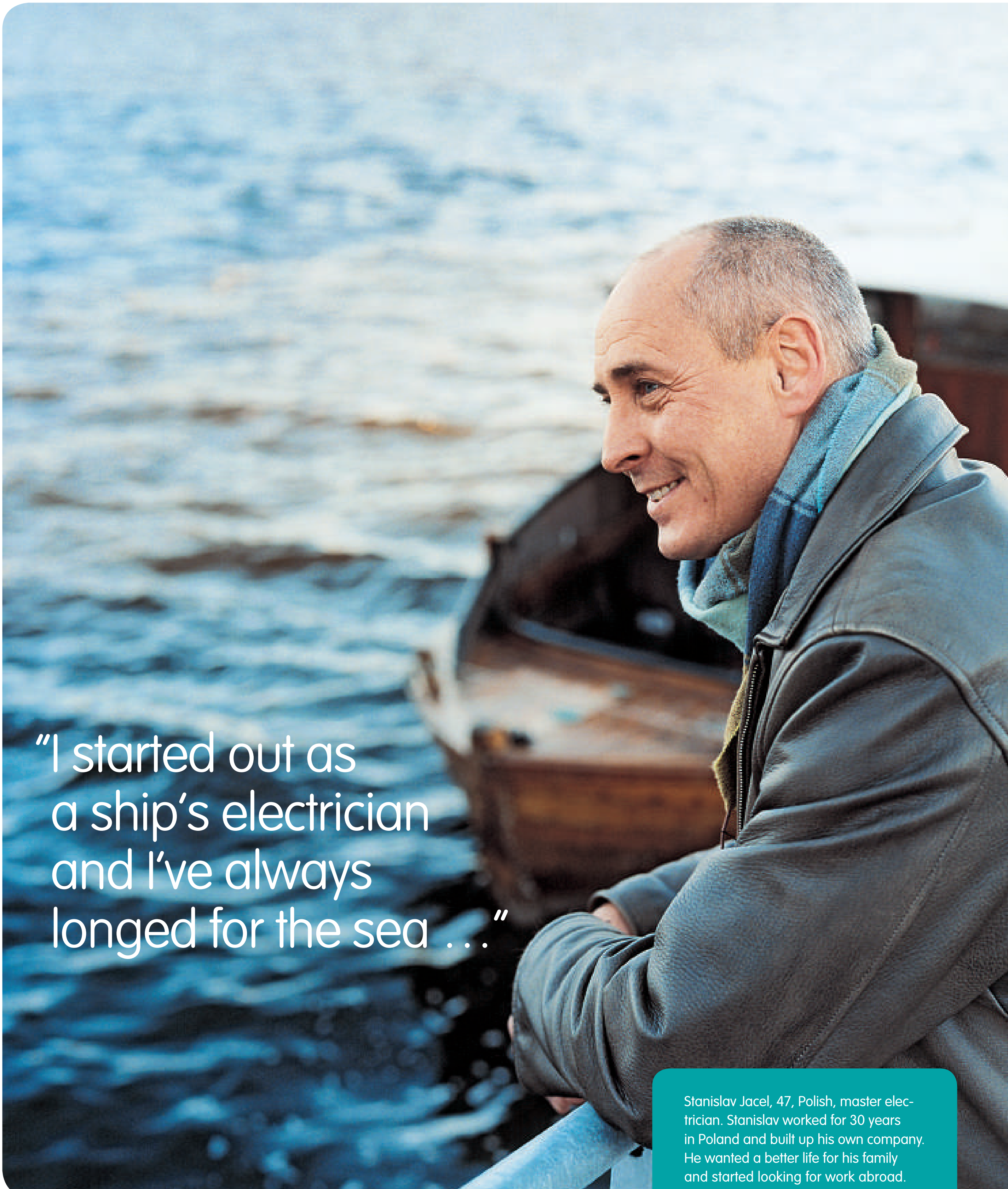
Key data

	2007	2006
Shares issued	189,263,506	188,801,167
Treasury shares	6,616,213	3,964,705
Shares outstanding	182,647,293	184,836,462
Average number of shares outstanding	185,107,346	186,343,724
Basic earnings per share in EUR	3.97	3.28
Diluted earnings per share in EUR	3.80	3.14
Dividend per share in CHF	1.50[1]	1.20
Year-end share price in CHF	61.25	83.25
Highest share price in CHF	97.95	85.15
Lowest share price in CHF	59.70	62.00
Year-end market capitalisation in CHF m	11,187	15,388
Price/earnings ratio [2]	9.3	15.8
Enterprise value [3] / operating income	7.2	12.4

[1] Proposed by Board of Directors.

[2] Based on basic earnings per share and share price at year-end; CHF/EUR per year-end 2007: 1.66; 2006: 1.61.

[3] Enterprise value equals net debt plus market capitalisation at year-end; CHF/EUR per year-end 2007: 1.66; 2006: 1.61.



"I started out as a ship's electrician and I've always longed for the sea . . ."

Stanislav Jacel, 47, Polish, master electrician. Stanislav worked for 30 years in Poland and built up his own company. He wanted a better life for his family and started looking for work abroad. He heard about Adecco and the opportunities for skilled workers. This soon led to a placement in Norway. He hopes to work for Adecco Norway until he retires.

"… now I go fishing with friends in the fjords after work."

"Since my apprentice days at sea, I'd fancied living in Scandinavia. When Adecco suggested a move to Norway, it was a dream come true. They paid for a language course and within months I was working at Moss Elektro for Adecco Norway. The versatility of the work, requiring different skills, has made me a better electrician. I also supervise and organise less senior colleagues from Poland, which is both challenging and satisfying."

Free movement of labour offers much-needed flexibility in labour sourcing. Many countries and employers face acute skill shortages. At the same time, there are willing workers elsewhere seeking career progression and a better life. Mobility is the key. Adecco unlocks the door to this potential, connecting qualified people with the right opportunities. We coach and train candidates, creating flexible workforces that can be deployed where they are needed most.

Financial Review

Adecco Group – Operating and financial review and prospects

in millions, except share and per share information

1. Introduction

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

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

1.1 Business and industry background

The Company is the global leader in human resource services including temporary staffing and permanent placement, outsourcing, and career services consulting and outplacement. The Company's network of over 7,000 branches and over 37,000 full-time equivalent employees in over 60 countries and territories at the end of 2007 connects on average on a daily basis over 700,000 associates with over 150,000 clients. Registered in Switzerland and managed by a multinational team with expertise in markets worldwide, the Company delivers a broad range of human resource services to meet the needs of small and large business clients as well as those of associates.

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

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

1.2 Organisational structure

Since January 2006, the Company is organised in a geographic structure (which corresponds to the primary segments) complemented by global business lines, through which the professional services are marketed. The heads of the main geographic areas – consisting of France, USA & Canada, UK & Ireland, Japan, Italy, Iberia, Benelux, Nordics, Germany, Australia & New Zealand, Switzerland, and Emerging Markets – directly manage the Office and Industrial businesses, while co-leading together with the professional business line heads the professional business lines in the country. The professional business lines are Adecco Finance & Legal; Adecco Engineering & Technical; Adecco Information Technology; Adecco Medical & Science; Adecco Sales, Marketing & Events, and Adecco Human Capital Solutions. The classification into business lines is determined by the largest business line revenue share generated in a specific branch.

As of March 2008, the operational responsibility of the professional business lines with the exception of Human Capital Solutions has been fully transferred to the countries, while supported and guided by the corporate business development department.

1.3 Service lines

Revenues and gross profits derived from temporary staffing totalled 93% and 80% of the respective consolidated totals in 2007 and 2006 when excluding the positive impact in 2007 of the modification of calculation of French social charges. Temporary staffing billings are generally negotiated and invoiced on an hourly basis. Temporary associates record the hours they have worked and these hours, at the rate agreed with the customer, are then accumulated and billed according to the agreed terms. Temporary staffing service revenues are recognised upon rendering of the service. The temporary associate is paid the net hourly amount after statutory deductions on a daily, weekly, or monthly basis. Certain other employer payroll-related costs are incurred and the net difference between the amounts billed and payroll costs incurred is reported as gross profit.

Revenues and gross profits derived from outsourcing, outplacement, consulting, and permanent placement services totalled 7% and 20% of the respective consolidated totals both in 2007 and 2006. The terms of outsourcing, consulting, and outplacement services are negotiated with the client on a project basis and revenues are recognised upon rendering of the service. For permanent placement services, the placement fee is directly negotiated with the client. Revenues from permanent placement services are generally recognised at the time the candidate begins full-time employment and an allowance is established, based on historical information, for any non-fulfillment of permanent placement obligations. Outplacement and permanent placement services provide significantly higher gross margins.

1.4 Key performance indicators

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

These indicators include the following:

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

1.5 Seasonality

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

1.6 Currency

The financial results of the Company are presented in Euro, which the Company selected as its reporting currency in recognition of the significance of the Euro to the Company's operations. In 2007, 56% of total revenues were generated in the Euro zone. Amounts shown in the consolidated statements of operations and consolidated statements of cash flows are translated using average exchange rates for the period. In 2007, the average exchange rate for the British pound and the Norwegian krone, which comprised 9% and 3% of total revenues, respectively, were unchanged, and the US dollar, the Japanese yen, the Swiss franc, and the Canadian dollar, which comprised 14%, 7%, 2%, and 2% of total revenues, respectively, weakened against the Euro. In contrast, the average exchange rate for the Australian dollar, which comprised 2% of total revenues, strengthened against the Euro. With the exception of the Norwegian krone and the Canadian dollar, the year-end currency exchange rates for the main currencies used in translating the Company's consolidated balance sheets, including the US dollar, the British pound, the Japanese yen, the Australian dollar, and the Swiss franc weakened against the Euro.

in millions, except share and per share information

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

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

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

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

2.1 Net debt

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

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

in EUR	31.12.2007	31.12.2006
Net debt		
Short-term debt and current maturities of long-term debt	357	38
Long-term debt, less current maturities	1,072	1,406
Total debt	**1,429**	**1,444**
Less:		
Cash and cash equivalents	555	875
Short-term investments	8	13
Net debt	**866**	**556**

2.2 Constant currency

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

3. Operating results

3.1 Overview

2007 saw a good overall business environment and continued growth in demand for staffing and human resource services. Countries undergoing liberalisation of temporary labour markets and enjoying favourable economic conditions experienced strong growth.

The Company's strategic focus during 2007 was on value creation for shareholders. The Company concluded 2007 with the following financial highlights:

- revenues grew 3% to EUR 21,090;
- operating income increased 29% to EUR 1,054;
- net income increased 20% to EUR 735;
- return on capital employed ("ROCE")[1] improved 140 basis points ("bps") to 21.7%.

1 Operating income minus income tax fixed at 30% divided by average invested capital. Invested capital is defined as assets minus liabilities excluding cash & cash equivalents, short-term investments and short-term and long-term debt.

In 2007, the Company acquired the Tuja Group ("Tuja"), thus strengthening its position in the fast-growing and highly profitable German temporary staffing market. Tuja is a leading staffing company in Germany with operations also in Switzerland and Austria. In 2006, the Company made an important strategic acquisition of DIS Deutscher Industrie Service AG ("DIS"), in order to expand its professional staffing service offering, to gain market share in Germany, and to strengthen the management team. DIS is a leading German professional staffing provider.

The 2007 operating income was positively impacted by the modification of the calculation of French social charges (see 3.5 Operating income).

3.2 Revenues

Revenues increased 3% to EUR 21,090 in 2007 or 6% in constant currency. This growth was driven primarily by a temporary staffing volume increase as temporary hours sold rose 4% to 1,323 million. Permanent placement revenues were EUR 387 in 2007, which is an increase of 13% or 17% in constant currency versus 2006. Acquisitions had a positive impact of 2% on 2007 revenues.

Geographical performance

The geographical breakdown of revenues is presented below:

in EUR	2007	2006	Variance % EUR	Variance % Constant Currency
Revenues				
France	6,891	6,777	2	2
USA & Canada[1]	3,199	3,709	(14)	(6)
UK & Ireland[1]	1,879	1,827	3	3
Japan	1,385	1,432	(3)	7
Italy	1,252	1,156	8	8
Iberia	1,157	1,089	6	6
Benelux	983	958	3	3
Nordics	991	807	23	22
Germany	1,251	774	62	62
Australia & New Zealand	474	419	13	11
Switzerland	442	417	6	11
Emerging Markets	1,186	1,052	13	18
Adecco Group	**21,090**	**20,417**	**3**	**6**

1 A business previously reported in UK & Ireland is now included in USA & Canada, as in 2007 this business is managed by USA & Canada. The 2006 information has been restated to conform to the current year presentation.

France

France's revenues rose 2% to EUR 6,891 in 2007. The focus on value generation led to a decrease of temporary staffing volume as temporary hours sold fell 1%. Temporary staffing services bill rates increased by 3%. In 2007, France accounted for 33% of the Company's revenues.

USA & Canada

Revenues in the USA & Canada decreased by 14%, or 6% in constant currency, to EUR 3,199 in 2007. Due to a generally slower market demand, temporary hours sold fell by 11%. The drop in temporary hours sold was partially offset by an increase in bill rates of 5% in constant currency reflecting an improved customer and skill mix. USA & Canada contributed 15% to the Company's revenues in 2007.

UK & Ireland

UK & Ireland's revenues grew 3% to EUR 1,879 in 2007. There was particularly strong demand in the Finance & Legal business line and solid demand in the Office business, while revenues declined in the Information Technology and Industrial business lines. Temporary hours sold decreased 4% and bill rates grew 8% in constant currency. UK & Ireland generated 9% of the Company's revenues in 2007.

Japan

In Japan, revenues declined 3%, but increased 7% in constant currency, to EUR 1,385 due to the solid economic environment. Temporary hours sold and bill rates in constant currency increased 9% and 1%, respectively, whereas revenues in outsourcing declined. In 2007, 6% of the Company's revenues were generated in Japan.

Italy

In Italy, revenues grew 8% to EUR 1,252 in 2007 as temporary hours sold increased 7% and bill rates grew 2%. Italy accounted for 6% of the Company's revenues in 2007.

Iberia

In Iberia, revenues grew 6% to EUR 1,157, reflecting a 3% growth in temporary hours sold and a 2% increase in bill rates. In 2007, Iberia contributed 5% to the Company's revenues.

Benelux

In the Benelux countries, revenues increased by 3% to EUR 983 in 2007. Temporary hours sold decreased by 3% and bill rates increased by 4% whereas permanent placement and outsourcing services increased significantly. The Benelux revenues in 2007 accounted for 5% of the Company's revenues.

Nordics

Revenue growth in the Nordic countries was 23%, or 22% in constant currency, to EUR 991 mainly due to an increase in temporary hours sold of 26%. A strong economic environment was the main driver behind this growth. The Nordics revenues in 2007 accounted for 5% of the Company's revenues.

Germany

Boosted by the acquisitions of Tuja in 2007 (results included since August 2007) and DIS in 2006 (results included since April 2006), Germany achieved strong revenue growth of 62% to EUR 1,251 in 2007, reflecting a 61% growth in temporary hours sold and a 1% increase in bill rates. Excluding the impact of the acquisitions, Germany's revenues increased 18% as a result of generally higher acceptance levels of temporary staffing combined with a strong economy. The German revenues in 2007 accounted for 6% of the Company's revenues.

Australia & New Zealand

In Australia & New Zealand, revenues increased 13%, or 11% in constant currency, to EUR 474 in 2007. Excluding acquisitions and currency impact, Australia & New Zealand's revenues increased 6%.

Switzerland

In Switzerland, an increase in temporary hours sold of 10% led to an increase in revenues of 6%, or 11% in constant currency to EUR 442 in 2007. Excluding acquisitions and currency impact, Switzerland increased revenues by 7%.

Emerging Markets

In the Emerging Markets, the Company experienced revenue growth of 13%, or 18% in constant currency, to EUR 1,186. Excluding acquisitions and currency impact, revenues in the Emerging Markets increased 14%. The revenue additions were particularly strong in Argentina, Mexico, India, Poland, and Singapore. The Emerging Markets represented 6% of the Company's revenues in 2007.

Business line performance

The business line breakdown of revenues is presented below:

in EUR	2007	2006	Variance % EUR	Variance % Constant Currency
Revenues[1]				
Office	4,701	4,739	(1)	3
Industrial	11,426	10,958	4	5
Total Office & Industrial	**16,127**	**15,697**	**3**	**5**
Information Technology	1,381	1,399	(1)	2
Engineering & Technical	935	895	5	9
Finance & Legal	614	579	6	12
Medical & Science	245	218	12	13
Sales, Marketing & Events	371	342	8	11
Human Capital Solutions	245	237	3	7
Total Professional Business Lines	**3,791**	**3,670**	**3**	**7**
Emerging Markets[2]	**1,172**	**1,050**	**12**	**16**
Adecco Group	**21,090**	**20,417**	**3**	**6**

1 Breakdown of revenues is based on dedicated branches. The 2007 information includes certain changes in the allocation of branches to business lines, most notably from Office to Finance & Legal and from Sales, Marketing & Events to Industrial. The 2006 information has been restated to conform to the current year presentation.

2 Excluding professional business lines.

Office & Industrial

The Company's Office & Industrial businesses grew 3% to EUR 16,127 in 2007, which represents 76% of the Company's revenues.

In the Office business, revenue additions were strong in Japan and in the Nordics. In France and the USA & Canada, revenues declined as the Company focused on value generation in France and as demand softened in the USA & Canada. Japan, USA & Canada, UK & Ireland, the Nordics, and France generated more than 85% of the revenues in the Office business.

In the Industrial business, revenue growth was strong in Italy, which reflects a still favourable economic environment. Revenues declined in the USA & Canada as demand softened. France, where revenues were slightly up, Italy, and USA & Canada accounted for 70% of the revenues in the Industrial business.

Information Technology

In Information Technology, the Company's revenues decreased by 1% (remained flat when excluding acquisitions and currency impact) compared to 2006, experiencing a revenue decline in the UK & Ireland as well as in the USA & Canada. The Company has seen strong demand in Australia & New Zealand (partly from acquisitions) and Japan. UK & Ireland and USA & Canada contributed about 70% of the business line's revenues.

Engineering & Technical

The Company's Engineering & Technical business line grew revenues by 5% (3% when excluding acquisitions and currency impact). The revenue growth was strongest in Germany (also due to acquisitions), while revenues in the USA & Canada grew low single digit in constant currency. Revenues remained stable in the UK & Ireland. Over 75% of the business line's revenues were generated in the USA & Canada, UK & Ireland, and Germany.

in millions, except share and per share information

Finance & Legal
In Finance & Legal, the Company achieved revenue growth of 6% (10% when excluding acquisitions and currency impact). Demand for finance and legal professionals was strong in the UK & Ireland, while revenues decreased in the USA & Canada. The USA & Canada and the UK & Ireland were responsible for over 70% of revenues in the business line Finance & Legal.

Medical & Science
Medical & Science grew revenues by 12% (10% when excluding acquisitions and currency impact), with strong revenue growth in the Nordics. In France, revenues declined slightly. France and the Nordics accounted for over 75% of the business line's revenues.

Sales, Marketing & Events
In Sales, Marketing & Events, the Company achieved revenue growth of 8%, or 11% in constant currency. France, Iberia, and Japan were the main contributors to the business line's revenues.

Human Capital Solutions
The Company's Human Capital Solutions revenues grew by 3%, or 7% in constant currency, reflecting the generally better conditions of the outplacement market. Over 80% of the Human Capital Solutions business line revenues were generated in the USA & Canada and France.

3.3 Gross profit

Gross profit increased 11%, or 14% in constant currency, to EUR 3,927 in 2007. Gross margin improved 120 bps to 18.6% compared to 2006. Excluding the modification of the calculation of French social charges of EUR 172, which had an 80 bps positive impact and is included in other services, the gross margin was up 40 bps. Higher gross margins in the temporary staffing business and the growing contribution of permanent placement are the main drivers behind this improvement. The acquisitions of Tuja and DIS added 10 bps to the Company's gross margin.

The gross margin improvement in 2007 compared to 2006 of 120 bps is attributable to:

	bps
Temporary Staffing	40
Permanent Placement	10
Outplacement	0
Other	70
Total	**120**

3.4 Selling, general and administrative expenses

During 2007, the Company maintained its emphasis on cost control. Selling, general and administrative expenses ("SG&A") increased 5% or 8% in constant currency, reflecting an increase in SG&A as a percentage of revenues of 20 bps to 13.5% from 13.3% in 2006. However, when excluding expenses related to the modification of the calculation of French social charges of EUR 16 and the expenses related to the French antitrust proceedings of EUR 15, SG&A as a percentage of revenues was at the same level as in 2006.

Personnel expenses, which comprised 70% of total SG&A, increased by 5% to EUR 1,984 in 2007, or 8% in constant currency. The increase was mainly due to the expansion of the Company's branch network including acquisitions and the resulting increase in FTE employees. The average branches and the average FTE employees during 2007 increased 5% to 7,041 and 4% to 36,514, respectively. At year-end, the number of branches and FTE employees exceeded 7,000 and 37,000, respectively.

The following table shows the increase in the average FTE employees and the average branches by geographic areas:

	FTE employees			Branches		
	2007	2006	% variance	2007	2006	% variance
Geographical breakdown (yearly average)						
France	8,472	8,682	(2)	1,834	1,863	(2)
USA & Canada[1]	6,235	6,508	(4)	1,263	1,309	(4)
UK & Ireland[1]	3,133	3,334	(6)	592	576	3
Japan	2,664	2,497	7	164	156	5
Italy	2,064	2,060	0	564	501	12
Iberia	2,438	2,267	8	604	539	12
Benelux	1,899	1,837	3	462	422	10
Nordics	1,541	1,132	36	251	221	14
Germany	2,346	1,589	48	530	397	34
Australia & New Zealand	733	692	6	108	126	(14)
Switzerland	542	481	13	107	96	12
Emerging Markets	4,040	3,439	17	562	479	17
Corporate	407	489	(17)	–	–	–
Adecco Group	**36,514**	**35,007**	**4**	**7,041**	**6,685**	**5**

1 A business previously reported in UK & Ireland is now included in USA & Canada, as in 2007 this business is managed by USA & Canada. The 2006 information has been restated to conform to the current year presentation.

Marketing expenses were EUR 104 in 2007, compared to EUR 93 in 2006. Bad debt expense decreased by EUR 3 to EUR 19 in 2007.

3.5 Operating income

Operating income increased 29%, or 32% in constant currency, to EUR 1,054 in 2007. The operating income margin improved 100 bps to 5.0% in 2007 compared to 2006. The modification of the calculation of French social charges positively impacted operating income by EUR 156 (for further details refer to Note 1 of the consolidated financial statements) while the legal provision for the French antitrust proceedings had a negative impact of EUR 15. The higher gross margin in the temporary staffing business and the growing contribution of permanent placement were the main drivers behind the underlying improved operating income margin.

in millions, except share and per share information

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

in EUR	2007	2006	Variance % EUR	Variance % Constant Currency
Operating Income				
France	405	256	58	58
USA & Canada[1]	150	155	(4)	5
UK & Ireland[1]	41	62	(33)	(33)
Japan	96	85	13	26
Italy	85	72	17	17
Iberia	76	68	12	12
Benelux	58	43	35	35
Nordics	43	50	(13)	(14)
Germany	137	80	72	72
Australia & New Zealand	13	10	25	20
Switzerland	45	39	15	20
Emerging Markets	40	35	14	17
Total Operating Units	**1,189**	**955**	**25**	**28**
Corporate expenses	(108)	(127)		
Amortisation of intangible assets	(27)	(12)		
Adecco Group	**1,054**	**816**	**29**	**32**

1 A business previously reported in UK & Ireland is now included in USA & Canada, as in 2007 this business is managed by USA & Canada. The 2006 information has been restated to conform to the current year presentation.

France

France's operating income increased 58% to EUR 405 in 2007. The operating income margin increased 210 bps to 5.9% in 2007 compared to 2006, mainly due to the positive impact of the modification of the calculation of French social charges (EUR 156) partly offset by the expense for the legal provisions for the French antitrust proceedings (EUR 15).

USA & Canada

The USA & Canada's operating income declined 4%, or increased 5% in constant currency, to EUR 150 in 2007. An improved customer and skill mix and efficient cost management resulted in an operating income margin improvement of 50 bps to 4.7% in 2007 compared to 2006.

UK & Ireland

The UK & Ireland's operating income decreased 33% to EUR 41 in 2007. Unprofitable contracts, restructuring costs, and bad debt write offs were the main reasons for this decline. As a result, the operating income margin declined by 120 bps to 2.2% in 2007 compared to 2006.

Japan

Operating income for Japan showed a 13%, or 26% in constant currency, increase to EUR 96 in 2007 and operating income margin improved 110 bps to 7.0% compared to 2006. The general shortage of candidates, combined with the solid economic environment, good permanent placement revenues, and efficient cost management led to improved gross margins and lower SG&A as a percentage of revenues.

Italy
In Italy, operating income grew 17% to EUR 85 in 2007 and operating income margin improved 50 bps to 6.7% compared to 2006 mainly due to better cost management.

Iberia
Iberia achieved an operating income growth of 12% to EUR 76 in 2007. Operating income margin increased by 40 bps to 6.6% in 2007 compared to 2006. Improved pricing in temporary services is the main reason behind this enhancement.

Benelux
In the Benelux countries, operating income increased by 35% to EUR 58 in 2007. Operating income margin showed an improvement of 140 bps to 5.9% in 2007 compared to 2006, which is a result of an improved gross margin.

Nordics
Operating income declined 13% to EUR 43 in 2007. Operating income margin declined 180 bps to 4.4% in 2007 compared to 2006. The introduction of a collective wage agreement in the construction sector and investments into the infrastructure had a negative impact on operating income.

Germany
Germany achieved strong operating income growth of 72% to EUR 137 in 2007 and an operating income margin improvement of 70 bps to 11.0% compared to 2006, boosted by the acquisitions of Tuja and DIS.

Australia & New Zealand
In Australia & New Zealand, operating income increased 25%, or 20% in constant currency, to EUR 13 in 2007 compared to 2006. Operating income margin improved 20 bps to 2.7% in 2007 compared to 2006.

Switzerland
In Switzerland, operating income increased 15%, or 20% in constant currency, to EUR 45 in 2007 compared to 2006, which represents an operating income margin improvement of 80 bps to 10.2%.

Emerging Markets
In the Emerging Markets, the Company experienced an increase in operating income of 14%, or 17% in constant currency, to EUR 40. Operating income margin improved from 3.3% in 2006 to 3.4% in 2007.

3.6 Amortisation of intangible assets

Amortisation of intangible assets increased to EUR 27 from EUR 12 in 2006 mainly due to the acquisition of Tuja.

3.7 Interest expense

Interest expense increased by EUR 5 to EUR 56 in 2007 compared to EUR 51 in 2006.

3.8 Other income/(expenses), net

Other income/(expenses), net, which include interest income, foreign exchange gains and losses, and other non-operating income/(expenses), net, were income of EUR 30 in 2007 compared to income of EUR 20 in 2006. Interest income in 2007 was EUR 31 compared to EUR 22 in 2006. Foreign exchange gain/(loss), net, amounted to a loss of EUR 2 in 2007 compared to a loss of EUR 4 in 2006.

3.9 Provision for income taxes

The provision for income taxes increased by EUR 117 to EUR 285 in 2007 compared to EUR 168 in 2006. The effective tax rate for the fiscal year 2007 was 28% compared with 21% in the prior year. In 2006, the effective tax rate benefited from the release of a valuation allowance on deferred tax assets in the US in the amount of EUR 64.

in millions, except share and per share information

3.10 Net income

Net income for 2007 increased by 20% to EUR 735 compared to EUR 611 in 2006. Basic earnings per share ("EPS") was EUR 3.97 for 2007 compared with EUR 3.28 for 2006. The modified calculation of French social charges had a positive EPS impact on basic EPS of EUR 0.55. The release of the tax valuation allowance in the US positively impacted 2006 basic EPS by EUR 0.34.

4. Outlook

The key drivers for our industry are global GDP trends in developed and emerging markets; increased demand for temporary labour generally but particularly across professional segments as skill shortages rise; and more favourable regulation. It is anticipated that the cyclical nature of the temporary staffing markets and the trend towards more favourable regulation of labour markets is continuing.

Management continues to be confident that the focus on value based management and professional and specialised business fields will allow the Company to continuously improve 2009 operating margin to over 5%. At the same time, the Company remains committed to its objective of revenue growth of at least 7-9% per annum on average for the coming years and a return on capital employed (ROCE) of above 25% in 2009, assuming the macroeconomic environment is favourable. ROCE was 21.7% in 2007 and 20.3% in 2006.

For the beginning of 2008, management anticipates the market in the USA & Canada to remain weak, while expecting solid growth in Europe and ongoing good demand in Japan to continue. As the focus on shareholder value and profitable growth continues, management expects to experience below market growth in France and the UK.

5. Liquidity and capital resources

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

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

Within the Company's working capital, trade accounts receivable, net of allowance for doubtful accounts, comprise approximately 81% of total current assets. Accrued salaries and wages, payroll taxes and employee benefits and sales and value added taxes comprise 62% of total current liabilities. Working capital financing needs increase as business grows.

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

5.1 Analysis of cash flow statements

Cash and cash equivalents and short-term investments decreased by a total of EUR 325 to EUR 563 at the end of 2007. The decrease was mainly due to the acquisition of Tuja, the purchase of approximately 16% of outstanding common shares of DIS, the payment of dividends, the purchase of treasury shares, and capital expenditures, substantially offset by the generation of operating cash flows.

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

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

in EUR	2007	2006
Summary of cash flows information		
Net cash from operating activities	1,062	747
Net cash from/(used in) investing activities	(929)	(308)
Net cash from/(used in) financing activities	(424)	(13)

Cash flows from operating activities increased by EUR 315 to EUR 1,062 in 2007 compared to 2006. This increase is primarily attributable to higher net income, the increase in accounts payable and accrued expenses as well as the decrease in accounts receivable. DSO decreased to 58 days for the full year 2007 compared to 59 days for the full year 2006.

Cash flows used in investing activities increased by EUR 621 to EUR 929 in 2007 compared to 2006. During 2007, the Company acquired 100% of outstanding common shares of Tuja, one of the leading temporary staffing companies in Germany with operations also in Switzerland and Austria, for a total consideration, net of cash acquired, of EUR 580, and approximately 16% of outstanding DIS shares for a total consideration of EUR 219. In March 2006, the Company had acquired approximately 84% of the outstanding common shares of DIS, a leading supplier of professional staffing services in Germany, for a total purchase price, net of cash acquired, of EUR 552. The Company's capital expenditures amounted to EUR 91 in 2007 and EUR 85 in 2006. During 2007, the Company purchased and sold auction rate securities for EUR 597 and EUR 596, respectively. During 2006, the Company purchased and sold auction rate securities for EUR 327 and EUR 337, respectively. During 2006, the Company purchased and sold other available-for-sale securities amounting to EUR 51 and EUR 399, respectively.

Cash flows used in financing activities increased by EUR 411 to EUR 424 in 2007 compared to 2006. The Company repaid EUR 207 of debt assumed in the acquisition of Tuja. The acquisition of Tuja and DIS minority interest was financed with internal resources. The acquisition of DIS in 2006 was originally financed with a bridge facility of EUR 408 and cash on hand. On April 25, 2006, the Company issued EUR 500 fixed rate guaranteed notes and EUR 200 floating rate guaranteed notes. The proceeds were used to settle the bridge facility and for general corporate purposes. During 2006, the Company repaid EUR 517 of long-term debt. Further, in 2007 and 2006, dividend payments to shareholders were EUR 135 and EUR 120, respectively. Proceeds from stock option exercises amounted to EUR 40 in 2007 and EUR 43 in 2006. In 2007, the Company acquired 3,253,500 treasury shares for a total of EUR 124 as part of the share buy-back program of EUR 400 announced in November 2007. In 2006, the Company acquired 2,455,000 treasury shares for a total of EUR 123.

5.2 Additional capital resources

As of December 31, 2007, the Company's total capital resources amounted to EUR 4,581, comprising EUR 1,429 in debt and EUR 3,152 in equity, excluding treasury stock. Long-term debt, including current maturities was EUR 1,394 as of December 31, 2007 and EUR 1,406 as of December 31, 2006 and includes long-term notes and a convertible bond. The borrowings, which are unsubordinated and unsecured, are denominated in Swiss francs and Euros and have maturity dates ranging from 2008 to 2013. During 2007, the Company decreased its short- and long-term debt including foreign currency effect by EUR 15.

In addition, the Company maintains a multicurrency revolving credit facility issued by a syndicate of banks which permits borrowings up to a maximum of EUR 580. On March 17, 2006, the Company agreed with the syndicate of banks an extension of EUR 577 of the existing EUR 580 multicurrency revolving credit facility from March 2008 through March 2009. The five-year facility is available for general corporate purposes including cash drawings and letters of credit. The interest rate is based on LIBOR, or EURIBOR (for drawings denominated in Euro), plus a margin, which varies depending on the Company's debt-to-EBITDA ratio. As of December 31, 2007 and December 31, 2006, there were no outstanding borrowings under the credit facility. As of December 31, 2007, the Company had EUR 462 available under the credit facility after utilising EUR 118 in the form of letters of credit.

Furthermore, as of December 31, 2007, the Company had lines of credit, excluding the multicurrency credit facility, amounting to EUR 367, of which EUR 35 was used.

Net debt increased by EUR 310 to EUR 866 as of December 31, 2007. This increase can mainly be attributed to the decrease of cash and cash equivalents due to the purchase of Tuja and DIS minority interests combined with dividend payments, the purchase of treasury shares, and capital expenditures offset by operating cash flows of EUR 1,062. Net debt is reconciled to the most comparable financial measures calculated in accordance with U.S. GAAP on page 62.

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, 2007, the Company was in compliance with all financial covenants.

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

The Company manages its cash position to ensure that contractual commitments are met and reviews cash positions against existing obligations and budgeted cash expenditures. The Company's policy is to invest excess funds primarily in investments with maturities of 12 months or less, and in money market and fixed income funds with sound credit ratings, limited market risk and high liquidity. To a limited extent the Company invests excess cash in the US in auction rate securities. Auction rate securities are variable-rate debt instruments with long-term scheduled maturities and periodic interest rate reset dates. As of December 31, 2007 and December 31, 2006, the Company did not hold any auction rate securities.

The Company's current cash and cash equivalents and short-term investments are invested primarily within Europe, with 5% invested in Switzerland and 77% invested in other European countries. 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	Total	2008	2009	2010	2011	2012	Thereafter[1]
Payments due by period							
Short-term debt obligations	35	35					
Long-term debt obligations	1,394	322	1				1,071
Interest on long-term debt obligations	177	27	23	23	23	23	58
Operating leases	630	178	141	110	83	68	50
Purchase and service contractual obligations	94	27	24	19	15	6	3
Total	**2,330**	**589**	**189**	**152**	**121**	**97**	**1,182**

1 Assumes that the put and call options are not exercised and that share conversion does not occur (refer to section "Guaranteed zero-coupon convertible bond" in Note 6 to the consolidated financial statements for further details).

Short-term debt obligations consist of bank overdrafts and borrowings outstanding under the lines of credit. Long-term debt obligations consist primarily of EUR 200 floating rate notes and EUR 122 guaranteed notes, due in April and May 2008, respectively, as well as CHF 900 convertible debt and EUR 500 fixed rate notes, both due in 2013. These debt instruments were issued in part for acquisitions, to refinance existing debt, optimise available interest rates, and increase the flexibility of cash management.

Future minimum rental commitments under non-cancellable leases comprise the majority of the operating lease obligations presented above. We expect 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, 2007, the Company had future purchase and service contractual obligations of approximately EUR 94, primarily related to IT development and maintenance agreements, earn-out agreements related to acquisitions, marketing sponsorship agreements, equipment purchase agreements, and other vendor commitments.

5.4 Additional funding requirements

The Company plans to invest approximately EUR 100 in property, equipment, and leasehold improvements for existing operations including planned branch openings in 2008.

Further planned cash outflows include distribution of dividends for 2007 in the amount of CHF 1.50 per share to shareholders of record on the date of payment. The maximum amount of dividends payable based on the total number of shares issued (excluding treasury shares) of 182,647,293 and conditional shares of 19,566,804 is CHF 303 (EUR 183 – based on CHF/EUR per year-end of 1.66). Payment of dividends is subject to approval by the Annual General Meeting of Shareholders. Following the purchase of 6,604,000 of its own shares in January 2008 for EUR 218 and the purchase of 3,253,500 of its own shares for EUR 124 in 2007, the Company intends to invest an additional EUR 58 to acquire its own shares in 2008.

The Company has entered into certain guarantee contracts and standby letters of credit that total EUR 845, including the letters of credit issued under the multicurrency revolving credit facility (EUR 118). The guarantees primarily relate to government requirements for operating a temporary staffing business in certain countries and are generally renewed annually or every two years. Other guarantees relate to operating leases and credit lines. The standby letters of credit mainly relate to workers compensation in the US. If the Company is not able to obtain and maintain letters of credit and/or guarantees from third parties then the Company would be required to collateralise its obligations with cash. Due to the nature of these arrangements and historical experience, the Company does not expect to be required to collateralise its obligations with cash.

5.5 Income taxes

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

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

5.6 Credit ratings

The Company's most current credit rating from Moody's is Baa2 with stable outlook and from Standard & Poor's is BBB with stable outlook. Both ratings are investment grade.

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

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

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

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.

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

7. Controls and compliance

The Company is committed to maintaining the highest standards of ethical business conduct. The Company has a Chief Compliance Officer and a Chief Human Resources Officer, who oversee worldwide compliance practices and business ethics and report to the Board of Directors.

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, 2007. In making this assessment, Management used the criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, Management has concluded that, as of December 31, 2007, the Company's internal control over financial reporting is effective based on those criteria.

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

Management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Tuja, acquired in July 2007, which is included in the 2007 consolidated financial statements of the Company. Tuja constituted revenues of EUR 266, or 1.3% of the Company's total revenues for the year ended December 31, 2007.

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 established 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 Board of Directors and the Audit Committee. The Company's significant accounting policies are disclosed in Note 1 to the consolidated financial statements.

8.1 Accruals and provisions

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

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

The French government has instituted various social programs, the adoption of which results in the recognition of a lower social security charge. The Company establishes provisions to cover the risk of non-compliance with these programs as well as for other French social security related risks. These provisions are adjusted periodically for the results of audits by local authorities and the expiration of statutes of limitations. Expenses are included in direct costs of services, as well as in SG&A.

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

8.2 Allowance for doubtful accounts

The Company makes judgements as to its ability to collect outstanding receivables and provides allowances for the portion of receivables when collection becomes doubtful. Provisions are made based on a specific review of significant outstanding invoices. For those invoices not specifically reviewed, provisions are provided at differing percentages, based on the age of the receivable. In determining these percentages, the Company analyses its historical collection experience and current economic trends. In the event that recent history and trends indicate that a smaller or larger allowance is appropriate, the Company would record a credit or charge to SG&A during the period in which such a determination was made. Since the Company cannot predict with certainty future changes in the financial stability of its customers, additional provisions for doubtful accounts may be needed and the future results of operations could be materially affected. As of December 31, 2007 and December 31, 2006, the Company had recorded an allowance for doubtful accounts of EUR 125 and EUR 122, respectively. Bad debt expense of EUR 19 and EUR 22 was recorded in 2007 and 2006, respectively.

8.3 Income taxes

The Company accounts for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes" ("SFAS No. 109"). Deferred tax assets and liabilities are determined based on differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets are also provided for the future tax benefit of existing net operating losses and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates and laws expected to be in effect in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is recorded against deferred tax assets in those cases when management believes that the realisation is more unlikely than not. While management believes that its judgements and estimations regarding deferred income tax assets and liabilities are appropriate, significant differences in actual experience may materially affect the Company's future financial results.

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

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

Interim reporting for income taxes is based on an estimated annual tax rate. In determining this rate, management makes estimates about taxable income for each subsidiary within the Company and the tax rate in effect in each jurisdiction. In addition, discrete events are reported in the quarter in which they occur. To the extent these estimates change during the year, the actual results will differ from these estimates. In addition, should discrete events take place during a particular quarter, the estimated annual tax rate may change between quarterly periods and may differ from the actual tax rate for the year.

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, goodwill of the reporting units is tested for impairment by comparing the carrying value of each reporting unit with 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 standalone basis. The fair value of the reporting unit's assets and liabilities is then compared with 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 loss in operating income. In 2007 and 2006, no goodwill impairment loss was recognised.

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 loss is recorded in operating income. In 2007 and 2006, no impairment loss for indefinite-lived intangible assets was recognised.

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

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

8.5 Contingencies

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

As discussed in Note 15 to the consolidated financial statements, the Company is currently involved in various claims and legal proceedings, including an antitrust proceeding in France. Periodically, the status of each significant loss contingency is reviewed to assess the potential financial exposure. If the potential loss from any claim or legal proceeding is considered probable and the amount can be estimated, an accrued liability for the estimated loss is recorded. Because of uncertainties related to these matters, accruals are based on the best information available at that 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 financial position of the Company.

The US securities class action complaint filed against Adecco S.A. and certain of its current and former directors and officers has been ultimately dismissed and decided in favour of Adecco S.A. The class action lawsuits were commenced following the Company's January 2004 announcement of a delay in the release of its 2003 consolidated financial statements. The lawsuits alleged violations of Sections 10(b) and 20(a) of the US Securities Exchange Act of 1934 in connection with public disclosures made by the Company between March 2000 and January 2004 regarding its earnings and operating results. On March 29, 2006, the US District Court for the Southern District of California dismissed the plaintiffs' amended consolidated complaint with prejudice and entered judgement in the Company's favour. The following decision of the US Court of Appeals for the Ninth Circuit from November 20, 2007, fully confirming the decision of the US District Court for the Southern District of California, became final and effective, after the plaintiffs did not make use of their right to appeal to the US Federal Supreme Court.

9. Forward-looking statements

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

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

Adecco Group – Selected financial information

in millions, except share and per share information

For the fiscal years (in EUR)[1]	2007	2006	2005	2004	2003
Statements of operations					
Revenues	21,090	20,417	18,303	17,239	16,226
Operating income	1,054	816	614	530	509
Income from continuing operations	735	611	453	302	308
Income/(loss) from discontinued operations				30	(3)
Net income	735	611	453	332	305

As of (in EUR)	31.12.2007	31.12.2006	31.12.2005	2.1.2005	28.12.2003
Balance sheets					
Cash and cash equivalents and short-term investments	563	888	848	1,203	968
Trade accounts receivable, net	3,773	3,846	3,659	3,149	2,947
Goodwill	2,646	1,882	1,434	1,196	1,241
Total assets	8,254	7,682	6,839	6,441	6,316
Short-term debt and current maturities of long-term debt	357	38	550	230	377
Accounts payable and accrued expenses	3,476	3,544	3,287	3,025	2,772
Long-term debt, less current maturities	1,072	1,406	722	1,272	1,479
Total liabilities	5,374	5,175	4,702	4,666	4,769
Total shareholders' equity	2,873	2,466	2,117	1,773	1,547

For the fiscal years (in EUR)[1]	2007	2006	2005	2004	2003
Cash flows from continuing operations					
Cash flows from operating activities	1,062	747	298	542	453
Cash flows from/(used in) investing activities	(929)	(308)	(241)	113	(432)
Cash flows from/(used in) financing activities	(424)	(13)	(478)	(407)	357
Other indicators					
Capital expenditures, net	90	83	68	67	52

As of	31.12.2007	31.12.2006	31.12.2005	2.1.2005	28.12.2003
Other indicators					
Net debt (in EUR)[2]	866	556	424	299	888
Additional statistics					
Number of FTE employees at end of year (approximate)	37,000	35,000	33,000	30,000	27,000

1 For 2007 and 2006, the Company's fiscal year included the full calendar year ending December 31, 2007 and December 31, 2006, respectively. In 2005 and 2004, the Company's fiscal year contained 52 weeks ending December 31, 2005 and 53 weeks ending January 2, 2005, respectively. In 2003, the Company's fiscal year contained 52 weeks ending December 28, 2003.

2 Net debt is a non-U.S. GAAP measure and comprises short-term and long-term debt, less cash and cash equivalents and short-term investments. For a reconciliation of net debt to the most comparable U.S. GAAP measure, see page 62.

Adecco Group – Consolidated balance sheets

in millions, except share and per share information

As of (in EUR)		31.12.2007	31.12.2006
Assets			
Current assets:			
• Cash and cash equivalents		555	875
• Short-term investments		8	13
• Trade accounts receivable, net	Note 3	3,773	3,846
• Other current assets	Note 12	324	311
Total current assets		**4,660**	**5,045**
Property, equipment, and leasehold improvements, net	Note 4	223	229
Other assets	Note 12	277	357
Intangible assets, net	Note 2, 5	448	169
Goodwill	Note 2, 5	2,646	1,882
Total assets		**8,254**	**7,682**
Liabilities and shareholders' equity			
Liabilities			
Current liabilities:			
• Accounts payable and accrued expenses:			
• Accounts payable		243	218
• Accrued salaries and wages		942	906
• Accrued payroll taxes and employee benefits		895	921
• Accrued sales and value added taxes		556	557
• Accrued income taxes	Note 12	101	381
• Other accrued expenses	Note 12	739	561
• Total accounts payable and accrued expenses		3,476	3,544
• Short-term debt and current maturities of long-term debt	Note 6	357	38
Total current liabilities		**3,833**	**3,582**
Long-term debt, less current maturities	Note 6	1,072	1,406
Other liabilities	Note 12	469	187
Total liabilities		**5,374**	**5,175**
Minority interests		**7**	**41**
Shareholders' equity			
Common shares	Note 7	118	117
Additional paid-in capital		2,121	2,100
Treasury stock, at cost	Note 7	(279)	(182)
Retained earnings		1,064	466
Accumulated other comprehensive income/(loss), net	Note 7	(151)	(35)
Total shareholders' equity		**2,873**	**2,466**
Total liabilities and shareholders' equity		**8,254**	**7,682**

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 (in EUR)[1]		2007	2006	2005
Revenues	Note 14	21,090	20,417	18,303
Direct costs of services		(17,163)	(16,871)	(15,217)
Gross profit		**3,927**	**3,546**	**3,086**
Selling, general and administrative expenses		(2,846)	(2,718)	(2,469)
Amortisation of intangible assets	Note 5	(27)	(12)	(3)
Operating income	Note 14	**1,054**	**816**	**614**
Interest expense		(56)	(51)	(52)
Other income/(expenses), net	Note 11	30	20	43
Income before income taxes and minority interests		**1,028**	**785**	**605**
Provision for income taxes	Note 12	(285)	(168)	(150)
Income applicable to minority interests		(8)	(6)	(2)
Net income		**735**	**611**	**453**
Basic earnings per share	Note 13	**3.97**	**3.28**	**2.43**
Basic weighted-average shares	Note 13	185,107,346	186,343,724	186,599,019
Diluted earnings per share	Note 13	**3.80**	**3.14**	**2.34**
Diluted weighted-average shares	Note 13	195,279,053	196,532,960	196,546,937

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

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 (in EUR)[1]	2007	2006	2005
Cash flows from operating activities			
Net income	735	611	453
Adjustments to reconcile net income to cash flows from operating activities:			
• Depreciation and amortisation	116	106	109
• Bad debt expense	19	22	12
• Stock-based compensation	3	6	11
• Deferred tax provision/(benefit)	(37)	(66)	14
• Excess tax benefit on exercise of stock options	(6)	(13)	
• Other	29	21	(16)
Changes in operating assets and liabilities, net of acquisitions:			
• Trade accounts receivable	61	(209)	(357)
• Accounts payable and accrued expenses	90	266	80
• Other assets and liabilities	52	3	(8)
Cash flows from operating activities	**1,062**	**747**	**298**
Cash flows from/(used in) investing activities			
Capital expenditures	(91)	(85)	(68)
Proceeds from sale of property and equipment	1	2	
Acquisition of Tuja, net of cash acquired	(580)		
Acquisition of DIS, net of cash acquired	(219)	(552)	
Acquisition of Altedia, net of cash acquired			(91)
Acquisition of Humangroup, net of cash acquired			(57)
Purchase of auction rate securities	(597)	(327)	(117)
Proceeds from sale of auction rate securities	596	337	108
Purchase of other available-for-sale securities	(4)	(51)	(155)
Proceeds from sale of other available-for-sale securities	10	204	206
Investment in term deposits			(327)
Proceeds from settlement of term deposits		195	244
Proceeds from sale of PSI			42
Cash settlements on derivative instruments	(10)	5	(9)
Other acquisition and investing activities	(35)	(36)	(17)
Cash flows from/(used in) investing activities	**(929)**	**(308)**	**(241)**

For the fiscal years (in EUR)[1]	2007	2006	2005
Cash flows from/(used in) financing activities			
Net increase/(decrease) in short-term debt	(1)	15	(23)
Repayment of debt assumed in Tuja acquisition	(207)		
Borrowings on long-term debt, net of issuance costs		694	
Repayment of long-term debt		(517)	(249)
Dividends paid to shareholders	(135)	(120)	(122)
Common stock options exercised	40	43	9
Cash settlements on derivative instruments	(1)	(15)	(35)
Purchase of treasury shares, net	(124)	(123)	(58)
Excess tax benefit on exercise of stock options	6	13	
Other financing activities	(2)	(3)	
Cash flows from/(used in) financing activities	**(424)**	**(13)**	**(478)**
Effect of exchange rate changes on cash	**(29)**	**(19)**	**10**
Net increase/(decrease) in cash and cash equivalents	**(320)**	**407**	**(411)**
Cash and cash equivalents:			
• Beginning of year	875	468	879
• End of year	555	875	468
Supplemental disclosures of cash paid			
Cash paid for interest	52	43	42
Cash paid for income taxes	279	185	169

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

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 stock, at cost	Retained earnings/ (accumulated deficit)	Accumulated other comprehensive income/(loss), net	Total shareholders' equity
January 3, 2005	**116**	**2,026**	**(1)**	**(356)**	**(12)**	**1,773**
Comprehensive income:						
Net income				453		453
Other comprehensive income/(loss)						
• Currency translation adjustment, net of tax					44	44
• Unrealised loss on cash flow hedging activities					(1)	(1)
• Minimum pension liability adjustment, net of tax					6	6
• Changes in available-for-sale securities, net of tax					2	2
Total comprehensive income						**504**
Stock-based compensation		11				11
Common stock options exercised	1	8				9
Treasury stock transactions			(58)			(58)
Cash dividends, CHF 1.00 per share				(122)		(122)
December 31, 2005	**117**	**2,045**	**(59)**	**(25)**	**39**	**2,117**
Comprehensive income:						
Net income				611		611
Other comprehensive income/(loss)						
• Currency translation adjustment, net of tax					(74)	(74)
• Unrealised gain on cash flow hedging activities, net of tax					1	1
• Changes in available-for-sale securities, net of tax					(4)	(4)
Total comprehensive income						**534**
Adjustment to initially apply SFAS No. 158, net of tax					3	3
Stock-based compensation		4				4
Common stock options exercised		40				40
Subsidiary stock option transactions		(1)				(1)
Treasury stock transactions			(123)			(123)
Excess tax benefit on exercise of stock options		13				13
Cash dividends, CHF 1.00 per share				(120)		(120)
Other		(1)				(1)
December 31, 2006	**117**	**2,100**	**(182)**	**466**	**(35)**	**2,466**
Comprehensive income:						
Net income				735		735
Other comprehensive income/(loss)						
• Currency translation adjustment, net of tax					(125)	(125)
• Pension related adjustments, net of tax					8	8
• Changes in available-for-sale securities, net of tax					1	1
Total comprehensive income						**619**
Stock-based compensation		3				3
Common stock options exercised	1	17	22			40
Subsidiary stock option transactions		(1)				(1)
Exchange of subsidiary stock options for Adecco S.A. shares		(5)	5			
Treasury stock transactions			(124)			(124)
Excess tax benefit on exercise of stock options		6				6
Impact of adoption of FIN 48				(2)		(2)
Cash dividends, CHF 1.20 per share				(135)		(135)
Other		1				1
December 31, 2007	**118**	**2,121**	**(279)**	**1,064**	**(151)**	**2,873**

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

Adecco Group –
Notes to consolidated financial statements

in millions, except share and per share information

Note 1 • The business and summary of significant accounting policies

Business

The consolidated financial statements include Adecco S.A., a Swiss corporation, its majority-owned subsidiaries and other affiliated entities (collectively, the "Company"). The Company's principal business is providing human resource services including temporary staffing, permanent placement, outsourcing, and career services consulting and outplacement to businesses and organisations throughout Europe, North America, Asia Pacific, Latin America, and Africa. The Company's worldwide network consists of over 7,000 branches and more than 37,000 full-time equivalent employees in over 60 countries and territories at the end of 2007.

Since January 2006, the Company is organised in a geographic structure (which corresponds to the primary segments) complemented by global business lines, through which the professional services are marketed. The heads of the main geographic areas – consisting of France, USA & Canada, UK & Ireland, Japan, Italy, Iberia, Benelux, Nordics, Germany, Australia & New Zealand, Switzerland, and Emerging Markets – directly manage the Office and Industrial businesses, while co-leading together with the professional business line heads the professional business lines in the country. The professional business lines are Adecco Finance & Legal; Adecco Engineering & Technical; Adecco Information Technology; Adecco Medical & Science; Adecco Sales, Marketing & Events, and Adecco Human Capital Solutions. The classification into business lines is determined by the largest business line revenue share generated in a specific branch.

As of March 2008, the operational responsibility of the professional business lines with the exception of Human Capital Solutions has been fully transferred to the countries, while supported and guided by the corporate business development department.

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. In 2005, the Company decided to change its fiscal year-end. Instead of the Company's fiscal year ending on the Sunday nearest to December 31, the Company now has a fiscal year that coincides with the calendar year. The change did not have a material impact on the consolidated financial statements. For 2007 and 2006, the Company's fiscal year included the full calendar year ending December 31, 2007 and December 31, 2006, respectively. In 2005, the Company's fiscal year contained 52 weeks ending December 31, 2005.

Reporting currency

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

Foreign currency translation

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

Principles of consolidation

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

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

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

Use of estimates

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

The French government has instituted various social programs, the adoption of which results in the recognition of lower social security charges. The Company establishes provisions to cover the risk of non-compliance with these programs as well as for other French social security related risks. These provisions are adjusted periodically for the results of audits by local authorities and the expiration of statutes of limitations.

Social security charges in France

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

Recognition of revenues

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

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

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

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

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

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

Marketing costs
Advertising and marketing costs totalled EUR 104, EUR 93, and EUR 93 in 2007, 2006, and 2005, respectively. These costs are included in SG&A and are expensed as incurred.

Stock-based compensation
The Company adopted Statement of Financial Accounting Standards ("SFAS") No. 123(R), "Share-based payment" ("SFAS 123(R)") on January 1, 2006, using the "modified prospective application method". Accordingly, compensation cost is recognised for awards granted to employees prior to January 1, 2006, and which remain unvested as of that date. As such, prior periods do not reflect restated amounts. Prior to the adoption of SFAS No. 123(R), the Company utilised the fair value method of accounting for stock-based compensation in accordance with SFAS No. 123, "Accounting for Stock-Based Compensation" for grants in the year 2003 and subsequent years, and the intrinsic value method prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" for grants prior to 2003. The adoption of SFAS No. 123(R) did not have a material impact on the accounting for option grants which were granted on or after the first day of 2003 but resulted in a reduction of net income for the year 2006 of EUR 2 and a reduction of basic and diluted earnings per share for the year 2006 of EUR 0.01 due to the recognition of compensation expense for stock options granted prior to 2003.

As stock-based compensation expense for stock options vested during the years 2007 and 2006 was recognised in the Company's consolidated financial statements, there is no difference between reported and pro forma net income. Had compensation expense for the Company's stock-based compensation plans been determined based on the fair value method consistent with SFAS No. 123(R) for periods prior to its adoption, the Company's pro forma net income and earnings per share for 2005 would have changed as follows:

in EUR	**2005**
Pro forma net income	
Net income, as reported	**453**
Stock-based employee compensation expense included in reported net income, net of tax	8
Total stock-based employee compensation expense determined under the fair value based method for all awards, net of tax	(20)
Pro forma net income	**441**
Pro forma earnings per share	
Basic earnings per share:	
• As reported	2.43
• Pro forma	2.37
Diluted earnings per share:	
• As reported	2.34
• Pro forma	2.28

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. To a limited extent the Company invests excess cash in the US in auction rate securities. Auction rate securities are variable-rate debt instruments with long-term scheduled maturities and periodic interest rate reset dates. As of December 31, 2007 and December 31, 2006, the Company did not hold any auction rate securities.

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

Capitalised costs for internal-use software
The Company capitalises internal-use software development costs in accordance with the provisions of the American Institute of Certified Public Accountants Statement of Position 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use" ("SOP 98-1"). In accordance with SOP 98-1, 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 internal-use software development costs are included in property, equipment, and leasehold improvements. Capitalised costs are amortised on a straight-line basis over the estimated life commencing when the software is placed into service, typically ranging from three to five years.

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

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

Goodwill is tested on a reporting unit level using a two-step impairment test. Reporting units may be operating segments as a whole or an operation one level below an operating segment, referred to as a component. In step one of the goodwill impairment test, the carrying value of each reporting unit is compared with 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 loss 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 loss is recorded in operating income.

Definite-lived intangible assets

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

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

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

Income taxes

The Company accounts for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes" ("SFAS No. 109"). Current liabilities and assets are recognised for the estimated taxes payable or refundable on the tax returns for the current year. Deferred tax assets and liabilities are determined based on differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases, including the future tax benefit of existing net operating losses and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates and laws expected to be in effect in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is recorded against deferred tax assets in those cases when management believes that the realisation is more unlikely than not. While management believes that its judgements and estimates regarding deferred income tax assets and liabilities are appropriate, significant differences in actual experience may materially affect the Company's future financial results.

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

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

Earnings per share

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

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

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

Accounting for costs associated with exit or disposal activities
The Company accounts for costs associated with exit or disposal activities in accordance with SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities". When termination arrangements 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 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.

New accounting standards
In December 2007, the FASB issued SFAS No. 141 (revised 2007), "Business Combinations" ("SFAS No. 141(R)") and SFAS No. 160, "Noncontrolling Interest in Consolidated Financial Statements, an amendment of ARB No. 51" ("SFAS No. 160"). The new standards require most identifiable assets, liabilities, noncontrolling interests, and goodwill acquired in a business combination to be recorded at full fair value and require noncontrolling interests to be reported as a component of equity. SFAS No. 141(R) and SFAS No. 160 are effective for financial statements issued for fiscal years beginning after December 15, 2008. The Company is in the process of assessing the impact of the adoption of these standards on the consolidated financial statements.

In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106, and 132(R)" ("SFAS No. 158"). SFAS No. 158 requires plan sponsors of defined benefit pension plans to recognise the funded status of their defined benefit plans in the statement of financial position, reflect changes in the funded status of defined benefit plans in comprehensive income, measure the fair value of plan assets and benefit obligations as of the date of the fiscal year-end consolidated balance sheet, and provide additional disclosures. On December 31, 2006, the Company adopted the recognition and disclosure provisions of SFAS No. 158. The Company will adopt the measurement provisions of SFAS No. 158 in 2008. The Company does not believe the adoption of the measurement provision will have a material effect on the consolidated financial statements. The effect of adopting SFAS No. 158 on the Company's financial condition at December 31, 2006 has been included in the accompanying consolidated financial statements. See Note 9 for further discussion of the effect of adopting SFAS No. 158 on the Company's consolidated financial statements.

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

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

Other disclosures required by Swiss law:

in EUR	2007	2006
Personnel expenses	1,984	1,893

The detailed disclosures regarding the executive remuneration that are required by Swiss law are included in the statutory financial statements of Adecco S.A. (Holding Company) on pages 126 to 130.

The fire insurance value of property, equipment, and leasehold improvements amounted to EUR 644 and EUR 599 as of December 31, 2007 and December 31, 2006, respectively.

in millions, except share and per share information

Note 2 • Acquisitions

The Company made several acquisitions in 2007 and 2006. With the exception of the acquisitions of the Tuja Group ("Tuja") and approximately 16% of outstanding DIS Deutscher Industrie Service AG ("DIS") shares in 2007 and approximately 84% of DIS outstanding shares in 2006, the Company does not consider any of its 2007 or 2006 acquisition transactions to be significant, individually or in the aggregate, to its consolidated balance sheets or results of operations. No significant acquisitions occurred in 2005.

The following table illustrates the aggregate impact of the 2007 and 2006 acquisitions:

in EUR	**2007**	**2006**
Impact of acquisitions		
Net tangible assets acquired	8	40
Identified intangible assets	308	134
Goodwill	830	507
Debt acquired	(207)	
Deferred tax liabilities	(109)	(49)
Minority interests	22	(11)
Total consideration	**852**	**621**

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

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

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

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

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

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

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

In March 2006, the Company acquired approximately 84% of the outstanding common shares of DIS, a leading supplier of professional staffing services in Germany, for approximately EUR 552, net of cash acquired. As a result of the acquisition, the Company strengthened its presence in the German temporary staffing market and the professional services segment.

The acquisition of DIS was originally financed with a bridge facility of EUR 408 and cash on hand. In April 2006, the Company issued EUR 700 unsubordinated guaranteed notes, the proceeds of which were partly used to settle the bridge facility. See Note 6 for details on debt instruments.

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

in EUR	
Fair value of assets acquired and liabilities assumed	
Cash	28
Other current assets	65
Tangible assets	11
Intangible assets	
• Marketing related (trademarks)	87
• Customer base	32
Goodwill	483
Current liabilities	(67)
Deferred tax liabilities	(48)
Minority interests	(11)
Total fair value of assets acquired and liabilities assumed	**580**

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

DIS was consolidated by the Company as of March 31, 2006, and the results of DIS' operations have been included in the consolidated financial statements since April 1, 2006. The following unaudited pro forma information shows consolidated operating results as if the DIS acquisition had occurred at the beginning of 2006 and at the beginning of 2005:

in millions, except share and per share information

in EUR	2006	2005
Pro forma consolidated operating results		
Revenues	20,512	18,618
Net income	613	453
Basic earnings per share	3.29	2.43
Diluted earnings per share	3.15	2.34

The pro forma net income/loss of DIS, including adjustments for depreciation of fixed assets, amortisation of definite-lived intangible assets, interest expense, and income taxes increased consolidated pro forma net income by EUR 2 for 2006 and reduced it by less than EUR 1 for 2005. The pro forma consolidated results of operations do not necessarily represent operating results which would have occurred if the acquisition had taken place on the basis assumed above, nor are they indicative of future operating results of the combined companies.

In September 2007, the Company acquired approximately 16% of DIS outstanding shares for EUR 219 and has initiated squeeze-out proceedings to acquire the remaining 0.5% of outstanding shares. The acquisition was financed with existing resources. The Company accounted for this acquisition in accordance with the provisions of SFAS No. 141 using the principles of step acquisition accounting and recognised goodwill of EUR 177 and additional intangible assets of EUR 29. EUR 21 of the additional intangible assets represent marketing related intangible assets (trademarks) which are considered to have indefinite lives and are therefore not amortised. Customer base intangible assets acquired of EUR 8 have estimated useful lives of five years and are amortised on a straight line basis over the useful lives.

No common stock was issued in any of the transactions.

Note 3 • Trade accounts receivable

in EUR	31.12.2007	31.12.2006
Trade accounts receivable	3,898	3,968
Allowance for doubtful accounts	(125)	(122)
Trade accounts receivable, net	**3,773**	**3,846**

Note 4 • Property, equipment, and leasehold improvements

	31.12.2007		31.12.2006	
in EUR	Gross	Accumulated depreciation	Gross	Accumulated depreciation
Land and buildings	42	(15)	45	(15)
Furniture, fixtures, and office equipment	148	(110)	151	(115)
Computer equipment and software	574	(483)	588	(488)
Leasehold improvements	230	(163)	220	(157)
Total property, equipment, and leasehold improvements	**994**	**(771)**	**1,004**	**(775)**

Depreciation expense was EUR 89, EUR 94, and EUR 106 for 2007, 2006, and 2005, respectively.

Note 5 • Goodwill and intangible assets

The changes in the carrying amount of goodwill for the years ended December 31, 2007 and December 31, 2006, are as follows:

in EUR	France	USA & Canada	UK & Ireland	Japan	Italy	Iberia	Germany	Other	Total
Changes in goodwill									
January 1, 2006	**262**	**620**	**203**	**26**	**–**	**61**	**34**	**228**	**1,434**
Goodwill acquired during year	2	2					483	20	507
Currency translation adjustment		(61)	5	(3)				(3)	(62)
Other	1	5				(3)			3
December 31, 2006	**265**	**566**	**208**	**23**	**–**	**58**	**517**	**245**	**1,882**
Goodwill acquired during year		11					811	8	830
Currency translation adjustment		(55)	(19)	(1)				(1)	(76)
Other	1					1	3	5	10
December 31, 2007	**266**	**522**	**189**	**22**	**–**	**59**	**1,331**	**257**	**2,646**

The carrying amounts of other intangible assets at December 31, 2007 and December 31, 2006, are as follows:

	31.12.2007		31.12.2006	
in EUR	Gross	Accumulated amortisation	Gross	Accumulated amortisation
Intangible assets				
Marketing (trademarks)	295	(15)	131	(12)
Customer base	192	(39)	64	(16)
Contract	16	(1)	2	(1)
Other	1	(1)	2	(1)
Total intangible assets	**504**	**(56)**	**199**	**(30)**

No intangible assets have a residual value. The estimated aggregate amortisation expense related to definite-lived intangible assets for the next five years is EUR 43 in 2008, EUR 39 in 2009, EUR 36 in 2010, EUR 29 in 2011, and EUR 16 in 2012. The weighted-average amortisation period for customer base intangible assets is five years.

The carrying amount of indefinite-lived intangible assets was EUR 274 and EUR 117 as of December 31, 2007 and December 31, 2006, respectively. Indefinite-lived intangible assets consist mainly of trademarks.

The Company performed its annual impairment testing of goodwill and indefinite-lived intangible assets in 2007, 2006, and 2005, and determined there to be no impairment.

in millions, except share and per share information

Note 6 • Financing arrangements

Short-term debt

To support short-term working capital and borrowing requirements, the Company had available, in certain countries in which it operates, lines of credit amounting to EUR 367 and EUR 353 as of December 31, 2007 and December 31, 2006, respectively, excluding the multicurrency revolving credit facility discussed below. At December 31, 2007 and December 31, 2006, bank overdrafts and borrowings outstanding under the lines of credit amounted to EUR 35 and EUR 38, respectively. The lines of credit are in various currencies, have various interest rates, and have maturities of up to thirteen months. The weighted-average interest rate on borrowings outstanding was 7.1% and 6.6% as of December 31, 2007 and December 31, 2006, respectively.

Long-term debt

in EUR	Principal at maturity	Maturity	Fixed interest rate	31.12.2007	31.12.2006
Guaranteed zero-coupon convertible bond	CHF 1,044	2013		579	589
Fixed rate guaranteed notes	EUR 500	2013	4.5%	492	495
Multicurrency revolving credit facility	EUR 580	2009			
Floating rate guaranteed notes	EUR 200	2008		200	200
Olsten EUR guaranteed notes	EUR 122	2008	6.0%	122	121
Other				1	1
				1,394	**1,406**
Less current maturities				(322)	
Long-term debt, less current maturities				**1,072**	**1,406**

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

Fixed and floating rate guaranteed notes
On April 25, 2006, Adecco International Financial Services BV, a wholly-owned subsidiary of the Company, issued EUR 500 fixed rate notes guaranteed by Adecco S.A. due April 25, 2013, and EUR 200 floating rate notes guaranteed by Adecco S.A. due April 25, 2008. The proceeds were used for the refinancing of the DIS acquisition and for general corporate purposes. Interest is paid on the fixed rate notes annually in arrears at a fixed annual rate of 4.5% and on the floating rate notes quarterly in arrears at a rate determined by the three-month EURIBOR plus 23 basis points, which at December 31, 2007 was 4.9%. During 2006, the Company entered into fair value hedges of the EUR 500 fixed rate notes, which are further discussed in Note 10.

Multicurrency revolving credit facility
In March 2003, the Company entered into a multicurrency revolving credit facility issued by a syndicate of banks, which allows borrowings up to a maximum of EUR 580. The five-year

facility is available for general corporate purposes including cash drawings and letters of credit.

The interest rate is based on LIBOR, or EURIBOR for drawings denominated in Euro, plus a margin between 0.275% and 0.475% depending on certain debt-to-EBITDA ratios and a utilisation fee of 0.05% if the drawings exceed 50% of the facility. The commitment fee is 35% of the applicable margin. On March 17, 2006, the Company agreed with the syndicate of banks an extension of EUR 577 of the existing EUR 580 multicurrency revolving credit facility from March 2008 through March 2009. As of December 31, 2007 and December 31, 2006, the Company had EUR 462 and EUR 440, respectively, available under the facility after utilising EUR 118 and EUR 140, respectively, in the form of letters of credit.

Olsten EUR guaranteed notes

In connection with the March 2000 Olsten acquisition, the Company assumed Olsten's outstanding EUR 122 guaranteed notes on which interest is paid annually on the principal amount. The notes are guaranteed by Adecco S.A. During 2006, the Company entered into fair value hedges of the EUR 122 guaranteed notes, which are further discussed in Note 10.

Under the terms of the various financing agreements, the Company is subject to covenants requiring compliance with certain financial tests and ratios. As of December 31, 2007, the Company was in compliance with all financial covenants.

Payments of long-term debt are due as follows:

in EUR	2008	2009	2010	2011	2012	Thereafter[1]	Total
Payments due by period	322	1				1,071	1,394

1 Assumes that the put and call options are not exercised and that share conversion does not occur (refer to "Guaranteed zero-coupon convertible bond" section above).

Note 7 • Shareholders' equity

The summary of the components of authorised shares at December 31, 2007, December 31, 2006, and December 31, 2005 and changes during those years are as follows:

	Outstanding shares	Treasury shares	Issued shares[1]	Authorised capital	Conditional capital	Authorised shares
Changes in components of authorised shares						
January 3, 2005	**187,330,240**	**18,875**	**187,349,115**	**19,000,000**	**21,481,195**	**227,830,310**
Common stock options exercised	258,280		258,280		(258,280)	
Treasury stock transactions	(1,490,875)	1,490,875				
Expiry of authorised capital				(19,000,000)		(19,000,000)
December 31, 2005	**186,097,645**	**1,509,750**	**187,607,395**	**–**	**21,222,915**	**208,830,310**
Common stock options exercised	1,193,772		1,193,772		(1,193,772)	
Treasury stock transactions	(2,454,955)	2,454,955				
December 31, 2006	**184,836,462**	**3,964,705**	**188,801,167**	**–**	**20,029,143**	**208,830,310**
Common stock options exercised	946,106	(483,767)	462,339		(462,339)	
Treasury stock transactions	(3,135,275)	3,135,275				
December 31, 2007	**182,647,293**	**6,616,213**	**189,263,506**	**–**	**19,566,804**	**208,830,310**

1 Shares at CHF 1 par value.

Authorised shares and appropriation of available earnings
On April 16, 2003, the Annual General Meeting of Shareholders extended the Board of Directors' authorisation to increase the share capital in one or more steps by up to 19,000,000 shares (CHF 19) in connection with special capital market transactions, such as acquisitions. In accordance with Swiss statutory law, such authorisation ceased on April 16, 2005, and was not extended at the Annual General Meeting of Shareholders held on May 26, 2005.

The Company had 4,166,804 and 4,629,143 common shares reserved for issuance of common shares to employees and members of the Board of Directors upon the exercise of stock options as of December 31, 2007 and December 31, 2006, respectively. In addition, as of December 31, 2007 and December 31, 2006, the Company was authorised by its shareholders to issue up to 15,400,000 shares of conditional capital in connection with the issuance of financial instruments, principally convertible bonds. 9,523,810 shares have been earmarked for issuance upon conversion of the outstanding guaranteed zero-coupon convertible bond. The remaining 5,876,190 shares represent conditional capital that was originally authorised without time limitation in connection with the issuance of a convertible bond in 1999, which was repaid in 2004 without conversion. This conditional capital remains available for issuance upon conversion of any financial instruments the Company may issue in the future.

In 2007, a total of 462,339 shares have been issued to employees and members of the Board of Directors out of conditional capital and 483,767 out of treasury shares upon the exercise of stock options.

In 2007, cash dividends for 2006 of CHF 1.20 per share, totalling EUR 135, were paid. The Company may only pay dividends from unappropriated available earnings disclosed in the annual financial statements of the parent, Adecco S.A., prepared in accordance with Swiss law and as approved at the Annual General Meeting of Shareholders. For 2007, the Board of Directors of Adecco S.A. will propose a dividend of CHF 1.50 per share outstanding for the approval of shareholders at the Annual General Meeting of Shareholders.

Under Swiss law, a minimum of 5% of the net income of the parent, Adecco S.A., for the year must be transferred to a general reserve until this reserve reaches 20% of the paid-in share capital. Other allocations to this reserve are also mandatory. The general reserve was CHF 2,103 and CHF 2,071 at December 31, 2007 and December 31, 2006, respectively, thereby exceeding 20% of the paid-in share capital in both years. The general reserve is usually not available for distribution.

Additional paid-in capital
Prior to the Company's acquisition of DIS in March 2006, DIS had in place a stock incentive plan for its employees. Subsequent to the acquisition, DIS utilised a portion of its treasury stock to fulfill obligations resulting from the exercise of employee stock options under this plan. The Company treated the exercise of DIS stock options as a capital transaction in accordance with SEC Staff Accounting Bulletin Topic 5-H which allows for equity recognition of gains or losses on subsidiary stock transactions and requires that this accounting treatment be consistently applied for all future subsidiary stock transactions. The exercises resulted in a dilution of the Company's ownership in DIS of less than 0.5% in both 2007 and 2006. Because the book value per share of the Company's investment in DIS exceeded the cash proceeds from the option exercises, after tax losses of EUR 1 have been reported as an adjustment to the Company's additional paid-in capital in both 2007 and 2006.

Treasury stock
On November 2, 2007, the Company announced that its Board of Directors had decided to purchase the Company's shares for up to EUR 400 by the end of 2008. The shares are intended to be used for future acquisitions or to minimise potential dilution related to the outstanding convertible bond. From the time when the announcement was made to the year-end of 2007, the Company purchased 3,253,500 treasury shares for a total consideration of EUR 124. In January 2008, the Company acquired an additional 6,604,000 of its own shares for a total consideration of EUR 218. The treasury shares acquired prior to the announcement are generally reserved to support option exercises under stock option plans.

Accumulated other comprehensive income/(loss), net

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

in EUR	31.12.2007	31.12.2006
Currency translation adjustment	(158)	(33)
Unrealised gain on cash flow hedging activities	1	1
Pension related adjustments	6	(2)
Unrealised gain/(loss) on available-for-sale securities		(1)
Accumulated other comprehensive income/(loss), net	**(151)**	**(35)**

Note 8 · Stock-based compensation

As of December 31, 2007, the Company had options and tradeable options outstanding relating to its common shares and the common shares of a subsidiary under several existing plans including plans assumed in the Olsten and DIS acquisitions. In 2007 and 2006, the Company recognised compensation expense of EUR 3 and EUR 6, respectively, related to the various stock option plans, which is included in SG&A. The total income tax benefit recognised related to stock compensation during 2007 and 2006 was not significant.

Adecco and Olsten stock option plans

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

Certain options granted under the plans are tradeable on the SWX Swiss Stock Exchange. The options are granted to employees or members of the Board of Directors of the Company and give the optionee a choice of selling the option on the market or exercising the option to receive an Adecco S.A. share. If the option holder chooses to sell the option on the market, the options may be held by a non-employee or non-director of the Company. As of December 31, 2007, December 31, 2006 and December 31, 2005, the number of stock options outstanding sold on the market was 3,116,028, 2,625,019 and 1,086,662, respectively. The trading and valuation of the tradeable options is managed by a Swiss bank.

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

in millions, except share and per share information

A summary of the status of the Company's Adecco and Olsten stock option plans as of December 31, 2007, December 31, 2006 and December 31, 2005, and changes during those years are presented below:

	Number of shares	Weighted-average exercise price per share (in CHF)	Weighted-average remaining life (in years)	Aggregate intrinsic value (in CHF millions)
Summary of Adecco and Olsten stock option plans				
Options outstanding as of January 3, 2005	**13,866,219**	**80**	**4.1**	
Exercised	(321,480)	51		3
Forfeited	(1,863,294)	73		
Expired	(636,099)	103		
Options outstanding as of December 31, 2005	**11,045,346**	**78**	**3.3**	
Exercised	(1,142,782)	54		24
Forfeited	(703,557)	89		
Expired	(754,290)	99		
Options outstanding as of December 31, 2006	**8,444,717**	**78**	**2.6**	
Exercised	(933,896)	68		19
Forfeited	(260,416)	89		
Expired	(1,601,780)	91		
Options outstanding as of December 31, 2007	**5,648,625**	**75**		
Of which fully vested and exercisable	**5,648,625**	**75**	**2.1**	**3**

Options fully vested and exercisable were 8,298,647 and 10,251,868 as of December 31, 2006 and December 31, 2005, respectively. The aggregate intrinsic value as of December 31, 2007 in the table above represents the total pre-tax intrinsic value (the difference between the Company's closing stock price on the last trading day of 2007 and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on December 31, 2007. This amount changes based on the fair market value of Adecco S.A. stock.

For the year ended December 31, 2006, the total stock options exercised include 12,210 stock options for which Adecco S.A. common shares were issued in January 2007 only. Those shares were therefore not included in outstanding common shares at December 31, 2006.

DIS stock option plan

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

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

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

The volatility as measured by the standard deviation of the expected share price gains was based on statistical analyses of the daily share price over the previous three years. The expected term of the options was determined using historical data. The expected dividend yield was based on the expected annual dividend at the time of grant of EUR 0.05 per share.

The risk-free rate was based on the five-year German government bonds rate in effect as of the grant date.

A summary of the status of the DIS stock option plan as of December 31, 2007 and December 31, 2006, and the acquisition date, and changes during the periods are presented below:

	Number of shares	Weighted-average exercise price per share (in EUR)	Weighted-average remaining life (in years)	Aggregate intrinsic value (in EUR millions)
Summary of DIS stock option plan				
Options outstanding and vested at acquisition, March 31, 2006	**336,810**	**30**	**2.8**	
Granted	117,315	65		
Exercised	(58,145)	31		2
Options outstanding and vested as of December 31, 2006	**395,980**	**43**	**2.9**	
Exercised	(44,821)			3
Forfeited	(183,261)[1]			
Options outstanding and vested as of December 31, 2007	**167,898**	**56**	**2.6**	**10**
Of which exercisable	**16,410**	**27**	**1.3**	**1**

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

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

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the difference between DIS' closing stock price on the last trading day of 2007 and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on December 31, 2007. This amount changes based on the fair market value of DIS stock.

As of December 31, 2007, all options granted under the DIS stock option plan had vested. Accordingly, there is no unrecognised compensation cost related to non-vested share-based compensation arrangements under this plan.

Note 9 • Employee benefit plans

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

Defined contribution plans and other arrangements

The Company recorded an expense of EUR 73, EUR 62, and EUR 55, in connection with defined contribution plans in 2007, 2006, and 2005, respectively, and an expense of EUR 42, EUR 39, and EUR 36, in connection with the Italian employee termination indemnity arrangement in 2007, 2006, and 2005, respectively.

The Company sponsors a non-qualified defined contribution plan in the US for certain of its employees. This plan is partly funded through a Rabbi trust, which is consolidated in the Company's financial statements. At December 31, 2007 and December 31, 2006, the assets held in the Rabbi trust amounted to EUR 37 and EUR 39, respectively. The related pension liability totalled EUR 50 and EUR 54 at December 31, 2007 and December 31, 2006, respectively.

Certain employees are covered under multi-employer pension plans administered by unions. The data available from administrators of the plans is not sufficient to determine the projected benefit obligation or the net assets attributable to the Company. Consequently, these plans are reported as defined contribution plans. Contributions made to those plans during 2007, 2006, and 2005, amounted to EUR 5, EUR 4, and EUR 5, respectively.

Defined benefit plans

The Company sponsors defined benefit plans principally in Switzerland, the Netherlands, the UK, and the US. These plans provide benefits primarily based on years of service and level of compensation, and are in accordance with local regulations and practices. The defined benefit obligations and related assets of all major plans are reappraised annually by independent actuaries. For the periods presented, the measurement date used for the Swiss defined benefit plan was September 30 and the measurement date for the other major defined benefit plans was December 31. Plan assets are recorded at fair value, and consist primarily of marketable equity securities, fixed income instruments, and real estate. The projected benefit obligation ("PBO") is the actuarial present value of benefits attributable to employee service rendered to date, including the effects of estimated future pay increases. The accumulated benefit obligation ("ABO") is the actuarial present value of benefits attributable to employee service rendered to date, but excluding the effects of estimated future pay increases.

On December 31, 2006, the Company adopted the recognition and disclosure provisions of SFAS No. 158. SFAS No. 158 requires the Company to recognise the funded status (i.e., the difference between the fair value of plan assets and the projected benefit obligations at the applicable measurement dates) of its defined benefit pension plans in the consolidated balance sheet as of December 31, 2006, with a corresponding adjustment to accumulated other comprehensive income/(loss), net of tax. The adjustment to accumulated other comprehensive income/(loss), net, at adoption represents the net unrecognised actuarial gains or losses, which were previously netted against the plan's funded status in the Company's balance sheet pursuant to the provisions of SFAS No. 87, "Employers' Accounting for Pensions". Following the adoption of these provisions, the amounts classified in accumulated other comprehensive income/(loss), net, are subsequently recognised as net periodic pension cost pursuant to the Company's historical accounting policy for amortising such amounts. Further, actuarial gains and losses that arise in subsequent periods and are not recognised as net periodic pension cost in the same periods are recognised as a component of other comprehensive income/(loss), net. Those amounts are subsequently recognised as a component of net periodic pension cost on the same basis as the amounts recognised in accumulated other comprehensive income/(loss), net, at adoption of SFAS No. 158.

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

	Swiss plan			Non-Swiss plans		
in EUR	**2007**	**2006**	**2005**	**2007**	**2006**	**2005**
Components of pension expense						
Service cost	9	10	8	1	2	5
Interest cost	2	2	2	4	4	5
Expected return on plan assets	(4)	(4)	(3)	(3)	(4)	(5)
Amortisation of net (gain)/loss				2	(5)	3
Pension expense, net	**7**	**8**	**7**	**4**	**(3)**	**8**

in millions, except share and per share information

The following table provides a reconciliation of the changes in the benefit obligations, the change in the fair value of assets, and the funded status of the Company's defined benefit plans as of the above described measurement dates, as well as the impact of the adoption of SFAS No. 158 on the Company's consolidated balance sheet at December 31, 2006:

	Swiss plan		Non-Swiss plans	
in EUR	**31.12.2007**	**31.12.2006**	**31.12.2007**	**31.12.2006**
Pension liabilities and assets				
Projected benefit obligation, beginning of period	**80**	**75**	**93**	**100**
Service cost	9	10	1	2
Interest cost	2	2	4	4
Participant contributions	20	21	1	1
Actuarial gain	(10)	(7)	(6)	(10)
Plan amendments			2	
Benefits paid	(23)	(19)	(2)	(2)
Curtailments and settlements			(1)	(2)
Foreign currency translation	(2)	(2)	(3)	
Projected benefit obligation, end of period	**76**	**80**	**89**	**93**
Plan assets, beginning of period	**81**	**71**	**77**	**72**
Actual return of assets	2	1	1	5
Employer contributions	9	9	2	3
Participant contributions	20	21	1	1
Benefits paid	(23)	(19)	(2)	(2)
Curtailments and settlements			(1)	(2)
Foreign currency translation	(2)	(2)	(2)	
Plan assets, end of period	**87**	**81**	**76**	**77**
Funded status of the plan	11	1	(13)	(16)
Contributions from measurement date to fiscal year-end	2	2		
Unrecognised actuarial gain, net of tax				(3)
Amount recognised before adoption of SFAS No. 158		**3**		**(19)**
Adoption of SFAS No. 158				3
Amount recognised after adoption of SFAS No. 158	**13**	**3**	**(13)**	**(16)**
Accumulated benefit obligation, end of period	**75**	**78**	**79**	**85**

The incremental effects of adopting the provisions of SFAS No. 158 on the Company's consolidated balance sheet at December 31, 2006 are presented in the following table. The adoption of SFAS No. 158 had no effect on the Company's consolidated statement of operations for the year ended December 31, 2006, or for any prior period presented.

The effect on the consolidated balance sheet as of December 31, 2006 as a result of adopting SFAS No. 158 is as follows:

in EUR	Before adopting SFAS No. 158	Effect of adopting SFAS No. 158	As reported at December 31, 2006
Effect of adopting SFAS No. 158			
Other assets	356	1	357
Other liabilities	190	(3)	187
Deferred income taxes	297	(1)	296
Accumulated other comprehensive income/(loss), net	(38)	3	(35)
Total shareholders' equity	2,463	3	2,466

The amounts recognised in the consolidated balance sheets as of December 31, 2007 and December 31, 2006, were:

	Swiss plan		Non-Swiss plans	
in EUR	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Pension related assets	13	3	9	6
Pension related liabilities			(22)	(22)
Total	**13**	**3**	**(13)**	**(16)**

As of December 31, 2007, a net gain for Swiss defined benefit plans of EUR 6 was recognised in accumulated other comprehensive income/(loss), net. No net gain or loss was recognised in accumulated other comprehensive income/(loss), net, for non-Swiss defined benefit plans as of December 31, 2007. The estimated amount that will be amortised from accumulated other comprehensive income/(loss), net, into pension expense, net, over the next fiscal year is EUR 1. As of December 31, 2006, a net loss for non-Swiss defined benefit plans of EUR 2 was recognised in accumulated other comprehensive income/(loss), net.

For plans with a PBO in excess of the fair value of plan assets as of December 31, 2007 and December 31, 2006, the total PBO was EUR 48 and EUR 50, respectively, and the fair value of the plan assets was EUR 26 and EUR 28, 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 25 and EUR 45 as of December 31, 2007 and December 31, 2006, respectively, and the fair value of the plan assets of those plans was EUR 9 and EUR 28, respectively.

in millions, except share and per share information

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

	Swiss plan			Non-Swiss plans		
in %	2007	2006	2005	2007	2006	2005
Weighted-average actuarial assumptions						
Discount rate	3.5	3.0	3.0	5.2	4.6	4.1
Rate of increase in compensation levels	2.0	2.0	2.0	2.5	2.4	2.4
Expected long-term rate of return on plan assets	4.5	5.0	5.0	6.4	5.9	5.8

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

The Swiss and Non-Swiss pension plans' target weighted-average asset allocations at December 31, 2007, and the actual weighted-average asset allocations at the measurement dates, by asset category, are as follows:

	Swiss plan			Non-Swiss plans		
	Target allocation range	Actual allocation		Target allocation range	Actual allocation	
in %		31.12.2007	31.12.2006		31.12.2007	31.12.2006
Weighted-average asset allocations						
Equity securities	20–40	33	36	10–30	30	30
Debt securities	20–60	29	31	60–80	65	61
Real estate	5–15	7	7	0–10	3	4
Other	0–40	31	26	0–10	2	5
Total		**100**	**100**		**100**	**100**

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

The Company expects to contribute EUR 10 to its pension plan in Switzerland and EUR 4 to its non-Swiss plans in 2008.

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

in EUR	Swiss plan	Non-Swiss plans
Future benefits payments		
2008	30	2
2009	7	2
2010	7	2
2011	6	2
2012	5	3
Years 2013–2017	20	18

Note 10 • Financial instruments

Risk and use of derivative instruments

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

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

Fair value of financial instruments

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

	31.12.2007		31.12.2006	
in EUR	Carrying value	Fair value	Carrying value	Fair value
Financial instruments other than derivative instruments				
Current assets:				
• Cash and cash equivalents	555	555	875	875
• Available-for-sale securities	8	8	13	13
• Trade accounts receivable, net	3,773	3,773	3,846	3,846
Current liabilities:				
• Accounts payable	243	243	218	218
• Short-term debt	35	35	38	38
• Current maturities of long-term debt	322	323		
Non-current liabilities:				
• Long-term debt	1,072	1,079	1,406	1,486
Derivative instruments				
Current assets:				
• Foreign currency contracts	3	3	4	4
Non-current assets:				
• Call options on own shares	5	5		
Current liabilities:				
• Foreign currency contracts	4	4	3	3
• Interest rate swaps	1	1	4	4
Non-current liabilities:				
• Interest rate swaps	6	6	2	2

The Company uses the following methods and assumptions to estimate the fair value of each class of financial instruments for which it is practical to estimate the value:

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

Fair value hedges

EUR 200 of interest rate swaps that contain a receipt of fixed interest rate payments and payment of floating interest rate payments have been designated as fair value hedges of the EUR 500 fixed rate guaranteed notes issued by Adecco International Financial Services BV. The contracts outstanding have an original contract period of seven years and expire in 2013.

EUR 120 of interest rate swaps that contain a receipt of fixed interest rate payments and payment of floating interest rate payments have been designated as fair value hedges of the EUR 122 Olsten EUR guaranteed notes. The contracts outstanding have an original contract period of two years and expire in 2008.

The Company also entered into foreign currency forward contracts to mitigate foreign currency risks on specific available-for-sale securities. Foreign currency forward contracts to sell Euros and buy Swiss francs were designated as fair value hedges. The contracts had an original contract period of less than one year and expired in 2007.

No significant gains or losses were recorded in 2007, 2006, and 2005, respectively, due to ineffectiveness in fair value hedge relationships. No significant gains or losses were excluded from the assessment of hedge effectiveness of the fair value hedges in 2007, 2006, or 2005.

Cash flow hedges

During the year 2007, the Company acquired cash settled call options on Adecco S.A. shares. The options are designated as cash flow hedges of the senior management share-linked bonus plan for the years 2007 to 2009, to minimise volatility of future cash flows arising from fluctuations in the share price of Adecco S.A. In addition, the Company has designated certain interest rate swaps as cash flow hedges of outstanding debt.

As of December 31, 2007, and December 31, 2006, no significant balances were included in accumulated other comprehensive income/(loss), net, in connection with cash flow hedges. No significant gains or losses were recorded in 2007, 2006, and 2005, respectively, due to ineffectiveness in cash flow hedge relationships. In 2007, a loss of EUR 17, due to the change of time value of the options, was excluded from the assessment of hedge effectiveness of the share-linked bonus plan cash flow hedge, and was recognised in SG&A in the accompanying consolidated statements of operations. There was no significant gain or loss excluded from the assessment of hedge effectiveness of the other cash flow hedges in 2007, 2006 and 2005. 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

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

During 2005, the net loss related to these hedges included as a component of accumulated other comprehensive income/(loss), net, in the accompanying consolidated balance sheets and statements of changes in shareholders' equity was EUR 68. No significant net gain or loss was recognised during 2005 due to ineffectiveness in the net investment hedge relationship. During 2005, the net loss excluded from the assessment of hedge effectiveness was EUR 5 and was recorded in foreign exchange gain/(loss), net.

As of December 31, 2007, the net loss relating to net investment hedges included as a component of accumulated other comprehensive income/(loss), amounted to EUR 54. No reclassifications of losses reported in accumulated other comprehensive income/(loss), net, into earnings are expected within the next 12 months.

Other hedge activities

The Company has entered into certain derivative contracts that are not designated or do not qualify as hedges under SFAS No. 133. These are mainly forward foreign currency contracts used to hedge the net exposure of short-term subsidiary funding advanced in the local operations' functional currency. These contracts are entered into in accordance with the written treasury policies and procedures and represent economic hedges. Gains and losses on these contracts are recognised in earnings, as foreign exchange gain/(loss), net, in the accompanying consolidated statements of operations. In connection with these activities, the Company recorded a net loss of EUR 4, less than EUR 1, and EUR 7 in 2007, 2006, and 2005, respectively.

In 1992, a subsidiary of the Company issued US dollar denominated perpetual debt that was subsequently restructured under a structured finance agreement (the "arrangement"). Under this arrangement, the Company was committed to pay to investors interest on the perpetual debt nominal value (USD 100) at LIBOR plus 1% until 2007. The Company entered into various interest rate and cross-currency interest rate swaps to reduce foreign currency exchange and interest rate exposure relating to the payments under the arrangement. Changes in the fair value of the derivative instruments were recorded on a periodic basis in earnings as interest expense. As of December 31, 2006, the fair value of the arrangement was EUR 4. These swap transactions matured in various years ending in 2007. During 2007, 2006, and 2005, the net losses recorded by the Company in connection with the arrangement were not significant. The arrangement requires the Company to pay the original debt principal of USD 100 only in the event of a merger or a liquidation of the subsidiary, which the Company has assessed the likelihood as remote.

in millions, except share and per share information

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

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

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

Note 11 • Other income/(expenses), net

For the years 2007, 2006, and 2005, other income/(expenses), net, consist of the following:

in EUR	2007	2006	2005
Foreign exchange gain/(loss), net	(2)	(4)	(14)
Interest income	31	22	16
Other non-operating income/(expenses), net	1	2	41
Total other income/(expenses), net	**30**	**20**	**43**

In October 2005, the Company sold its non-controlling interest in Professional Services Industries Holding Inc. ("PSI") for USD 54. The investment in PSI was acquired by the Company in conjunction with its acquisition of Adia S.A. in 1996. In connection with the application of the purchase method of accounting, the Company assigned no fair value to the investment due to uncertainty in the investment's recoverability.

Accordingly, the Company recorded a gain of EUR 42 in other non-operating income/(expenses), net, in 2005 as a result of the transaction. This gain resulted in an increase in basic earnings per share, net of tax, of EUR 0.17 in 2005 and an increase in diluted earnings per share, net of tax, of EUR 0.16 in 2005.

Note 12 • Income taxes

Adecco S.A. is incorporated in Switzerland but the Company operates in various countries with differing tax laws and rates. A substantial portion of the Company's operations are outside of Switzerland. Since the Company operates worldwide, the weighted-average effective tax rate will vary from year to year according to the earnings by country. The weighted-average tax rate is calculated by aggregating pre-tax operating income or loss in each country in which the Company operates multiplied by the country's statutory income tax rate. Income before income taxes and minority interests in Switzerland totalled EUR 477, EUR 422, and EUR 221 in 2007, 2006, and 2005, respectively. Foreign source income before income taxes and minority interests amounted to EUR 551, EUR 363, and EUR 384 in 2007, 2006, and 2005, respectively. The provision for income taxes consists of the following for the fiscal years:

in EUR	2007	2006	2005
Provision for income taxes			
Current tax provision:			
Domestic	46	30	19
Foreign	276	204	117
Total current tax provision	**322**	**234**	**136**
Deferred tax provision/(benefit):			
Domestic	7	8	18
Foreign	(44)	(74)	(4)
Total deferred tax provision/(benefit)	**(37)**	**(66)**	**14**
Total provision for income taxes	**285**	**168**	**150**

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

in EUR	2007	2006	2005
Tax rate reconciliation			
Income taxed at weighted-average tax rate	236	169	131
Items taxed at other than weighted-average tax rate	69	57	18
Non-deductible expenses	14	18	4
Net change in valuation allowance	(10)	(74)	(6)
Adjustments to deferred tax assets due to rate changes	(25)	4	2
Other, net	1	(6)	1
Total provision for income taxes	**285**	**168**	**150**

As of December 31, 2007 and December 31, 2006, a deferred tax liability of EUR 24 and EUR 16 has been provided for non-Swiss withholding taxes and additional Swiss taxes due upon the future dividend payment of cumulative undistributed earnings.

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

in millions, except share and per share information

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

in EUR	31.12.2007	31.12.2006
Temporary differences		
Net operating loss carryforwards	156	162
Tax credits	55	67
Depreciation	10	13
Deferred compensation and accrued employee benefits	102	79
Accrued expenses	52	53
Financial amortisation in excess of tax amortisation	22	20
Intercompany transactions	33	41
Other	30	35
Gross deferred tax assets	**460**	**470**
FIN 48 provision, net	(68)	
Valuation allowance	(57)	(68)
Deferred tax assets, net	**335**	**402**
Depreciation		(2)
Intangible assets basis in excess of tax basis	(149)	(49)
Accrued expenses	(1)	(9)
Tax amortisation in excess of financial amortisation		(9)
Undistributed earnings of foreign subsidiaries	(24)	(16)
Other	(16)	(21)
Deferred tax liabilities	**(190)**	**(106)**
Deferred tax assets, net of deferred tax liabilities	**145**	**296**

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

Valuation allowances on deferred tax assets of foreign and domestic operations decreased by EUR 11 in 2007. Included in the change of the valuation allowance is a decrease of EUR 1 for fluctuations in foreign exchange rates and EUR 10 mainly attributable to the reduction of the income tax rate in Germany.

Other current assets include current net deferred tax assets of EUR 168 and EUR 143 as of December 31, 2007 and December 31, 2006, respectively. Other long-term assets include EUR 147 and EUR 239 of net deferred tax assets as of December 31, 2007 and December 31, 2006, respectively. Other accrued expenses include current deferred tax liabilities of EUR 3 and EUR 6 as of December 31, 2007 and December 31, 2006, respectively. Other liabilities include EUR 167 and EUR 80 of non-current deferred tax liabilities as of December 31, 2007 and December 31, 2006, respectively.

As of December 31, 2007, the Company had approximately EUR 489 of net operating loss carryforwards. These losses will expire as follows:

in EUR	2008	2009	2010	2011	2012	Thereafter	No expiry	Total
Expiration of losses by period	3	11	5	9	4	249	208	489

The largest net operating loss carryforwards are in the US, Germany, and Brazil, and total EUR 354 as of December 31, 2007. The losses in the US begin to expire in 2021. The losses in Germany and Brazil do not expire. In addition, tax credits of EUR 48 are predominately related to the US operations and begin to expire in 2008.

The Company adopted the provisions of FIN 48 as of January 1, 2007. The Company's reassessment of its tax positions in accordance with FIN 48 resulted in a decrease of EUR 2 in its retained earnings. Consistent with the provisions of FIN 48, the Company reclassified EUR 78 of income tax liabilities from accrued income taxes to other accrued expenses as it is expected that these liabilities will be settled within one year. Additionally, EUR 164 of income tax liabilities were reclassified from accrued income taxes to other liabilities because payment of cash is not anticipated within one year of the balance sheet date. Furthermore, EUR 67 were reclassified from accrued income taxes to other assets. As of January 1, 2007, the amount of unrecognised tax benefits including interest was EUR 315 of which EUR 236 would, if recognised, decrease the Company's effective tax rate. As of December 31, 2007, the amount of unrecognised tax benefits including interest is EUR 332 of which EUR 242 would, if recognised, decrease the Company's effective tax rate.

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

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

The Company continues to recognise interest and penalties related to unrecognised tax benefits as a component of the provision for income taxes. As of January 1, 2007 and December 31, 2007, the amount of interest and penalties recognised in the balance sheet amounted to EUR 33 and EUR 31, respectively. The total amount of interest and penalties recognised in the statement of operations was not significant.

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

	Open tax years
Country	
U.S.	1996 onwards
France	2003 onwards
Germany	2002 onwards
U.K.	2000 onwards
Spain	2003 onwards
Japan	2001 onwards

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

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

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

Note 13 • Earnings per share

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

	2007		2006		2005	
in EUR (except number of shares)	Basic	Diluted	Basic	Diluted	Basic	Diluted
Numerator						
Net income	735	735	611	611	453	453
Interest on convertible bond, net of tax		6		7		7
Net income available for earnings per share calculation	**735**	**741**	**611**	**618**	**453**	**460**
Denominator						
Weighted-average shares	185,107,346	185,107,346	186,343,724	186,343,724	186,599,019	186,599,019
Incremental shares for assumed conversions:						
• Convertible bond		9,523,810		9,523,810		9,523,810
• Employee stock options		647,897		665,426		424,108
Total average equivalent shares	**185,107,346**	**195,279,053**	**186,343,724**	**196,532,960**	**186,599,019**	**196,546,937**
Per share amounts						
Net earnings per share	**3.97**	**3.80**	**3.28**	**3.14**	**2.43**	**2.34**

Stock options of 5,180,559 in 2007, 6,936,122 in 2006, and 9,013,344 in 2005 were excluded from the computation of diluted net income per share as the effect would have been anti-dilutive.

Note 14 • Segment reporting

Since January 2006, the Company is organised in a geographic structure (which corresponds to the primary segments) complemented by global business lines, through which the professional services are marketed. The classification into business lines is determined by the largest business line revenue share generated in a specific branch.

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

Approximately 93% of the Company's revenues in 2007 were related to temporary staffing, whereas in 2006 and 2005 temporary staffing represented 93% and 94%, respectively, of the Company's revenues. The remaining portion relates to permanent placements and other services.

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in millions, except share and per share information

in EUR	France	USA & Canada[2]	UK & Ireland[2]	Japan	Italy	Iberia	Germany	Other	Corporate	Total
2005 segment reporting										
Revenues	6,298	3,649	1,535	1,407	1,051	889	368	3,106		18,303
Depreciation	(27)	(23)	(10)	(8)	(5)	(3)	(1)	(14)	(15)	(106)
Operating income before amortisation	238	138	55	65	53	53	34	115	(134)	617
Amortisation of intangible assets									(3)	(3)
Operating income										614
Interest expense, and other income/(expenses), net									(9)	(9)
Provision for income taxes									(150)	(150)
Income applicable to minority interests									(2)	(2)
Net income										**453**
Capital expenditures	(13)	(16)	(11)	(3)	(3)	(1)	(1)	(11)	(9)	(68)
Segment assets	2,073	1,472	550	298	314	327	150	904	751	6,839
Long-lived assets[1]	79	111	39	37	8	9	3	30	28	344

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

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

2 A business previously reported in UK & Ireland is now included in USA & Canada, as in 2007 this business is managed by USA & Canada. The 2005 & 2006 information has been restated to conform to the current year presentation.

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

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

Revenues by business line are as follows:

in EUR	Office	Industrial	Information Technology	Engineering & Technical	Finance & Legal	Medical & Science	Sales, Marketing & Events	Human Capital Solutions	Emerging Markets[1]	Total
Revenues										
2005[2]	4,395	9,875	1,220	742	466	191	323	214	877	18,303
2006[2]	4,739	10,958	1,399	895	579	218	342	237	1,050	20,417
2007	4,701	11,426	1,381	935	614	245	371	245	1,172	21,090

1 Emerging Markets excluding professional business lines.

2 The 2007 information includes certain changes in the allocation of branches to business lines, most notably from Office to Finance & Legal and from Sales, Marketing & Events to Industrial. The 2005 and 2006 information has been restated to conform to the current year presentation.

in millions, except share and per share information

Note 15 • 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 210, EUR 194, and EUR 173 during 2007, 2006, and 2005, respectively. Future minimum annual lease payments under operating leases are as follows:

in EUR	2008	2009	2010	2011	2012	Thereafter	Total
Lease payments by period	178	141	110	83	68	50	630

As of December 31, 2007, the Company has future purchase and service contractual obligations of approximately EUR 94 primarily related to IT development and maintenance agreements, earn-out agreements related to acquisitions, marketing sponsorship agreements, equipment purchase agreements, and other vendor commitments. Future payments under these arrangements are as follows:

in EUR	2008	2009	2010	2011	2012	Thereafter	Total
Contractual obligations by period	27	24	19	15	6	3	94

Guarantees

The Company has entered into certain guarantee contracts and standby letters of credit that total EUR 845, including those letters of credit issued under the multicurrency revolving credit facility (EUR 118). The guarantees primarily relate to government requirements in certain countries for operating a temporary staffing business and are generally renewed either annually or every two years. Other guarantees relate to operating leases and credit lines. The standby letters of credit mainly relate to workers' compensation in the US. If the Company is not able to obtain and maintain letters of credit and/or guarantees from third parties then the Company would be required to collateralise its obligations with cash. Due to the nature of these arrangements and historical experience, the Company does not expect to be required to collateralise its obligations with cash.

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

French antitrust proceedings
In November 2004, the French competition authority ("DGCCRF") commenced an investigation of two of the Company's French subsidiaries, the former Adecco Travail Temporaire (now Adecco France SASU) and Adia SAS (now Adia SASU) and certain of their competitors. In November 2007, Adecco France SASU and Adia SASU have received a Statement of Objections alleging infringements, i.e. exchange of commercially sensitive information with competitors in 2003 and 2004 and in one case, concerning Adia and Adecco and competitors, involvement in a concerted practice in response to a tender offer of a French company. On February 11, 2008, Adecco France SASU and Adia SASU submitted their comprehensive answer to the Statement of Objections. After a general hearing in 2008 before the members of the Competition Council, the French Competition Council will issue its final decision, imposing fines and making the proposed commitments binding. There is no provision in law regarding the time period in which the Competition Council must render such decision. The decision can be appealed before the Paris Court of Appeals. The final decision of the Competition Counsil will be based on multiple parameters such as nature, duration, and scope of the alleged anticompetitive practices, previous infringements, and the harm to consumers and the economy. The Company's management, after careful assessment and being advised by its external legal advisors, recorded a reserve of EUR 15. However, there can be no assurance that the ultimate resolution of this matter will not have a material adverse effect on the consolidated balance sheets, results of operations, or cash flows of the Company.

Report of the Group Auditors to the General Meeting of Adecco S.A., Chéserex

As group auditors, we have audited the accompanying consolidated balance sheets of Adecco S.A. and subsidiaries (the "Company") as of December 31, 2007 and 2006, and the related consolidated statements of operations, changes in shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2007. These financial statements are the responsibility of the Company's Board of Directors and management. Our responsibility is to express an opinion on these financial statements based on our audits. We confirm that we meet the legal requirements concerning professional qualification and independence.

We conducted our audits in accordance with Swiss Auditing Standards and auditing standards generally accepted in the United States for the 2007 audit and Public Company Accounting Oversight Board (United States) ("PCAOB") standards for the 2006 and 2005 audits. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting for 2007 and 2005. Our audits for 2007 and 2005 included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Adecco S.A. and subsidiaries at December 31, 2007 and 2006, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2007, in conformity with accounting principles generally accepted in the United States and comply with Swiss law.

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

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Company's internal control over financial reporting as of December 31, 2006, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO) and our report dated March 15, 2007, expressed an unqualified opinion thereon.

Ernst & Young AG

Jan Birgerson
Authorised Public Accountant
(Auditor in charge)

Robin Ginn
Certified Public Accountant

Zurich, Switzerland
March 13, 2008

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

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

As of December 31 (in CHF)	2007	2006
Assets		
Current assets:		
• Cash and cash equivalents	58	509
• Short-term investments		6
• Receivables from subsidiaries	54	89
• Receivables from third parties	7	5
• Accrued income, prepaid expenses, and withholding taxes	19	21
Total current assets	**138**	**630**
Non-current assets:		
• Investments in subsidiaries	6,749	6,537
• Loans to subsidiaries	1,429	1,480
• Provisions on investments in and loans to subsidiaries	(874)	(917)
• Treasury shares	449	285
• Intangible assets	37	57
• Financial assets	8	1
Total non-current assets	**7,798**	**7,443**
Total assets	**7,936**	**8,073**
Liabilities and shareholders' equity		
Liabilities		
Current liabilities:		
• Amounts due to subsidiaries	160	131
• Amounts due to third parties	23	32
• Accrued liabilities	80	60
Total current liabilities	**263**	**223**
Non-current liabilities:		
• Long-term debt to subsidiaries	684	1,312
• Provisions and non-current liabilities	112	105
Total non-current liabilities	**796**	**1,417**
Total liabilities	**1,059**	**1,640**
Shareholders' equity		
Share capital	189	189
General reserve	2,103	2,071
Reserve for treasury shares	449	285
Retained earnings	4,136	3,888
Total shareholders' equity	**6,877**	**6,433**
Total liabilities and shareholders' equity	**7,936**	**8,073**

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)	2007	2006
Operating income		
Royalties and license fees	636	551
Dividends from subsidiaries	46	37
Gain on sale of investments	6	1
Release of provision on loans	44	11
Interest income from subsidiaries	93	67
Other income	134	117
Total operating income	**959**	**784**
Operating expenses		
Interest expense to subsidiaries	(71)	(49)
Interest expense to third parties	(3)	(2)
Taxes	(72)	(59)
Financial expense	(11)	(2)
Other expenses (including depreciation of CHF 7 in 2007 and CHF 8 in 2006)	(168)	(177)
Total operating expenses	**(325)**	**(289)**
Net income for the year	**634**	**495**

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	31.12.2007	31.12.2006
Guarantees	2,949	2,799
Letters of comfort	127	125
Total contingent liabilities	**3,076**	**2,924**

Adecco S.A. has irrevocably and unconditionally guaranteed the floating rate notes of EUR 200 (CHF 331) due 2008 and the fixed rate notes of EUR 500 (CHF 829) due 2013 issued by Adecco International Financial Services BV, a wholly-owned subsidiary of Adecco S.A.

Adecco S.A. has irrevocably and unconditionally guaranteed the zero-coupon convertible bonds of CHF 900 and accrued interest of CHF 60 due 2013 issued by Adecco Financial Services (Bermuda) Ltd. ("AFS"), a wholly-owned subsidiary of Adecco S.A. Adecco S.A. granted to AFS a right to subscribe for the maximum of 9,523,810 registered shares of Adecco S.A. The nominal value of each share is CHF 1 and the initial exercise price is CHF 94.50. As a consideration for granting the above right, AFS has paid to Adecco S.A. consideration of CHF 101 on December 15, 2003.

Adecco S.A. has guaranteed the amount of CHF 60 utilised from the revolving credit facility in the form of letters of credit as of December 31, 2007.

Following the acquisition of the Olsten Group, Adecco S.A. has guaranteed the outstanding notes of EUR 122 (CHF 202) issued by Adecco Olsten Holding BV.

Approximately CHF 490 of the credit facilities issued to several subsidiaries in Europe, North America, South America, Asia, and Australia have been guaranteed. Adecco S.A. has also guaranteed the outstanding acquisition commitments of its subsidiaries in the amount of CHF 105. Additionally, Adecco S.A. has provided guarantees and letters of comfort amounting to CHF 99 relating to government requirements for operating a temporary staffing business and to operating leases of its subsidiaries mainly in the US.

Note 2 • Treasury shares

The reserve for treasury shares held by Adecco S.A. is transferred to/from retained earnings. As of December 31, 2007 and 2006, all treasury shares held by the Company are held by Adecco S.A.

	Total cost (in CHF millions)	Number of shares	Average purchase/sale price per share (in CHF)	Highest price per share (in CHF)	Lowest price per share (in CHF)
January 1, 2006	**91**	**1,509,750**			
Disposed of during the year		(45)			
Acquired during the year	194	2,455,000	79	84	74
December 31, 2006	**285**	**3,964,705**			
Disposed of during the year	(43)	(601,992)	71	97	58
Acquired during the year	207	3,253,500	64	70	60
December 31, 2007	**449**	**6,616,213**			

On November 2, 2007, the Company announced that its Board of Directors had decided to purchase the Company's shares for up to EUR 400 by the end of 2008. The shares are intended to be used for future acquisitions or to minimise potential dilution related to the outstanding convertible bond. From the time when the announcement was made to the year-end of 2007, the Company purchased 3,253,500 treasury shares for a total consideration of CHF 207 (EUR 124). In January 2008, the Company acquired an additional 6,604,000 of its own shares for a total consideration of CHF 361 (EUR 218).

Note 3 • Shareholders' equity

in CHF	Share capital	General reserve	Reserve for treasury shares	Retained earnings	Total
January 1, 2007	**189**	**2,071**	**285**	**3,888**	**6,433**
Dividend distribution				(222)	(222)
Share capital increase		32			32
Net movement in reserve for treasury shares			164	(164)	–
Net income for the year				634	634
December 31, 2007	**189[1]**	**2,103**	**449**	**4,136**	**6,877**

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

On May 8, 2007, Adecco S.A. held its Annual General Meeting of Shareholders in Lausanne.

Conditional shares

As of December 31, 2007, Adecco S.A. had conditional capital under Art. 3^{quater} of the Articles of Incorporation of Adecco S.A. of 15,400,000 shares, for a maximum aggregate amount of CHF 15 for issue of a maximum of 15,400,000 registered shares, which shall be fully paid by the exercise of option and conversion rights to be granted in relation with bond issues or other obligations of Adecco S.A. or affiliated companies. 9,523,810 shares have been earmarked for issuance upon conversion of the outstanding guaranteed zero-coupon convertible bond issued by AFS. The remaining 5,876,190 shares represent conditional capital that was originally authorised without time limitation in connection with the issuance of a convertible bond in 1999, which was repaid in 2004 without conversion. This conditional capital remains available for issuance upon conversion of any financial instruments that Adecco S.A. or its subsidiaries may issue in the future.

Adecco S.A. had 4,166,804 and 4,629,143 common shares reserved for issuance of common shares to employees and members of the Board of Directors upon the exercise of stock options as of December 31, 2007 and December 31, 2006, respectively, under Art. 3ter of the Articles of Incorporation of Adecco S.A. These shares shall be fully paid 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 2007, Adecco S.A. issued 462,339 shares for stock options exercised for a total amount of CHF 32.

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

Note 4 • Significant shareholders

The Company has only registered shares. Not all shareholders register with the Company's share register. The following figures are based on information from the share register as of December 31, 2007, on shareholders' disclosures or on other information available to the Company.

54,854,179 and 54,904,180 shares in 2007 and 2006, respectively, held by a shareholder group with pooled voting rights, consisting of Jacobs Holding AG, Zurich, Switzerland; Klaus J. Jacobs, Royston, UK; Renata Jacobs, Royston, UK; Lavinia Jacobs, Küsnacht, Switzerland; Nathalie Jacobs, Zurich, Switzerland; Philippe Jacobs, Shanghai, China; Nicolas Jacobs, Küsnacht, Switzerland; Jacobs Venture AG, Baar, Switzerland; and Triventura AG, Baar, Switzerland.

10,163,580 and 10,188,580 shares in 2007 and 2006, respectively, held by Akila Finance S.A., Luxembourg, controlled by Mr Philippe Foriel-Destezet, London, UK.

9,933,656 shares, as disclosed per January 4, 2008 (no information was disclosed in 2006) held by Group Franklin Templeton Investments, Ft. Lauderdale, USA, with pooled voting rights, consisting of Franklin Advisers, Inc., San Mateo, USA; Fiduciary International Inc., New York, USA; Franklin Templeton Investments Corp., Toronto, Canada; Franklin Templeton Investment Management Limited, Edinburgh, UK; Templeton Global Advisors Limited, Nassau, Bahamas; Templeton Investment Counsel, Ft. Lauderdale, USA.

9,496,700 and 8,609,100 shares as disclosed per November 20, 2007 and per September 14, 2006, respectively, held by Harris Associates L.P., Chicago, USA.

The group represented by Barclays PLC, London, UK, disclosed to have fallen below the threshold of 5% as per October 12, 2007.

Other investors have disclosed to hold more than 5% of the voting rights in the Company, including but not limited to Sonata Securities S.A., Luxembourg, having disclosed to hold 22.7% of the voting rights as per January 3, 2006, no other disclosure being received since, and the group Deutsche Bank AG, Frankfurt, Germany, having disclosed to hold 1.01% and 28% of the voting rights as per December 17, 2007 and per December 21, 2006, respectively. For further detailed information see the links listed under item 1.2 of the Corporate Governance Section.

Note 5 • Restriction regarding the distribution of dividends

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

Note 6 • Compensation, shareholdings, and loans

Compensation and shareholding of acting members of governing bodies (Board of Directors and Executive Committee)
The total of all compensation conferred during the fiscal year 2007 to the Executive Committee amounted to CHF 23. This amount includes honorariums (fees), salaries, credits, bonuses, and benefits in kind (according to market value at time of conferral). The members of the Board of Directors are compensated in the form of cash. The amount conferred to the members of the Board of Directors amounted to CHF 6.

Bonus payments for the fiscal year 2007 due in 2008 and 2009, respectively, are included and have been calculated based on an estimate of the actual targets achieved. Not included are bonus payments due for 2006 but made during 2007.

Further information on the compensation of the Board and the Executive Committee of the Company can be found in the Corporate Governance section, items 5.1 (general description of current compensation plans, expiring in 2008/2009) and 5.2 (additional information based on best practice recommendations).

Individual compensation and shareholding are presented in the tables below:

Board of Directors Compensation

in CHF (except shares)	Office/ Compensation period in 2007	Net cash compensation: Annual base fee for term served	Net cash compensation: Annual bonus	Net cash compensation: Loyalty bonus[1]	Compensa-tion in kind[2]	Social contributions: Old age insurance/ pensions	Fees for further work	Total conferred	Shareholding as of December 31, 2007[3]
Name and function									
Jürgen Dormann, Chairman[4]	since Jan. 2007	800,000	559,600	559,600		40,342		1,959,542	30,301
Rolf Dörig, Vice-Chairman[5]	since May 2007	533,500				28,178		561,678	1
Jakob Baer	since Jan. 2007	450,000				24,247		474,247	3,601
Andreas Jacobs	since Jan. 2007	300,000						300,000	3,301[6]
Philippe Marcel[7]	since Jan. 2007	639,643[8]			14,594			654,237	155,501[9]
Francis Mer	since Jan. 2007	450,000				22,314		472,314	1
Thomas O'Neill	since Jan. 2007	300,000				16,521		316,521	2,001
David Prince	since Jan. 2007	300,000					722,252[10]	1,022,252	2
Peter V. Ueberroth	since Jan. 2007	450,000						450,000	1
Klaus J. Jacobs, Chairman[11]	until May 2007							–	n.a.
Total								**6,210,791**	**194,710**

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

2 Car allowance for private use and housing allowance.

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

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

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

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

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

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

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

10 For consultancy services performed.

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

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

Executive Committee Compensation

in CHF (except shares)	Office/ Compensation period in 2007	Net cash compensation Annual base salary for term served	 Annual bonus	 Loyalty bonus[1]	Compensation in kind[2]	Social contributions Old age insurance/ pensions	 Additional health/accident insurance	Severance payments	Total conferred	Shareholding as of December 31, 2007[3]
Name and function										
Dieter Scheiff, CEO[4]	since Jan. 2007	1,614,242	1,159,246	1,159,246[5]	329,348	179,957	20,190		4,462,229	27,120[6]
Dominik de Daniel, CFO[7]	since Jan. 2007	810,808	579,623	579,623[5]		123,551	2,422		2,096,027	29,978[6]
François Davy, Country Manager France[8]	since Jan. 2007	820,823	851,193	851,193	38,152	125,758			2,687,119	
Theron I (Tig) Gilliam, Country Manager USA & Canada[9]	since March 2007	555,520	293,384	293,384	3,237	48,678	20,044		1,214,247	
Christian Vasino, Chief HR Officer[10,11]	since April 2007	337,500	405,000	111,375	4,230	52,359	2,508		912,972	1,000
Jean-Manuel Bullukian, President Business Lines Engineering & Technical and Information Technology[12]	since Jan. 2007	576,000	405,736		13,245	91,658	11,820		1,098,459	
Jan-Pieter Gommers, President Business Line Sales, Marketing & Events[12]	since Jan. 2007	342,000	405,736		32,724	62,633	4,211		847,304	
Gonzalo Fernandez-Castro, Chief Marketing & Business Development Officer[13]	since Jan. 2007	360,000	405,736		22,440	62,157	3,298		853,631	
Ekkehard Kuppel, President Business Line Human Capital Solutions[14,15]	since Jan. 2007	545,000	405,736	405,736[5]	293,967	102,053	13,003		1,765,495	
Neil Lebovits, President Business Line Finance & Legal[10,12]	since Feb. 2007	463,396	291,899		25,818	29,006	18,204		828,323	
Francois-Xavier Quilici, Chief Information Officer[14]	since Jan. 2007	450,000	194,893	194,893	4,630	74,436			918,852	
René Schuster, Country Manager UK & Ireland[14,16]	since Jan. 2007	824,489	257,654	257,654	51,559	10,307			1,401,663	
Ray Roe, former Country Manager USA & Canada[10,17]	until Feb. 2007	144,802	93,558	93,558	257,873	20,648			610,439	n.a.
Thomas Flatt, former Chief HR Officer and former Head Business Line Medical & Science	until March 2007	125,744			7,050	20,214	987	1,174,348	1,328,343	n.a.
Jim Fredholm, former Head Business Line Finance & Legal	until Jan. 2007	60,833			2,677	9,382	3,788	1,440,198	1,516,878	n.a.
Total									**22,541,981**	**58,098**

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

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

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

4 Minimum contract duration until June 30, 2011.

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

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

7 Minimum contract duration until December 31, 2010.

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

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

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

11 Annual bonus based on Economic Value Added only. Loyalty bonus based on operating profit, payable in 2010 and subject to continued function with the Adecco Group through to December 31, 2009.

12 Membership to the Executive Committee and function with Adecco Group ended March 3, 2008.

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

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

15 Minimum contract duration until December 31, 2008.

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

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

The Company has not granted any guarantees in favour of members of the Board of Directors or the Executive Committee nor granted any outstanding loans.

Compensation of former members of governing bodies (Board of Directors and Executive Committee)

In 2007, compensation payments in the total amount of CHF 2.6 were made to Gilles Quinnez, General Manager France until December 2006. No compensation payments were made to other former members of governing bodies in relation to their former offices.

Shares allocated

In 2007, no Adecco S.A. shares were allocated to current or former members of governing bodies.

Share ownerships

For the individual share ownerships of the Executive Committee and the Board of Directors, see the tables "Board of Directors Compensation" and "Executive Committee Compensation" above and item 1.2 "Significant shareholders" of the Corporate Governance section. As per December 31, 2007, the members of the Board of Directors, including parties closely linked, owned 194,710 shares; not included are the shares owned by a group to which Mr Andreas Jacobs is a member (see item 1.2 "Significant shareholders" of the Corporate Governance section). As per December 31, 2007, the members of the Executive Committee including parties closely linked, owned

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

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

58,098 shares. The members of the Board of Directors and the Executive Committee are required to disclose to the Company direct or indirect purchases and sales of equity related securities. Such transactions are published on the website of the Company (see: http://www.adecco.com) and SWX Swiss Stock Exchange (see: http://www.swx.com).

Stock options held
Stock options granted since the merger of Adia and Ecco in 1996 to, exercised by, lapsed from, and held by the members of the Board of Directors and of the Executive Committee in office as of December 31, 2007, are presented in the table below (no stock options were granted since 2004):

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

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

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

No options granted under the DIS stock option plan were held by the members of the Board of Directors or the Executive Committee as of December 31, 2007.

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

Additional fees and remunerations
David Prince, a member of the Board of Directors, has received consultancy honorariums in the amount of approximately CHF 0.7 for specific services performed in 2007.

No additional fees (including consultancy honorariums, other contracts/agreements) or other remuneration for services performed during 2007 were conferred by the Company to other members of the Board of Directors and closely linked parties or to members of the Executive Committee and closely linked parties.

Loans granted to governing bodies (Board of Directors, Executive Committee, closely linked parties)
The Company, as of December 31, 2007, has no guarantees or loans outstanding or advances or credits granted to members of the Board of Directors or to members of the Executive Committee, including parties closely linked to such persons.

Highest total sum of compensation and stock option allotments conferred to a member of the Board of Directors during 2007
The highest total sum of compensation conferred to a member of the Board of Directors during 2007 amounted to CHF 2. Neither shares nor stock options were allotted to members of the Board of Directors during 2007.

Note 7 • Proposed appropriation of available earnings

in CHF	2007	2006
Available earnings of previous year	3,888	3,774
Profit for the year	634	495
Net movement on treasury share provision	(164)	(194)
Dividend distribution	(222)	(187)
Total available earnings	**4,136**	**3,888**
Proposed dividend of CHF 1.50 per registered share	(303)[1]	(246)
Proposed balance to be carried forward	**3,833**	**3,642**

1 This amount represents the maximum amount of dividends payable based on the total number of shares issued (excluding treasury shares) of 182,647,293 and conditional shares of 19,566,804, which were not in circulation as of December 31, 2007.

Report of the Statutory Auditors to the General Meeting of Adecco S.A., Chéserex

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, statement of operations and notes) of Adecco S.A. for the year ended December 31, 2007.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements and the proposed appropriation of available earnings comply with Swiss law and Adecco S.A.'s articles of incorporation.

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

Ernst & Young AG

Jan Birgerson
Authorised Public Accountant
(Auditor in charge)

Robin Ginn
Certified Public Accountant

Zurich, Switzerland
March 13, 2008

Confirmation in Respect of Conditional Capital Increase to the Board of Directors of Adecco S.A., Chéserex

As auditor of the capital increase of Adecco S.A., we have audited the issue of new shares based on the resolution of the general meeting as of May 2, 2001 during the period between January 1, 2007 and December 31, 2007 in accordance with the provisions of Swiss law.

The issue of new shares in accordance with the provisions of Adecco S.A.'s articles of association is the responsibility of the Board of Directors. Our responsibility is to express an opinion on whether the issue of new shares is in accordance with the provisions of Swiss law and Adecco S.A.'s articles of association. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance as to whether the issue of new shares, was free of material error. We have performed the audit procedures appropriate in the circumstance. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the issue of 462,339 registered shares of a nominal value of CHF 1 per share was in accordance with the provisions of the Swiss law and Adecco S.A.'s articles of association.

OBT AG

Samuel Brunner
Licensed Audit Expert
(auditor in charge)

Markus Fehr
Licensed Audit Expert

Zurich, January 31, 2008

Major consolidated subsidiaries

Name of legal entity	Country	Registered seat of legal entity	Ownership	Type[1]	Currency of share capital	Share capital in thousands
Adecco Argentina S.A.	Argentina	Buenos Aires	100%	O	ARS	44,526
Adecco Industrial Pty Ltd	Australia	Melbourne	100%	O	AUD	5
Icon Recruitment Pty Ltd	Australia	Melbourne	100%	O	AUD	24,469
Adecco Personnel Services NV	Belgium	Brussels	100%	O	EUR	4,151
Adecco Coordination Center NV	Belgium	Brussels	100%	F	EUR	1,332,468
Adecco Financial Services (Bermuda) Ltd	Bermuda	Hamilton	100%	F	USD	12
Adia Funding Ltd	Bermuda	Hamilton	100%	F	USD	12
Adecco Employment Services Limited	Canada	Toronto, Ontario	100%	H/O	CAD	90,625
Ajilon Canada Inc.	Canada	Toronto, Ontario	100%	O	CAD	14,884
Roevin Technical People Limited	Canada	Edmonton, Alberta	100%	O	CAD	811
Adecco A/S	Denmark	Frederiksberg	100%	O	DKK	10,000
Adecco Finland Oy	Finland	Helsinki	100%	O	EUR	34
Adecco France SASU	France	Villeurbanne	100%	O	EUR	85,317
ADIA SAS	France	Villeurbanne	100%	O	EUR	83,293
Quick Medical Service SA	France	Villeurbanne	100%	O	EUR	230
Altedia SA	France	Paris	100%	O	EUR	3,020
Adecco Holding France SASU	France	Villeurbanne	100%	H	EUR	601,200
Adecco Germany Holding GmbH	Germany	Düsseldorf	100%	H	EUR	25
Adecco Personaldienstleistungen GmbH	Germany	Fulda	100%	O	EUR	31
DIS Deutscher Industrie Service AG	Germany	Düsseldorf	99%	O	EUR	12,300
Tuja Zeitarbeit GmbH	Germany	Ingolstadt	100%	O	EUR	40
Euro Engineering AG	Germany	Ulm	99%	O	EUR	540
Adecco Flexione Workforce Solutions Limited	India	Bangalore	100%	O	INR	500
Adecco Italia SpA	Italy	Milan	100%	O	EUR	2,976
Adecco Ltd	Japan	Tokyo	100%	O	JPY	5,562,863
Ecco Servicios de Personal SA de CV	Mexico	Mexico City	100%	H/O	MXN	101,854
Adecco Personeelsdiensten BV	Netherlands	Utrecht	100%	O	EUR	227
Adecco Olsten Holding BV	Netherlands	Utrecht	100%	H	EUR	18
Adecco International Financial Services BV	Netherlands	Utrecht	100%	F	EUR	2,500
Adecco Norge AS	Norway	Oslo	100%	O	NOK	50,000
Adecco Recursos Humanos	Portugal	Lisbon	100%	O	EUR	1,925
Adecco Personnel Pte Ltd	Singapore	Singapore	100%	O	SGD	100
Adecco TT SA Empresa De Trabajo Temporal	Spain	Madrid	100%	O	EUR	1,759
Alta Gestion SA Empresa De Trabajo Temporal	Spain	Madrid	100%	O	EUR	6,420
Atlas Servicios Empresariales S.A.U.	Spain	Madrid	100%	O	EUR	60
Eurocen Europea de Contratas SA	Spain	Madrid	100%	O	EUR	661
Adecco Sweden AB	Sweden	Stockholm	100%	O	SEK	3,038
Adecco Ressources Humaines SA	Switzerland	Lausanne	100%	O	CHF	7,000
Adecco SA	Switzerland	Chéserex		H	CHF	189,264
Adecco management & consulting SA	Switzerland	Lausanne	100%	S	CHF	500
Adecco UK Ltd	United Kingdom	Borehamwood	100%	O	GBP	15,000
Ajilon (UK) Ltd	United Kingdom	Borehamwood	100%	O	GBP	10
Office Angels Ltd	United Kingdom	Borehamwood	100%	O	GBP	2,657
Roevin Management Services Ltd	United Kingdom	Borehamwood	100%	O	GBP	<1
Adecco USA, Inc.	United States	Wilmington, DE	100%	O	USD	<1
Adecco Inc.	United States	Wilmington, DE	100%	H	USD	<1
Ajilon LLC	United States	Wilmington, DE	100%	O	USD	n/a[2]
Ajilon Professional Staffing LLC	United States	Wilmington, DE	100%	O	USD	n/a[2]
Lee Hecht Harrison LLC	United States	Wilmington, DE	100%	O	USD	n/a[2]
Olsten Staffing Services Corp.	United States	Wilmington, DE	100%	O	USD	<1

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

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

Corporate Governance

Applicable Corporate Governance standards

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

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

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

The Company's reporting currency is the Euro. Accordingly, the consolidated financial statements of the Company are provided in Euro. The financial statements of Adecco S.A. (Holding Company) are reported in Swiss francs.

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

Structure, shareholders, and capital

1. Structure and shareholders

1.1 Legal and management structure

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

Adecco S.A. is listed on the SWX Swiss Stock Exchange with trading also on SWX Europe (symbol ADEN, security number 1213860; ISIN CH0012138605) and on Euronext Paris of Euronext (symbol ADE, Euronext Code CH0012138605, ISIN CH0012138605). Adecco S.A. delisted its American Depositary Shares ("ADS") from the New York Stock Exchange (NYSE) on June 4, 2007. On the same date, Adecco S.A. terminated its American Depositary Receipts ("ADR") programs. As a result of the termination of these programs, the registration of the Adecco S.A. shares under the US Securities Exchange Act of 1934 was terminated. As of December 31, 2007, the market capitalisation of Adecco S.A., based on the then outstanding number of shares and the closing price of shares on the SWX Swiss Stock Exchange, amounted to approximately CHF 11.2 billion. On March 10, 2008, this market capitalisation amounted to approximately CHF 9.6 billion.

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

Since January 2006, the Company is organised in a geographic structure (which corresponds to the primary segments) complemented by global business lines, through which the professional services are marketed. The heads of the main geographic areas – consisting of France, USA & Canada, UK & Ireland, Japan, Italy, Iberia, Benelux, Nordics, Germany, Australia & New Zealand, Switzerland, and Emerging Markets – directly manage the Office and Industrial businesses, while co-leading together with the professional business line heads the professional business lines in the country. The professional business lines are Adecco Finance & Legal; Adecco Engineering & Technical; Adecco Information Technology; Adecco Medical & Science; Adecco Sales, Marketing & Events, and Adecco Human Capital Solutions. The classification into business lines is determined by the largest business line revenue share generated in a specific branch.

As of March 2008, the operational responsibility of the professional business lines with the exception of Human Capital Solutions has been fully transferred to the countries, while supported and guided by the corporate business development department.

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

As of January 1, 2008, the Company's Executive Committee was composed as follows:

- Dieter Scheiff, Chief Executive Officer;
- Dominik de Daniel, Chief Financial Officer;
- François Davy, Country Manager France;
- Theron I (Tig) Gilliam Jr., Country Manager USA & Canada;
- Christian Vasino, Chief Human Resources Officer;
- René Schuster, Country Manager UK & Ireland;
- Jean-Manuel Bullukian, President of Global Business Line Adecco Information Technology and President of Global Business Line Adecco Engineering & Technical;
- Neil Lebovits, President of Global Business Line Adecco Finance & Legal;
- Ekkehard Kuppel, President of Global Business Line Adecco Human Capital Solutions;
- Jan-Pieter Gommers, President of Global Business Line Adecco Sales, Marketing & Events;
- François-Xavier Quilici, Chief Information Officer;
- Gonzalo Fernández-Castro, Chief Marketing & Business Development Officer.

As of March 4, 2008, the Executive Committee consists of currently five individuals, holding six functions: Dieter Scheiff, Chief Executive Officer and ad interim Chief Business Development & Marketing Officer; Dominik de Daniel, Chief Financial Officer; François Davy, Country Manager, France; Theron I (Tig) Gilliam Jr., Country Manager, USA & Canada; and Christian Vasino, Chief Human Resources Officer.

The Company comprises numerous legal entities around the world. The major consolidated subsidiaries are listed on page 134. DIS Deutscher Industrie Service AG ("DIS"), a German subsidiary of the Company with its registered seat in Düsseldorf, is listed on the Frankfurt Stock Exchange (symbol DDE, security number 501690, ISIN DE0005016901). As of December 31, 2007, the market capitalisation of DIS, based on the then outstanding number of shares and the closing price of shares on the Frankfurt Stock Exchange, amounted to approximately EUR 1.4 billion. On March 10, 2008, this market capitalisation amounted to approximately EUR 1.3 billion. Adecco owns directly and indirectly approximately 99.5% of DIS outstanding shares. No other subsidiary is listed on a stock exchange; however, a subsidiary has issued convertible bonds, as described further in section 2.7 "Convertible notes and options".

1.2 Significant shareholders

As of December 31, 2007, the total number of shareholders directly registered with Adecco S.A. was 15,680. The major shareholders and their shareholdings were disclosed to the Company as listed in the table below. For all disclosures see http://www.swx.com and http://www.adecco.com/channels/adecconewVI/investorinformation/corporategovernance/disclosureofshareholders1.asp or http://ir.adecco.com. Please note that percentages of shareholdings refer to the date of disclosure unless indicated otherwise and may have changed in the meantime. As per December 1, 2007, new Swiss disclosure rules have become effective implementing, amongst others, a requirement to disclose information when the voting rights exceed a threshold of 3%. The new rules apply immediately unless the relevant investor is inactive or has obtained an extension period, in which cases the disclosure had to be made by February 29, 2008.

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

Investor	Date of Adecco publication	Percentage of voting rights as disclosed[1]	Links to disclosure publication
Group Franklin Templeton Investments	10.01.2008	**5.26% (registered shares)**	SHAB No 10, 16.01.2008, p. 44. http://hugin.info/100102/R/1181552/235635.pdf
Adecco S.A.	10.01.2008	**4.36% (5.02% purchase, 3.14% sale positions)**	SHAB No 10, 16.01.2008, p. 44. http://hugin.info/100102/R/1181542/235633.pdf
	06.12.2007	3.24% (4.39% purchase, 3.33% sale positions)	SHAB No 241, 12.12.2007, p. 51. http://hugin.info/100102/R/1174150/232456.pdf
Group Deutsche Bank AG	31.12.2007	**1.01% (27.8% purchase, 25.9% sale positions)**	SHAB No 7, 11.01.2008, p. 56. http://hugin.info/100102/R/1178938/234579.pdf
	11.12.2007	0.92% (27.48% purchase, 25.86% sale positions)	SHAB No 244, 17.12.2007, p. 51/52. http://hugin.info/100102/R/1175263/232927.pdf
	21.08.2007	27.4% (of which 1.3% registered shares)	SHAB No 165, 28.08.2007, p. 36. http://hugin.info/100102/R/1148526/219435.pdf
	10.07.2007	27.4% (of which 1.2% registered shares)	SHAB No 135, 16.07.2007, p. 43. http://hugin.info/100102/R/1139068/214584.pdf
	25.05.2007	28.3% (of which 1.1% registered shares)	SHAB No 103, 31.05.2007, p. 34. http://hugin.info/100102/R/1129168/210417.pdf
	03.05.2007	27.1% (of which 1.2% registered shares)	SHAB No 89, 09.05.2007, p. 49. http://hugin.info/100102/R/1126392/209062.pdf
	19.01.2007	29.3% (of which 2.2% registered shares)	SHAB No 18, 26.01.2007, p. 55. http://hugin.info/100102/R/1099599/196105.pdf
	03.01.2007	27.4% (of which 2.2% registered shares)	SHAB No 6, 10.01.2007, p. 39. http://hugin.info/100102/R/1096641/194775.pdf
	21.12.2006	28% (of which 2.2% registered shares)	SHAB No 3, 05.01.2007, p. 41. http://hugin.info/100102/R/1095186/194209.pdf

1 Note that as of December 1, 2007, disclosure rules have changed (see above).

Investor	Date of Adecco publication	Percentage of voting rights as disclosed[1]	Links to disclosure publication
Jacobs Group	05.12.2007	**29.03% (29.03% purchase and 28.9% sale positions)**	SHAB No 241, 12.12.2007, p. 50. http://hugin.info/100102/R/1174156/232458.pdf
Group JPMorgan Chase & Co.	27.12.2007	**1.88% (4.99% purchase, 1.14% sale positions)**	SHAB No 4, 08.01.2008, p. 48. http://hugin.info/100102/R/1178698/234487.pdf
	28.08.2007	5.05% (of which 2.2% registered shares)	SHAB No 169, 03.09.2007, p. 44. http://hugin.info/100102/R/1149611/220048.pdf
Group Credit Suisse	11.02.2008	**0.73% (5.06% purchase, 5.51% sale positions)**	SHAB No 34, 19.02.2008, p. 55. http://hugin.info/100102/R/1190414/239579.pdf
	06.02.2008	0.82% (5.42% purchase, 4.36% sale positions)	SHAB No 31, 14.02.2008, p. 29. http://hugin.info/100102/R/1189134/238993.pdf
	22.01.2008	0.5% (4.18% purchase, 4.00% sale positions)	SHAB No 18, 28.01.2008, p. 43. http://hugin.info/100102/R/1184302/236748.pdf
	22.01.2008	0.71% (4.98% purchase, 4.33% sale positions)	SHAB No 18, 28.01.2008, p. 43. http://hugin.info/100102/R/1184292/236742.pdf
	26.12.2007	0.53% (4.94% purchase, 4.33% sale positions)	SHAB No 4, 08.01.2008, p. 48. http://hugin.info/100102/R/1178699/234488.pdf
UBS AG	24.12.2007	**Falling below threshold of 3%**	SHAB No 4, 08.01.2008, p. 48. http://hugin.info/100102/R/1178701/234489.pdf
	28.08.2007	5.07% (of which 1.2% registered shares)	SHAB No 169, 03.09.2007, p. 44. http://hugin.info/100102/R/1149604/220045.pdf

Investor	Date of Adecco publication	Percentage of voting rights as disclosed[1]	Links to disclosure publication
	21.08.2007	4.92% (of which 1.0% registered shares)	SHAB No 165, 28.08.2007, p. 36. http://hugin.info/100102/R/1148825/219610.pdf
	21.08.2007	5.05% (of which 1.0% registered shares)	SHAB No 165, 28.08.2007, p. 36. http://hugin.info/100102/R/1148480/219417.pdf
	15.08.2007	Falling below 5% of registered shares	SHAB No 163, 24.08.2007, p. 50. http://hugin.info/100102/R/1146971/218376.pdf
	15.08.2007	5.37% (of which 1.4% registered shares)	SHAB No 163, 24.08.2007, p. 50. http://hugin.info/100102/R/1146523/218188.pdf
Harris Associates L.P.	22.11.2007	**5.03%**	SHAB No 233, 30.11.2007, p. 53. http://hugin.info/100102/R/1170614/230796.pdf
	25.06.2007	4.85%	SHAB No 123, 28.06.2007, p. 49. http://hugin.info/100102/R/1136114/213175.pdf
	02.04.2007	5.01%	SHAB No 68, 10.04.2007, p. 52. http://hugin.info/100102/R/1116713/204281.pdf
Barclays PLC	22.10.2007	**Falling below threshold of 5%**	SHAB No 207, 25.10.2007, p. 44. http://hugin.info/100102/R/1161406/225564.pdf
	02.07.2006	5.00%	SHAB No 132, 11.07.2007, p. 51. http://hugin.info/100102/R/1137225/213673.pdf
Sonata Securities SA	03.01.2006	**22.7% (5.5% Call Options; 17.2% Put Options)**	SHAB No 7, 11.01.2006, p. 43. http://hugin.info/100102/R/1028532/164624.pdf
Akila Finance SA	09.12.2005	**5.44%**	SHAB No 245, 16.12.2005, p. 60. http://hugin.info/100102/R/1024859/162642.pdf

1 Note that as of December 1, 2007, disclosure rules have changed (see above).

As of December 31, 2007, 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., whether or not such rights may be exercised as defined by the new disclosure laws entered into force as of December 1, 2007. However, due to exemptions granted by SWX Swiss Exchange, some shareholders may not have disclosed their voting rights yet or may not have to disclose all details on certain financial terms and conditions of such instruments. Adecco S.A. is not aware of shareholders' agreements, other than those described in the above mentioned disclosures, between its shareholders pertaining to Adecco S.A. shares held.

According to Art. 20 of the Swiss Stock Exchange Act, any investor who directly, indirectly, or together with another person acquires, holds, or disposes of voting rights in Adecco S.A., for his own account, and thereby attains, falls below, or exceeds the thresholds of 3, 5, 10, 15, 20, 25, 33 1/3, 50 or 66 2/3% of the voting rights, whether or not such rights may be exercised, must notify Adecco S.A. and the Disclosure Office of the SWX Swiss Stock Exchange. Such notification must be made no later than four trading days after the obligation to disclose arises. Adecco S.A.'s management also has an obligation to publish the disclosure no later than two trading days after receipt.

1.3 Cross-shareholdings and shareholdings in listed companies

As of December 31, 2007, there were no cross-shareholdings exceeding 5% of a party's share capital.

Adecco S.A. owns directly and indirectly approximately 99.5% of DIS outstanding shares (see section 1.1 "Legal and management structure").

2. Capital structure

2.1 Share capital

As of December 31, 2007, Adecco S.A.'s share capital registered with the Commercial Register amounted to CHF 188,801,167 divided into 188,801,167 fully paid registered shares with a nominal value of CHF 1 each. Due to exercises of options against the conditional capital the issued share capital of Adecco S.A. as of December 31, 2007 amounted to CHF 189,263,506 divided into 189,263,506 fully paid 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.

Following the decrease of the conditional capital as per December 31, 2007, due to exercises of options in 2007 conditional capital of up to CHF 4,166,804 divided into 4,166,804 registered shares with a nominal value of CHF 1 each is reserved for further exercise of option rights granted to employees and members of the Board of Directors of Adecco S.A. or of its affiliated companies. The subscription rights of shareholders as well as the 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.

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

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

2.3 Changes in share capital

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

	Issued shares		Authorised capital		Conditional capital		Reserves[1]	Retained earnings
in CHF millions, except shares	Shares	Amount	Shares	Amount	Shares	Amount	Amount	Amount
3.1.2005	187,349,115	187.4	19,000,000	19.0	21,481,195	21.5	1,997	2,865
Changes	258,280	0.3	Lapsed	Lapsed	(258,280)	(0.3)	102	909
31.12.2005	187,607,395	187.6	–	–	21,222,915	21.2	2,099	3,774
Changes	1,193,772	1.2			(1,193,772)	(1.2)	257	114
31.12.2006	188,801,167	188.8	–	–	20,029,143	20.0	2,356	3,888
Changes	462,339	0.5			(462,339)	(0.5)	196	248
31.12.2007	**189,263,506**	**189.3**	**–**	**–**	**19,566,804**	**(19.5)**	**2,552**	**4,136**

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

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

2.4 Shares and participation certificates

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

As of December 31, 2007, there were no outstanding participation certificates.

2.5 Bonus certificates

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

2.6 Limitations on registration, nominee registration, and transferability

Each Adecco S.A. share represents one vote.

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

The Board of Directors may register nominees with the right to vote in the share register to the extent of up to 5% of the registered share capital as set forth in the Commercial Register. Registered shares held by a nominee that exceed this limit may be registered in the share register if the nominee discloses the names, addresses, and the number of shares of the persons for whose account it holds 0.5% or more of the registered share capital as set forth in the Commercial Register. Nominees within the meaning of this provision are persons who do not explicitly declare in the request for registration to hold the shares for their own account or with whom the Board of Directors has entered into a corresponding agreement (see Art. 4 sec. 3 of the Articles of Incorporation;

Internet: www.aoi.adecco.com). The Board of Directors may grant exemptions to this registration restriction (see Art. 4 sec. 6 of the Articles of Incorporation; Internet: www.aoi.adecco.com). In 2007, there were no such exemptions granted.

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

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

2.7 Convertible notes and options

On August 26, 2003, Adecco Financial Services (Bermuda) Ltd., a wholly-owned subsidiary of the Company, issued CHF 900 million unsubordinated bonds guaranteed by and convertible into shares of Adecco S.A., due August 26, 2013. The bonds are structured as zero-coupon, 10-year premium redemption convertible bonds with a yield to maturity of 1.5%. Investors may put the bonds on August 26, 2010, at the accreted principal amount. The issuer may call the bonds at any time after the end of year seven (August 26, 2010) at the accreted principal amount or at any time after a substantial majority of the bonds has been redeemed, converted, or repurchased. At any time from October 6, 2003 to August 12, 2013, at the option of the bondholder, the bonds are convertible into shares of Adecco S.A. at a conversion price of CHF 94.50 per share. If all bonds were converted, Adecco S.A. would issue an additional 9,523,810 shares (Art. 3^{quater} of the Articles of Incorporation; Internet: www.aoi.adecco.com). If not converted, the Company will pay a redemption price of up to 116.05% of the principal amount of the bonds. The terms of the bond were amended as of November 2, 2007. The amendment allows the guarantor to deliver treasury shares held at the time of conversion instead of issuing shares of Adecco S.A. out of the approved conditional capital. Nevertheless Adecco S.A. has to retain enough conditional capital to issue the full amount of 9,523,810 shares if required upon conversion.

The Company has several stock option plans (Adecco stock option plan, Olsten stock option plan, DIS stock option plan) whereby employees and members of the Board of Directors received options to purchase shares. There are global and country-specific plans in place.

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

Under the DIS stock option plan, each option gives the option holder the right to acquire one DIS share at an exercise price linked to the fair market value at the date of grant. Subsequent to the date of grant, the exercise price of the share options increases by 10% each year and is adjusted for dividends. Options vest immediately at time of grant, and become exercisable over a period of four years after date of grant.

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 Adecco and Olsten stock options, Adecco S.A. may deliver either shares from its conditional capital, of which up to 4,166,804 shares are reserved for this purpose, or treasury shares bought back on the market. Upon exercise of DIS stock options, DIS may deliver either shares from its conditional capital, of which up to 792,000 shares are reserved for this purpose, or treasury shares.

The Nomination & Compensation Committee is responsible for making proposals, based upon the recommendations of the Executive Committee, to the Board of Directors regarding the individuals to whom options shall be granted, the size of the option grant for each optionee, the conditions, the exercise price, and the grant date. The Board of Directors must approve all the option grants as well as the conditions thereof. The exercise price for one share is generally fixed at or above the fair market value at the date of grant. Depending on the conditions of the plans, options vest with certain waiting periods of up to five years and are subsequently exercisable over a number of years. All options may be exercised and tradeable options may be sold at any time within the exercise period except for limitations set forth in the Company Insider Trading Statement of Policy and by regulatory authorities. No options were granted under any of the Company's stock option plans during 2007. The Board of Directors may modify, amend, suspend, or discontinue the plans.

Summary of the status of the stock option plans as of December 31, 2007:

	Number of shares	Weighted-average exercise price per share (in CHF)	Weighted-average remaining life (in years)	Aggregate intrinsic value (in CHF millions)
Summary of Adecco and Olsten stock option plans				
Options outstanding as of January 1, 2007	**8,444,717**	**78**	**2.6**	
Exercised	(933,896)	68		19
Forfeited	(260,416)	89		
Expired	(1,601,780)	91		
Options outstanding as of December 31, 2007	**5,648,625**	**75**		
Of which fully vested and exercisable	**5,648,625**	**75**	**2.1**	**3**

	Number of shares	Weighted-average exercise price per share (in EUR)	Weighted-average remaining life (in years)	Aggregate intrinsic value (in EUR millions)
Summary of DIS stock option plan				
Options outstanding as of January 1, 2007	**395,980**	**43**	**2.9**	
Exercised	(44,821)			3
Forfeited	(183,261)			
Options outstanding and vested as of December 31, 2007	**167,898**	**56**	**2.6**	**10**
Of which exercisable	**16,410**	**27**	**1.3**	**1**

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

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

Board of Directors, Executive Committee, and Compensation

3. Board of Directors

Areas of responsibility of the Board of Directors and the management are defined by law and by the Articles of Incorporation of Adecco S.A. (Internet: www.aoi.adecco.com).

As of December 31, 2007, the Board of Directors of Adecco S.A. consisted of nine members. Until December 31, 2007, under Swiss law, a majority of the members of the Board of Directors of a Swiss company had to be citizens of Switzerland or an EU or EFTA country and be domiciled in Switzerland. Adecco S.A. has been granted an exemption from this requirement.

3.1 Biographies of members of the Board of Directors

The following table sets forth the name, year of birth, entry date, and terms of office, nationality, professional education, and principal positions of those individuals who served as members of the Board of Directors as of December 31, 2007:

Jakob Baer (1944)

- Member of the Board of Directors, Chairman of the Audit Committee, and member of the Corporate Governance Committee (all since October 1, 2004); one year term of office ends on the day of the Annual General Meeting of Shareholders 2008.
- Swiss nationality.
- Graduated Dr. iur. from the University of Bern, Switzerland.
- Mr Baer was a member of the KPMG Switzerland executive team from 1992 until 1994, from then until September 30, 2004, KPMG Switzerland's Chief Executive and a member of KPMG's European and International Leadership Board. Non-executive Board member of Swiss Re[1] (since 2005), Rieter Holding AG[1] (since 2006), Allreal Holding AG[1] (since 2005), Stäubli Holding AG (since 2007), and two other small-sized companies, all in Switzerland. Mr Baer is Counsel at Niederer, Kraft & Frey, attorneys at law, Zurich, Switzerland (since 2004).

Rolf Dörig (1957)

- Vice-Chairman and member of the Board of Directors; member of the Nomination & Compensation Committee, and member of the Corporate Governance Committee (all since May 2007); one year term of office ends on the day of the Annual General Meeting of Shareholders 2008.
- Swiss nationality.
- Graduated Dr. iur. from the University of Zurich, Switzerland.
- Mr Dörig held a number of executive positions in various areas of banking and in different geographical markets. He joined Credit Suisse in 1986 and in 1997 he was nominated Chief of Staff and Chief Communications Officer. 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 has been Chief Executive Officer of Swiss Life Group since November 2002. Mr Dörig is member of the Board Committee of economiesuisse (since 2003), Vice-Chairman of the Board of Directors of Kaba Holding AG[1] (since 2004), Chairman of the Board of Directors of Danzer AG (since 2002), member of the Board of Directors of the Zurich Chamber of Commerce; Chairman of the Board of Directors of Grasshopper Club Zurich, all in Switzerland.

Jürgen Dormann (1940)

- Chairman of the Board of Directors since May 2007. Member of the Board of Directors since June 2004; one year term of office ends on the day of the Annual General Meeting of Shareholders 2008.

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

Andreas Jacobs (1963)
- Member of the Board of Directors and member of the Nomination & Compensation Committee, both since May 2006; one-year term of office ends on the day of the Annual General Meeting of Shareholders 2008.
- German nationality.
- Graduated Dr. iur. from the University of Freiburg i. Br., Germany, and MBA from INSEAD, Fontainebleau, France.
- Mr Jacobs is serving as Executive Chairman of Jacobs Holding AG, Switzerland (since 2004), Chairman of Barry Callebaut AG[1], Switzerland (since 2005), Vice Chairman of Infront Sports & Media AG, Switzerland (since 2004), Chairman of Minibar AG, Switzerland (since 1994), Chairman of Jacobs Venture AG, Switzerland (since 2005), Chairman of Triventura AG, Switzerland (since 2005), Chairman of Jacobs AG, Switzerland (since 2006), Chairman of Spectramedia AG, Switzerland (since 2004), and Chairman of Maine Chance Farms Pty Ltd., South Africa.

1 Listed company

Philippe Marcel (1953)
- Member of the Board of Directors since April 2002; one year term of office ends on the day of the Annual General Meeting of Shareholders 2008.
- French nationality.
- Graduated from EM Lyon (Ecole de Management) in France.
- As a member of the Board of Directors, Mr Marcel performed executive functions until September 2004. Until his appointment to the Board of Directors in 2002, he was a member of the Senior Management team of the Company since 1996. In the Executive Committee, Mr Marcel was Zone Manager for France, Morocco, and South Africa. He was Chairman of Adecco South Africa and Adecco Morocco and CEO of Adecco France.
- Board memberships: Adecco Holding France (Chairman), April Group[1], France (since 2002), GL Events[1], France (since 2003), EM Lyon (Ecole de Management) in France (Chairman, member since 2002).

Francis Mer (1939)
- Member of the Board of Directors, Chairman of the Corporate Governance Committee, and member of the Nomination & Compensation Committee (all since June 2004); member of the Audit Committee since May 2006; one year term of office ends on the day of the Annual General Meeting of Shareholders 2008.
- French nationality.
- Graduated from the Ecole Polytechnique; Commandeur de la Légion d'honneur.
- Mr Mer joined Saint-Gobain Group in 1970 and was appointed Chairman and Chief Executive Officer of Pont-au-Mousson S.A. in 1982.
- Chairman of the steel group Usinor Sacilor from 1986 until 2002 and Chairman of Eurofer from 1990 until 1997. Co-Chairman of the Board of Arcelor[1] in 2002. From 1997 to 1998, Chairman of the International Iron and Steel Institute.
- Board memberships: Alstom S.A.[1], France (2005 to June 2006), Inco Ltd.[1], Canada (2005 to October 2006), Rhodia SA[1], France (since 2004), Safran SA[1], France, Chairman of the Board (since January 2007).
- French Minister of Economy, Finance and Industry from May 2002 until March 2004.
- Fondation pour l'innovation politique, France, Member of the Supervisory Board.

Thomas O'Neill (1945)

- Member of the Board of Directors and member of the Audit Committee (both since June 2004), and member of the Corporate Governance Committee (since May 2006); one year term of office ends on the day of the Annual General Meeting of Shareholders 2008.
- Canadian nationality.
- Graduated from Queen's University in Kingston, Canada, with a Bachelor of Commerce degree in 1967, and received his Chartered Accountant designation in 1970, FCA designation in 1987. Honorary LLD from Queen's University Kingston, Canada, in 2005.
- In 1967, Mr O'Neill joined the audit staff of PriceWaterhouse in Toronto and became a partner of PriceWaterhouse in 1978. From 1990 to 1996, Mr O'Neill acted as Chief Operating Officer, and from 1996 to 1998 as Chief Executive Officer for PriceWaterhouse, Canada. From 1998 to 2000, he was CEO of the new PricewaterhouseCoopers LLP ("PwC") in Canada and served as a member of PwC's Global Oversight Board. In 2000, he assumed the role of Chief Operating Officer of the PricewaterhouseCoopers LLP global organisation. He assumed the role of Chief Executive Officer of PwC Consulting (global) in January 2002. In May 2002, Mr O'Neill was appointed Chairman of PwC Consulting (global), a role that he held until October 2002, when the business was acquired by IBM. Mr O'Neill was member of the Board of Dofasco Inc.[1], Canada, from May 2003 to February 2006, and of Ontario Teachers' Pension Plan, Canada, from January 2003 until April 2007.
- Board memberships: BCE Inc.[1], Canada (since January 2003); Loblaw Companies Ltd.[1], Canada (since May 2004); Nexen Inc.[1], Canada (since January 2003).
- Current not-for-profit board memberships include: Queen's University Kingston, Canada (Vice-Chairman) and St. Michael's Hospital, Canada (member).
- Member of the International Monetary Fund's External Audit Committee since January 2008.

David Prince (1951)

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

Peter V. Ueberroth (1937)

- Member of the Board of Directors and Chairman of the Nomination & Compensation Committee (both since June 2004); one year term of office ends on the day of the Annual General Meeting of Shareholders 2008.
- US nationality.
- Graduated from San Jose University, California. Awarded the French Légion d'honneur and received the Olympic Order in Gold from the International Olympic Committee.
- Founded First Travel Corporation in 1962.
- From 1980 to 1984, Mr Ueberroth served as President of the Los Angeles Olympic Organizing Committee (LAOOC).
- He served as the sixth Commissioner of Major League Baseball from 1984 to 1989.
- Mr Ueberroth served as Co-Chairman of Doubletree Corporation from 1993 to 2000 and since 1999 has served as owner and Co-Chairman of the Pebble Beach Company.

- Since 1990, he has acted as the Managing Director of Contrarian Group, Inc. (investments in small and medium-size companies, taking management roles and providing strategic guidance).
- Board memberships: The Coca-Cola Company[1], USA (since 1986), Hilton Hotels Corporation[1], USA (since 2000), and Ambassadors International (AMIE)[1], USA (since 1995).
- Chairman of United States Olympic Committee until 2008.

1 Listed company.

3.2 Other activities and vested interests of the Board of Directors

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

At December 31, 2007, all members of the Board of Directors were non-executive. The members of the Board of Directors do not have important business connections with Adecco S.A. or with any of its subsidiaries or affiliates.

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

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

3.3 Cross-involvement

Section 3.3 of the Directive on Information Relating to Corporate Governance of SWX Swiss Exchange has been deleted from the Directive without replacement.

3.4 Elections and terms of office

Pursuant to the Articles of Incorporation, the Board of Directors consists of five to nine members (Art. 20 sec. 1 of the Articles of Incorporation; Internet: www.aoi.adecco.com). Members of the Board of Directors are elected for a term of office of one year, until the date of the next General Meeting of Shareholders, and may be re-elected for successive terms (Art. 20 sec. 2 and 3 of the Articles of Incorporation; Internet: www.aoi.adecco.com). Adecco S.A.'s Articles of Incorporation do not limit the number of terms a member may be re-elected to the Board of Directors. Candidates to be elected or re-elected to the Board of Directors are proposed by the Board of Directors to the General Meeting of Shareholders.

3.5 Internal organisation structure

The Board of Directors holds the ultimate decision-making authority of Adecco S.A. for all matters except those reserved by law or the Articles of Incorporation to the shareholders. It determines the overall strategy of the Company and supervises the Executive Committee of the Company. The Board of Directors operates under the direction of the Chairman and the Vice-Chairman who are appointed by the Board of Directors. Currently, the Board of Directors is composed of nine non-executive members. The agenda of the Board of Directors' meetings is set by the Chairman. Any member of the Board of Directors may request that an item be included on the agenda. Members of the Board of Directors are provided, in advance of meetings, with adequate materials to prepare for the items on the agenda. The Board of Directors recognises the importance of being fully informed on material matters involving the Company and seeks to ensure that it has sufficient information to make appropriate decisions through inviting members of the Executive Committee or other managers to report on their areas of responsibility, conducting regular meetings of the respective committees with the management, and retaining outside consultants and external auditors in order to review the business, as well as through regular distribution of important information to its members. Decisions are taken by the Board of Directors as a whole, with the support of its three committees described below (the Audit Committee, the Corporate Governance Committee, and the Nomination & Compensation Committee, which are all authorised to seek external advice and retain independent counsel in order to carry out their respective duties). However, if a member has a personal interest in a matter, other than an interest in his capacity as a shareholder of Adecco S.A., the member of the Board of Directors has to 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 outside consultants. Committee members are provided, in advance of meetings, with adequate materials to prepare for the items on their agenda. In 2007, the Board of Directors held ten meetings and phone conferences.

Attendance at meetings & phone conferences during 2007:

	Full Board of Directors	Audit Committee	Corporate Governance Committee	Nomination & Compensation Committee
Number of meetings in person	5	4	2	4
Number of phone conferences	5	5		
Average duration in hours				
– Meetings in person	4 1/2 hrs	3 hrs	1/2 hr	1 1/4 hrs
– Phone conferences	3/4 hr	1 hr		
Jakob Baer	10	9	2	
Rolf Dörig (since May 2007)	5		2	2
Jürgen Dormann	10	1[1]		4[1]
Andreas Jacobs	9			4
Philippe Marcel	9			4[2]
Francis Mer	10	9	2	3
Thomas O'Neill	10	9	2	
David Prince	10	9[2]		
Peter V. Ueberroth	6			4
Klaus J. Jacobs (until May 2007)	4	4[1]		2

1 Guest ex officio, without voting right.

2 Guest, without voting right.

The Board of Directors has discussed and assessed its own and its members' performance. The Board was found to be efficiently and appropriately organised.

3.5.1 Audit Committee ("AC")

The AC's primary responsibility is to assist the Board of Directors in carrying out its responsibilities as they relate to the Company's accounting policies, internal controls, and financial reporting practice, thus overseeing management regarding the:

- integrity of the Company's financial statements and other financial reporting and disclosure to any governmental or regulatory body and to the public and other users thereof;
- systems of internal accounting and financial and disclosure controls;
- performance of the Company's internal audit function;
- qualifications, engagement, compensation, independence, and performance of the Company's independent auditors, their conduct of the annual audit and interim reviews, and their engagement for any other services (see 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 2007, the AC held nine meetings and phone conferences. For specific subjects, the CEO represents the Executive Committee in the meetings. The CFO, the Head of Internal Audit, and the lead partner of the external auditors typically participate in the meetings.

As of December 31, 2007, the members of the AC were:

Name	Position
Jakob Baer	Chairman of the AC
Thomas O'Neill	Member
Francis Mer	Member

3.5.2 Corporate Governance Committee ("CGC")

The CGC's primary responsibility is to assist the Board of Directors in carrying out its responsibilities as they relate to Corporate Governance principles. The CGC is charged with developing and recommending appropriate Corporate Governance principles and independence rules to the Company 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 2007, the CGC held two meetings. For specific subjects, the CEO represents the Executive Committee in the meetings. The Chief Compliance Officer typically participates in the meetings.

As of December 31, 2007, the members of the CGC were:

Name	Position
Francis Mer	Chairman of the CGC
Jakob Baer	Member
Rolf Dörig	Member
Thomas O'Neill	Member

3.5.3 Nomination & Compensation Committee ("NCC")

The NCC's primary responsibility is to assist the Board of Directors in carrying out its responsibilities as they relate to the Company's nomination and compensation matters. The NCC is primarily responsible for the adequacy of the following functions:

- providing recommendations to the Board of Directors regarding the general compensation policy for the Company, including incentive compensation plans and equity-based plans;

- providing recommendations to the Board of Directors regarding the selection of candidates for certain management positions, the terms of their employment, and the evaluation of their performance;
- reviewing and approving the objectives relevant to the Executive Committee's compensation; and
- establishing principles for the selection of candidates for election or re-election to the Board of Directors, including candidates for committees of the Board of Directors, and including recommendations on compensation of the members of the Board of Directors.

In 2007, the NCC held four meetings. For specific subjects, the CEO represents the Executive Committee in the meetings.

As of December 31, 2007, the members of the NCC were:

Name	Position
Peter V. Ueberroth	Chairman of the NCC
Rolf Dörig	Member
Andreas Jacobs	Member
Francis Mer	Member

3.6 Responsibilities of the Board of Directors and the Executive Committee

In addition to the determination of the overall strategy of the Company and the supervision of the Executive Committee, the Board of Directors addresses key matters such as acquisitions, long-term financial commitments, management structure, risk management, budget approval, compensation policy, corporate identity policy, guidelines, and policy statements. The Board of Directors approves the strategy of the Company and the annual financial plans developed by the Executive Committee. With support of the AC, it reviews and approves the statutory financial statements of Adecco S.A. and the consolidated accounts of the Company. The Board of Directors also considers other matters of strategic importance to the Company. Subject to the powers reserved to the Board of Directors set out above, the Board of Directors has delegated the co-ordination of the day-to-day business operations of the Company to the members of the Executive Committee. The Executive Committee is responsible for the development and execution of the strategic and financial plans as approved by the Board of Directors. The CEO represents the overall interests of the Company vis-à-vis third parties.

3.7 Information and control instruments

The Board of Directors' instruments of information and control vis-à-vis the Executive Committee and the business consist of the following main elements:

- all members of the Board of Directors regularly receive information about current developments.
- the members of the Executive Committee report to the Chairman of the Board of Directors on a regular basis. Extraordinary events are communicated immediately in writing.
- formal meetings of the Board of Directors and of the Board's committees including sessions with members of the Executive Committee.
- informal meetings and phone conferences between members of the Board of Directors and the CEO and CFO 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 and business lines. 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 Department as established by the Board of Directors; the Head of Group Internal Audit reports to the Chairman of the Audit Committee; the responsibilities of Group Internal Audit are defined by the Audit Committee as part of their oversight function in coordination with the CEO and CFO. Group Internal Audit is concerned with controls that ensure effectiveness and efficiency of operations, reliability and integrity of financial and operating information, safeguarding of assets, compliance with laws and regulations, and contracts.
- the Company has adopted and implemented a centrally coordinated, formalised and consistent approach to risk management. The responsibility for risk and risk mitigation is allocated to the entities, and is monitored by Corporate Risk Owners.
- external Audit: See section 8. "Auditors".

4. Executive Committee

4.1 Members of the Executive Committee

The following table sets forth the name, year of birth, year of entry to the Company, nationality, professional education, and principal positions of those individuals who served as members of the Executive Committee of the Company as of January 1, 2008, including those who as of March 4, 2008, are no longer members of the Executive Committee.

Dieter Scheiff (1952)
- Chief Executive Officer and member of the Executive Committee since August 2006.
- Chief Business Development & Marketing Officer ad interim since March 4, 2008.
- President ad interim of Global Business Line Medical & Science from April 2007 to March 3, 2008.
- German nationality.
- Graduated in Business Administration, University of Applied Sciences (Fachhochschule), Aachen, Germany.
- Before joining Adecco, Mr Scheiff had served for five years with DIS, whereof four years as CEO. Between 1998 and 2001, Mr Scheiff worked in senior positions with Johnson & Johnson Cordis becoming Vice President Europe in 2001. Prior to 1998, Mr Scheiff worked for 18 years with 3M assuming various sales and marketing roles.

Dominik de Daniel (1975)
- Chief Financial Officer and member of the Executive Committee since April 2006.
- German nationality.
- Mr de Daniel was a bank trainee at Deutsche Bank AG before completing vocational studies in banking and business administration at the Bankakademie.
- Mr de Daniel held the function of CFO of DIS from 2002 until March 2006. Before joining DIS, Mr de Daniel was a senior analyst at Deutsche Bank AG for temporary employment companies and consumer good manufacturers.

François Davy (1956)
- Country Manager France and member of the Executive Committee since January 2007.
- French nationality.
- Holds an Executive MBA (INSEAD, France), and a diploma in Food Engineering (ENITIAA, Nantes, France).
- Sales and Marketing Director of the Mail Division of La Poste, France from 2005 to 2006. From 2000 to 2005, Vice President Mergers and Acquisitions, Vice President Global Accounts, Vice President for Southern Europe and Country Manager France of Motorola; from 1996 to 2000 Managing Director of Cadbury Schweppes France; from 1987 to 1996, at Danone Group, France; from 1978 to 1987, at Bel Group, France.

Theron I (Tig) Gilliam Jr (1964)
- Country Manager USA & Canada and member of the Executive Committee since March 2007.
- US nationality.
- Mr Gilliam holds an MBA (Columbia University, USA), and an MS in Systems Engineering (University of Virginia's School of Engineering and Applied Sciences, USA).
- He joined the Adecco Group in March 2007 as Country Manager USA & Canada. Prior to this, Global Supply Chain Management Leader and Consumer Products Industry Leader for Global Business Services at IBM. Before 2002, Partner with Price Waterhouse and PricewaterhouseCoopers Consulting for 15 years.

Christian Vasino (1972)

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

René Schuster (1961)

- Country Manager UK & Ireland since October 2006.
- Member of the Executive Committee from October 2006 to March 3, 2008.
- US and German nationality.
- Holds a Master and Bachelor degree in Electrical Engineering (San Diego State University, USA), and holds a Master degree in Business Administration (University of La Verne, USA).
- From April 2004 to October 2006, Global Director of the enterprise business at Vodafone Group, Senior Vice President and General Manager of Hewlett-Packard from January 1999 to January 2004, and Chief Executive of Compaq UK and Ireland.

Jean-Manuel Bullukian (1964)

- President of Global Business Line Adecco Engineering & Technical and President of Global Business Line Adecco Information Technology and member of the Executive Committee from January 2006 to March 3, 2008. Chief Information Officer January to December 2006.
- President and Chief Operating Officer of the Ajilon Professional division January to December 2005.
- French nationality.
- Holds a Master degree in Business Administration (ESSEC, France).
- From 2002 to 2004, Global Head of Transformation Consulting Capgemini; from 2001 to 2002, European Head of Supply Chain Capgemini.
- Mr Bullukian has been a member of the Board of Directors of Logitrade, France, since July 2007.

Neil Lebovits (1963)

- President of Global Business Line Adecco Finance & Legal and member of the Executive Committee from February 2007 to March 3, 2008.
- US nationality.
- Bachelor of Science (Accounting) Penn State University, USA, Graduate Stanford Executive Program 2006, USA.
- US Certified Public Accountant (CPA).
- President and Chief Operating Officer of Ajilon Professional Staffing in North America from 2001 to February 2007. Ajilon Branch Vice President from 1991 to 2001. He started his career as an auditor with Ernst & Young.

Ekkehard Kuppel (1962)

- President of Global Business Line Adecco Human Capital Solutions from January 2006 to March 3, 2008.
- President Adecco Human Capital Solutions since March 4, 2008.
- Member of the Executive Committee from January 2006 to March 3, 2008.
- President and Chief Operating Officer of LHH Career Services division from February to December 2005.
- German nationality.
- Dr. oec. (University of St. Gallen), DEA (Paris Dauphine), Master in Engineering (University of Karlsruhe, Germany).
- From 2002 to 2004, Managing Director KJ Jacobs AG, Zurich (now Jacobs Holding AG); from 2000 to 2002, CEO 20 Minuten Holding, Zurich; and from 1992 to 2000, Principal at McKinsey & Company, Buenos Aires and Munich.

Jan-Pieter Gommers (1966)

- President of Global Business Line Adecco Sales, Marketing & Events and member of the Executive Committee from January 2006 to March 3, 2008.
- Dutch nationality.
- Has a certified diploma in Marketing from the Dutch Institute of Marketing and in Communication.
- From 1988 to 1997, with 3M in various marketing functions.
- From 1997 to 2000, Randstad Work Solutions: Responsible for marketing and business development of the professional business division Europe. From 2000 to 2004, acting as an independent consultant. With Adecco since 2004 as sales and marketing director for Adecco Netherlands.

François-Xavier Quilici (1962)

- Chief Information Officer since January 2007.
- Member of the Executive Committee from January 2007 to March 3, 2008.
- French nationality.
- Holds a Master degree in Financial Planning (IAE) and a Bachelor degree in Engineering (National School of Applied Engineering Sciences, INSA, Lyon, France).
- Mr Quilici worked with AXA for 15 years: From 2002 to 2006, Group Chief Information Officer and member of the Executive Committee at AXA UK & Ireland; from 1998 to 2001 CIO and Executive Committee member at AXA Seguros (Spain); from 1996 to 1997 Vice President Information Systems Strategy at AXA GITO (France); from 1992 to 1995, CIO at AXA Assicurazioni (Italy). Senior Consultant from 1990 to 1991 at CPC Consulting in France; Project Manager at PRO BTP from 1986 to 1990.

Gonzalo Fernández-Castro (1973)

- Chief Marketing & Business Development Officer and member of the Executive Committee from January 2006 to March 3, 2008.
- Chief Marketing Officer from March to December 2005.
- Chief of Staff from July 2004 to March 2005.
- Argentinean nationality.
- MBA (Harvard Business School, Cambridge, USA), Industrial Engineer (Institute of Technology, Buenos Aires, Argentina).
- With KJ Jacobs AG (now Jacobs Holding AG), Zurich, Switzerland, as Investment Manager overseeing their equity participation in Adecco from 2002 to 2004.
- Founding partner of LID Group (Venture Capital) in Argentina and Brazil from 1999 to 2001, and consultant at McKinsey & Company from 1997 to 1999.

4.2 Other activities and vested interests

Except those described above in section 4.1 "Members of the Executive Committee", no further permanent management/consultancy functions for significant domestic or foreign interest groups and no significant official functions or political posts are held by the members of the Executive Committee of Adecco S.A.

4.3 Management contracts

There are no significant management contracts between the Company and external providers of services.

5. Compensation, shareholdings, and loans

5.1 The Company's compensation philosophy

The Company's compensation philosophy seeks to recognise and reward performance. Taking into consideration group and business unit contributions as well as individual contributions, the programs are designed to attract, retain, motivate, and reward employees in order to achieve the Company's financial and strategic objectives and also to ensure that the total compensation opportunity is internally consistent and externally competitive.

The compensation of the employees of the Company is authorised by the responsible members of the Executive Committee.

A few country managers who are not part of the Executive Committee participate in the short- and long-term incentives of the Executive Committee, under the supervision of the Nomination & Compensation Committee.

The compensation of the Executive Committee is authorised by the full Board of Directors, after recommendation by the NCC.

Elements of the compensation of the Board of Directors
The Board members are currently compensated with an annual fee depending on the functions the Board member holds. The Chairman has been granted a loyalty bonus based on the respective plan for the Executive Committee.

Elements of the compensation of the Executive Committee
The Company's compensation program for the Executive Committee (and certain country managers as well as the Chairman of the Board of Directors) includes fix and variable elements as follows:

- base salary;
- short-term incentives – two variable plans on a yearly performance-related focus:
    - a cash bonus plan linked with the Economic Value Added growth ("The yearly Economic Value Added growth bonus plan");
    - a share-linked bonus plan ("The yearly share-linked bonus plan");
- long-term incentive (loyalty bonus plan);
- social charges, usual pension plan contributions, and fringe benefits; and
- transitional arrangements (special conditions for assignments abroad).

In 2007, no options under the Adecco and Olsten stock option plans or shares were granted to the Executive Committee and no special pension arrangement/contributions have been made to members of the Executive Committee.

The short- and long-term incentive plans as described above will expire at the end of 2008, for a few participants who joined the plans later the short- and long-term incentive plans will expire at the end of 2009.

Details of the plans
Base salary: The annual base salary represents payment for due job performance and is determined based on local market conditions and the practices of the industry. It is the intention to pay a base salary that is in line with the market.

Short-term incentives: Annual bonuses are an integral part of the target compensation and are based on quantitative and qualitative objectives. The current plans reward for yearly growth of Economic Value Added and share price appreciation.

- The yearly Economic Value Added growth bonus plan (applicable to all members of the Executive Committee, except one) requires a growth of either the Company, the relevant Business Line, or country (for 2007: The Company or country only), applying a progressive pay-out curve and a threshold performance. The bonus is calculated by multiplying the yearly growth in percentage by a factor of 2 (for economic profit growth below 15%, this is applicable only to the Group CEO and CFO) or 3 (for a growth from 15% to 29.99% growth, applicable for all participants) or a factor of 4 (growth of 30% and more, applicable for all participants) multiplying the bonus base amount times an adjustment factor related to compliance. The yearly bonus is paid at the beginning of the following fiscal year after approval of the annual financial statement by the auditors. This amount may be reduced by 10% or 20% if there are compliance issues with an impact on the financial audit. There is no cap for the maximum pay-out.
- The yearly share-linked bonus plan (applicable to all members of the Executive Committee, except one) rewards the annual share price appreciation against a predefined basis over three years (baseline for the 2006–2008 plan is CHF 60). The payout curve is progressive. The actual bonus is calculated by multiplying the bonus base amount times the share price growth against the share price baseline by a factor of 1 (below 10% growth), 2 (from 10% to below 20% growth), 3 (from 20% to below 30% growth) or 4 (growth of 30% and more). The yearly bonus is paid at the beginning of the following fiscal year.

Long-term incentive: The objective of the long-term incentive program is to promote "loyalty" (retention plan in the phase of the turnaround of the Company) and reward excellence over a defined period. If the respective member of the Executive Committee remains (neither the Company nor the respective member having given notice; in the case of fixed-term contracts, no breach of contract by the employee having occurred) with the Company on December 31 of the third year after enrolment into the plan, the participant is entitled to receive an amount equal to the sum of all bonus payments received during the past three years under the yearly Economic Value Added growth bonus plan and the yearly share-linked bonus plan. This plan expires at the end of 2008 for most of the participants and at the end of 2009 for a few participants who joined the plan later.

One member of the Executive Committee does not participate in the yearly share-linked bonus plan nor in the long-term incentive plan. For further details see Note 6 of Adecco S.A.'s (Holding Company) financial statements within this report.

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

In previous years, a stock option based plan was utilised. The last stock option grant occurred in 2004. All stock options granted will remain outstanding until the earlier of exercise or expiry.

For details of the DIS stock option plan, see section 2.7 "Convertible notes and options".

In order to maintain its competitive positioning, the Company reviews market conditions on a continuing basis. Compensation is dependent on outside influences including geographic location, industry, competition, and general business climate. Therefore the Company's country organisations conduct annual local salary surveys and review country-specific economic data to determine their merit increase guidelines.

The current compensation model is under review, see section 5.2 below.

5.2 Further information on compensation along the best practice recommendations of economiesuisse

The compensation model as described above was approved by the Board. The Board has entrusted the NCC, which is composed of independent members only, with providing recommendations to the Board of Directors regarding the general compensation policy for the Company and reviewing and approving the objectives relevant to the Executive Committee's compensation (for further details on NCC composition, tasks and activities see section 3.5.3). At the beginning of each business year, as soon as the audit of the consolidated financial statements has been completed, the NCC approves the financial and personal measures and achievement applicable to the short-term incentive for the previous business year and approves the award principles.

As the current compensation model described above will expire at the end of 2008 and 2009, respectively, and the Company's strategy has been adjusted, the NCC is in the process of reviewing the current compensation practice and drafting a new scheme. To underline the importance to be in line with Swiss (as currently stated in the best practice recommendations by economiesuisse) and international standards of best practice in corporate governance, the NCC has already initiated a process for a new compensation scheme for the members of the Executive Committee. In order to ensure this is in line with market standards for compensation (benchmarks) and national and international guidelines on best practice in corporate governance, the NCC has asked a professional international provider of such services, Hay Group, for support in the design phase. Hay Group was asked for support to benchmark Adecco's pay practice and policy against Swiss and a pan-European sample of large companies of comparable size – with reference to the volume and the policy design. The current draft compensation scheme includes fix and variable elements as follows:

- a base salary;
- a short-term incentive plan based on annual, ambitious and transparent performance objectives in comparison with the major key performance indicators of the Company and the area of responsibility of the job holder;
- a long-term incentive share or share-related plan, intended to be based on ambitious internal performance objectives and on external relative performance objectives for outperformance in comparison with a multi-year peer group;
- social charges and benefits as already mentioned in the former policy.

For tables with individually accrued compensation for each Board and Executive Committee member in 2007 see Note 6 of Adecco S.A.'s (Holding Company) financial statements within this report.

Further information

6. Shareholders' rights

See also the Articles of Incorporation (Internet: www.aoi.adecco.com).

Information rights

Swiss law allows any shareholder to obtain information from the Board of Directors during the General Meeting of Shareholders provided no preponderant interests of Adecco S.A., including business secrets, are at stake and the information requested is required for the exercise of shareholders' rights. Shareholders may only obtain access to the books and records of Adecco S.A. if authorised by the Board of Directors or the General Meeting of Shareholders. Should Adecco S.A. refuse to provide the information requested, shareholders may seek a court order to gain access to such information. In addition, if the shareholders' inspection and information rights prove to be insufficient, each shareholder may petition the General Meeting to appoint a special commissioner who shall examine certain specific transactions or any other facts in a so-called special inspection. If the General Meeting approves such a request, Adecco S.A. or any shareholder may within 30 days ask the court of competent jurisdiction at Adecco S.A.'s registered office to appoint a special commissioner. Should the General Meeting deny such a request, one or more shareholders who hold at least 10% of the equity capital, or shares with an aggregate nominal value of at least CHF 2 million, may petition the court of competent jurisdiction to appoint a special commissioner. Such request must be granted and a special commissioner appointed if such court finds prima facie evidence that the Board of Directors breached the law or did not act in accordance with Adecco S.A.'s Articles of Incorporation. The costs of the investigation are generally allocated to Adecco S.A. and only in exceptional cases to the petitioner(s).

Dividend payment

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

The payment and amount of dividends on Adecco S.A. shares are subject to the recommendation of Adecco S.A.'s Board of Directors and the approval of the holders of Adecco S.A. shares with voting rights at the General Meeting of Shareholders. The method for determining the amounts of capital, reserves, and retained earnings for purposes of determining allowable dividend or retention of reserves is fixed in accordance with Swiss law.

Liquidation and dissolution

The Articles of Incorporation do not limit Adecco S.A.'s duration.

Adecco S.A. may be dissolved and liquidated at any time by a resolution of a General Meeting of Shareholders taken by at least two-thirds of the votes allocated to all issued shares (Art. 27 of the Articles of Incorporation; Internet: www.aoi.adecco.com). Under Swiss law, Adecco S.A. may also be dissolved by a court order upon the request of holders of Adecco S.A. shares representing at least 10% of Adecco S.A.'s share capital who assert significant grounds for the dissolution of Adecco S.A. The court may also grant other relief. The court may at any time upon request of a shareholder or obligee decree the dissolution of Adecco S.A. if the required corporate bodies are missing. Adecco S.A. may also be dissolved following bankruptcy proceedings.

Swiss law requires that any net proceeds from a liquidation of Adecco S.A., after all obligations to its creditors have been satisfied, be used first to repay the nominal equity capital of Adecco S.A. Thereafter, any remaining proceeds are to be distributed to the holders of Adecco S.A. shares in proportion to the nominal value of those Adecco S.A. shares.

Further capital calls by Adecco S.A.

Adecco S.A.'s share capital is fully paid. Hence, the shareholders have no liability to provide further capital to Adecco S.A.

Pre-emptive rights

Under Swiss law, holders of Adecco S.A. shares have pre-emptive rights to subscribe to any issuance of new Adecco S.A. shares in proportion to the nominal amount of Adecco S.A. shares held by that holder. A resolution adopted at a General

Meeting with a supermajority may suspend these pre-emptive rights for significant and material reasons only. Pre-emptive rights may also be excluded or limited in accordance with Adecco S.A.'s Articles of Incorporation (Internet: www.aoi.adecco.com).

6.1 Voting rights and representation restrictions

For further details see section 2.6 "Limitations on registration, nominee registration, and transferability".

Pursuant to the Articles of Incorporation, a shareholder may be represented by (i) the shareholder's legal representative, (ii) a third person who need not be a shareholder with written proxy, (iii) a corporate body of Adecco S.A., (iv) an independent proxy, or (v) a depository (Art. 17 sec. 2 of the Articles of Incorporation). 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 and those implemented in the Merger Act. The General Meeting shall constitute a quorum regardless of the number of shareholders present and regardless of the number of shares represented (Art. 18 sec. 1 of the Articles of Incorporation; Internet: www.aoi.adecco.com). Holders of an absolute majority of Adecco S.A. shares represented in the General Meeting must vote in favour of a resolution in order for such a resolution to be adopted. In addition, based on the Articles of Incorporation, in order to adopt resolutions regarding:

- changes to Adecco S.A.'s corporate purposes;
- the creation of shares with privileged voting rights;
- restrictions on the transferability of registered shares;
- an authorised or conditional increase in Adecco S.A.'s equity capital;
- an increase in Adecco S.A.'s equity capital by recourse to equity, against contribution in kind, or for the acquisition of assets and the granting of special benefits;
- restriction or elimination of subscription rights;
- relocation of Adecco S.A.'s domicile; or
- dissolution of Adecco S.A. without liquidation.

Holders of at least two-thirds of the votes represented and the absolute majority of the par value of Adecco S.A. shares represented at such General Meeting must vote in favour of such resolutions.

There are no quorums in Adecco S.A.'s Articles of Incorporation which require a majority greater than set out by applicable law with the following exceptions: (a) the quorum for a dissolution of Adecco S.A. without liquidation in case of a simplified merger based on the Merger Act and (b) at least a two-thirds majority of the votes allocated to all issued shares is required for the adoption of a resolution concerning the dissolution of Adecco S.A. (see Art. 27 of the Articles of Incorporation; Internet: www.aoi.adecco.com).

In addition to the powers described above, the General Meeting has the power to vote on amendments to Adecco S.A.'s Articles of Incorporation (including the conversion of registered shares to bearer shares), to elect the directors, the statutory auditors and any special auditor for capital increases, to approve the Annual Report, including the statutory financial statements and the annual group accounts, and to set the annual dividend. In addition, the General Meeting has competence in connection with the special inspection and the liquidation of Adecco S.A.

6.3 Convocation of the General Meeting of Shareholders

Notice of a General Meeting of Shareholders must be provided to the shareholders by publishing a notice of such meeting in the "Swiss Official Gazette of Commerce" ("Schweizerisches Handelsamtsblatt") at least 20 days before the meeting. The notice must state the items on the agenda and the proposals of the Board of Directors and the shareholders who demanded that a General Meeting be called or asked for items to be put on the agenda. Admission to the General Meeting is granted to any shareholder registered in Adecco S.A.'s share register at a certain date, which will be published together with the invitation to the General Meeting in the "Swiss Official Gazette of Commerce" ("Schweizerisches Handelsamtsblatt").

6.4 Agenda

Under Swiss corporate law, an ordinary General Meeting of Shareholders shall be held within six months after the end of each fiscal year. Extraordinary General Meetings of Shareholders may be called by the Board of Directors or, if necessary, by the statutory auditors. In addition, an extraordinary General Meeting of Shareholders may be called by a resolution of the shareholders adopted during any prior General Meeting of Shareholders or, at any time, by holders of shares representing at least 10% of the share capital.

The Swiss Code of Obligations is applicable to the right to request that a specific item be put on the agenda of a General Meeting of Shareholders and discussed and voted upon. Holders of Adecco S.A. shares with a nominal value of at least CHF 1 million have the right to request that a specific proposal be discussed and voted upon at the next General Meeting.

6.5 Registration in the share register

Shareholders will be registered in the share register of Adecco S.A. until the date defined in the invitation to a General Meeting of Shareholders to be published in the "Swiss Official Gazette of Commerce" ("Schweizerisches Handelsamtsblatt"). Only shareholders who hold shares registered in the share register 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 Federal Act on Stock Exchanges and Securities Trading ("SESTA"). Therefore, pursuant to the applicable provisions of the SESTA, if any person acquires shares of Adecco S.A., whether directly or indirectly or acting together with another person, which, added to the shares already owned, exceed the threshold of 33 ⅓% of the voting rights of Adecco S.A., irrespective of whether the voting rights are exercisable or not, that person must make an offer to acquire all of the listed equity securities of Adecco S.A. There is no obligation to make a bid under the foregoing rules if the voting rights in question are acquired as a result of a donation, succession or partition of an estate, a transfer based upon matrimonial property law, or execution proceedings or if an exemption is granted.

Adecco S.A.'s Articles of Incorporation do not contain any provisions other than those mentioned in this report (see section 2.6 "Limitations on registration, nominee registration, and transferability") that would have an effect of delaying, deferring, or preventing a change in control of Adecco S.A.

7.2 Change of control clause

There are no change of control clauses in favour of members of the Board of Directors or members of the Executive Committee in place. However Dieter Scheiff, Dominik de Daniel as current members of the Executive Committee and Ekkehard Kuppel as former member of the Executive Committee have employment contracts with a fixed term ending at the dates indicated in Note 6 of Adecco S.A.'s (Holding Company) financial statements within this report.

Three further current and former members of the Executive Committee and one former member of the Executive Committee who has left the Executive Committee during 2007 but is still employed by Adecco are promised severance payments in case of termination of their employment contract, see footnotes (regarding René Schuster, Tig Gilliam, François Davy, and Ray Roe) in Note 6 of Adecco S.A.'s (Holding Company) financial statements within this report.

8. Auditors

The Annual General Meeting of Shareholders of Adecco S.A. elects the statutory auditor and the group auditor each year. On May 8, 2007, the General Meeting of Shareholders elected Ernst & Young AG, Zurich, as statutory auditor and group auditor of the Company for the business year 2007.

Ernst & Young AG has served as statutory auditor and group auditor ("Independent Auditors") since 2002, and its lead auditor, Jan Birgerson, has been coordinating the audit of Adecco S.A.'s statutory financial statements and the Company's consolidated financial statements since 2004.

The total fee for the group audit of the Company and for the statutory audits of the Company's subsidiaries for the fiscal year 2007 amounted to EUR 7.9 million.

For the fiscal year 2007, additional fees of EUR 0.4 million were charged for audit-related services such as consultation on accounting issues and other. Fees for tax services and other services were not significant.

The Audit Committee oversees the Company's financial reporting process on behalf of the Board of Directors.

In this capacity, the Audit Committee discusses, together with the Independent Auditors, the conformity of the Company's financial statements with U.S. generally accepted accounting principles.

The Audit Committee regularly meets with the Independent Auditors, at least four times a year, to discuss the results of their examinations, and the overall quality of the Company's financial reporting. During 2007, the Audit Committee met with the Independent Auditors nine times. The Independent Auditors regularly have private sessions with the Audit Committee, without members of the Executive Committee present.

The Audit Committee assessed with the Company's Independent Auditors the overall scope and plans for the 2007 audit of the Company. The Independent Auditors are responsible for expressing an opinion on the conformity of those financial statements in accordance with accounting principles generally accepted in the United States and the provisions of Swiss law. Further, the Independent Auditors are required, under the auditing standards of the American Institute of Certified Public Accountants ("AICPA"), to discuss, based on written reports, with the Audit Committee their judgements as to the quality, not just the acceptability, of the Company's accounting principles and other related matters.

The Audit Committee oversees the work of the Independent Auditors and it reviews, at least annually, their qualification, performance and independence. It discussed with the Independent Auditors the auditor's independence from management and the Company, and monitors the audit partner rotation (service of the coordinating partner and of the independent review partner is limited to seven years). The Audit Committee considered the compatibility of non-audit services with the auditors' independence and pre-approved all audit and non-audit services provided by the Independent Auditors. Services may include audit-related services, tax services and other services.

The Audit Committee proposes the Independent Auditors to the Board of Directors for election by the shareholders and is responsible for approving the audit fees. At the beginning of each year a proposal for fees for audit services is submitted by the Independent Auditors and validated by the CFO, before it is submitted to the Audit Committee for approval. Such proposal is mainly based on the analysis of existing reporting units and expected changes of the legal and operational structure during the year.

9. Information policy

The Annual General Meeting of Shareholders for the fiscal year 2007 is planned to be held on May 6, 2008, at Beaulieu Lausanne Centre de Congrès et d'Expositions, in Lausanne, Switzerland. The venue details will be published in the "Swiss Official Gazette of Commerce" ("Schweizerisches Handelsamtsblatt") at least 20 days before the meeting.

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

May 6, 2008	Q1 2008 results
May 6, 2008	Annual General Meeting of Shareholders
August 12, 2008	Q2 2008 results
November 4, 2008	Q3 2008 results

For further investor information, including inscription to push and pull services, refer to Internet http://ir.adecco.com.

To order a free copy of this Annual Report and for further information, please refer to the contact addresses listed on the inside back cover of the Annual Report (Internet: http://contacts.adecco.com).

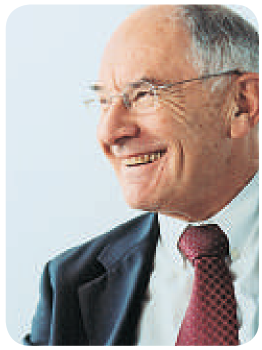
Board of Directors

David Prince

- *Member of the Board of Directors*

Philippe Marcel

- *Member of the Board of Directors*



Jakob Baer

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

Francis Mer

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

Andreas Jacobs

- *Member of the Nomination & Compensation Committee*

Peter V. Ueberroth

- *Chairman of the Nomination & Compensation Committee*

Rolf Dörig

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

Jürgen Dormann

- *Chairman*

Thomas O'Neill

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

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Imprint
Publisher: Adecco management & consulting S.A., Glattbrugg
Design: MetaDesign, Zurich
Print: Linkgroup, Zurich

March 2008

Glossary

Affinity group A small group of individuals responsible for a given activity, issue, role or skill.

Associate A person who works for Adecco on a temporary basis (external employee).

Baby boomers Individuals born between 1946 and 1964.

Blog (weblog) A blog is a public journal posted online that can be used as a way to give website visitors frequent updates on news and events.

Blue-collar worker Broadly refers to workers performing work of a manual nature, often in industrial settings.

Brain drain 1) The emigration of highly skilled and educated workers to other locations in search of better career opportunities and compensation. 2) The loss of skilled workers. In particular, this term refers to the loss of skills, knowledge and relationships that older workers have acquired during their careers.

CAGR (Compound Average Growth Rate) The average growth rate over multiple periods.

Call centre delivery A model of service delivery without face-to-face interaction with the client.

Candidate Any person interested in becoming an associate or having a permanent placement.

Capability mapping A method used by benchmarking teams to analyse the nuts and bolts of an organisation in order to determine its unique capabilities.

Capacity development The process by which individuals, groups and organisations develop their abilities to perform functions, solve problems and achieve objectives.

Change management The development of a planned approach to changing a method of management or business practice in an organisation. Typically, the objective is to maximise the collective efforts of everybody involved in the change.

Client A buyer of Adecco services.

Colleague An Adecco employee who works to deliver Adecco services to associates, clients and other stakeholders.

Compensatory time A type of work schedule that allows employees to take time off instead of receiving overtime pay.

Compentence-based training Training that focuses exclusively on teaching the skills, facts and attitudes associated with a specific job.

Contract business Service rendered in large volumes to large account clients according to conditions agreed in a framework contract.

Corporate culture The inherent personality of a Company or business. This includes a Company's values, visions, principles, traditions, operating methods and work environment. The Company places equal value on its colleagues and associates, customers, shareholders, suppliers and communities, because all these elements are important to the Company and its business.

Decentralisation Significant decision-making delegated throughout the organisation, down to regional, national and local management levels.

Delivery/distribution The way to approach and serve the client.

DSO (Days Sales Outstanding) The average number of days that a Company takes to collect revenue after a service has been delivered.

E-delivery All forms of approach to clients and service delivery using the Internet or other electronic platforms.

Emergency replacement planning A contingency process developed by a Company or business to quickly identify and properly replace employees should they resign or be dismissed from an organisation.

Executive search A search at C-level.

Futuring The attempt to identify and plan for future trends and events.

Generation X Individuals born between 1965 and 1977. Adecco describes Generation Xers as being influenced by technology, television, daycare, and divorce. They represent an age of accelerated schedules, multitasking and the information revolution.

Generation Y Individuals born between 1978 and 1989. Adecco describes Generation Yers as pragmatic and hard-working, as well as wanting independence and job satisfaction. They are a generation of volunteers who seek such opportunities outside the workplace.

HR-BPO (Human Resource Business Process Outsourcing) Total or partial outsourcing of HR duties (e.g. payroll, recruiting, training, benefits, employee orientation, staffing).

Intergenerational programme Programmes that bring together participants of different ages.

KPI (Key Performance Indicator) A parameter used to determine whether the desired input or outcome has been achieved.

Knowledge retention The retention of procedural and technical information within a Company. This is especially important when an employee with several years of work experience, knowledge and relationships leaves a Company.

Leadership development The development of leaders within an organisation. Companies may implement programmes that instruct and guide employees on how to become leaders in both their professional lives and their communities.

Learning styles Different approaches to learning. Recognised styles include visual, auditory, kinesthetic and intrapersonal.

Mentorship Relationship between a (usually) senior and a junior employee. The senior employee instructs and guides the junior employee on a Company's work practices, skills, and career choices and decisions.

MSP (Managed Service Provider) Responsible for managing a client's temporary/contingent workforce programme; in many cases combined with a vendor management system (VMS). The MSP manages the recruiting process by providing candidates from its own pool, as well as from other agencies (mostly from a preferred-supplier list).

Multigenerational workplace Refers to today's workforce, which for the first time in history includes at least four generations: the silent generation, baby boomers, generation X and generation Y. According to Adecco, the multigenerational workplace provides a strong impetus for businesses to take a closer look at the generational distribution of their workforce and understand each group's needs, enabling them to run a more efficient and effective workplace.

Offshoring The process of relocating business processes (labour, machinery, factories, etc.)

On-site A model of service delivery where an Adecco representative (potentially a team) responsible for client management is physically present at the client's facility.

Outplacement The process of placing employees in other positions or training courses following loss of a job.

Outsourcing The practice of using external workers and/or machinery for certain business tasks.

Payrolling Adecco administers payrolling services, but is not involved in the search and placement process.

Peer review An assessment conducted by a person of the same level.

PEO (Professional Employer Organisation) Providing management and administration of human resources and employer's risk for its clients, in a long-term relationship, often without a fixed period.

Performance management The process of observing, setting goals, revising and implementing change within an organisation to increase or enhance performance.

Permanent placement The placement of a candidate (potentially an associate) for an indeterminate period.

Project staffing/consulting The assignment of an employee or a team from the Adecco staff (potentially complemented by associate[s]) to the client for the execution of a project, with the resources remaining on Adecco's payroll and integrated into Adecco's reporting structure.

Remote worker An individual who works from a remote location (other than the office), usually linked by computer, e-mail and telephone.

Retail business Service rendered to small account clients.

RPO (Recruiting Process Outsourcing) Total or partial outsourcing of recruiting duties (e.g. cv screening, job-board searching, job posting). The agency makes the recruitment decision.

Secondment The assignment of an Adecco employee (not from the associate pool) to a client, with the employee remaining on Adecco's payroll, but fully integrated into the client's organisation.

Selective supervision The procedure for supervising specific activities on a less frequent basis due to time constraints.

Succession planning The process by which successors are identified for key positions throughout an organisation. According to Adecco, the process should focus not only on the top levels of the Company, but also on other vital roles throughout the organisation. Succession planning should take into account the strategic vision and culture of the organisation.

Talent management The management of an organisation's employees or workers. Talent management requires that a Company recognise the individual strengths and weaknesses of its employees or workforce, as well as strive to revise and improve the talents and skills of its workforce.

Talent war Competition among businesses and organisations for the best skilled and qualified workforce available in a particular area of expertise or the respective industry as a whole.

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

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

Thought leadership The process of providing specific, predetermined information on a certain subject. Individuals or entities can be "thought leaders" and can drive or lead discussions on a certain topic.

Training The development of a Company's human capital.

TWA Temporary work agencies.

VMS (Vendor Management System) A web-based application for automating the procurement of contingent staff.

Voluntary reduced worktime Time/income trade-off arrangements that allow full-time employees to reduce work hours for a specified period of time, with a corresponding reduction in compensation.

White-collar worker Broadly refers to employees who perform knowledge work, such as those in professional, managerial or administrative positions, often in an office environment.

Work-life balance A situation where an employee's work and personal life are balanced. Employees may be given options such as telecommuting, flexible work schedules, maternal or paternal leave to accommodate their personal lives with their careers.

360° feedback A performance review method that allows an employee to get feedback from supervisors, peers, staff members, co-workers and sometimes customers.

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