Annual Report 2014

Adecco Group

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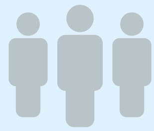
Contents

better work, better life

We inspire individuals and organisations to work more effectively and efficiently, and create greater choice in the domain of work, for the benefit of all concerned.

Our business has a positive impact on millions of people every day. Helping people to 'better work, better life' is our common purpose and the way in which we contribute to society.

This is what we do, this is what we know about, this is what we care about, this is what we are all about.



31,000+

FULL-TIME EQUIVALENT EMPLOYEES[1]

650,000+

ASSOCIATES ON ASSIGNMENT DAILY[2]

5,100~

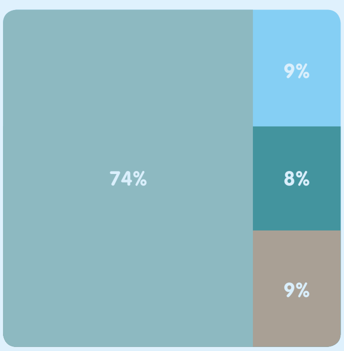
BRANCHES IN OVER 60 COUNTRIES & TERRITORIES[1]

1 Year end 2014.
2 Average 2014.

About us

THE SERVICES WE OFFER

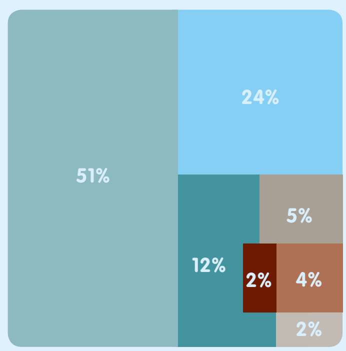
Gross profit split by service line



- Temporary 74%
- Permanent 9%
- Career Transition 8%
- Outsourcing, Talent Development and other services 9%

THE PROFILES OF OUR CANDIDATES

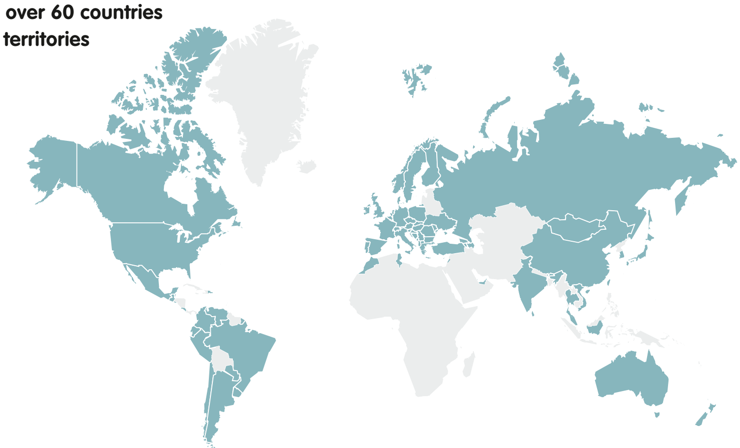
Revenue split by business line



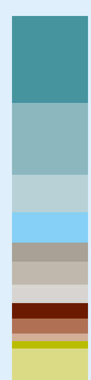
- Industrial 51%
- Office 24%
- Information Technology 12%
- Engineering & Technical 5%
- Finance & Legal 4%
- Medical & Science 2%
- Solutions 2%

OUR GEOGRAPHIC PRESENCE

In over 60 countries & territories



Revenue split by segment



- France 23%
- North America 19%
- UK & Ireland 10%
- Germany & Austria 8%
- Japan 5%
- Italy 6%
- Benelux 5%
- Nordics 4%
- Iberia 4%
- Australia & New Zealand 2%
- Switzerland 2%
- Emerging Markets 10%
- LHH 2%

2014 in brief

REVENUES UP 4% IN CONSTANT CURRENCY

Revenues increased to EUR 20.0 billion, driven by the ongoing recovery in the USA, a strong rebound in southern Europe, and continued growth in the emerging markets.

EBITA MARGIN INCREASED BY 40 BPS

EBITA margin excluding restructuring costs increased to 4.8%.

17% EPS GROWTH

Basic earnings per share increased to EUR 3.62.

STRONG CASH GENERATION

Cash flow from operating activities increased significantly to EUR 785 million.

2 MILLION KM FOR WIN4YOUTH

Over 29,500 Adecco colleagues cycled over 2 million km to ensure a Group donation to 5 foundations supporting youth development.

FURTHER SHARE BUYBACK

New programme of up to EUR 250 million launched in November 2014.

ACQUISITION

Adecco acquired OnForce to expand its Beeline VMS service offering.

DIVIDEND INCREASED AGAIN

Dividend per share of CHF 2.10[1], up 5% compared to last year.

1 As proposed by the Board of Directors.

Note: For key data 2010–2014, refer to inside back cover.

Dear shareholder,

Even against the clouds of uncertainty that were forecast, 2014 proved an unpredictable and challenging year, surprising on both the economic and geopolitical fronts. That trend is set to continue as cyclical differences remain between a fast recovering USA, a still struggling Europe, and a growing China. Such profoundly heterogeneous conditions will accentuate the employment challenges facing organisations to stay competitive. Whatever their circumstances, Adecco will be there to select the best talents and continue helping the millions of people we place on the first rung of the employment ladder and advise at every further step until retirement.

For Adecco, 2014 was a year of continuing progress. In spite of a difficult environment in many markets, notably in Europe, we made further steps towards our ambitious target of achieving an EBITA margin of at least 5.5% in 2015. While top-line growth remained challenging, we were able to report encouraging progress in earnings. In 2014 Group revenues grew by 4% in constant currency to EUR 20 billion. We further improved our leading profitability through price discipline and cost control. Our operating income increased by 14% from EUR 779 million in 2013 to EUR 891 million in 2014. Net income attributable to Adecco shareholders increased by 14% to EUR 638 million.

Our regions and countries performed solidly, despite the highly divergent economic conditions in the more than 60 countries and territories in which we operate. Europe continued to send very mixed messages, with rising demand for flexible labour in Spain, Italy, and Eastern Europe where we outperformed the market. In France, with still limp economic growth, Adecco was able to increase profitability. In Germany our growth was in line with the market. North America witnessed a convincing reinforcement of the encouraging signs of 2013, with demand for labour rising on the back of the rapidly recovering US economy. In China, the revenues of our joint venture FESCO Adecco increased threefold.

At the next Annual General Meeting, the Board of Directors will make a dividend proposal of CHF 2.10, which is an increase of 5% compared to the prior year. This proposed dividend is equal to a pay-out ratio of 49% of adjusted net earnings. The total amount of the dividend distribution for 2014 is intended to be allocated from Adecco S.A.'s reserve from capital contributions to the free reserves and subsequently distributed to shareholders, and is therefore expected to be exempt from Swiss withholding tax.

Following the divestment of Adecco shares by Jacobs Holding AG, Andreas Jacobs has decided not to stand for re-election to the Board of Directors. Since Andreas Jacobs joined the Board in May 2006 he has made a major contribution to the success of the Adecco Group. The Board of Directors and the Executive Committee would like to thank Andreas Jacobs and the Jacobs family for their long-standing and personal engagement to the success of the Adecco Group.

Challenging economic conditions and an increasingly complex operating environment deepened the interest of many of our clients in strategic human resources solutions from a trusted partner. The continuing trend towards flexible labour will see a reinforcement also beyond 2014. We continue to be very focused on reaching our EBITA margin target of above 5.5% in 2015. A pick-up of GDP growth is expected for 2015 and the start of the year suggests this is already beginning to happen. Given this outlook and based on the good progress on our six strategic priorities and our continued price and cost discipline, we remain convinced we will achieve our target.

Rolf Dörig
Chairman

Patrick De Maeseneire
Chief Executive Officer

In 2013, we launched the first Global Talent Competitiveness Index (GTCI), a thorough annual study of talent and ways of fostering skills, conducted with our partners INSEAD and Singapore's Human Capital Leadership Institute. The 2014 GTCI suggested long-term ways to address looming skills deficits, by focusing on: the urgent need to gear education systems ever more closely to the changing demands of the labour market; the importance of vocational training, both at the start of and throughout a career; and, less obviously, the value of growth opportunities linked to experience.

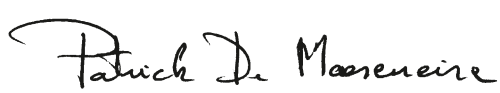
We continued with our focus on a generation facing the risk of exclusion from the labour market. In more than 50 countries we took our Adecco Way to Work programme to a new level. Young people were offered one-month work placements in large companies across the world, providing the chance to learn workplace skills in a range of roles across sectors. In France and Italy, two countries suffering persistently high unemployment, especially among the young, we launched highly successful additional campaigns.

Boosting talent also involves inclusion and openness – central components of talent competitiveness. Here too Adecco plays a key role in helping to find jobs for groups that sometimes face difficulties entering the labour market, such as older workers, women, and ethnic minorities. And, within the confines of national immigration policies, we endeavour to help balance international skills deficits and surpluses through schemes such as Adecco's Candidate International Mobility programme, allowing candidates with specific skills, like engineers and technicians, to find the best job placement abroad.

'better work, better life' is what our more than 31,000 colleagues around the world live up to every day as they help over 650,000 people into work. Work that supports people to achieve their full potential, irrespective of ethnicity, ability, gender, or age. 'better work, better life' – this is what Adecco is all about.

Dear shareholders, we thank you for your continued support, as we thank our clients and our associates and colleagues who work for Adecco worldwide.

Rolf Dörig
Chairman



Patrick De Maeseneire
Chief Executive Officer

Reinforcing our leadership in a changing world

Interview with Patrick De Maeseneire, CEO

How did your business develop in the major regions in 2014? In North America, our revenue growth reflected the positive economic developments, accelerating during the course of 2014. In Europe, the picture was more mixed. Iberia and Italy grew strongly, despite still-weak GDP data, due in large part to the labour market reforms of the last few years. Germany & Austria progressively slowed, as geopolitical uncertainty impacted our clients in export sectors. France lagged behind the other European countries, with revenues even declining in the second half of the year, reflecting the country's deteriorating competitiveness. Despite this mixed background, strong operational execution allowed us to deliver improved financial results. We maintained our price discipline and cost focus, and we were able to deliver a 40 basis point increase in our 2014 EBITA margin excluding restructuring costs.

What are the prospects for your business in France in 2015 and the longer term? GDP expectations point to a slow but progressive improvement during the course of the year. Additional demand for labour will likely be fulfilled substantially with temporary workers. This would benefit us, as we are the largest provider of HR solutions in the country. In the longer term, to bring France back on a sustainable path of economic growth and reduce unemployment, reforms to increase the productivity and efficiency of the labour market are necessary. Our focus in the country remains on keeping our industry-leading profitability, tailoring our offering to the different client segments (small/medium/large), and further developing our dedicated organisation for permanent placement.

You achieved strong growth and profitability in North America. The penetration rate in the USA was back to the previous peak. How sustainable are these trends in 2015? Throughout 2014 we saw good top-line development, led by the economically sensitive Industrial business line. Encouragingly, the pick-up in growth became broader-based in the second half of the year, with Office turning positive and our Finance & Legal and Medical & Science business lines gradually accelerating. These trends point to a positive outlook for 2015. Looking forward, we do not see the current penetration rate as a ceiling for our industry in the USA. The talent crunch along with the demand for even greater flexibility from companies and workers means that the penetration rate of temporary workers is likely to increase in the USA and elsewhere.

Looking at your strategic priorities, what was the progress during 2014? On Engagement, we saw continued improvement in our employee retention rates and our Great Place to Work® rankings. In Information Technology, we started with the first country implementations of our global platforms after the investments of the last few years. On Professional Staffing & Services and on Segmentation, we continued to roll out our core brands, to add resources dedicated to permanent placement, and to implement tailored delivery models based on client size. It was an exciting year for our Business Process Outsourcing solutions, as the OnForce acquisition positions Beeline as a complete platform for managing a company's entire extended workforce. And finally, revenues in the Emerging Markets continued to grow in constant currency at a faster rate than Group revenues as a whole.

For the full year 2014, you achieved an EBITA margin excluding restructuring costs of 4.8%. What do you still need to do during 2015 to achieve your EBITA margin target of above 5.5%? Market conditions in 2014 were rather mixed but we delivered another strong performance – and with 5.3%, our best-ever fourth-quarter margin. This provides an excellent base as we head into 2015. In January and February this year, revenue growth in constant currency and adjusted for trading days

"We remain convinced that we will achieve our EBITA margin target of above 5.5% in 2015."

showed a clear pick-up compared to the end of 2014. On gross margin, we are rather happy with the development and we see possibilities for further improvement in 2015. And we will maintain our focus on tight cost control, while at the same time investing selectively where we see organic growth opportunities and where productivity is already at a high level. Given our strong profitability in Q4 2014, our good start to the year, and the positive outlook, combined with the continued good progress on our six strategic priorities, we remain convinced that we will achieve our EBITA margin target of above 5.5% in 2015.

You have completed two share buyback programmes since July 2012 and launched a third that will take the total spend to EUR 900 million. By prioritising share buyback programmes over acquisitions, don't you think you might be missing out on some good opportunities? At present, our primary focus is to deliver on our strategic priorities, which we think is best served with an organic approach. In both general and professional staffing, we already have leading positions in the major markets. And the industry is so fragmented that we think there is no such thing as a 'not-to-be-missed' opportunity. In Solutions – comprising our Business Process Outsourcing and Career Transition & Talent Development businesses – we do occasionally see opportunities for bolt-on acquisitions where 'buying' is more advantageous than 'building', such as with OnForce in 2014.

New technology platforms and tools are emerging that aim to directly connect employers and potential employees. What is your assessment of the possible impact on your business? Most new technology platforms and tools provide a database of potential candidates to an employer. There are of course many more steps from this point to making a successful placement, and we believe the human touch remains crucial. Hence, we see these kinds of tools as one way for us to make our own candidate sourcing more efficient and effective. A key factor in our overall IT strategy is to best position the Company to embrace opportunities and to mitigate any threats resulting from advances in technology.

In January 2015, the Swiss National Bank unexpectedly announced that it would discontinue the minimum exchange rate of CHF 1.20 per euro. What is the impact on Adecco? The impact on Adecco is modest. As our financial results are presented in euro, a stronger Swiss franc will have a translational impact on our reported profits. In our corporate headquarters in Switzerland, approximately 70% of our costs are incurred in Swiss francs; a stronger Swiss franc will drive an increase in these costs when expressed in euro. The negative impact of this on the reported profits of the Group will be partially, but not fully, offset by the positive translation effect on the profits of Adecco Switzerland. Besides this impact on our profits, the other main financial effect will be on our reported net debt, which will increase in euro due to the translation effect on our three Swiss franc bonds and also due to cash outflows on some of our hedging instruments.

Agency work still represents just a small part of the total working population, only approximately 1% at a global level. How do you expect your industry to develop looking forward? Structural and cyclical factors should continue to support the growth of our industry. The primary structural driver is the fact that companies increasingly seek flexibility in their workforces, in particular in manufacturing environments. In addition, workers' preferences are also changing, with an increasing recognition and acceptance of the advantages related to temporary agency work. At the same time, regulation tends to develop in our favour as our positive role in increasing the efficiency of the labour market and reducing unemployment becomes clearer. From a cyclical point of view, a large share of demand for additional labour is met by temporary work in the initial phases of recovery. As penetration rates are so low, even a small change can drive a substantial growth in the industry's and our own revenues.

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

The HR services industry

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

Staffing market in 2014

Competitive landscape

The global HR services market is highly fragmented and the competitive landscape varies considerably from one country to another. There were almost 260,000 private employment agencies worldwide in 2013 according to Ciett[1]. Among the biggest markets measured by revenues, the USA, Japan, and the UK show a high degree of fragmentation. The markets in France, Italy, and Spain, by contrast, are more concentrated. Looking at the global picture, the three largest listed staffing companies represent around 16%[2] of global turnover. The Adecco Group is the largest HR services company worldwide and has leading positions in Europe, North America, Asia-Pacific, and Latin America.

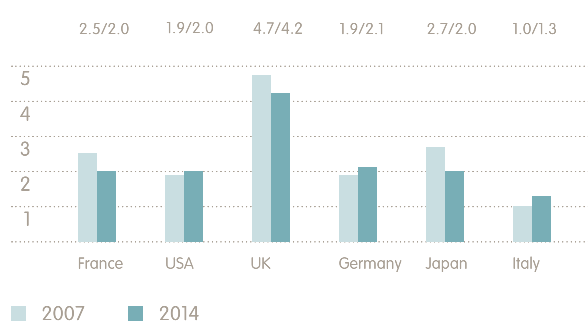
Consolidation in the staffing industry is ongoing, particularly in fragmented markets, and it is prompted by several factors. First, consolidation is driven by the need of companies to better utilise economies of scale. Additionally, the trend of large multinational companies to outsource part or all of their HR processes continues. Partnering with a Managed Services Provider to manage a company's contingent workforce spend typically results in higher volumes for fewer suppliers. Moreover, consolidation is also driven by general staffing companies seeking a stronger foothold in professional staffing in order to diversify their product offerings and to enhance their position in this more profitable and faster-growing segment.

In 2014, the global staffing market grew by approximately 6%[2,3] to EUR 330 billion[2]. Professional staffing, accounting for around 30%[2] of the global staffing market, and general staffing, accounting for around 70%[2], both increased by 6%[2,3] year-on-year. The USA represented the single largest market for HR services measured by revenues in 2014, with a share of approximately 28%[2], followed by Japan with 15%[2] and the UK with 11%[2]. Europe[4] as a whole represented 34%[2] of the global staffing market in 2014, whereas the emerging markets accounted for 17%[2].

In the beginning of the year staffing markets grew across all the main regions supported by the economic recovery. However, in the summer, growth stagnated in Europe due to geopolitical uncertainties leading to downward revisions of GDP expectations. In the USA, the economic recovery continued, which was reflected in the staffing market growth.

An important indicator of the temporary staffing market in a country is the penetration rate. This is the ratio of temporary workers (FTEs) to the total active working population. Penetration rates differ significantly across markets and have changed over time.

Temporary penetration rates[2] *in %*



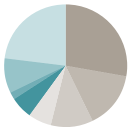
1 International Confederation of Private Employment Agencies.

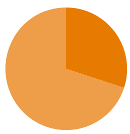
2 Adecco estimate. Due to change in methodology, the estimates are not comparable to those published in previous annual reports.

3 In constant currency.

4 Excluding emerging markets.

2014 global HR services market by revenues[2]





Adecco's market position in 2014

	% of Adecco revenues	Market share in %[2]	Market position[2]
France	23	22	1
North America	19	4	2
UK & Ireland	10	6	1
Germany & Austria	8	9	2
Japan	5	2	4
Italy	6	17	1
Benelux	5	6	3
Nordics	4	12	2
Iberia	4	20	2
Australia & New Zealand	2	2	5
Switzerland	2	15	1
Emerging Markets	10	4	1
LHH	2	14	1

In 2014, the UK enjoyed one of the highest penetration rates globally at around 4.2%[2], but this was still significantly below the prior peak of 4.7%[2] in 2007. In the USA, the world's largest staffing market, the penetration rate in 2014 reached the prior peak of 2.0%[5], achieved in 2000. Japan at 2.0%[2], Germany at 2.1%[2], and France at 2.0%[2] were still below their historical peaks in 2014. In the emerging markets, penetration rates continued to increase but remained below 1%[2].

France

France is an important market for staffing, with an approximate share of 6%[2] of the global market. While the staffing industry in general shows a high degree of fragmentation, the French market is significantly concentrated: the three major players hold a total market share of around 55%[2]. Adecco is the market leader in France, with a market share of about 22%[2].

At the end of 2012, the Government introduced a tax relief programme known as CICE (tax credit for competitiveness and employment) for all companies operating in France. For 2013, this provided employers with a tax credit of 4% on employee salaries up to 2.5 times the minimum wage and for 2014, the amount of credit increased to 6%. It is currently foreseen that this credit will remain in place until at least 2017. The credit must be used in part to fund training and investment in research and development.

The weak economic backdrop in France led to zero[2] growth in the French staffing market in 2014 compared to a 7%[2] decline in 2013.

USA

The US market, which represents approximately 28%[2] of the global staffing market, is the largest worldwide. It is highly fragmented, and while Adecco is the second-largest player, our market share is only about 4%[2]. From a regulatory perspective, this market is amongst the most liberal in our industry. It is also one of the most developed in the world in professional staffing, which accounts for around 54%[2] of revenues in the US market.

The region's demand for temporary jobs was healthy in 2014 and increased faster than permanent employment. As a result, the penetration rate increased to 2.0%[5] for the year 2014. The penetration rate in the USA is expected to increase further, driven by both regulatory and structural trends which could spur further demand for temporary staffing.

UK

Representing around 11%[2] of global staffing revenues, the UK is the third-largest market in the industry worldwide. As in the USA, the UK staffing market is highly fragmented and the labour market is fairly liberal. With a market share of roughly 6%[2] Adecco is the market leader in the UK.

In line with the recovering UK economy, the UK staffing market showed an improving growth trend during 2014.

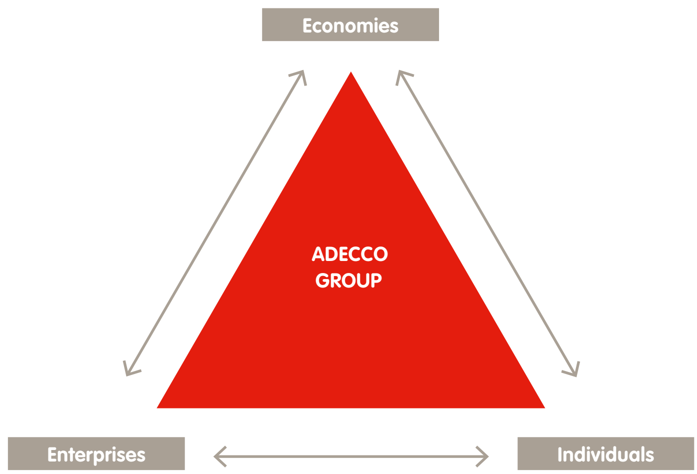
Germany

Germany is a key market for staffing with a roughly 6%[2] share of the total global market, and we continue to view it as one of the most attractive markets. Our market share is around 9%[2], making us the second-largest player in Germany.

The comparatively higher profitability in Germany is attributable to the fact that temporary agency workers are effectively permanent employees of the staffing firm. Employing associates on a permanent basis is in contrast to most other European countries, where the employment contract signed with temporary staff is limited to the duration of the assignment at the client. While having the temporary associates on our own payroll is to some extent a liability during economically difficult times, it also allows for premium pricing to factor in this risk, resulting in higher overall operating margins.

5 Source: Bureau of Labor Statistics.

Our role as labour market intermediary



In the beginning of 2014, the German economy performed well, supporting good growth in the staffing market. However, in the second half of the year weaker GDP growth and geopolitical uncertainties negatively impacted the staffing market. Despite this softening, we continue to believe that the structural growth opportunities remain intact.

Japan

The Japanese market is the second-largest staffing market in the world, representing roughly 15%[2] of the global market. Fragmentation is high, with the four largest players representing only around 20%[2] of the temporary staffing market, while the remainder is dominated by numerous small regional staffing firms. Adecco is currently the fourth-largest player in the Japanese market.

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

Italy

The Italian market represents only about 2%[2] of the global market but it is an important market for Adecco. We are the market leader with a market share of around 17%[2]. The penetration rate of temporary staffing has been increasing in the rigid Italian labour market since agency work was regulated at the end of the 1990s, but it is still below the European average. In 2012, the market changed structurally as a labour market reform was approved. One of the goals was to favour positive flexibility, which agency work provides, and to discourage negative forms of flexibility, which include hiring employees on a series of short-term contracts that guarantee neither job security nor equal pay. Recently, Italy also approved the so-called 'Jobs Act', under which detailed legislation is expected to be enacted in 2015.

Information on the performance of Adecco in the specific countries and regions can be found in the Financial Review.

Our role

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

Economies

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

HR services reduce the time lag between recovery and job creation, and increase the range of employment choices and opportunities for people.

Research studies[6] increasingly recognise the positive role that HR services companies play in the economy. They reduce the two dimensions of unemployment: structural and frictional. Countries with higher agency work penetration rates are also the ones with lower unemployment rates. Agency work does not substitute permanent contracts: 74% of user organisations would not consider hiring permanent workers as an alternative to taking on agency workers, and 62% of them would not create jobs if they had no access to private employment services.

6 Source: Ciett, various publications.

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

Evidence[6] shows that temporary agency work facilitates the transition from unemployment to work, from temporary to permanent jobs, from education to work for young people. In the USA nearly 90% of agency workers report that agency work made them more employable by developing new or improving work skills (62%), receiving on-the-job experience (59%), strengthening their CV (59%), and helping to get a foot in the door for a permanent job (49%). Agency work also enhances labour market participation for vulnerable groups. Across Europe, agency work is recognised as an effective channel to find a permanent job as well as a first job. In Europe, 35% of agency workers are below 25 years of age; for them agency work is often the first opportunity to gain work experience. According to agency workers, most of them use agency work to gain experience and develop their skills and find a job quickly. In several European countries, training funds managed by social partners have been established to facilitate access to vocational training for agency workers.

Enterprises
HR services companies help enterprises to adapt better and faster to economic cycles, thereby maintaining and increasing their competitiveness. The expertise in workforce management and the speed of execution make HR companies a valuable partner for enterprises to manage their complex workforce planning as well as the risks. Companies get access to talents or improved skills of workers. Through increased flexibility, companies are in a position to protect core activities and cope with unpredictable changes in the market environment.

Research[6] suggests that an estimated 76% of employers use agency work to respond to changing business demands and fluctuations in activity.

The industry's contribution to the labour market[6]
Each day, 12 million workers (FTEs) are employed through agency work. Each year our industry:

- Supports 60.9 million people in their job life
- Helps 24.4 million young people enter the labour market
- Up-skills 8 million people, giving them more work choices
- Creates 4 million more jobs
- Serves 2.3 million companies with the right talents to succeed.

Key growth drivers for our industry

Growth in our industry is driven by cyclical and structural factors. The major cyclical driver is economic growth. Demand for temporary and permanent staff tends to increase when GDP grows – specifically, when GDP growth exceeds productivity gains. Career transition, on the other hand, has an inverse relationship with economic growth, i.e. outplacement activity increases when GDP declines. The strength of the cyclical relationship between industry growth and GDP growth depends on the point in the economic cycle, the stability or volatility of the cycle, and the maturity of the industry in a country (largely driven by the regulatory situation and history).

Several structural factors drive the development of our industry. Technological advances have had a large impact on productivity and have clearly changed labour needs: demand for labour has shifted from sectors such as agriculture and manufacturing to services and creative industries. These changes have opened up a skills gap for highly qualified workers and the ageing of the workforce is widening this gap further. The realisation of companies that a flexible workforce drives competitiveness has also changed the demand for labour towards more temporary staffing. As well as these demand-side factors, important trends are also occurring on the labour supply side, such as the greater mobility of workers and the increased number of people offering their skills as independent contractors. While these varied trends affect our industry in different ways and to different degrees, the overall impact is positive for the growth of our industry.

Improving economic trend
At the beginning of a recession, companies react to lower demand by reducing staff. Typically, the first ones to be let go are temporary workers, while companies try to keep permanent employees. However, at the beginning of a recovery, temporary workers will usually be the first to be hired. Permanent jobs will only be created when the economic environment becomes more stable and confidence improves. Therefore, permanent employment growth lags behind temporary growth. The position in the cycle also has a strong impact on career transition. The longer and deeper a recession, the more career transition is needed.

Impact of different factors/trends on service lines

	Temporary Staffing	Permanent Placement	Career Transition
Improving economic trend	+	+	–
Increased flexibility	+	–	=
Wider skills gap	+	+	=
Greater mobility	+	+	+
More independent contractors	+	–	+
Appropriate regulation	+	+	+

Increased flexibility
Greater flexibility in dealing with peaks and troughs in demand is achieved by companies employing temporary workers as a part of their workforce. Current production trends, oriented towards made-to-order, are structurally increasing the need of companies for flexible staffing levels. The inventory-to-sales ratio in all businesses in the USA declined by 14%[7] between 1992 and 2014. These trends are expected to continue and should further drive demand for temporary staffing.

Wider skills gap
While demand for labour in many economies has shifted to more specialised roles, the supply of labour has not been able to adapt. The unemployment rate among workers with lower qualifications has increased in the developed countries and a high number of specialised roles remain vacant. The staffing and recruitment industry can help to narrow this gap by accessing additional demographic groups (e.g. students, part-timers, retirees), by taking full advantage of its global presence and pool of candidates, and by facilitating mobility. It exemplifies that our business is not just about recruitment but also about training and providing lifelong learning to increase employability.

Greater mobility and more independent contractors
Nowadays, individuals are more willing to move across borders to pursue work opportunities and enhance their careers. At the same time, more experienced people increasingly offer their services as independent contractors. These trends satisfy the need of companies for greater flexibility and better job-profile matches in order to overcome the growing talent shortage in many industries.

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

Regulatory environment

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

ILO Convention 181
Along with its accompanying Recommendation 188, ILO Convention 181 encourages the effective operation of services provided by private employment agencies, and especially temporary work agencies. The convention was adopted in 1997. It recognises the role HR services companies play in a well-functioning labour market and emphasises the protection of the workers using their services. As ILO Convention 181 only provides the framework within which HR services companies should operate, member countries implement it in accordance with their national labour legislation. To date, ILO Convention 181 has been ratified by 29 countries. Adecco supports efforts at national level with national legislators to ratify ILO Convention 181.

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

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

7 Source: United States Census Bureau.

Key services in the HR industry

The HR services industry is often split into two main parts: staffing and HR solutions. Staffing covers both temporary staffing and permanent placement, with the latter often split into mid- and lower-tier recruitment. HR solutions include all related HR services such as career transition, talent development, and outsourcing.

Temporary staffing
Temporary staffing is the largest service line within the HR industry. Historically employers used temporary staff to fill the gap when employees were temporarily absent, such as for sickness or vacation, and when economic uncertainty reduced confidence in the near-term business outlook. Today, employers increasingly use temporary staff also to fill jobs that are exposed to inherent demand variation (e.g. seasonal peaks, projects, changing production lines, just-in-time ordering). This helps companies to adapt better and faster to changes in demand and thereby maintain their competitiveness. For individuals, temporary employment provides work opportunities and experience that improve their employability, and employees increasingly use temporary assignments strategically to build a range of skills and experience. Temporary staffing can be split based on skill levels, with general staffing covering basic skill levels and professional staffing used for qualified roles. Historically, the majority of temporary staffing was in general staffing, but over time professional staffing has become an ever more important part of temporary staffing, now accounting for approximately 30%[2] of industry revenues.

Permanent placement
When employers are confident on the economic development and on their need to fill certain key positions, or are keen to secure skills that are in short supply, they tend to hire staff on a permanent basis. Many staffing agencies offer both permanent placement and temporary staffing services, but the process and financial characteristics of the two are significantly different. Like temporary staffing, permanent placement services can also be divided into those for general and professional skill sets.

Outsourcing
In outsourcing, companies decide to use a staffing agency not just to provide workers but also to manage the whole of a particular labour-intensive activity, such as warehouse logistics or the operation of a call centre. In this arrangement, the staffing agency is not paid according to the hours the employees work but by performance against key performance indicators, such as the number of packages moved or calls answered.

Career transition
Career transition, also called outplacement, covers support for companies that need to reorganise their workforce, due to mergers and acquisitions or when pressured to restructure as a result of reduced business activity. During the transition phase affected employees will receive training and support to move to the next step in their career.

Talent development
Talent development services include change management solutions and career and leadership development programmes.

Business Process Outsourcing
Business Process Outsourcing refers to the outsourcing of large-scale HR services activities and includes Managed Service Programmes (MSP), Recruitment Process Outsourcing (RPO), and our Vendor Management System (VMS).

Managed Service Programmes (MSP) are used to manage all or parts of a client's contingent workforce. There are clear advantages in outsourcing the management of contingent labour to an HR company: one single point of contact providing transparency, speed, convenience, and cost-effectiveness. An MSP can manage the contingent workforce solutions, programme management, reporting and tracking, supplier selection and management, order distribution, and even consolidated billing.

A **Recruitment Process Outsourcing (RPO)** solution is suited to companies that want to outsource their recruitment process for large numbers of permanent employees. The entire process includes the search for candidates, CV screening, interviews, candidate assessment, offer management, on-boarding, and recruitment administration. An RPO provider can take care of the whole or part of the process or act as a partner for all the permanent recruitment needs. This reduces costs and complexity for clients and ensures that they get the right people, with the right skills, at the right time.

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

We partner with our associates and our clients, serving individuals and enterprises with our full range of services globally and locally. This is what makes us unique.

Our strategy

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

Candidates and associates

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

Clients

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

How we monitor our operations

Top management carries out frequent operational and financial reviews with the regional and country heads of Adecco's business segments to ensure that the Group's strategy is embedded in the local operations and that execution remains on track. We selectively invest in high-growth segments and markets, while at the same time continuing to practise stringent cost management to ensure a sustainable improvement in profitability. In addition, the application of the Economic Value Added (EVA) concept continues to be a core pillar of our day-to-day operations and strategy, ensuring discipline with respect to client contract pricing, cost containment, and evaluating business opportunities.

The Economic Value Added (EVA) concept

To ensure alignment of the Adecco Group's overall strategy throughout the decentralised organisation, firm central control and effective management tools are required. The Adecco Group's value-based management approach has moved beyond profitability based on pure accounting criteria as a measure of value creation. By applying the EVA concept we also take the use of capital into consideration, gearing our decision-making towards value generation and enabling us to maximise shareholder returns. EVA is embedded in our operations, fostering consistent and dependable pricing policies, ensuring the use of the most efficient delivery channels, and serving as a basis for performance-related incentives.

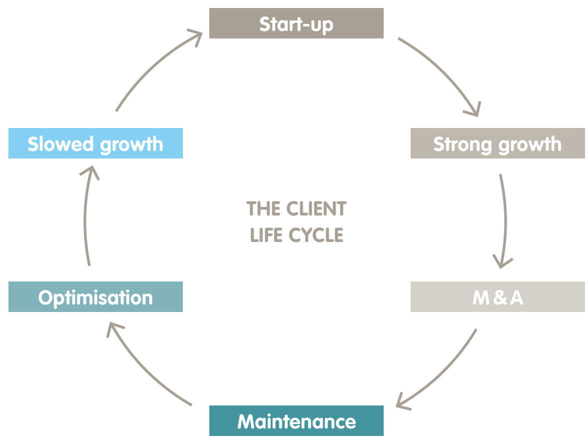
Where we apply EVA

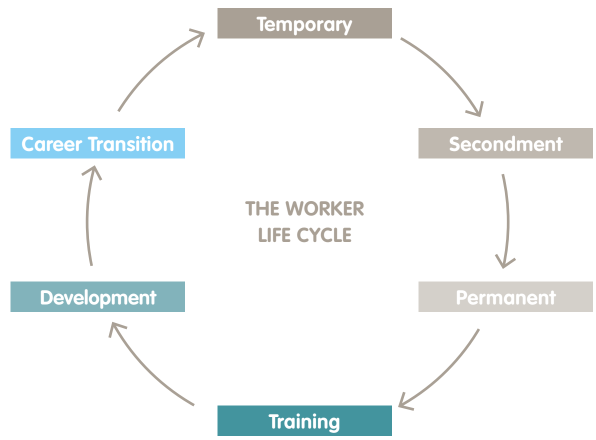
We apply the EVA concept in incentive plans, contract pricing, and acquisitions.

- Incentive plans: performance-related pay is calculated on an EVA basis and applied at almost all levels and regions of the organisation. At branch level, we apply a simplified ver-

1 Average 2014.

Alongside the life cycles of our clients, candidates and associates



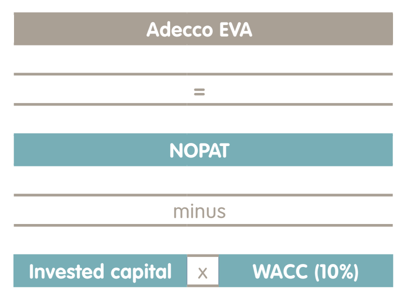


sion of the concept, while the remuneration of senior management is measured using the most detailed form of the calculation, covering all elements of the concept, including goodwill and other intangible assets.

- Contract pricing: we use EVA to measure the value generation of new and existing clients. First and foremost, this approach ensures that the pricing of our client contracts is consistent and dependable, giving us a clearer picture of the cost structure and capital needs of our business relationship with individual clients.
- Acquisitions: we apply the EVA concept in order to evaluate the attractiveness of potential acquisitions. As goodwill and other intangible assets are a substantial part of the invested capital which directly affect EVA, the concept helps us to avoid overpaying.

How we calculate EVA

EVA is a measure of a company's financial performance based on residual income. According to this concept, value is created only if EBITA after the deduction of taxes is greater than the minimum required rate of return on the invested capital. Our calculation takes the Adecco Group's net operating profit after taxes (NOPAT) and deducts a charge for the use of capital in the business, based on the Group's invested capital and weighted-average cost of capital (WACC). Invested capital is defined as total assets, excluding cash and including gross acquired goodwill and other gross acquired intangibles since the introduction of the EVA concept, minus non-interest-bearing liabilities. We apply a 10% WACC across all our entities, although the actual WACC in the reporting period was below 10%. Put simply, using this concept allows us to find the right balance between revenue growth, market share, pricing, cost structure, and invested capital. It enhances our ability to make the right choices with respect to client relationships, acquisitions, strategies, incentive schemes, and targets.



Our above 5.5% EBITA margin target

We aim to reach an EBITA margin of above 5.5% in 2015 – a new peak for Adecco. The target level was initially set at the beginning of 2010, after our share of the higher-margin Professional Staffing business increased to above 20% of total revenues. In 2014, the EBITA margin excluding restructuring costs was 4.8%, up 40 bps compared with 2013. The slow recovery in Europe and the accelerating growth in North America helped revenues to increase 4% in constant currency compared to 2013. Gross profit increased by 5% in constant currency and gross margin improved by a further 20 bps to 18.5% driven by price discipline, a better business and country mix, and the positive impact from the increase in the rate of French CICE (tax credit for competitiveness and employment). SG&A excluding restructuring costs increased by 3% in constant currency, below the rate of revenue growth. Along with the higher gross margin, this operating leverage also contributed to the improved EBITA margin excluding restructuring costs in 2014 compared to 2013.

We continue to be very focused on reaching our EBITA margin target of above 5.5% in 2015. Economic growth slowed in the second half of 2014, but a pick-up of GDP growth is expected for 2015 and the start of the year suggests this is already beginning to happen. Given this outlook and based on the good progress on our six strategic priorities and our continued price and cost discipline, we remain convinced we will achieve our target.

How we reach our target

Strategic priorities

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

Our target

EBITA MARGIN > 5.5%

Enablers

- Top-line growth
- Price discipline
- Business mix
- Cost control

Strategic mid-term priorities

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

- **Engagement:** attracting, developing, and retaining our employees is essential to building successful long-term relationships with both clients and associates. A better, longer-lasting relationship with our clients and associates protects our business and is a competitive advantage both from a revenue and from a cost perspective. The regularly conducted Great Place to Work® survey on the job satisfaction of our own employees gives insight into how we can continuously improve our working environment.
- **Information Technology:** an important strategic priority for the Adecco Group is the better use of IT to maximise business opportunities and to improve efficiency. In 2012 we began a project to move from a collection of local IT functions to a global IT organisation with a common platform in all countries. This project with its various workstreams – including Candidate Management, Client Management, Search & Match, and Business Intelligence – will help us to give a unique experience to candidates, associates, clients and colleagues. Our investments in IT are aimed at enhancing our cost leadership position, but also at maximising our revenue-generation opportunities, such as by using Big Data to predict the future demands of our customers and to model the effectiveness of our own commercial actions. Major milestones in 2014 were the successful small-scale implementations of the applications we have developed over the last two years, and the beginning of our first major roll-out in Japan.
- **Professional Staffing & Services:** Adecco is the global leader in professional staffing worldwide. It remains an essential part of the Group's strategy to increase the share of revenues generated from Professional Staffing. This segment, with higher growth and margin potential, accounts for approximately 30%[2] of the global staffing market but only 23% of Adecco revenues. In professional staffing, where penetration rates are still significantly lower than in general staffing, growth will be driven by scarcity of talent, evolving working practices, and higher wage inflation for qualified personnel. We will also benefit from the roll-out over the last few years of our key Professional Staffing brands in our major markets. We have also launched several initiatives to expand our Permanent Placement business, which are starting to pay off. In 2014, Permanent Placement grew in constant currency by 5% in Q1 and by 14% in Q4. We are also the global leader in career transition and talent development through our Lee Hecht Harrison (LHH) business. The counter-cyclical nature of career transition is a good hedge during economically difficult times, as this business peaks during recessions. Our large scale and flexible approach to cost management enables LHH to achieve double-digit EBITA margins throughout the cycle.
- **Segmentation:** optimising the segmentation of our client base allows us to capture additional market and margin opportunities as we target to increase business with small and medium-sized clients. In 2015 we will continue to roll out specific operating models for different client segments into further countries.
- **Business Process Outsourcing solutions:** Adecco considers the continuing trend towards Business Process Outsourcing (BPO) solutions, including Managed Service Programmes (MSP), Recruitment Process Outsourcing (RPO), and Vendor Management System (VMS) a major opportunity to differentiate our service offering. Large multinational clients increasingly seek to outsource their HR processes. With a global footprint and extensive know-how of local labour markets, Adecco is ideally positioned to take advantage of this trend. Our comprehensive Solutions offering is market-leading and a key competitive advantage. In 2014, we further enhanced our BPO offering with the acquisition of OnForce. OnForce's Freelancer Management System (FMS) provides cloud-based solutions for companies to manage

2 Adecco estimate.

their use of freelancers/independent contractors. These solutions complement the Vendor Management System (VMS) provided by Adecco's Beeline business. The merger of these two offerings creates a unique integrated solution for companies to source talent through multiple channels.
- **Emerging Markets:** the emerging markets offer immense untapped growth potential for the staffing industry. Penetration rates of temporary staffing services are still at very low levels. The highly dynamic economic activity, the shift of production, and growing investments in the emerging markets by multinational corporations are the main growth drivers for our business in these markets.

How we are organised

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

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

Our staffing business is a local business since HR markets are local markets. Every country has its own characteristics in terms of client needs, client structure, demographics, culture, and regulations. The heads of each region or country have operational responsibility for both General and Professional Staffing business lines. We are convinced that, for the staffing business, decentralisation is the right way to manage a global staffing organisation and to promote local entrepreneurship. Our Career Transition and Talent Development business LHH globally benefits clients with its unparalleled service offering. Clients increasingly require these services in multiple countries and our organisation structure perfectly fits this need.

The Board of Directors determines the overall strategy of the Adecco Group and supervises Management. The Chief Executive Officer is responsible for the implementation of the strategic and financial plans as approved by the Board of Directors and represents the overall interests of the Adecco Group. The Executive Committee consists of the Group CEO, Chief Financial Officer, Chief Sales Officer, Chief Human Resources Officer, and Regional Heads.

Our key performance indicators

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

- Revenue growth
- Gross profit growth and gross margin development
- Selling, general, and administrative expenses (SG&A) development
- EBITA growth and EBITA margin development
- Conversion ratio (EBITA as a percentage of gross profit)
- Days sales outstanding (DSO)
- Economic Value Added (EVA)

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

What makes us unique

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

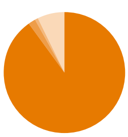
As the world leader, Adecco offers the full range of HR solutions, tailored to meet the evolving needs of clients and associates around the globe.

Our services and business lines

The Adecco Group's business can be viewed from different perspectives: by service line, by business line, and by segment. In this chapter we describe our services and solutions together with the business lines and brands through which we deliver these services. A review of our 2014 performance by segment can be found in the Financial Review section starting on page 37.

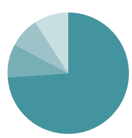
2014 split by service line

Revenues



- Temporary 90%
- Permanent 2%
- Career Transition 1%
- Outsourcing, Talent Development, and other services 7%

Gross profit



- Temporary 74%
- Permanent 9%
- Career Transition 8%
- Outsourcing, Talent Development, and other services 9%

Our services

Temporary staffing

In 2014, 90% of revenues and 74% of gross profit of the Adecco Group stemmed from temporary staffing services. We place associates both in roles requiring general skills and those demanding professional qualifications, as described in the section 'Our business lines and brands' on the next page.

At Adecco, we handle all the logistics for the provision of temporary staff: we make contact with candidates both through online channels and through our branch network; we conduct interviews and match the client's requirements with the candidate's skills and needs to ensure a good match; we perform all administrative tasks, such as payrolling and remittance of social security payments; and we always strive to find consecutive assignments for our associates to ensure they are continuously employed.

Permanent Placement

Permanent Placement services accounted for 2% of revenues and 9% of gross profit of the Adecco Group in 2014. Our largest markets for permanent placement are North America and the UK & Ireland, followed by the Emerging Markets, France, Japan, and Germany & Austria. In all our markets we have access to a wide range of talents, including hard-to-reach professionals who are not actively looking for a job. We search for candidates, screen the CVs, and conduct interviews and assessments. We are committed to finding the right people for the client's business; to ensure a successful fit, we will propose only candidates who have passed our in-depth screening process. We support candidates in reaching their career goals, guiding them in selecting the right role for their skills and aspirations so that they can realise their potential.

Career Transition

Revenues generated from Career Transition represented 1% of Adecco's total revenues and 8% of gross profit in 2014. Being a truly global provider, we can offer consistent support to complex organisations in multiple countries. We have the capabilities and expertise to manage an entire process, be it for a few people or thousands. We ensure that affected employees are engaged in transition activities and that retained employees remain productive, committed, and focused on their work. It often happens that some areas of an organisation are downsizing while others are expanding and recruiting. We reduce transition and recruitment costs by redeploying employees affected by a downsize to areas in need of talent.

Adecco Group business lines

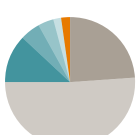
STAFFING		SOLUTIONS	
General Staffing	Professional Staffing	Business Process Outsourcing	Career Transition & Talent Development
• Office • Industrial	• Information Technology • Engineering & Technical • Finance & Legal • Medical & Science	• Managed Service Programmes (MSP) • Recruitment Process Outsourcing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

Outsourcing, Talent Development, and other services

In 2014, 7% of revenues and 9% of gross profit of the Adecco Group were generated in Outsourcing, Talent Development, and other services. In Outsourcing, Adecco is not paid by the hours an associate works but by a task-related measure; our largest markets for this service are Iberia, Japan, and the Emerging Markets. In Business Process Outsourcing, clients transfer large-scale HR processes to us through Managed Service Programmes (MSP), Recruitment Process Outsourcing (RPO), and our Vendor Management System (VMS). This trend began in the USA, but clients increasingly demand these services globally. Talent Development services include career and leadership development programmes and change management solutions. We assist our clients in maintaining productivity through changes, engaging and retaining talent, and developing leaders at all levels.

Our business lines and brands

2014 revenue split by business line



- Office 24%
- Industrial 51%
- Information Technology 12%
- Engineering & Technical 5%
- Finance & Legal 4%
- Medical & Science 2%
- Solutions 2%

General Staffing (Office, Industrial)
Professional Staffing (Information Technology, Engineering & Technical, Finance & Legal, Medical & Science)

General Staffing

In 2014, General Staffing made up 75% of the Adecco Group's revenues. We offer tailored solutions to retail and large clients with the aim of building long-lasting relationships with both associates and clients. Given the relatively lower-margin nature of the business, an efficient delivery model is key to optimising our own costs and being competitive. General Staffing includes the two business lines Office and Industrial.

Office

Office represented 24% of revenues of the Adecco Group in 2014. We offer temporary staffing and permanent placement of administrative and clerical personnel. In order to provide the right combination of personal and technical skills, we mainly focus on the business areas Administrative/Clerical Assistance, Customer Service, Human Resources, Import/Export, Project Management, Purchasing, Secretarial/Personal Assistant, and Sales, Marketing & Events. Our main brands in this business line include Adecco, Adecco Office, and Office Angels.

Industrial

Industrial accounted for 51% of Adecco's revenues in 2014. We serve our clients with temporary staffing and permanent placement mainly in sectors such as Automotive, Manufacturing & Heavy Industry, Construction, Transportation & Logistics, and Hospitality. Our main brands in this business line include Adecco, Adecco Industrial, and Tuja.

Professional Staffing

Professional Staffing accounted for 23% of Adecco's total revenues in 2014. With the 'experts talk to experts' approach we have a high-end specialist point of contact for our clients and associates alike. We establish relationships with line managers at enterprises to better understand the skills sets of candidates needed. This ensures successful matching of candidates' profiles with clients' needs for positions requiring higher qualifications. In turn, expert points of contact enable us to offer high-level assignments for candidates and to attract talented, qualified, and sought-after individuals. Professional Staffing includes the business lines Information Technology, Engineering & Technical, Finance & Legal, and Medical & Science.

Information Technology

The Information Technology business line represented 12% of the Group's revenues in 2014. Our Information Technology experts partner with clients to integrate, structure, and streamline their IT services and activities. Among others, we provide temporary assignments and permanent positions for IT Developers, Programmers, Consultants, Project Managers, Systems Engineers or Analysts, and IT Support for any industry. Our main brands include Modis and Computer People.

Engineering & Technical

In 2014, we generated 5% of the Group's revenues in Engineering & Technical. In this field our associates take on projects or assignments on a temporary or permanent basis for key industries such as Electronics, Automotive & Transportation, Energy, Oil & Gas, Utilities, Medical Products, Aerospace, Chemicals, and Raw Materials. Our main brands include Adecco Engineering & Technical, Entegee, and euro engineering.

Finance & Legal

4% of revenues of the Adecco Group in 2014 stemmed from the Finance & Legal business line. In a rapidly changing world, new standards, systems, and regulatory requirements are emerging all the time. Finance & Legal specialises in the temporary and permanent placement of talented accounting, finance, and legal professionals who work in sectors including Accounting, Finance, Banking, Legal, Construction, Property, HR, Architecture, Management, and Marketing & Communications. Our main brands include Badenoch & Clark, Accounting Principals, and Special Counsel.

Medical & Science

The Medical & Science business line represented 2% of Adecco's revenues in 2014. We recruit and place therapists, nurses, pharmacists, doctors/physicians, and other healthcare professionals on a permanent or temporary basis in the fields of Speech Therapy, Pharmacy, Clinical Research, Regulatory Affairs, and Sales & Products Support. Our main brands include Soliant and Adecco Medical.

Solutions

Solutions accounted for 2% of revenues of the Adecco Group in 2014 including revenues generated with Business Process Outsourcing and Career Transition and Talent Development solutions.

Business Process Outsourcing

Business Process Outsourcing includes revenues generated in Managed Service Programmes, Recruitment Process Outsourcing, and Vendor Management System. With **Managed Service Programmes (MSP)** we manage all or parts of a client's contingent workforce, and with **Recruitment Process Outsourcing (RPO)** we undertake a similar role for all or parts of their permanent recruitment needs. Our global brand name for these services is Pontoon.

We are the only major staffing company that can also provide the technology platform that underpins MSPs. Such a platform is known as a **Vendor Management System (VMS)**, and our market-leading product is branded Beeline. In 2014, we further enhanced our Beeline offering with the acquisition of OnForce. OnForce's Freelancer Management System (FMS) provides cloud-based solutions for companies to manage their use of freelancers/independent contractors. This FMS complements the VMS already provided by Beeline. The merger of these two offerings creates a unique integrated solution for companies to source talent through multiple channels.

Career Transition and Talent Development services

In our Lee Hecht Harrison (LHH) business, we focus on delivering career transition, leadership development, career development, and change management solutions for organisations committed to developing the best talent and becoming employers of choice. We are the world's leading career transition and talent development services provider and our truly global footprint continues to be ever more attractive to our clients.

Engaging with our colleagues is a strategic priority across the Group. Our open Company culture is firmly based on our shared values and leadership principles.

Our people

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

Our core values

Our core values are at the very heart of how we operate. They are shared and brought to life by all our employees around the globe. Our global Win4Youth and Adecco Way to Work initiatives are two examples of how we live by our values (you can read more in our corporate social responsibility section on page 25). These are our shared core values:

Engagement

Our retention rate of 76% is among the best in the industry. In most of our major markets the rate is close to 80%. Engaging with our employees is a strategic priority for Adecco and the retention rate is tracked on a quarterly basis across the Group. In 65% of the countries the retention rate is above 70% and we are seeing good improvements in the others due to an increased focus and the actions implemented. More than 70% of our employees remain in the Company for more than two years and 50% for more than five years. In France – our largest market – 75% of our employees stay with us for more than five years.

Equal treatment and diversity

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

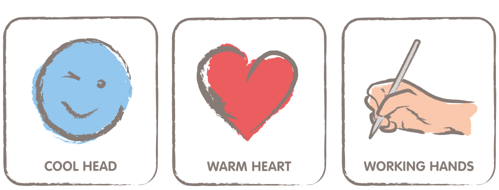
Diversity awards received in 2014:

Adecco USA named as a Top Company for Hiring Individuals with Disabilities by Abilities, Inc. • Adecco USA recognised as a Top Supporter for Hiring Individuals with Disabilities by the Helen Keller National Foundation • Adecco USA recognised by the South Huntington School District as a Mentoring Partner • Adecco Belgium received a Special Great Place to Work® Award for Diversity in the Workplace.

Great Place to Work

Our goal is for Adecco to be recognised as an employer of choice, not just in our own industry but alongside other world-leading companies. The Great Place to Work Trust Index© is an employee survey tool that measures the level of trust, pride, and camaraderie within workplaces, a survey in which we have participated since 2004. In 2014, almost 95% of our employees from around 30 countries participated in the survey. Through the survey we are able to measure the engagement levels of our employees year over year and get a good understanding of our strengths and where we have room to improve. Through action plans and sharing across countries we are able to leverage our best practices across the Group.

In 2014 the Adecco Group made it to the Best European Multinational Workplaces list for the first time, straight in the ranking at 19th place. This was possible due to the large number of countries on the local lists: Adecco Belgium, Adecco Denmark, Adecco Luxembourg, Adecco and Ajilon Netherlands, Adecco Sweden, Adecco Spain, and Adecco, Office Angels, Computer People, and Spring Technology in the UK. Outside Europe, Adecco Canada also made it to the list. This is an all-time high for us and we aim for even more countries on the list next year. The secret to these successes is our open Company culture, which is firmly based on our Group values and leadership principles: Cool Head, Warm Heart, Working Hands.



Talent management

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

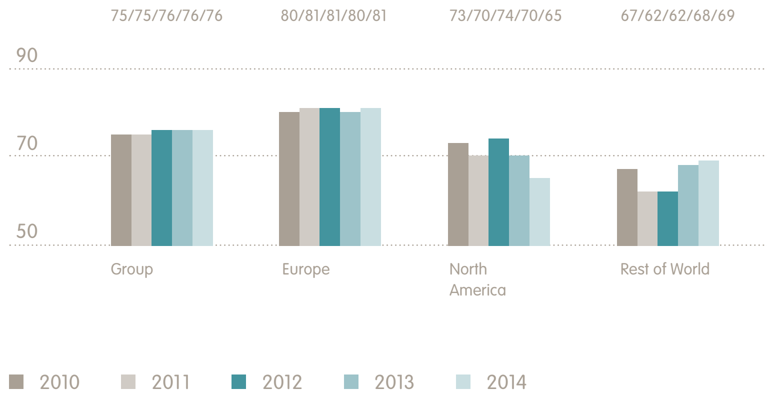
The four components of the Adecco Group Talent Management framework are: identification of high potentials, development, performance management, and last but not least, succession planning.

Group global development programmes

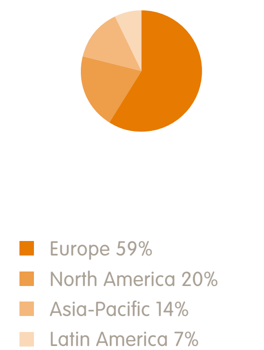
The Adecco Academy
The Adecco Academy provides a solid foundation for the Group's global training and development offerings catering for a wide variety of employees. The programmes are organised under two pillars: leadership and service & sales.

Leadership
Through our leadership programmes, in cooperation with three of the best business schools in the world, INSEAD in France, IMD in Switzerland, and Hyper Island in Sweden, more than 1,100 of Adecco's managers have been trained to improve their leadership skills.

Retention rate 2010–2014 *in %*



Employees per region 2014



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

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

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

I³ Leadership Programme
This course focuses on leadership situations our colleagues experience and the behaviours they require to be an effective leader. The colleagues receive intense individual feedback and coaching and gain a better understanding of why people behave as they do.

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

Leading with Innovation
Through this course colleagues gain a greater awareness of a changing world and develop an understanding of the impact digital media and technology have on society, communication, and brands.

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

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

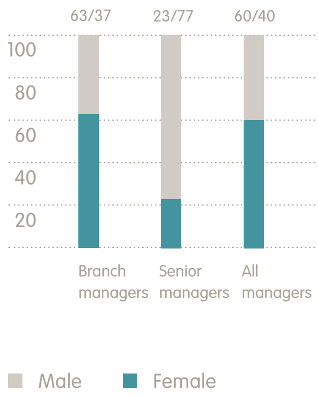
The content is geared to the challenges of our industry and the unique needs of our business while still bringing innovation from other industries and leveraging the expertise of the world-class faculty members.

Service & sales

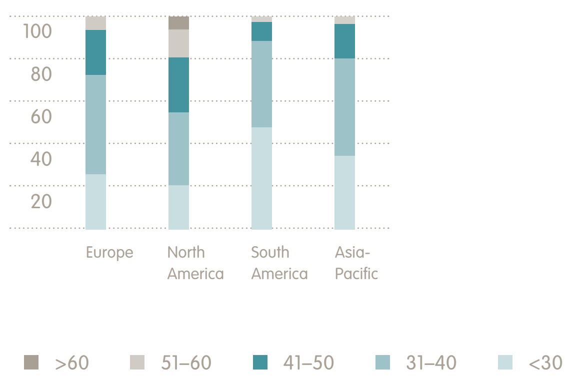
Service Excellence Course
The Service Excellence Course has been designed and built and is delivered by Adecco, for Adecco. It is aimed at raising awareness of our customer needs and expectations, and how we can exceed these.

The course is designed especially for Branch and Business Unit Managers as they have the most access to and impact on our customers. Participants work through a series of discussions, activities, and experiences to adapt a common customer service framework for key interactions with their customers. Since the launch of the programme at the end of 2011 more than 3,500 colleagues have been trained.

Gender distribution in 2014 *in %*



Age distribution 2014 *in %*



Sales Leadership Course
The new Sales Leadership Course was launched in January 2015. It provides our sales leaders with tools and models that enable greater success with existing and prospective clients.

Permanent Placement Programme
The new Permanent Placement Programme will be launched in spring 2015. This programme is designed for permanent placement consultants and their managers. It provides tools to effectively lead a permanent placement team and deliver superior permanent placement services.

Value Focused Selling
Value Focused Selling goes beyond basic sales techniques and delivers a tried-and-tested approach focused on consultative selling methodologies. It has been delivered to Adecco colleagues in over 18 countries since 2009.

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

High Intensity Training
High Intensity Training, or HIT as it is commonly referred to, has been enhancing Adecco colleagues' sales and recruiting skills in over 28 countries since 2006.

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

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

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

Our corporate social responsibility

'better work, better life' is our job. Every day, we help companies succeed by bringing together work teams with skills and attitudes that best match their needs. We ensure that our associates worldwide have the best possible jobs. Employment is key to a healthy economy and reduces the welfare burden. Most importantly, it gives people dignity and purpose through their contributing to society every day.

To demonstrate our commitment to 'better work, better life' for all our stakeholders and to constantly improve our performance, we participate in the Dow Jones Sustainability Index where in 2014, for the fourth consecutive year, Adecco was recognised as one of the top-scoring companies in the Commercial & Professional Services Industry Group. In addition, we respond to Investor and Supplier modules in the Carbon Disclosure Project and to the FTSE4Good Index Series review. Since 2003, we have submitted our Communication on Progress (CoP) on a yearly basis to the UN Global Compact and apply the GRI Guidelines.

Corporate social responsibility for Adecco is our responsibility towards the three dimensions of sustainability: economic, social, and environmental.

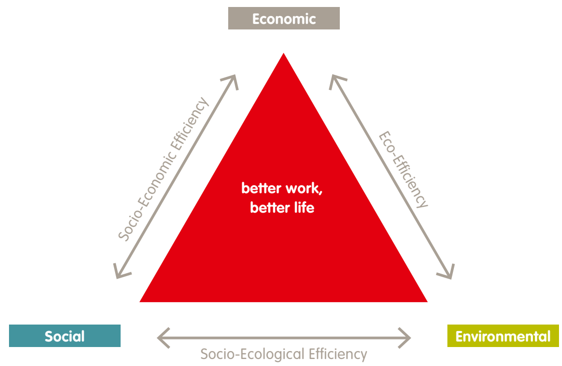
Our goal is to integrate all economic, social, and environmental aspects into our CSR strategy so that we fulfil the requirements of each of the three dimensions without compromising on any one of them. At the same time, our strategy supports the challenges and demands of our core business, taking into account global trends in our industry as well as requests and feedback from our employees, candidates and associates, clients, and the broader public.

Our six focus areas

Our corporate social responsibility reflects our business values and goals, which is why we report on the following six strategic focus areas, as they have a major impact and value for our Company and society in the current labour market environment.

Team, Training & Development Currently, around 8 million jobs don't get filled despite high unemployment rates, especially in European countries such as Greece, Spain, Italy, and France but also in the USA, Australia, and Japan. This is to a large extent due to a mismatch between available skills and educational qualifications and the requirements of the business world. Adecco and its industry can contribute to solving

Three Dimensions of CSR



Economic
- Business Excellence
- Governance & Compliance
- Risk Management & Mitigation
- Customer Satisfaction
- Supply Chain Management

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

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

these issues by retraining and upgrading workers' skills and through such initiatives as our Candidate International Mobility programme. HR services companies help people enhance their employability through career counselling, education, and continuous training, connecting people with job opportunities globally.

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

Diversity and Equal Opportunities Engagement with our employees is one of six strategic priorities for the Adecco Group. Our employees and associates are key contributors to our success. Therefore, our approach to diversity and equal opportunities and our open company culture help the Adecco Group to attract, motivate, and retain talented employees and associates. The success of the Sochi Olympic and Paralympic Winter Games 2014 was an example of what diverse teams can accomplish. As the Games Temporary Staffing supplier, Adecco Russia recruited 5,330 temporary staff over eight months from among 112,000 applications. 92% of the required workforce was relocated to the city of Sochi from 25 countries. The Adecco Russia recruitment team grew from 6 to 109 employees in one year, with people joining from all over the country and from all age groups.

Health and Safety We are committed to the health and safety of our employees and of the associates working with our clients. Our industry is unique. We do not directly control the workplace of our associates. Therefore, we must properly select, train, and equip our associates before assigning them to a job. It is of utmost importance to ensure that our clients adhere to the highest safety standards for associates to conduct their tasks in a safe and healthy workplace with adequate supervision. For our employees, we encourage a healthy lifestyle through our Win4Youth programme whereby all employees around the world can ensure a Group donation to children in need by taking part in sports activities.

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

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

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

This applies to 13 of our largest markets (France, North America, UK & Ireland, Germany, Japan, Italy, Netherlands, Belgium, Norway, Sweden, Spain, Switzerland, and Mexico) as well as the joint global and Adecco Switzerland headquarters. These countries represent over 85% of our business operations in terms of revenues. By reducing our CO_2 emissions, we will save costs due to the lower consumption of resources which will benefit the Company's overall performance as well as our clients' through the services they receive from us.

Our global figurehead programmes in the social dimension

Win4Youth This highly successful employee engagement programme has grown from strength to strength over the past five years. Colleagues all over the globe take part in sports events, united behind a great cause that allows us to live our values to the full and embrace a healthy lifestyle. In our free time, we clock up kilometres and turn them into a Group donation to foundations supporting youth development, giving youngsters in need a better start in life and work. Our associates and clients are also warmly invited to join us.

In 2014 our chosen sport was cycling with a goal of 2 million kilometres by year end. As the highlight event, on August 30, eighty-six Adecco Win4Youth ambassadors from 35 countries cycled up the Col du Tourmalet in the French Pyrenees – the renowned climb which is part of the Tour de France. Over 29,500 Adecco colleagues worldwide joined the cause in 2014 along with 2,616 associates and 10,540 clients. This enabled us to exceed our highly ambitious target with a final total of 2.2 million kilometres. Five foundations, working with children and teenagers in Cambodia, Argentina, Portugal, Poland, and Italy benefited from our sports activities: a total donation of USD 375,000 was made by the Adecco Group.

The Godfather of Win4Youth 2014 was Alessandro Zanardi, a former Formula One driver as well as Paralympic hand biker, winning both gold and silver medals at the London Paralympic Games 2012. For the first time this year, we organised volunteering weeks in the five foundations for ten colleagues from the countries and business lines that contributed the most kilometres to Win4Youth. They all lived an unforgettable and rewarding experience working with the young people and sharing their expertise of the world of work. For more information:
www.facebook.com/win4youth.

IPC ATHLETE CAREER PROGRAMME
In Cooperation with Adecco Group

International Olympic Committee & International Paralympic Committee Athlete Career Programmes
While life as an elite athlete and life in the business world may seem to have few similarities, achieving success in the field of play and in a corporate environment requires similar personal traits and qualities. There are many transferable skills acquired by athletes during their sporting career that can prove to be invaluable in a professional capacity, such as the ability to perform under pressure, dedication, self-motivation, time management, and a winning attitude. Making the transition from a sports career into the job market can be a difficult process, which is why the International Olympic Committee (IOC) and the International Paralympic Committee (IPC) Athlete Career Programmes are proving to be such a vital resource for Olympians and Paralympians with one eye on the future.

Since 2005 and 2007, respectively, the IOC and IPC in cooperation with the Adecco Group have been providing educational, life skills, career development, and job placement expertise to help elite athletes successfully transition into the workforce. Since the programmes were launched, more than 35 National Olympic and Paralympic Committees have cooperated with Adecco to deliver the programmes in their countries. Together with outreach activities, delivered in countries that do not currently have a local agreement in place, and during the Youth Olympic Games as well as through open online courses, more than 22,000 elite athletes from over 180 countries have received support since the start of the programmes.

Over 2,000 athletes aged 15–18, coaches, and National Olympic representatives from 173 countries were reached by the IOC ACP during the Nanjing 2014 Youth Olympic Games (YOG) in China through workshops on time management and networking targeted to their talent and career development beyond sports and competition. The IPC Athlete Career Programme has increased its focus on workplace inclusion and workplace accessibility of Paralympic athletes through a series of events, which began in 2014 in Italy and Belgium and will culminate in the IPC Inclusion Summit during the Rio Paralympic Games 2016. Read more on how to engage in the Athlete Career Programmes:
http://athlete.adecco.com.

Adecco Way to Work In 2013, the Adecco Group decided to take action against high youth unemployment with the launch of the Adecco Way to Work™ programme. Employment prospects are for young people. According to International Labour Organisation estimates, over 74 million young people worldwide are currently looking for work[1]. In the USA, figures stand at 17% and the Eurozone youth unemployment rate hit over 23% with peaks of more than 50% in Spain and Greece.

In 2014, for the second time, Adecco employees worldwide provided a helping hand to school leavers and graduates in their search for a job. Driven by the belief that we cannot stand by and watch a whole generation lose their dreams and ambitions, on April 30 our employees were on the streets, offering tips and techniques for job hunting, CV writing, and interview success. In total, we estimate that over 600,000 people were reached in more than 900 cities and during more than 2,000 open days at Adecco branches all over the world. In total, 1,500 coaching sessions were held.

On the same day, the Adecco Experience was launched. Young job seekers could apply for one-month job experiences in 54 countries. From production to marketing, communications, and human resources roles, 88 young people were placed in paid internships in some of the world's leading companies, thanks to over 70 clients who shared Adecco's vision to make a difference. Of the Adecco Experience interns, 46 talents had the further ambition to put themselves forward as 'CEO for One Month': a unique opportunity to be mentored by the Adecco Group CEO. Thanks to their performance on the job, the host companies' evaluation, and the way they shared their experience with their generation through social media, ten candidates earned their place in the final selection.

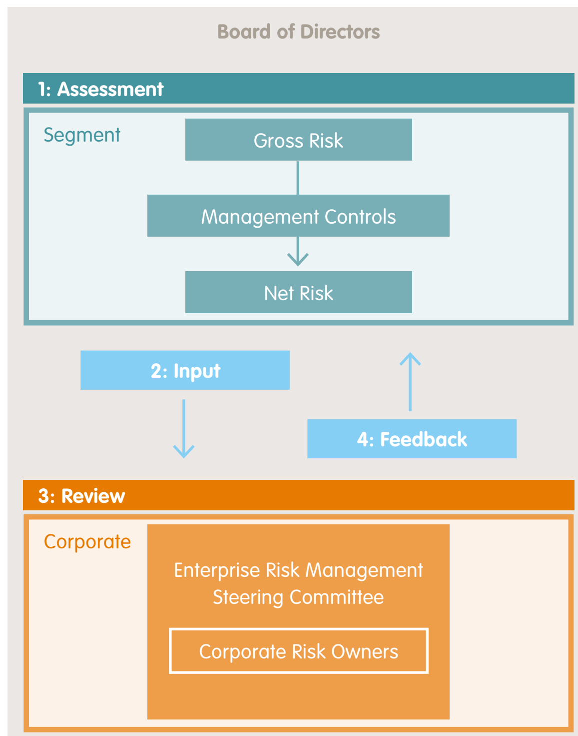
The candidate who proved to be fittest for the once-in-a-lifetime position was 26-year-old Paola Ospina from Colombia. She spent the month of September working and travelling alongside Group CEO, Patrick De Maeseneire, attending operational meetings, carrying out business assignments, and meeting many of the Adecco colleagues around the globe. The most rewarding result of the Adecco Experience is that over 50% of participants found employment. The ten finalists are either in jobs or are continuing their full-time studies. For a full overview of the 2015 programme visit the website: www.adeccowaytowork.com.

1 *ILO World Employment and Social Outlook 2015.*

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

Enterprise risk management

An objective, quantitative, and integrated approach



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

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

This hybrid top-down and bottom-up approach achieves consistency and comprehensive coverage while embedding accountability and leveraging the expertise of the people in the organisation close to the risk. Risks identified at segment and corporate level are treated as opportunities for improvement.

In this sense, the enterprise risk management process is a vital part of daily activities within the organisation. The Group's financial risk management activities are also covered on page 103 in the Financial Review. This section focuses on describing where the key risks could arise and the actions Adecco takes to manage and mitigate these risks.

Key business risks

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

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

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

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

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

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

Employee attraction and retention
The success of our operations depends on the talent and motivation of key corporate personnel, local managers, and field staff. Hiring and retaining the right people in the right job can significantly influence Adecco's business prospects. The loss of key personnel, with valuable operational experience in the global HR services industry or with strong customer relationships, may cause significant disruption to our business.

How do we ensure employee satisfaction? A clear strategy from Management, with frequent, honest, and transparent communication, is essential in ensuring employee satisfaction. We actively promote a way of working that is open, fair, efficient, and collaborative. Compensation packages are competitive, closely aligned with Company targets, and consistent with the Economic Value Added methodology. We invest in mentoring and talent development, including comprehensive performance and development review processes. The annual Great Place to Work® survey gauges employees' satisfaction with their workplace.

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

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

Change in regulatory/legal and political environment
The private employment services industry requires appropriate regulation with the ultimate goal of enhanced quality standards to the benefit of societies, workers, private employment agencies, and their clients. A changing political environment might lead to inappropriate or unbalanced regulation, potentially impacting our business model.

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

Compliance with laws
The Company is exposed to various legal risks, including possible breaches of the law in the areas of employment and discrimination, competition, and bribery. The Company holds information on a large number of candidates and associates, bringing additional risks in the rapidly developing area of data privacy laws.

How do you ensure adequate compliance with laws?
Employees must comply with all applicable legislation and internal policies. In particular, Adecco requires all employees to adhere to our Code of Conduct. Training courses are in place as part of the Adecco Compliance and Ethics (ACE) programme to create awareness among employees on the risks of non-compliance with laws and regulations. Continuous legal updates as well as periodical audits of branches and local operations are among our preventive measures. Any issue or concern regarding compliance with laws, regulations, or Company policies can be reported confidentially through the ACE website or 24-hour telephone hotline.

Disruptive technologies
Developments in technology are driving the emergence of new analytical tools and communication and delivery channels. This creates the risk that some of Adecco's services could in the future be offered differently and/or by new competitors. Over the longer term, these disruptive technologies could present a threat to the Company's market share and profitability.

How do you anticipate developments in technology in order to benefit from opportunities but also to protect against disruptive threats? Adecco continuously monitors current and potential changes to the HR industry resulting from new technologies. Continuous investment in our IT platform allows us to increase our efficiency and effectiveness and provides the infrastructure for a comprehensive and coordinated response to the emergence of new technologies. Within Adecco, a dedicated innovation team works on exploring how we can harness technology in new ways to deliver the Group's services to our clients, associates, and candidates.

We aim to present a clear and balanced view of our investment story – including our strategy and the drivers of our revenue growth, best-in-class margins, and strong cash generation – and to provide true, fair, and up-to-date information to all of our stakeholders.

Investor Relations

Our investment story

The Adecco Group is the world's leading provider of HR solutions, offering a wide variety of services including temporary staffing, permanent placement, career transition, talent development, and outsourcing. We operate in over 60 countries and territories through a network of around 5,100 branches. Every day our more than 31,000 FTE employees place over 650,000 associates at work. Every day we aim to satisfy their needs, along with those of our clients, candidates, and social partners, and in so doing create value for our shareholders.

The HR services industry benefits from positive secular trends offering good growth opportunities through-the-cycle. Our strategic vision helps us to capture these opportunities. At the same time, our experienced management team focuses closely on operational execution, underpinned by the Economic Value Added (EVA) concept (described in the chapter 'Our strategy'). As a result of our approach, we are the global leader in HR services by revenues, with the highest profitability amongst our major competitors and a strong track record of cash generation. We are confident that we are in good shape to further enhance our leadership position in the attractive HR services industry.

Revenue growth with structural and cyclical drivers

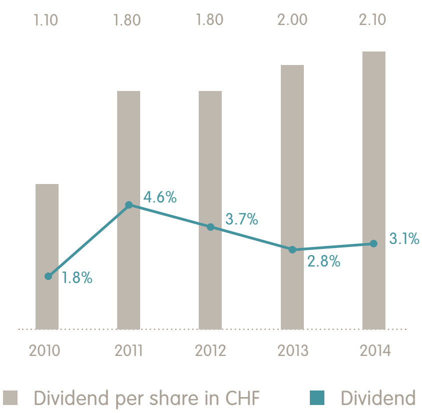
Cyclical drivers Our temporary staffing and permanent placement services, which constitute over 90% of our total revenues, are cyclical and dependent on the level of economic activity in the countries where we operate. Demand for these services expands during periods of economic growth (and contracts during recessions), with a highly leveraged effect – even modest levels of GDP growth can drive very strong growth in our temporary staffing and permanent placement revenues. On the other hand, career transition services are counter-cyclical, expanding during difficult economic periods and contracting during a recovery.

Structural drivers Importantly, for all our service lines we see structural growth drivers alongside the cyclical forces. Companies are increasingly using temporary staff as a core component of their workforces, allowing them to adapt faster and better to changes in demand and thereby to maintain their competitiveness. With this clear driver, we expect temporary staffing penetration rates to increase over the course of the cycle. This is not just true for lower-skill blue-collar and clerical workers but also for higher-qualified staff. We have significantly improved our Professional Staffing offering in the past years through acquisitions and organic initiatives, and today we are the largest player worldwide in the higher-growth, higher-margin professional staffing business.

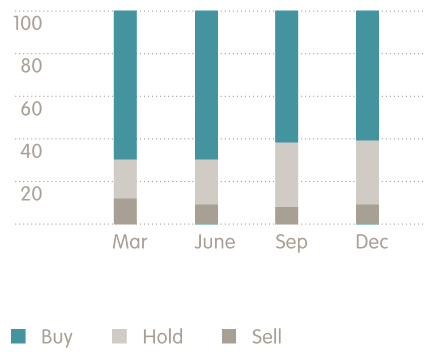
For companies wanting to add permanent employees, structural skills shortages make our permanent placement services increasingly attractive. We have made significant investments in recent years, creating permanent placement 'hubs' and hiring experienced new colleagues. The results in 2014 have been encouraging.

Demand for career transition and talent development services is also expected to grow over the course of the cycle. The effects of technological change and disruptive innovation will see ongoing restructuring activities in traditional businesses. Our global footprint and innovative solutions allow us to offer even more effective support to companies and their employees undergoing such changes, helping us to capture further share in the growing career transition market. In talent development, skills shortages and companies' increasing commitment to home-grown talent will continue to drive up demand. Our innovative service offerings also provide more affordable solutions for non-C-level executives, creating further growth opportunities.

Dividend history



Distribution of broker ratings in 2014 at quarter end *in %*



Best-in-class operating margins and strong operating leverage

While revenue development hinges to a large degree on economic activity, we practise price discipline and continuously focus on our business mix in order to optimise gross profit. With our strategic mid-term priorities on Professional Staffing & Services including permanent placement, as well as Business Process Outsourcing solutions, we are clearly concentrating our investments in the growth of higher-margin businesses.

To maximise overall profitability in a cyclical business like ours, it is also very important to manage our cost base very strictly. Our approach is to be very proactive, to ensure that we deliver strong operating leverage and increasing returns in times of economic growth, while protecting profitability in downturns. Our strategy is focused on achieving leading profitability in all our markets.

Consistent cash generation and a shareholder-friendly approach to use of cash

Adecco requires limited capital investment for growth, helping to make the business highly cash-generative. By applying the EVA concept throughout the organisation, we incentivise our colleagues in the field to focus on the efficient use of capital in the operations, primarily by optimising our accounts receivable. This helps to maximise the operating cash flow of the business.

We seek to use our free cash flow in a shareholder-friendly manner. While our business offers operating leverage, we limit financial leverage and will always aim to maintain our investment grade credit rating. In 2012, as we had not planned any major acquisitions in the mid-term, we began a series of share buyback programmes using the excess cash that we generate. These programmes are on top of our regular dividend payments.

Dividend Since 2011, our policy is to maintain a dividend pay-out ratio in a range of 40–50% of adjusted net earnings. In addition, we are committed to pay at least a stable dividend compared to the previous year even if the pay-out range is temporarily exceeded, barring seriously adverse economic conditions. For 2013 Adecco paid a dividend of CHF 2.00 per share. At the next Annual General Meeting, the Board of Directors will propose a dividend of CHF 2.10 per share for 2014 for approval by shareholders. This amount represents an increase of 5% compared to the dividend paid for 2013 and is equivalent to a pay-out ratio of 49% of adjusted net earnings.

Share buyback programmes In 2012 we announced our first share buyback programme of EUR 400 million, which was completed in September 2013. A second share buyback programme of EUR 250 million was completed in November 2014 and we immediately launched a further programme of up to EUR 250 million.

Experienced Management focused on operational execution and longer-term strategic vision

The strategy and objectives of the Adecco Group are determined by the Board of Directors, while the day-to-day operation of the business is managed by the CEO and the Executive Committee. The Executive Committee is composed of the CEO, CFO, and regional and functional heads with a long history of service in Adecco and the HR services industry. Our management approach is to be very focused on operational execution and to monitor closely our key performance indicators. This is critical in a business where conditions can change very quickly. At the same time, we are working to a clear strategic vision, focused on our common purpose to help people to 'better work, better life' and expressed through our six mid-term strategic priorities: Engagement; Information Technology; Professional Staffing & Services; Segmentation; BPO solutions; and the Emerging Markets.

1 Yield is based on the year end share price.

Adecco share price in CHF and main events 2014

Investor Relations activities

The Investor Relations team focuses on providing transparent and consistent information and interactive communication. We strive for an open dialogue with the financial community, the media, and all key stakeholders to enhance understanding of the business as well as to explain the risks and opportunities.

The Adecco Group is committed to providing regular updates on key value drivers, business strategy, threats, and opportunities as well as key ratios used by the Group to track its own performance. We are dedicated to providing true, fair, and up-to-date information to every interested stakeholder, so that the share price reflects the inherent value of the Company.

We formally communicate our financial performance in our comprehensive quarterly results, which Management discusses with the financial community via a conference call and webcast. We also offer meetings with Management and Investor Relations at roadshows, conferences, and at our headquarters. In addition, we strive to ensure clear and transparent communication of other price-sensitive information through press releases and comprehensive content on our website at investor.adecco.com. We respect the legal obligations relating to confidentiality and disclosure, and make every effort to guarantee equal distribution of price-sensitive information.

In keeping with our approach, we maintained an open dialogue with the financial community through our Investor Relations activities in 2014. During the year, we devoted 49 days to market communication through broker conferences and roadshows in Europe and North America, during which we held over 300 one-on-one or group meetings with investors.

In 2014 we held our biennial Investor Days. The two-day event in Rome featured updates on the Group's strategy and financial performance, detailed presentations on our operations in Italy, France, Iberia, Eastern Europe & MENA, as well as US Healthcare Staffing, and a technology expo.

Analyst coverage

Adecco's development is closely monitored by the financial community. Currently 23 brokers actively cover Adecco, maintaining regular contact with Management and the Investor Relations team. They comprise ABN Amro, Bank am Bellevue, Bank of America Merrill Lynch, Bank Vontobel, Barclays Capital, Bryan Garnier & Co., Citigroup, Credit Suisse, Deutsche Bank, Exane BNP Paribas, Goldman Sachs, Helvea-Baader Bank Group, HSBC, Jefferies, JP Morgan Cazenove, Kepler-Chevreux, MainFirst, Morgan Stanley, Rabobank, Redburn, Royal Bank of Canada, UBS, and Zürcher Kantonalbank.

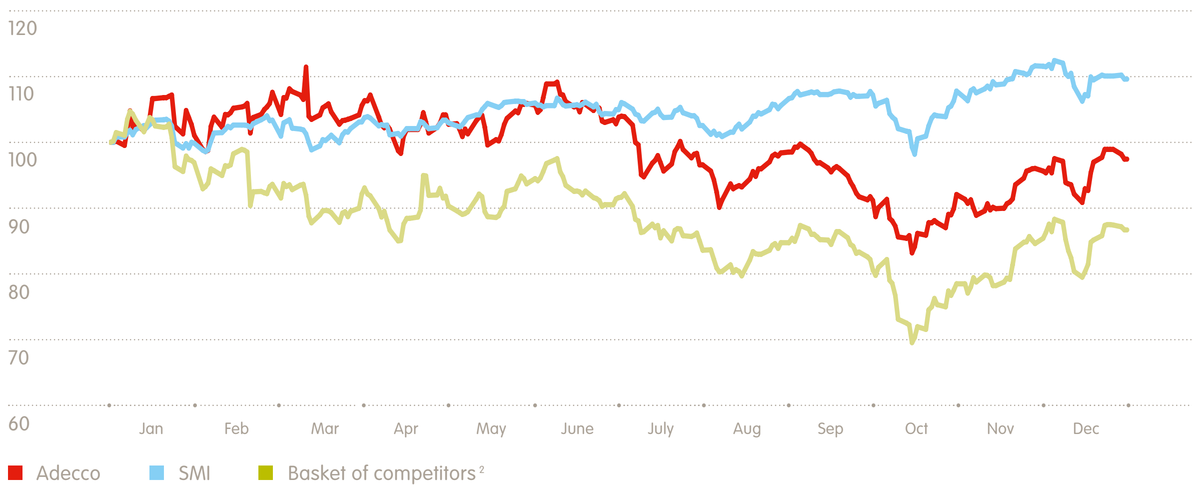
After reporting the Q4 and FY results for 2013, at the end of March 2014, 57% of the analysts recommended buying the stock, 30% had a neutral view, and 13% recommended selling. The year 2014 ended with 52% of the analysts having a buy recommendation, 39% being neutral, and 9% having a sell recommendation on Adecco shares. This development was influenced by continued strong profitability, improving revenue trends, and the share price performance.

Share performance report

Following a 47% increase in 2013, the Adecco share price started 2014 at CHF 70.60. For the first six months, the share price fluctuated between a low of CHF 69.45 and a high of CHF 78.60, closing at CHF 73.00 on June 30, 2014. From July, European equity markets in general, and cyclical stocks in particular, came under some pressure due to renewed concerns about the economic outlook in the region. In October, Adecco shares fell to their low for the year of CHF 58.85, before recovering to end the year at CHF 68.85.

Over the year 2014, the Adecco share price decreased by 2%. This represents an underperformance of 12% compared to the Swiss Market Index (SMI) (in CHF), but an outperformance of 12% against a basket of our key competitors[2] in the staffing industry. Adecco's market capitalisation, based on issued shares, was CHF 12.3 billion at the end of 2014, compared with CHF 13.4 billion at the end of 2013.

Share price performance comparison 2014
in CHF, indexed to 100



Shareholder base

In 2014, there was a significant change in the shareholder base of the Adecco Group. The Company was created in 1996 by the merger of Adia Interim SA and Ecco SA. The major shareholders of these companies – Klaus Jacobs and Philippe Foriel-Destezet, respectively – became Adecco's largest shareholders. In 2005 and 2006, the Jacobs family acquired a large portion of Philippe Foriel-Destezet's stake, in the process becoming by far the Group's largest shareholder. In March 2014, the Jacobs Group sold the majority of its 18.4% stake. At the end of 2014, family members together owned less than 1% of Adecco shares.

Adecco continues to have a broad investor base, made up of over 14,000 shareholders. Following the placings of the Jacobs family, the free float (defined as shares issued minus insider and treasury shares in proportion to the shares issued) stood at 97% on December 31, 2014, and our top 20 shareholders held approximately 49% of the issued and outstanding share capital. European institutional investors had increased their holdings in Adecco to 36% of shares issued at the end of 2014, compared to 32% at the end of 2013. The percentage held by North American institutions increased by 11% to 38%.

At the Annual General Meeeting (AGM) 2014 the cancellation of 10,181,696 shares, representing 5% of Adecco shares, was approved and was correspondingly executed in July. The number of shares in issue was therefore reduced to 179,081,810 shares. The Board of Directors will propose a further cancellation of 4,606,873 shares at the AGM 2015.

Shareholder concentration

as of year end 2014	*in % of shares issued*
Top 5 investors	25%
Rest of top 10 investors	10%
Rest of top 20 investors	14%
Rest of top 50 investors	19%
Others	32%

Shareholder structure

in % of shares issued	2014	2013
Institutional:		
• Europe	36%	32%
• North America	38%	27%
• Rest of World	5%	2%
Retail	4%	4%
Insider and treasury	3%	24%
Unassigned	14%	11%

Key data

	2014	2013
Shares issued	179,081,810	189,263,506
Treasury shares	5,633,241	11,125,506
Shares outstanding	173,448,569	178,138,000
Weighted-average shares	176,267,821	180,511,706
Basic earnings per share in EUR	3.62	3.09
Diluted earnings per share in EUR	3.61	3.08
Dividend per share in CHF	2.10[3]	2.00
Year end share price in CHF	68.85	70.60
Highest share price in CHF	78.60	70.60
Lowest share price in CHF	58.85	47.72
Year end market capitalisation in CHF million[4]	12,330	13,362
Price/earnings ratio[5]	15.8	18.6
Enterprise value[6]/EBITA	12.1	14.6

2 Manpower, Randstad (market capitalisation weighted in CHF).

3 Proposed by the Board of Directors.

4 Based on shares issued.

5 Based on basic earnings per share and share price at year end; CHF/EUR per year end 2014: 1.20 (year end 2013: 1.22).

6 Enterprise value equals net debt plus market capitalisation at year end; CHF/EUR per year end 2014: 1.20 (year end 2013: 1.22).

Financial Review

Adecco Group –
Operating and financial review and prospects

in millions, except share and per share information

1. Introduction

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

Statements throughout this discussion and analysis using the term "the Company" refer to the Adecco Group, which comprises Adecco S.A., a Swiss corporation, its consolidated subsidiaries, as well as variable interest entities for which Adecco is considered the primary beneficiary (for further details, refer to section "Principles of consolidation" in Note 1 to the consolidated financial statements).

1.1 Business and industry background

The Company is the world's leading provider of human resource services including temporary staffing, permanent placement, outsourcing, career transition (outplacement), and other services. The Company had a network of around 5,100 branches and more than 31,000 full-time equivalent ("FTE") employees in over 60 countries and territories at the end of 2014. In 2014, the Company connected on average on a daily basis more than 650,000 associates with our clients. Registered and headquartered in Switzerland and managed by a multinational team with expertise in markets worldwide, the Company delivers a broad range of human resource services to meet the needs of small, medium and large business clients as well as those of associates.

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

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

1.2 Organisational structure

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

1.3 Service lines

Revenues and gross profit derived from temporary staffing totalled 90% and 74% in 2014 and 91% and 74% in 2013 of the respective consolidated totals. Temporary staffing billings are generally negotiated and invoiced on an hourly basis. Associates record the hours they have worked and these hours, at a rate agreed with the customer, are then accumulated and billed according to the agreed terms. Temporary staffing revenues are recognised upon rendering the services. The associate is paid the net hourly amount after statutory deductions on a daily, weekly, or monthly basis. Certain other employer payroll-related costs are incurred and the net difference between the amounts billed and payroll costs incurred is reported as gross profit.

Revenues and gross profit derived from permanent placement, outsourcing, career transition, and other services totalled 10% and 26% in 2014 and 9% and 26% in 2013 of the respective consolidated totals. The terms of outsourcing and outplacement services are negotiated with the client on a project basis and revenues are recognised upon rendering the services. For permanent placement services, the placement fee is directly negotiated with the client and revenues are recognised at the time the candidate begins full-time employment, or as the fee is earned. Allowance provisions are established on historical information for any non-fulfilment of permanent obligations. Career transition and permanent placement services provide significantly higher margins than temporary staffing.

1.4 Key performance indicators

The Company monitors operational results through a number of additional key performance indicators besides revenues, gross profit, selling, general, and administrative expenses, and EBITA (operating income before amortisation of intangible assets), and uses these measures of operational performance along with qualitative information and economic trend data to direct the Company's strategic focus.

These indicators include the following:

- Service line mix – the split between temporary staffing, permanent placement, outsourcing, career transition, and other services.
- Business line mix – the split between General Staffing (Office, Industrial), Professional Staffing (Information Technology, Engineering & Technical, Finance & Legal, Medical & Science), and Solutions.
- Sequential revenue momentum – the quarter-on-quarter revenue development compared to the long–term trend.
- Bill rate – an average hourly billing rate for temporary staffing services indicating current price levels.
- Pay rate – an average hourly payroll rate including social charges for temporary staffing services indicating current costs.
- Temporary hours sold – the volume of temporary staffing services sold.
- Associates – the number of associates at work.
- Clients – the number of active clients.
- Permanent placements – the number of candidates placed in permanent job positions.
- Average fee per placement – the average amount received for job placement services.
- Days sales outstanding ("DSO") – accounts receivable turnover.
- Full-time equivalent ("FTE") employees.
- Retention rate of employees, associates, and clients.
- Branches – the number of locations from which the Company offers HR services.
- Conversion ratio – EBITA as a percentage of gross profit.
- Economic Value Added – residual income after cost of capital.

1.5 Seasonality

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

1.6 Currency

The financial results of the Company are presented in Euro, which the Company uses as its reporting currency in recognition of the significance of the Euro to the Company's operations. In 2014, 47% of total revenues were generated in the Euro zone. Amounts shown in the consolidated statements of operations, consolidated statements of comprehensive income, and consolidated statements of cash flows are translated using average exchange rates for the period or at transaction exchange rates. In 2014, the US Dollar, British Pound, Japanese Yen, Swiss Franc, Norwegian Krone, Australian Dollar, and Canadian Dollar comprised 19%, 10%, 5%, 2%, 2%, 2% and 2% of total revenues, respectively. The average exchange rate for all currencies except the British Pound and the Swiss Franc weakened against the Euro when compared to 2013. The Company's consolidated balance sheets are translated using the year end exchange rates. At year end 2014, all aforementioned currencies except the Norwegian Krone strengthened against the Euro when compared to 2013.

On January 15, 2015, the Swiss National Bank announced that it was removing the ceiling on the exchange rate of 1.20 Swiss Franc per Euro. As of February 28, 2015 the exchange rate was 1.07 Swiss Franc per Euro. In addition to the weakening of the Euro against the Swiss Franc, the Euro weakened against most currencies comparing the exchange rates as of February 28, 2015 with the exchange rates as of December 31, 2014. This had no impact on the consolidated financial statements of the Company for the year ended December 31, 2014.

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

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

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

2.1 EBITA

EBITA refers to operating income before amortisation of intangible assets. Management believes that EBITA is important supplemental information for investors because it focuses on the underlying growth and performance of the Company's business.

2.2 Net debt

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

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

in EUR	31.12.2014	31.12.2013
Net debt		
Short-term debt and current maturities of long-term debt	89	492
Long-term debt, less current maturities	1,584	1,567
Total debt	**1,673**	**2,059**
Less:		
Cash and cash equivalents	695	963
Short-term investments	3	
Net debt	**975**	**1,096**

2.3 Constant currency

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

2.4 Organic growth

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

in millions, except share and per share information

3. Operating results

3.1 Overview

			Variance %	
in EUR	**2014**	**2013**	**EUR**	**Constant currency**
Revenues	20,000	19,503	3	4
Gross profit	3,703	3,560	4	5
Gross margin	18.5%	18.3%		
EBITA	928	821	13	15
EBITA margin	4.6%	4.2%		
Operating income	891	779	14	16
Net income attributable to Adecco shareholders	638	557	14	
Basic EPS	3.62	3.09	17	

3.2 Revenues

Revenues in 2014 amounted to EUR 20,000. Compared to the same period last year, revenues increased by 3% or by 4% in constant currency. This was mainly due to an increase of 2% in the temporary staffing volume as temporary hours sold increased to 1,166 million. Permanent placement revenues were EUR 348 in 2014, an increase of 9% or 11% in constant currency. Revenues from career transition amounted to EUR 297 in 2014, an increase of 6% or 7% in constant currency.

3.3 Gross profit

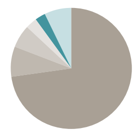
Gross profit amounted to EUR 3,703 in 2014, an increase of 4% or 5% in constant currency compared to 2013. The gross margin was 18.5%, up 20 basis points ("bps") year-on-year. Temporary staffing had a 20 bps positive impact on the gross margin, driven by our continued strict approach to pricing as well as the effect of the French CICE (tax credit for competitiveness and employment). Permanent Placement added 10 bps to the gross margin and the outplacement business added 5 bps, while other activities had a 15 bps negative impact.

3.4 Selling, general, and administrative expenses

During 2014, the Company maintained its emphasis on cost control. Selling, general, and administrative expenses ("SG&A") were EUR 2,775 in 2014 and increased by 1% or by 3% in constant currency compared to 2013. SG&A as a percentage of revenues decreased by 10 bps to 13.9% in 2014. Included in 2014 are restructuring expenses of EUR 37 mainly related to the move to a single headquarters in North America and to further structurally improve our profitability in Germany. In 2013, restructuring expenses were EUR 33 mainly related to France and the consolidation of several data centres in North America.

Compensation expenses comprised 73% of total SG&A and increased by 3% in constant currency to EUR 2,020 in 2014. Marketing expenses were EUR 76 in 2014, compared to EUR 71 in 2013. Bad debt expense increased by EUR 1 to EUR 9 in 2014.

SG&A breakdown
FY 2014



FTE employees and branches

The average FTE employees during 2014 increased by 1% and the average branch network during 2014 decreased by 2%.

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

Segment breakdown (yearly average)	FTE employees		Branches	
	2014	Variance %	2014	Variance %
France	4,622	(2)	1,006	(4)
North America	6,781	1	832	(1)
UK & Ireland	2,636	1	357	(2)
Germany & Austria	2,356	(2)	446	(3)
Japan	1,796	(6)	139	6
Italy	1,519	17	375	(1)
Benelux	1,405	1	355	1
Nordics	918	(5)	173	(3)
Iberia	1,367	0	360	(5)
Australia & New Zealand	418	(4)	62	(1)
Switzerland	434	4	99	1
Emerging Markets	5,251	1	607	0
LHH	1,721	7	263	(6)
Corporate	352	23		
Adecco Group	**31,576**	**1**	**5,074**	**(2)**

in millions, except share and per share information

3.5 EBITA
EBITA was EUR 928 in 2014, and increased by 13% or by 15% in constant currency compared to 2013. The EBITA margin was 4.6% in 2014 and 4.2% in 2013. The EBITA margin excluding restructuring costs of EUR 37 in 2014 and EUR 33 in 2013 was 4.8% in 2014, up 40 bps compared to 4.4% in 2013.

3.6 Amortisation of intangible assets
Amortisation of intangible assets decreased by EUR 5 to EUR 37 in 2014.

3.7 Operating income
Operating income amounted to EUR 891 in 2014 compared to EUR 779 in 2013.

3.8 Interest expense
Interest expense was EUR 69 in 2014 compared to EUR 79 in 2013.

3.9 Other income/(expenses), net
Other income/(expenses), net, which includes interest income, foreign exchange gains and losses, proportionate net income of investee companies, and other non-operating income/(expenses), net amounted to an income of EUR 5 in 2014 compared to an expense of EUR 2 in 2013.

3.10 Provision for income taxes
Provision for income taxes was EUR 187 in 2014 compared to EUR 140 in 2013. The effective tax rate was 23% in 2014, and 20% in 2013.

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

The effective tax rate in both years includes the positive impact from the successful resolution of prior years' audits and disputes, the expiration of the statutes of limitations, and other permanent items primarily related to intercompany provisions and write-offs that are deductible for tax purposes but have no impact on the consolidated financial statements.

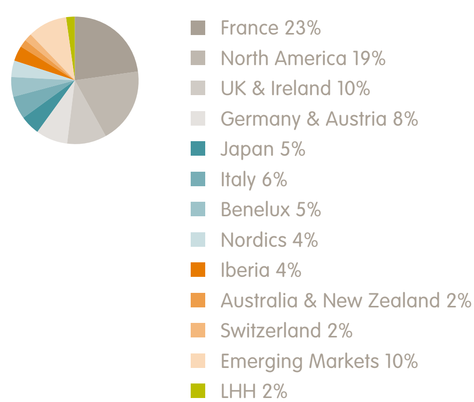
Discrete events had a positive impact on the tax rate of approximately 5% in 2014 and 8% in 2013.

3.11 Net income attributable to Adecco shareholders and basic EPS
Net income attributable to Adecco shareholders increased to EUR 638 in 2014 compared to EUR 557 in 2013. Basic earnings per share ("EPS") was EUR 3.62 in 2014 compared to EUR 3.09 in 2013.

4. Segment performance and revenues by business line

On a geographical basis, trends in 2014 were somewhat mixed. In France, revenues declined by 2% while revenues in North America increased by 5% in constant currency. Our strongest revenue growth was in Italy (14%) and in Iberia (19%). The Emerging Markets continued to expand solidly, growing 11% in constant currency. Our weakest revenue performance in 2014 was in Australia & New Zealand, which saw a decline of 11% in constant currency. In the other markets, we saw single digit revenue growth in constant currency.

2014 revenue split by segment



The segment breakdown of revenues and EBITA for 2014 and 2013 is presented in the following tables:

Revenues by segment

in EUR	2014	2013	Variance % EUR	Variance % Constant currency
France	4,640	4,735	(2)	(2)
North America[1]	3,854	3,726	3	5
UK & Ireland	2,061	1,907	8	3
Germany & Austria	1,687	1,620	4	4
Japan	1,032	1,118	(8)	2
Italy	1,098	960	14	14
Benelux	982	929	6	6
Nordics	821	815	1	6
Iberia	789	662	19	19
Australia & New Zealand	350	423	(17)	(11)
Switzerland	427	411	4	3
Emerging Markets	1,925	1,878	3	11
LHH	334	319	5	6
Adecco Group	**20,000**	**19,503**	**3**	**4**

1 In 2014, revenues changed organically in North America by 4%.

EBITA and EBITA margin by segment

	EBITA				EBITA margin		
			Variance %				Variance
in EUR	2014	2013	EUR	Constant currency	2014	2013	bps
France	280	224	25	25	6.0%	4.7%	130
North America	205	168	22	24	5.3%	4.5%	80
UK & Ireland	49	37	33	27	2.4%	1.9%	50
Germany & Austria	77	88	(13)	(13)	4.6%	5.5%	(90)
Japan	57	66	(13)	(5)	5.5%	5.9%	(40)
Italy	65	58	12	12	5.9%	6.0%	(10)
Benelux	45	39	15	15	4.5%	4.2%	30
Nordics	23	21	11	16	2.9%	2.6%	30
Iberia	31	18	73	73	3.9%	2.7%	120
Australia & New Zealand	0	8	(96)	(95)	0.1%	1.9%	(180)
Switzerland	38	34	11	9	8.8%	8.3%	50
Emerging Markets	68	65	5	14	3.5%	3.4%	10
LHH	98	88	11	13	29.3%	27.5%	180
Corporate	(108)	(93)					
Adecco Group	**928**	**821**	**13**	**15**	**4.6%**	**4.2%**	**40**

in millions, except share and per share information

From a business line perspective, General Staffing represented 75% of Group revenues in 2014 with the remaining 25% coming from Professional Staffing and Solutions. In 2014, General Staffing revenues increased by 4% and Professional Staffing by 1%, both in constant currency. In our Solutions business, Career Transition and Talent Development services reported a revenue increase of 6% in constant currency, while our BPO[1] business grew 23% organically.

The business line breakdown of revenues is presented below:

in EUR	2014	2013	Variance % EUR	Variance % Constant currency
Revenues[1]				
Office	4,815	4,949	(3)	1
Industrial	10,142	9,627	5	6
General Staffing	**14,957**	**14,576**	**3**	**4**
Information Technology	2,337	2,249	4	3
Engineering & Technical	1,103	1,138	(3)	(2)
Finance & Legal	778	751	4	3
Medical & Science	349	364	(4)	(3)
Professional Staffing	**4,567**	**4,502**	**1**	**1**
CTTD	334	319	5	6
BPO[2]	142	106	34	34
Solutions[2]	**476**	**425**	**12**	**13**
Adecco Group	**20,000**	**19,503**	**3**	**4**

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

2 In 2014, revenues increased organically in BPO by 23% and in Solutions by 10%.

4.1 Segment performance

France

in EUR	2014	2013	Variance %
Revenues	4,640	4,735	(2)
EBITA	280	224	25
EBITA margin	6.0%	4.7%	

In 2014, revenues in France decreased by 2% to EUR 4,640. Temporary hours sold decreased by 3% and bill rates increased by 1% versus 2013. Revenues in Industrial, which accounts for approximately 85% of revenues in France, remained flat, while revenues in Office decreased by 19% and in Professional Staffing decreased by 5%. Permanent placement revenues in France were up 10%. EBITA amounted to EUR 280 in 2014 compared to EUR 224 in 2013. Included in EBITA are restructuring costs of EUR 4 in 2014 and EUR 19 in 2013. The EBITA margin excluding restructuring costs was 6.1% in 2014 compared to 5.1% in 2013. In 2014, CICE (tax credit for competitiveness and employment) had a further positive effect year-on-year, due to the increase in the credit on employee salaries up to 2.5 times the minimum wage, from 4% in 2013 to 6% for 2014.

North America

			Variance %	
in EUR	2014	2013	EUR	Constant currency
Revenues	3,854	3,726	3	5
EBITA	205	168	22	24
EBITA margin	5.3%	4.5%		

In North America, revenues were EUR 3,854 in 2014, an increase of 3% or an increase of 5% in constant currency compared to 2013. Temporary hours sold grew by 5% and bill rates decreased by 1% versus 2013 in constant currency. In North America, General Staffing accounts for approximately half of the revenues. In Industrial revenues increased by 11%, whereas in Office revenues decreased by 1%, both in constant currency. Revenues in Professional Staffing grew by 2% in constant currency. Revenues increased by 3% in IT, 5% in Finance & Legal, 8% in Medical & Science and decreased by 1% in Engineering & Technical, all in constant currency. Permanent placement revenues in North America were up 11% in constant currency. EBITA in 2014 was EUR 205 compared to EUR 168 in the previous year. Included in EBITA are restructuring costs of EUR 18 in 2014, for the move to a single headquarters in North America, and EUR 6 in 2013. The EBITA margin excluding restructuring costs was 5.8% in 2014, an increase of 110 bps when compared to the prior year.

UK & Ireland

			Variance %	
in EUR	2014	2013	EUR	Constant currency
Revenues	2,061	1,907	8	3
EBITA	49	37	33	27
EBITA margin	2.4%	1.9%		

In 2014, revenues in the UK & Ireland increased by 8% or by 3% in constant currency. Temporary hours sold decreased by 1% and bill rates increased by 3% versus 2013 in constant currency. Approximately two-thirds of revenues come from Professional Staffing, which grew by 5% in constant currency. Revenues increased by 6% in IT and by 3% in Finance & Legal, whereas revenues in Engineering & Technical declined by 14%, all in constant currency. Within General Staffing, the majority of revenues are in Office, which decreased by 1% in constant currency. Permanent placement revenues increased by 8% in constant currency. EBITA in 2014 amounted to EUR 49 compared to EUR 37 in the same period of the prior year. The EBITA margin was 2.4% in 2014 compared to 1.9% in 2013 or 2.1% excluding restructuring costs of EUR 3 in 2013.

Germany & Austria

in EUR	2014	2013	Variance %
Revenues	1,687	1,620	4
EBITA	77	88	(13)
EBITA margin	4.6%	5.5%	

In Germany & Austria, revenues were EUR 1,687 in 2014, an increase of 4% compared to the previous year. Temporary hours sold increased by 2% and bill rates grew by 2% versus 2013. Revenues in Industrial, which accounts for approximately 70% of the revenues in Germany & Austria, increased by 7%. Revenues in Professional Staffing decreased by 3%. EBITA amounted to EUR 77 in 2014 compared to EUR 88 in 2013. Included in 2014 are restructuring costs of EUR 14. The EBITA margin excluding restructuring costs was 5.4% in 2014 compared to an EBITA margin of 5.5% in 2013.

in millions, except share and per share information

Japan

in EUR	2014	2013	Variance % EUR	Variance % Constant currency
Revenues	1,032	1,118	(8)	2
EBITA	57	66	(13)	(5)
EBITA margin	5.5%	5.9%		

In Japan, revenues in 2014 were EUR 1,032, a decrease of 8% or an increase of 2% in constant currency. Temporary revenues remained flat in constant currency. Temporary hours sold decreased by 2% and bill rates increased by 2% versus 2013 in constant currency. Revenues in outsourcing were up 6% in constant currency. In Office, which accounts for approximately 75% of total revenues in Japan, revenues decreased by 1% in constant currency. In the Professional Staffing business, which comprises IT and Engineering & Technical, revenues increased by 7% in constant currency. EBITA was EUR 57 in 2014 compared to EUR 66 in 2013. The EBITA margin was 5.5% compared to 5.9% in 2013.

Italy

in EUR	2014	2013	Variance %
Revenues	1,098	960	14
EBITA	65	58	12
EBITA margin	5.9%	6.0%	

Revenues in Italy increased by 14% in 2014 compared to the previous year, as temporary hours sold grew by 14% and bill rates remained flat versus 2013. The EBITA margin in 2014 was 5.9%, down 10 bps compared to 2013.

Benelux

in EUR	2014	2013	Variance %
Revenues	982	929	6
EBITA	45	39	15
EBITA margin	4.5%	4.2%	

In 2014 revenues in Benelux increased by 6%. Temporary hours sold increased by 6% and bill rates remained flat versus 2013. The EBITA margin was 4.5% in 2014 compared to 4.2% in the previous year.

Nordics

in EUR	2014	2013	Variance % EUR	Variance % Constant currency
Revenues	821	815	1	6
EBITA	23	21	11	16
EBITA margin	2.9%	2.6%		

In 2014, revenues in the Nordics increased by 1% or by 6% in constant currency. Temporary hours sold increased by 4% and bill rates increased by 2% versus 2013 in constant currency. The EBITA margin was 2.9% in 2014 compared to 2.6% in 2013.

Iberia

in EUR	2014	2013	Variance %
Revenues	789	662	19
EBITA	31	18	73
EBITA margin	3.9%	2.7%	

Revenues increased in Iberia by 19% in 2014 compared to the previous year. Temporary hours sold increased by 20% and bill rates increased by 1%. Revenues in outsourcing increased by 17% compared to 2013. The EBITA margin was 3.9% in 2014 compared to 2.7% or 3.0% excluding restructuring costs of EUR 2 in 2013.

Australia & New Zealand

in EUR	2014	2013	Variance % EUR	Variance % Constant currency
Revenues	350	423	(17)	(11)
EBITA	0	8	(96)	(95)
EBITA margin	0.1%	1.9%		

Revenues in Australia & New Zealand decreased by 17% or by 11% in constant currency in 2014 compared to the previous year. Temporary hours sold decreased by 16% and bill rates increased by 3% versus 2013 in constant currency. The EBITA margin was 0.1%, compared to 1.9% in 2013.

Switzerland

in EUR	2014	2013	Variance % EUR	Variance % Constant currency
Revenues	427	411	4	3
EBITA	38	34	11	9
EBITA margin	8.8%	8.3%		

Revenues in Switzerland increased by 4% or by 3% in constant currency in 2014 compared to the previous year. Temporary hours sold grew by 3% and bill rates remained flat versus 2013 in constant currency. The EBITA margin was 8.8%, up 50 bps compared to 2013.

Emerging Markets

in EUR	2014	2013	Variance % EUR	Variance % Constant currency
Revenues	1,925	1,878	3	11
EBITA	68	65	5	14
EBITA margin	3.5%	3.4%		

Revenues in the Emerging Markets increased by 3% or by 11% in constant currency. The EBITA margin was 3.5% in 2014 compared to 3.4% in 2013.

LHH

in EUR	2014	2013	Variance % EUR	Variance % Constant currency
Revenues	334	319	5	6
EBITA	98	88	11	13
EBITA margin	29.3%	27.5%		

Revenues of LHH, Adecco's Career Transition & Talent Development business, amounted to EUR 334, an increase of 5% or 6% in constant currency. EBITA amounted to EUR 98 and the EBITA margin was 29.3%. This compares to an EBITA margin of 27.5% in 2013 or 28.2% excluding restructuring costs in 2013.

5. Outlook

In the fourth quarter, organic revenue growth slowed compared to the first nine months. This reflected some softness in parts of Europe, especially in France and Germany. Since the start of 2015, the trends in the Company's businesses in Europe and Japan have become more positive, while growth remains robust in North America and in Emerging Markets. Revenue growth was 4% for January and February 2015 combined, in constant currency and adjusted for trading days; this was flattered slightly by the favourable timing of holidays in January 2015, but the underlying picture shows a clear improvement compared to the end of 2014. Based on these trends and the current economic outlook, the Company expects a further positive development of demand for flexible labour over the course of 2015.

Given this picture, the Company will continue to invest selectively where it sees organic growth opportunities and where productivity is already at a high level. At the same time, the Company maintains its focus on tight cost control. In Q1 2015, SG&A is expected to increase slightly compared to Q4 2014 in constant currency and excluding restructuring costs, in-line with the normal seasonal pattern.

The Company continues to be very focused on reaching its EBITA margin target of above 5.5% in 2015. Economic growth slowed in the second half of 2014, but a pick-up of GDP growth is expected for 2015 and the start of the year suggests this is already beginning to happen. Given this outlook and based on the good progress on the Company's six strategic priorities and its continued price and cost discipline, the Company remains convinced it will achieve its target.

6. Liquidity and capital resources

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

The principal funding requirements of the Company's business include financing working capital and capital expenditures.

in millions, except share and per share information

Capital expenditures mainly comprise the purchase of computer equipment, capitalised software, and the cost of leasehold improvements.

Within the Company's working capital, trade accounts receivable, net of allowance for doubtful accounts, comprise approximately 80% of total current assets as of December 31, 2014. Accounts payable, accrued salaries and wages, payroll taxes and employee benefits, and sales and value added taxes comprise approximately 80% of total current liabilities as of December 31, 2014. Working capital financing needs increase as business grows.

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

6.1 Analysis of cash flow statements

Cash and cash equivalents decreased by EUR 268 to EUR 695 as of December 31, 2014. The decrease was mainly due to the repayment of EUR 346 of long-term debt, the EUR 291 payment of dividends, the purchase of treasury shares of EUR 281, and capital expenditures of EUR 80. This was partly offset by the generation of EUR 785 in operating cash flows.

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

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

in EUR	2014	2013
Summary of cash flow information		
Cash flows from operating activities	785	520
Cash used in investing activities	(93)	(55)
Cash used in financing activities	(978)	(570)

Cash flows from operating activities increased by EUR 265 to EUR 785 in 2014, which includes the cash proceeds of EUR 109 for the sale of a portion of the CICE receivables in 2014. The remaining increase is primarily attributable to less pick-up in the business at the end of 2014 compared to the end of 2013 and a decrease in DSO at the end of 2014 compared to the end of 2013. DSO was 53 days for the full year 2014 compared to 54 days for the full year 2013.

Cash used in investing activities totalled EUR 93 compared to EUR 55 in 2013. The Company's capital expenditures amounted to EUR 80 in 2014 and EUR 81 in 2013.

Cash used in financing activities totalled EUR 978, compared to EUR 570 in 2013. In 2014, the Company repaid long-term debt of EUR 346, whereas in 2013 the Company issued long-term debt of EUR 398, net of issuance costs and repaid long-term debt of EUR 345. Furthermore, the Company paid dividends of EUR 291 and EUR 266 in 2014 and 2013, respectively, and purchased treasury shares for EUR 281 and EUR 297 in 2014 and 2013, respectively.

6.2 Additional capital resources

As of December 31, 2014, the Company's total capital resources amounted to EUR 5,811 comprising EUR 1,673 in debt and EUR 4,138 in equity, excluding treasury shares and noncontrolling interests. Long-term debt, including current maturities, was EUR 1,585 as of December 31, 2014 and EUR 1,914 as of December 31, 2013 and includes long- and medium-term notes. The borrowings, which are unsecured, are denominated in Euros and Swiss Francs. The borrowings outstanding as of December 31, 2014 mature in 2016, 2017, 2018, 2019 and 2020. During 2014, the Company decreased its short- and long-term debt including foreign currency effects by EUR 386.

The Company maintains a French commercial paper programme ("Billet de Trésorerie programme"). Under the programme, the Company may issue short-term commercial paper up to a maximum amount of EUR 400, with maturity per individual paper of 365 days or less. As of December 31, 2014 and December 31, 2013, EUR 51 and EUR 82, respectively, were outstanding under the programme, with maturities of up to 365 days. The weighted-average interest rate on commercial paper outstanding was 0.76% and 0.43% as of December 31, 2014 and December 31, 2013, respectively.

In addition, the Company maintains a committed EUR 600 multicurrency revolving credit facility with a maturity date of October 2018, which was amended in May 2014 for pricing and two new 1-year-extension options at the discretion of the banks were included. The facility is used for general corporate purposes including refinancing of advances and outstanding letters of credit. The interest rate is based on LIBOR, or EURIBOR for drawings denominated in Euro, plus a margin between 0.35% and 1.05% per annum, depending on certain debt-to-EBITDA ratios. A utilisation fee of 0.10%, 0.20%, and 0.40%, applies on top of the interest rate, for cash drawings of up to 33.33%, 66.67%, and above 66.67%, respectively, of the total commitment not used for letters of credit. The letter of credit fee equals the applicable margin, and the commitment fee equals 35% of the applicable margin. As of December 31, 2014 and December 31, 2013, there were no outstanding borrowings under the credit facility. As of December 31, 2014, the Company had EUR 534 available under the facility after utilising the Euro equivalent of EUR 66 in the form of letters of credit.

Net debt decreased by EUR 121 to EUR 975 as of December 31, 2014. The calculation of net debt based upon financial measures in accordance with U.S. GAAP is presented on page 41.

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, 2014, the Company was in compliance with all financial covenants.

For further details regarding financing arrangements refer to Note 7 to the consolidated financial statements.

The Company manages its cash position to ensure that contractual commitments are met and reviews cash positions against existing obligations and forecasted cash expenditures. The Company's policy is to invest excess funds primarily in investments with maturities of 12 months or less, and in money market and fixed income funds with sound credit ratings, limited market risk, and high liquidity.

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

in millions, except share and per share information

6.3 Contractual obligations

The Company's contractual obligations translated using December 31, 2014 exchange rates are as follows:

in EUR	2015	2016	2017	2018	2019	Thereafter	Total
Contractual obligations by year							
Short-term debt obligations	88						88
Long-term debt obligations	1	291	292	497	400	104	1,585
Interest on debt obligations	49	44	43	20	12	3	171
Operating leases	168	119	86	57	41	46	517
Purchase and service contractual obligations	63	42	27	5			137
Total	**369**	**496**	**448**	**579**	**453**	**153**	**2,498**

Short-term debt obligations consist of borrowings outstanding under the French commercial paper programme and other short-term debt. Long-term debt obligations consist primarily of the CHF 350 fixed rate notes due 2016, the CHF 350 fixed rate notes due 2017, the EUR 500 medium-term notes due 2018, the EUR 400 medium-term notes due 2019, and the CHF 125 fixed rate notes due 2020. These debt instruments were issued partly for acquisitions, share buyback programmes, to refinance existing debt, optimise available interest rates, and increase the flexibility of cash management.

Future minimum rental commitments under non-cancellable leases comprise the majority of the operating lease obligations of EUR 517 presented above. The Company expects to fund these commitments with existing cash and cash flows from operations. Operating leases are employed by the Company to maintain the flexible nature of the branch network.

As of December 31, 2014, the Company has future purchase and service contractual obligations of approximately EUR 137, primarily related to IT development and maintenance agreements, marketing sponsorship agreements, equipment purchase agreements, and other supplier commitments.

6.4 Additional funding requirements

The Company plans to invest approximately EUR 90 in property, equipment, and leasehold improvements for existing operations in 2015. The focus of these investments will be on information technology.

Additionally, the Company announced on March 11, 2015 the acquisition of Knightsbridge Human Capital Services, the market leader in career transition and talent development services in Canada, for an enterprise value of CAD 80. The transaction remains subject to customary closing conditions and is expected to close in Q2 2015.

Further planned cash outflows include distribution of dividends for 2014 on May 5, 2015 in the amount of CHF 2.10 per share to shareholders of record on April 30, 2015. The maximum amount of dividends payable based on the total number of outstanding shares (excluding treasury shares) as of December 31, 2014 of 173,448,569 is CHF 364. Payment of dividends is subject to approval by shareholders at the Annual General Meeting.

The Company launched the following share buyback programmes on a second trading line with the aim of subsequently cancelling the shares and reducing share capital:

- EUR 400 in June 2012 (completed in September 2013)
- EUR 250 in September 2013 (completed in November 2014)
- EUR 250 in November 2014 (acquired 576,750 shares for EUR 32 as of December 31, 2014)

At the Annual General Meeting of Shareholders of Adecco S.A. held on April 15, 2014, the shareholders approved the cancellation of 10,181,696 treasury shares acquired until December 31, 2013 under the share buyback programmes and the corresponding reduction of Adecco S.A.'s share capital by 10,181,696 registered shares with a nominal value of CHF 1.00 each. The cancellation of 10,181,696 treasury shares was completed on July 7, 2014. Effective July 7, 2014, the share capital of the Company amounts to CHF 179 divided into

179,081,810 shares. The Board of Directors of Adecco S.A. will propose to the Annual General Meeting of Shareholders of April 21, 2015 to cancel the total number of 4,606,873 treasury shares acquired in 2014 under the share buyback programmes. The Company plans to invest an additional EUR 218 to complete the second EUR 250 share buyback programme.

The Company has entered into certain guarantee contracts and standby letters of credit that total EUR 638, including the letters of credit issued under the multicurrency revolving credit facility (EUR 66). The guarantees primarily relate to government requirements for operating a temporary staffing business in certain countries and are generally renewed annually. Other guarantees relate to operating leases and credit lines. The standby letters of credit mainly relate to workers' compensation in the USA. If the Company is not able to obtain and maintain letters of credit and/or guarantees from third parties, then the Company would be required to collateralise its obligations with cash. Due to the nature of these arrangements and historical experience, the Company does not expect to be required to collateralise its obligations with cash.

6.5 Income taxes

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

Based on the outcome of examinations, or as a result of the expiration of the statute of limitations for specific jurisdictions, it is reasonably possible that the related unrecognised tax benefits for tax positions taken regarding previously filed tax returns could materially change in the next 12 months from those recorded as liabilities for uncertain tax positions in the financial statements. An estimate of the range of the possible changes cannot be made until issues are further developed or examinations closed.

6.6 Credit ratings

As of December 31, 2014, the Company's long-term credit rating was Baa2 stable outlook from Moody's and BBB+ stable outlook from Standard & Poor's.

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

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

Given the global nature of the Company's business, the Company is exposed to the effects of changes in foreign currency exchange rates. Consequently in order to preserve the value of assets, equity, and commitments, the Company enters into various contracts, such as foreign currency forward contracts, swaps, and cross-currency interest rate swaps, which change in value as foreign exchange rates change.

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

The Company has also issued fixed rate long- and medium-term notes. Accordingly, the Company manages exposure to changes in fair value of fixed interest long-term debt through the use of derivative instruments. The terms of the interest rate swaps generally match the terms of specific debt agreements. Additional discussion of these interest rate swaps is located in Note 11 to the consolidated financial statements.

8. Controls and compliance

The Company is committed to maintaining the highest standards of ethical business conduct. The Company's Chief Human Resources Officer and the Head of Group Compliance Reporting oversee worldwide business ethics and compliance practices and report regularly on these topics, depending on the nature of the irregularities, to the Audit Committee or to the Corporate Governance Committee. In addition, the Company's Head of Group Internal Audit reports directly to the Audit Committee.

The Board of Directors and management of the Company are responsible for establishing and maintaining adequate Internal Control Over Financial Reporting. Management has assessed the effectiveness of the Company's Internal Control Over Financial Reporting as of December 31, 2014. In making this assessment, management used the principles established in the updated Internal Control – Integrated Framework (May 2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management has concluded that, as of December 31, 2014, the Company's Internal Control Over Financial Reporting is effective.

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

9. 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 a review process in place 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 consolidated financial statements. The selection of critical accounting policies and estimates has been discussed with the Audit Committee. The Company's significant accounting policies are disclosed in Note 1 to the consolidated financial statements.

9.1 Accruals and provisions

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

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

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

9.2 Allowance for doubtful accounts

The Company makes judgements as to its ability to collect outstanding receivables and provides allowances for the portion of receivables when collection becomes doubtful. Provisions are made based on a specific review of significant outstanding invoices. For those invoices not specifically reviewed, provisions are recorded at differing percentages, based on the age of the receivable. In determining these percentages, the Company analyses its historical collection experience and current economic trends. In the event that recent history and trends indicate that a smaller or larger allowance is appropriate, the Company would record a credit or charge to SG&A during the period in which such a determination is made. Since the Company cannot predict with certainty future changes in the financial stability of its customers, additional provisions for doubtful accounts may be needed and the future results of operations could be materially affected. As of December 31, 2014 and December 31, 2013, the Company has recorded an allowance for doubtful accounts of EUR 56 and EUR 62, respectively. Bad debt expense of EUR 9 and EUR 8 was recorded in 2014 and 2013, respectively.

9.3 Income taxes

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

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

9.4 Impairment of goodwill and indefinite-lived intangible assets

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

In step one of the goodwill impairment test, the goodwill of the reporting units is tested for impairment by comparing the carrying value of each reporting unit to the reporting unit's fair value as determined using a combination of comparable market multiples, additional market information, and discounted cash flow valuation models. If the fair value of the reporting unit is lower than the carrying value of the reporting unit, step two is performed to measure the amount, if any, of impairment. In step two, the fair value of all assets and liabilities of the reporting unit is determined as if the reporting unit had been acquired on a stand-alone basis. The fair value of the reporting unit's assets and liabilities is then compared to the fair value of the reporting unit, with the excess, if any, considered to be the implied goodwill of the reporting unit. If the carrying value of the reporting unit's goodwill exceeds this implied goodwill value, that excess is recorded as an impairment charge in operating income. No impairment was recognised in 2014 or 2013.

Indefinite-lived intangible assets are tested by comparing the fair value of the asset to the carrying value of the asset. In the event that the carrying value exceeds the fair value, an impairment charge is recorded in operating income. No impairment charge was recognised in 2014 or 2013 in connection to indefinite-lived intangible assets.

Determining the fair value of a reporting unit and, if necessary, its assets (including indefinite-lived intangible assets) and liabilities requires the Company to make certain estimates and judgements about assumptions which include expected revenue growth rates, profit margins, working capital levels, discount rates, and capital expenditures. Estimates and assumptions are based on historical and forecasted operational performance and consider external market and industry data. Differences between the estimates used by management in its assessment and the Company's actual performance, as well as market and industry developments, and changes in the business strategy that may lead to reorganisation of reporting units could all result in an impairment of goodwill and indefinite-lived intangible assets.

9.5 Impairment of definite-lived intangible assets

Definite-lived intangible assets are evaluated for impairment by first comparing the carrying amount of a definite-lived intangible asset with the expected undiscounted future cash flows from the operations to which the asset relates. The asset is regarded as not recoverable if the carrying amount exceeds the undiscounted future cash flows. The impairment loss is then calculated as the difference between the asset's carrying value and its fair value, which is calculated using a discounted cash flow model. No impairment charge was recognised in 2014 or 2013 in connection with definite-lived intangible assets.

9.6 Accounting for restructuring costs

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

9.7 Defined benefit pension plans

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

9.8 Contingencies

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

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

10. Forward-looking statements

Information in this Annual Report may involve guidance, expectations, beliefs, plans, intentions or strategies regarding the future. These forward-looking statements involve risks and uncertainties. All forward-looking statements included in this Annual Report are based on information available to the Company as of March 19, 2015, and the Company assumes no duty to update any such forward-looking statements. The forward-looking statements in this Annual Report are not guarantees of future performance, and actual results could differ materially from the Company's current expectations. Numerous factors could cause or contribute to such differences. Factors that could affect the Company's forward-looking statements include, among other things:

- global GDP trends and the demand for temporary work;
- changes in regulation affecting temporary work;
- intense competition in the markets in which the Company operates;
- integration of acquired companies;
- changes in the Company's ability to attract and retain qualified internal and external personnel or clients;
- the potential impact of disruptions related to IT; and
- any adverse developments in existing commercial relationships, disputes or legal and tax proceedings.

Adecco Group – Selected financial information

in millions, except share and per share information

For the fiscal years (in EUR)	2014	2013	2012	2011	2010
Statements of operations					
Revenues	20,000	19,503	20,536	20,545	18,656
Amortisation of intangible assets	(37)	(42)	(52)	(51)	(55)
Operating income	891	779	673	763	667
Net income attributable to Adecco shareholders	638	557	377	519	423

As of (in EUR)	31.12.2014	31.12.2013	31.12.2012	31.12.2011	31.12.2010
Balance sheets					
Cash and cash equivalents and short-term investments	698	963	1,105	534	554
Trade accounts receivable, net	3,676	3,526	3,492	3,725	3,541
Goodwill	3,583	3,408	3,517	3,455	3,273
Total assets	9,440	9,329	9,614	9,354	8,879
Short-term debt and current maturities of long-term debt	89	492	541	236	217
Accounts payable and accrued expenses	3,607	3,346	3,332	3,545	3,472
Long-term debt, less current maturities	1,584	1,567	1,536	1,190	1,088
Total liabilities	5,601	5,772	5,915	5,543	5,312
Total shareholders' equity	3,839	3,557	3,699	3,811	3,567

For the fiscal years (in EUR)	2014	2013	2012	2011	2010
Cash flows from operations					
Cash flows from operating activities	785	520	579	524	455
Cash used in investing activities	(93)	(55)	(197)	(317)	(1,020)
Cash flows from/(used in) financing activities	(978)	(570)	206	(224)	(385)
Other indicators					
Capital expenditures	80	81	88	109	105

As of	31.12.2014	31.12.2013	31.12.2012	31.12.2011	31.12.2010
Other indicators					
Net debt (in EUR) [1]	975	1,096	972	892	751
Additional statistics					
Number of FTE employees at year end (approximate)	31,000	31,000	32,000	33,000	32,000

1 Net debt is a non-U.S. GAAP measure and comprises short-term and long-term debt, less cash and cash equivalents and short-term investments. The calculation of net debt based upon financial measures in accordance with U.S. GAAP is presented on page 41.

Adecco Group – Consolidated balance sheets

in millions, except share and per share information

As of (in EUR)	Note	31.12.2014	31.12.2013
Assets			
Current assets:			
• Cash and cash equivalents		695	963
• Short-term investments		3	
• Trade accounts receivable, net	3	3,676	3,526
• Other current assets	14	262	254
Total current assets		**4,636**	**4,743**
Property, equipment, and leasehold improvements, net	4	222	243
Other assets	14	498	422
Intangible assets, net	2, 5	501	513
Goodwill	2, 5	3,583	3,408
Total assets		**9,440**	**9,329**
Liabilities and shareholders' equity			
Liabilities			
Current liabilities:			
• Accounts payable and accrued expenses:			
• Accounts payable		746	621
• Accrued salaries and wages		863	821
• Accrued payroll taxes and employee benefits		825	785
• Accrued sales and value added taxes		431	408
• Accrued income taxes		49	74
• Other accrued expenses	14	693	637
• Total accounts payable and accrued expenses	6	3,607	3,346
• Short-term debt and current maturities of long-term debt	7	89	492
Total current liabilities		**3,696**	**3,838**
Long-term debt, less current maturities	7	1,584	1,567
Other liabilities	14	321	367
Total liabilities		**5,601**	**5,772**
Shareholders' equity			
Adecco shareholders' equity:			
• Common shares	8	111	118
• Additional paid-in capital	8	1,063	1,352
• Treasury shares, at cost	8	(303)	(461)
• Retained earnings		3,072	2,851
• Accumulated other comprehensive income/(loss), net	8	(108)	(307)
Total Adecco shareholders' equity		**3,835**	**3,553**
Noncontrolling interests		4	4
Total shareholders' equity		**3,839**	**3,557**
Total liabilities and shareholders' equity		**9,440**	**9,329**

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

Adecco Group – Consolidated statements of operations

in millions, except share and per share information

For the fiscal years ended December 31 (in EUR)	Note	2014	2013	2012
Revenues	16	20,000	19,503	20,536
Direct costs of services		(16,297)	(15,943)	(16,862)
Gross profit		**3,703**	**3,560**	**3,674**
Selling, general, and administrative expenses	6	(2,775)	(2,739)	(2,949)
Amortisation of intangible assets	5	(37)	(42)	(52)
Operating income	16	**891**	**779**	**673**
Interest expense		(69)	(79)	(76)
Other income/(expenses), net	13	5	(2)	(13)
Income before income taxes		**827**	**698**	**584**
Provision for income taxes	14	(187)	(140)	(206)
Net income		**640**	**558**	**378**
Net income attributable to noncontrolling interests		(2)	(1)	(1)
Net income attributable to Adecco shareholders		**638**	**557**	**377**
Basic earnings per share	15	**3.62**	**3.09**	**2.00**
Basic weighted-average shares	15	176,267,821	180,511,706	188,393,511
Diluted earnings per share	15	**3.61**	**3.08**	**2.00**
Diluted weighted-average shares	15	176,589,179	180,781,433	188,555,377

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

Adecco Group –
Consolidated statements of comprehensive income

in millions, except share and per share information

For the fiscal years ended December 31 (in EUR)	Note	2014	2013	2012
Net income		640	558	378
Other comprehensive income/(loss), net of tax:				
• Currency translation adjustment of long-term intercompany loans (net of tax of, 2014: EUR (2), 2013: EUR 2, 2012: less than EUR 1)		28	(27)	
• Currency translation adjustment excluding long-term intercompany loans (net of tax of, 2014: less than EUR 1, 2013: less than EUR 1, 2012: less than EUR 1)		179	(133)	(12)
• Change in pension prior years' service costs (net of tax of, 2014: less than EUR 1, 2013: EUR (1), 2012: EUR (2))	10	1	5	
• Change in net actuarial gain/(loss) on pensions (net of tax of, 2014: EUR 2, 2013: EUR (1), 2012: EUR 1)	10	(9)	6	(2)
• Change in fair value of cash flow hedges (net of tax of, 2014: less than EUR 1, 2013: less than EUR 1, 2012: less than EUR 1)	11		(1)	
Total other comprehensive income/(loss)		199	(150)	(14)
Total comprehensive income		**839**	**408**	**364**
Less comprehensive income attributable to noncontrolling interests		(2)	(1)	(1)
Comprehensive income attributable to Adecco shareholders		**837**	**407**	**363**

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

Adecco Group – Consolidated statements of cash flows

in millions, except share and per share information

For the fiscal years ended December 31 (in EUR)	2014	2013	2012
Cash flows from operating activities			
Net income	640	558	378
Adjustments to reconcile net income to cash flows from operating activities:			
• Depreciation and amortisation	129	143	155
• Bad debt expense	9	8	13
• Stock-based compensation	15	13	14
• Deferred tax provision/(benefit)	(10)	38	30
• Other, net	7	15	25
Changes in operating assets and liabilities, net of acquisitions:			
• Trade accounts receivable	(38)	(173)	205
• Accounts payable and accrued expenses	106	134	(186)
• Other assets and liabilities	(73)	(216)	(55)
Cash flows from operating activities	**785**	**520**	**579**
Cash flows from investing activities			
Capital expenditures	(80)	(81)	(88)
Proceeds from sale of property and equipment	28	3	6
Acquisition of VSN, net of cash acquired			(87)
Cash settlements on derivative instruments	(5)	25	(11)
Other acquisition and investing activities, net	(36)	(2)	(17)
Cash used in investing activities	**(93)**	**(55)**	**(197)**

For the fiscal years ended December 31 (in EUR)	2014	2013	2012
Cash flows from financing activities			
Borrowings of short-term debt under the commercial paper programme	427	563	901
Repayment of short-term debt under the commercial paper programme	(459)	(666)	(863)
Other net increase/(decrease) in short-term debt	(26)	44	5
Borrowings of long-term debt, net of issuance costs		398	683
Repayment of long-term debt	(346)	(345)	(73)
Dividends paid to shareholders	(291)	(266)	(256)
Proceeds from sale/(purchase) of treasury shares, net	(281)	(297)	(191)
Cash settlements on derivative instruments			1
Other financing activities, net	(2)	(1)	(1)
Cash flows from/(used in) financing activities	**(978)**	**(570)**	**206**
Effect of exchange rate changes on cash	**18**	**(35)**	**(17)**
Net increase/(decrease) in cash and cash equivalents	**(268)**	**(140)**	**571**
Cash and cash equivalents:			
• Beginning of year	963	1,103	532
• End of year	695	963	1,103
Supplemental disclosures of cash paid			
Cash paid for interest	78	76	71
Cash paid for income taxes	230	169	251

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

Adecco Group –
Consolidated statements of changes in shareholders' equity

in millions, except share and per share information

in EUR	Common shares	Additional paid-in capital	Treasury shares, at cost	Retained earnings	Accumulated other comprehensive income/(loss), net	Non-controlling interests	Total shareholders' equity
January 1, 2012	**118**	**2,459**	**(706)**	**2,080**	**(143)**	**3**	**3,811**
Comprehensive income:							
Net income				377		1	378
Other comprehensive income/(loss)					(14)		(14)
Total comprehensive income							**364**
Settlement of prepaid forward sale of Adecco S.A. shares, net of tax of EUR 10		(587)	715	(160)			(32)
Settlement of call spread option on Adecco S.A. shares		1	(1)				
Call option			(37)				(37)
Stock-based compensation		14					14
Vesting of share awards		(14)	11				(3)
Treasury shares purchased on second trading line			(145)				(145)
Other treasury share transactions			(12)	(3)			(15)
Cash dividends, CHF 1.80 per share		(256)					(256)
Dividends paid to noncontrolling interests						(1)	(1)
Other		(1)					(1)
December 31, 2012	**118**	**1,616**	**(175)**	**2,294**	**(157)**	**3**	**3,699**
Comprehensive income:							
Net income				557		1	558
Other comprehensive income/(loss)					(150)		(150)
Total comprehensive income							**408**
Stock-based compensation		13					13
Vesting of share awards		(12)	12				
Treasury shares purchased on second trading line			(280)				(280)
Other treasury share transactions			(18)				(18)
Cash dividends, CHF 1.80 per share		(266)					(266)
Other		1					1
December 31, 2013	**118**	**1,352**	**(461)**	**2,851**	**(307)**	**4**	**3,557**
Comprehensive income:							
Net income				638		2	640
Other comprehensive income/(loss)					199		199
Total comprehensive income							**839**
Stock-based compensation		15					15
Vesting of share awards		(14)	14				
Share cancellation	(7)		424	(417)			
Treasury shares purchased on second trading line			(257)				(257)
Other treasury share transactions			(23)				(23)
Cash dividends, CHF 2.00 per share		(291)					(291)
Other		1				(2)	(1)
December 31, 2014	**111**	**1,063**	**(303)**	**3,072**	**(108)**	**4**	**3,839**

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

Adecco Group – Notes to consolidated financial statements

in millions, except share and per share information

Note 1 • The business and summary of significant accounting policies

Business

The consolidated financial statements include Adecco S.A., a Swiss corporation, its consolidated subsidiaries as well as variable interest entities in which Adecco is considered the primary beneficiary (collectively, "the Company"). The Company's principal business is providing human resource services including temporary staffing, permanent placement, outsourcing, career transition (outplacement), and other services to businesses and organisations throughout Europe, North America, Asia Pacific, South America, and North Africa. At the end of 2014, the Company's worldwide network consists of around 5,100 branches and more than 31,000 full-time equivalent ("FTE") employees in over 60 countries and territories.

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

Basis of presentation

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

Reporting currency

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

Foreign currency translation

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

Principles of consolidation

The consolidated financial statements include 100% of the assets, liabilities, revenues, expenses, income, loss, and cash flows of Adecco S.A., its consolidated subsidiaries and entities for which the Company has been determined to be the primary beneficiary under the Financial Accounting Standards Board ("FASB"), Accounting Standards Codification ("ASC") 810, "Consolidation" ("ASC 810"). As of December 31, 2014, the consolidated subsidiaries include all majority-owned subsidiaries of the Company; however, prior to December 1, 2012 they did not include the variable interest entity Adecco Investment (Bermuda) Ltd ("Adecco Investment") – as discussed below. Noncontrolling interests for entities fully consolidated but not wholly owned by the Company are accounted for in accordance with ASC 810 and are reported as a component of equity. Intercompany balances and transactions have been eliminated in the consolidated financial statements.

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

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

On November 26, 2009, Adecco Investment, a wholly owned subsidiary of the Company, issued CHF 900 Senior Secured Limited Recourse Mandatory Convertible Bonds ("MCB") due on November 26, 2012. The bonds converted into 19,131,064 shares of Adecco S.A. The number of shares delivered was calculated as defined in the prospectus and were adjusted for dividend payments on the shares of Adecco S.A. over the lifetime of the MCB. At maturity, the calculated conversion price was CHF 47.03 per share (not considering the early conversion of the MCB), whereas at issuance of the MCB the minimum conversion price was CHF 50.50 per share and the maximum conversion price was CHF 60.60 per share. The bonds had an annual coupon of 6.5%.

In 2009, Adecco Investment entered into a prepaid forward contract ("prepaid forward") with the Company, where it originally acquired 17,821,782 shares of the Company for EUR 587 (CHF 887), net of costs. The strike price of the prepaid forward was adjusted for dividend payments on the shares of Adecco S.A. over the lifetime of the MCB. In accordance with the terms of the prepaid forward, Adecco Investment was to receive the shares of Adecco S.A. from the Company with the settlement of the prepaid forward. Adecco Investment financed the coupon payments with EUR 108 (CHF 164) from the sale of a call spread option ("call spread option") to Adecco Financial Services (Bermuda) Ltd, a wholly owned consolidated subsidiary of the Company. The call spread option gave the Company the right to benefit from appreciation of the shares underlying the prepaid forward between floor and cap defined in the agreement. In 2012, the call spread option was settled in shares, reducing the net number of shares the Company had to deliver in combination with the prepaid forward. In 2012, the Company delivered 19,157,073 shares of Adecco S.A. to Adecco Investment upon settlement of the prepaid forward and received 26,009 shares from Adecco Investment upon settlement of the call spread option. The shares were delivered out of treasury shares.

In addition, in 2009, the Company made a payment of EUR 8 (CHF 12) to Adecco Investment, which was treated as a deemed capital contribution. The number of shares underlying the prepaid forward, the call spread option, and the MCB were subject to anti-dilution provisions. The bondholders only had recourse against the prepaid forward. Subsequently, Adecco Investment granted a loan of EUR 116 (CHF 176) to the Company, which was fully repaid by November 26, 2012.

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

Use of estimates

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

Recognition of revenues

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

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

Revenues related to permanent placement services are generally recognised at the time the candidate begins full-time employment, or as the fee is earned. Allowance provisions are established based on historical information for any non-fulfilment of permanent placement obligations.

Revenues related to outsourcing services (including MSP, RPO, and VMS), career transition, and other services are negotiated with the client on a project basis and are recognised upon rendering the services. Revenues invoiced prior to providing services are deferred and recognised in other current liabilities until the services are rendered.

The Company presents revenues and the related direct costs of services in accordance with ASC 605-45, "Revenue Recognition - Principal Agent Considerations" ("ASC 605-45"). For sales arrangements in which the Company acts as a principal in the transaction and has risks and rewards of ownership (such as the obligation to pay the associate and the risk of loss for collection and performance or pricing adjustments), the Company reports gross revenues and gross direct costs. Under arrangements where the Company acts as an agent, as is generally the case in most MSP contracts, revenues are reported on a net basis.

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

Marketing costs

Marketing costs totalled EUR 76, EUR 71, and EUR 97 in 2014, 2013, and 2012, respectively. These costs are included in SG&A and are generally expensed as incurred.

Cash equivalents and short-term investments

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

The Company's policy is to invest excess funds primarily in investments with maturities of 12 months or less, and in money market and fixed income funds with sound credit ratings, limited market risk, and high liquidity.

Trade accounts receivable

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

Property, equipment, and leasehold improvements

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

Capitalised software costs

The Company capitalises purchased software as well as internally developed software. Internal and external costs incurred to develop internal use 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 minor enhancements are expensed as incurred. Capitalised software costs are included in property, equipment, and leasehold improvements, net. Capitalised costs are amortised on a straight-line basis over the estimated useful life commencing when the software is placed into service, generally three to five years.

Goodwill and indefinite-lived intangible assets

Goodwill represents the excess of the purchase price in a business combination over the value assigned to the net tangible and identifiable intangible assets of businesses acquired less liabilities assumed. In accordance with ASC 350, "Intangibles – Goodwill and Other" ("ASC 350"), goodwill and indefinite-lived intangible assets are not amortised. Rather, the carrying value of goodwill and indefinite-lived intangible assets is tested annually for impairment.

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

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

Definite-lived intangible assets

In accordance with ASC 805, "Business Combinations" ("ASC 805"), purchased identifiable intangible assets are capitalised at fair value as of the acquisition date. Intangible assets with definite lives, primarily customer relationships, are generally amortised on a straight-line basis over the estimated period in which benefits are received, which generally ranges from one to ten years.

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

The Company evaluates long-lived assets, including intangible assets with definite lives, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in accordance with ASC 360-10-35-15, "Impairment or Disposal of Long-Lived Assets" ("ASC 360-10-35-15"). The asset is regarded as not recoverable if the carrying amount exceeds the undiscounted future cash flows. The impairment loss is then calculated as the difference between the asset's carrying value and its fair value, which is calculated using a discounted cash flow model.

Accounting for restructuring costs

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

Income taxes

The Company accounts for income taxes and uncertainty in income taxes recognised in the Company's financial statements in accordance with ASC 740, "Income Taxes" ("ASC 740"). ASC 740 prescribes a recognition threshold and measurement attribute for the financial statements recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

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

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

Earnings per share

In accordance with ASC 260, "Earnings per Share" ("ASC 260"), basic earnings per share is computed by dividing net income attributable to Adecco shareholders by the number of weighted-average shares for the fiscal year. Diluted earnings per share reflects the maximum potential dilution that could occur if dilutive securities, such as stock options, non-vested shares or convertible debt, were exercised or converted into common shares or resulted in the issuance of common shares that would participate in net income attributable to Adecco shareholders.

Financial instruments

In accordance with ASC 815, "Derivatives and Hedging" ("ASC 815"), all derivative instruments are initially recognised at fair value as either other current assets, other assets, other accrued expenses, or other liabilities in the accompanying consolidated balance sheets regardless of the purpose or intent for holding the derivative instruments. The derivatives are subsequently remeasured to fair value at the end of each reporting period. For derivative instruments designated and qualifying as fair value hedges, changes in the fair value of the derivative instruments as well as the changes in the fair value of the hedged item attributable to the hedged risk are recognised within the same line item in earnings. Any cash flow impact on settlement of these contracts is classified within the consolidated statements of cash flows according to the nature of the hedged item. For derivative instruments designated and qualifying as cash flow hedges, the effective portion of the changes in the fair value of derivative instruments is initially recorded as a component of accumulated other comprehensive income/(loss), net, in shareholders' equity and reclassified into earnings in the same period during which the hedged transaction impacts earnings. The ineffective portion of the change in fair value of the derivative instruments is immediately recognised in earnings. The cash flow impact on settlement of these contracts is classified according to the nature of the hedged item. For derivative instruments designated and qualifying as net investment hedges, changes in the fair value of the derivative instruments are recorded as a component of accumulated other comprehensive income/(loss), net, in shareholders' equity to the extent they are considered effective. These gains or losses will remain in equity until the related net investment is sold or otherwise disposed. The cash flow impact on settlement of these contracts is classified as cash flows from investing activities.

For derivative instruments that are not designated or that do not qualify as hedges under ASC 815, the changes in the fair value of the derivative instruments are recognised in other income/(expenses), net, within the consolidated statements of operations. Any cash flow impact on settlement of these contracts is classified as cash flows from investing activities.

in millions, except share and per share information

Fair value measurement
The Company accounts for assets and liabilities which are required to be recorded at fair value in accordance with ASC 820, "Fair Value Measurements" ("ASC 820"). Fair value is defined by ASC 820 as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a three-level fair value hierarchy that prioritises the inputs used to measure fair value. The hierarchy requires entities to maximise the use of observable inputs and minimise the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

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

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

CICE (tax credit for competitiveness and employment)
At the end of 2012, the French government introduced a tax relief programme known as CICE (tax credit for competitiveness and employment) for all companies operating in France. For 2013, this provided employers with a tax credit of 4% on employee salaries up to 2.5 times the minimum wage; for 2014, the amount of credit increased to 6%. The CICE earned each year is creditable against current income tax payable in France with any remaining amount paid after three years. Given the Company's current tax situation in France, the Company does not expect to receive the CICE receivables recorded until three years after it is earned.

In June 2014, the Company sold a portion of the CICE receivables of EUR 113 for cash proceeds of EUR 109. Upon sale, the Company derecognised EUR 113 of the CICE receivables as this transaction qualifies for sale treatment in accordance with ASC 860, "Transfers and Servicing" ("ASC 860") and the Company does not have any continuing involvement with the CICE receivable sold. The discount on the CICE receivable sold is recorded in interest expense in the consolidated statements of operations.

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

In May 2014, the FASB issued ASU 2014-09 "Revenue from Contracts with Customers" (Topic 606): Revenue Recognition ("ASU 2014-09") that establishes a broad principle that would require an entity to recognise revenue to depict the performance of services or transfer of promised goods to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services or goods. This guidance is effective for the first interim period within annual reporting periods beginning after December 15, 2016. Early adoption is not permitted. The Company is currently assessing the impact on the consolidated financial statements.

Presentation and reclassifications

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

Other disclosures required by Swiss law

in EUR	2014	2013	2012
Personnel expenses	2,020	1,983	2,148

The detailed disclosures regarding the executive remuneration that are required by Swiss law are included in the Remuneration Report.

The fire insurance value of property, equipment, and leasehold improvements amounted to EUR 690 and EUR 660 as of December 31, 2014 and December 31, 2013, respectively.

Note 2 • Acquisitions

The Company made acquisitions in 2014 and 2012 and did not make any material acquisition in 2013. The Company does not consider any of its 2014 or 2012 acquisition transactions to be material, individually or in the aggregate, to its consolidated balance sheets or results of operations.

The following table illustrates the aggregate impact of the 2014 acquisitions:

in EUR	2014
Impact of acquisitions	
Net tangible assets acquired	9
Identified intangible assets	5
Goodwill	21
Deferred tax liabilities	(2)
Total consideration	**33**

In 2014, the Company acquired all outstanding common shares of OnForce, Inc. ("OnForce"), a leading provider of freelancer management systems in North America, for EUR 30, net of EUR 3 cash acquired. As a result of the OnForce acquisition, Adecco has expanded its VMS outsourcing services to include the freelance market and has reinforced its strong position in an attractive growth market. Goodwill of EUR 18 and intangible assets of EUR 4 were recorded in connection with OnForce. The purchase price was funded with internal resources. OnForce was consolidated by the Company as of August 7, 2014, and the results of OnForce's operations have been included in the consolidated financial statements since August 2014. The goodwill of EUR 18 arising from the acquisition consists largely of acquired expertise and increased penetration in the freelance market.

Total acquisition related costs expensed in 2014 were not significant. Acquisition related costs are included in SG&A within the consolidated statement of operations.

in millions, except share and per share information

Note 3 • Trade accounts receivable

in EUR	31.12.2014	31.12.2013
Trade accounts receivable	3,732	3,588
Allowance for doubtful accounts	(56)	(62)
Trade accounts receivable, net	**3,676**	**3,526**

Note 4 • Property, equipment, and leasehold improvements

	31.12.2014		31.12.2013	
in EUR	Gross	Accumulated depreciation	Gross	Accumulated depreciation
Land and buildings	4	(2)	27	(12)
Furniture, fixtures, and office equipment	155	(130)	154	(129)
Computer equipment	234	(199)	236	(203)
Computer software	590	(477)	530	(411)
Leasehold improvements	231	(184)	235	(184)
Total property, equipment, and leasehold improvements	**1,214**	**(992)**	**1,182**	**(939)**

Depreciation expense was EUR 92, EUR 101, and EUR 103 for 2014, 2013, and 2012, respectively.

The Company recorded EUR 52, EUR 52, and EUR 42 of depreciation expense in connection with capitalised software in 2014, 2013, and 2012, respectively. The estimated aggregate depreciation expense related to computer software is EUR 47 in 2015, EUR 35 in 2016, EUR 23 in 2017, EUR 6 in 2018, and EUR 2 thereafter.

Note 5 • Goodwill and intangible assets

The changes in the carrying amount of goodwill for the years ended December 31, 2014 and December 31, 2013, are as follows:

in EUR	France	North America	UK & Ireland	Germany & Austria	Japan	Italy	Benelux	LHH	Other	Total
Changes in goodwill										
January 1, 2013	**236**	**973**	**239**	**1,269**	**90**	**–**	**95**	**253**	**362**	**3,517**
Currency translation adjustment		(42)	(5)		(19)			(9)	(34)	(109)
December 31, 2013	**236**	**931**	**234**	**1,269**	**71**	**–**	**95**	**244**	**328**	**3,408**
Additions	1	18						2		21
Currency translation adjustment		127	16					16	(5)	154
December 31, 2014	**237**	**1,076**	**250**	**1,269**	**71**	**–**	**95**	**262**	**323**	**3,583**

As of December 31, 2014 and December 31, 2013, the gross goodwill amounted to EUR 3,770 and EUR 3,591, respectively. As of December 31, 2014 accumulated impairment charges amounted to EUR 62 and EUR 125 in UK & Ireland and Germany & Austria, respectively, and as of December 31, 2013, EUR 58 and EUR 125 in UK & Ireland and Germany & Austria, respectively, impacted only by fluctuations in exchange rates.

The Company performed its annual impairment test of goodwill in the fourth quarter of 2014, 2013, and 2012 and determined that there was no indication of impairment.

In determining the fair value of the reporting units, the Company uses a detailed five-year plan for revenues and earnings and for the long-term value a long-term growth rate of 2.0% to 2.5% depending on the long-term growth prospects of the individual markets. For each reporting unit projected cash flows are discounted to their net present values. Discount rates used during the Company's goodwill impairment tests in 2014, 2013, and 2012 ranged from 7.0% to 14.5%.

The carrying amounts of other intangible assets as of December 31, 2014 and December 31, 2013, are as follows:

	31.12.2014		31.12.2013	
in EUR	Gross	Accumulated amortisation	Gross	Accumulated amortisation
Intangible assets				
Marketing related (trade names)	437	(36)	423	(33)
Customer base	417	(335)	393	(287)
Contract	25	(7)	22	(5)
Other	3	(3)	4	(4)
Total intangible assets	**882**	**(381)**	**842**	**(329)**

The carrying amount of indefinite-lived intangible assets was EUR 400 and EUR 390 as of December 31, 2014 and December 31, 2013, respectively. Indefinite-lived intangible assets consist mainly of trade names.

The Company performed its annual impairment test of indefinite-lived intangible assets in the fourth quarter of 2014, 2013, and 2012 and determined that there was no indication of impairment.

The estimated aggregate amortisation expense related to definite-lived intangible assets is EUR 32 in 2015, EUR 22 in 2016, EUR 14 in 2017, EUR 14 in 2018, EUR 3 in 2019, and EUR 16 thereafter. The weighted-average amortisation period for customer base intangible assets is five to ten years.

Note 6 • Restructuring

In 2014, restructuring costs incurred mainly related to the move to a single headquarters in North America and to further structurally improve our profitability in Germany. In 2013, the Company incurred restructuring costs mainly in France in connection with headcount reductions and branch optimisation and the consolidation of several data centres in North America. In 2012, the Company launched restructuring measures in France to merge the networks of Adecco and Adia under the single Adecco brand in order to further strengthen its position in France and to ensure sustainable profitability. In addition, the Company incurred restructuring costs in 2012 in Japan and various other European countries in connection with headcount reductions and branch optimisation as well as for the data centre consolidation in North America.

Total restructuring costs incurred by the Company in 2014, 2013, and 2012 amounted to EUR 37, EUR 33, and EUR 83, respectively. Restructuring expenses are recorded in SG&A and represent mainly costs related to headcount reductions. The Company does not expect to incur any additional costs in 2015 in connection with these plans.

in millions, except share and per share information

The following table shows the total amount of costs incurred by segment in connection with these restructuring programmes from 2012 to 2014:

in EUR	2014	Cumulative costs incurred to 31.12.2014
Restructuring costs		
France	4	83
North America	18	30
UK & Ireland		3
Germany & Austria	14	24
Japan		1
Italy		3
Benelux		1
LHH		2
Other	1	6
Total restructuring costs	**37**	**153**

The changes in restructuring liabilities in connection with the 2014, 2013, and 2012 plans for the years ended December 31, 2014, December 31, 2013, and December 31, 2012 are as follows:

in EUR	Restructuring liabilities
Restructuring costs	83
Cash payments	(30)
Write-off of fixed assets and other	(3)
December 31, 2012	**50**
Restructuring costs	33
Cash payments	(59)
Write-off of fixed assets and other	(6)
December 31, 2013	**18**
Restructuring costs	37
Cash payments	(28)
Write-off of fixed assets and other	(6)
December 31, 2014	**21**

As of December 31, 2014 and December 31, 2013, restructuring liabilities in connection with these plans of EUR 21 and EUR 18, respectively, were recorded in accounts payable and accrued expenses.

Note 7 • Financing arrangements

Short-term debt

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

French commercial paper
In August 2010, Adecco International Financial Services BV, a wholly owned subsidiary of the Company, established a French commercial paper programme ("Billet de Trésorerie programme"). Under the programme, Adecco International Financial Services BV may issue short-term commercial paper up to a maximum amount of EUR 400, with maturity per individual paper of 365 days or less. The proceeds are used to fund short-term working capital and borrowing requirements. The paper is usually issued at a discount and repaid at nominal amount at maturity. The discount represents the interest paid to the investors on the commercial paper. The programme is guaranteed by Adecco S.A. As of December 31, 2014 and December 31, 2013, EUR 51 and EUR 82, respectively, were outstanding under the programme, with maturities of up to 365 days. The weighted-average interest rate on commercial paper outstanding was 0.76% as of December 31, 2014 and 0.43% as of December 31, 2013.

Other short-term debt
As of December 31, 2014 and December 31, 2013, bank overdrafts and other short-term borrowings amounted to EUR 37 and EUR 63, respectively.

Long-term debt

The Company's long-term debt as of December 31, 2014 and December 31, 2013 consists of the following:

in EUR	Principal at maturity	Maturity	Fixed interest rate	31.12.2014	31.12.2013
8-year Swiss Franc fixed rate notes	CHF 125	2020	2.625%	104	102
6-year guaranteed Euro medium-term notes	EUR 400	2019	2.75%	400	400
7-year guaranteed Euro medium-term notes	EUR 500	2018	4.75%	497	494
5-year Swiss Franc fixed rate notes	CHF 350	2017	1.875%	292	286
4-year Swiss Franc fixed rate notes	CHF 350	2016	2.125%	291	285
5-year guaranteed Euro medium-term notes	EUR 346	2014	7.625%		346
Other				1	1
				1,585	**1,914**
Less current maturities				(1)	(347)
Long-term debt, less current maturities				**1,584**	**1,567**

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

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

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

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

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

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

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

5-year guaranteed Euro medium-term notes
On April 28, 2009, Adecco International Financial Services BV, a wholly owned subsidiary of the Company, issued EUR 500 medium-term notes guaranteed by Adecco S.A., due on April 28, 2014. The 2014 notes were issued within the framework of the Euro Medium-Term Note Programme and traded on the London Stock Exchange. The proceeds further increased the Company's financial flexibility with respect to the refinancing of the guaranteed zero-coupon convertible bond and were used for general corporate purposes. Interest was paid annually in arrears at a fixed annual rate of 7.625%.

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

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

Payments of long-term debt translated using December 31, 2014 exchange rates are due as follows:

in EUR	2015	2016	2017	2018	2019	Thereafter	Total
Payments due by year	1	291	292	497	400	104	1,585

Other credit facilities

Committed multicurrency revolving credit facility
In May 2014 the existing EUR 600 multicurrency revolving credit facility with a maturity date of October 2018 was amended for pricing and two new 1-year-extension options at the discretion of the banks were included. The facility is used for general corporate purposes including refinancing of advances and outstanding letters of credit. The interest rate is based on LIBOR, or EURIBOR for drawings denominated in Euro, plus a margin between 0.35% and 1.05% per annum, depending on certain debt-to-EBITDA ratios. A utilisation fee of 0.10%, 0.20%, and 0.40%, applies on top of the interest rate, for cash drawings of up to 33.33%, 66.67%, and above 66.67%, respectively, of the total commitment not used for letters of credit. The letter of credit fee equals the applicable margin, and the commitment fee equals 35% of the applicable margin. As of December 31, 2014 and December 31, 2013, there were no outstanding borrowings under the credit facility. As of December 31, 2014, the Company had EUR 534 available under the facility after utilising the Euro equivalent of EUR 66 in the form of letters of credit.

Note 8 · Shareholders' equity

The summary of the components of authorised shares as of December 31, 2014, December 31, 2013, and December 31, 2012 and changes during those years are as follows:

	Outstanding shares	Treasury shares	Issued shares [1]	Conditional capital	Authorised shares
Changes in components of authorised shares					
January 1, 2012	**170,448,401**	**18,815,105**	**189,263,506**	**19,566,804**	**208,830,310**
Purchased over second trading line (share buyback)	(3,837,087)	3,837,087			
Settlement of the prepaid forward	19,157,073	(19,157,073)			
Other treasury share transactions	(1,158,619)	1,158,619			
December 31, 2012	**184,609,768**	**4,653,738**	**189,263,506**	**19,566,804**	**208,830,310**
Purchased over second trading line (share buyback)	(6,344,609)	6,344,609			
Other treasury share transactions	(127,159)	127,159			
December 31, 2013	**178,138,000**	**11,125,506**	**189,263,506**	**19,566,804**	**208,830,310**
Share cancellation		(10,181,696)	(10,181,696)		(10,181,696)
Purchased over second trading line (share buyback)	(4,606,873)	4,606,873			
Other treasury share transactions	(82,558)	82,558			
December 31, 2014	**173,448,569**	**5,633,241**	**179,081,810**	**19,566,804**	**198,648,614**

1 Shares at CHF 1 par value.

in millions, except share and per share information

Authorised shares and appropriation of available earnings
As of December 31, 2014, December 31, 2013, and December 31, 2012, Adecco S.A. had 4,166,804 shares of conditional capital reserved for issuance of common shares to employees and members of the Board of Directors upon the exercise of stock options. In addition, as of December 31, 2014, December 31, 2013, and December 31, 2012, Adecco S.A. was authorised by its shareholders to issue up to 15,400,000 shares in connection with the issuance of financial instruments, principally convertible bonds. The shares represent conditional capital authorised without time limitation and remain available for share issuance upon conversion of financial instruments issued or to be issued in the future. No options were outstanding as of December 31, 2014.

Adecco S.A. may only pay dividends based on the requirements of the Swiss Code of Obligations, Articles of Incorporation and based on the shareholders' equity reflected in the stand-alone financial statements of Adecco S.A., the holding company of the Adecco Group, prepared in accordance with Swiss law. As of December 31, 2014, the stand-alone financial statements of Adecco S.A. included shareholders' equity of CHF 5,462 (EUR 4,547), of which CHF 179 represent share capital and CHF 5,283 represent reserves and retained earnings. Of the CHF 5,283 balance, the statutory legal reserve for treasury shares of CHF 369 as well as an amount of CHF 36 representing 20% of share capital are restricted based on the Swiss Code of Obligations and cannot be distributed as dividends.

In 2014, upon approval at the Annual General Meeting of Shareholders, dividends for 2013 of CHF 2.00 per share, totalling EUR 291, were allocated from Adecco S.A.'s reserve from capital contributions (subaccount of general reserves) to free reserves and subsequently distributed to shareholders. For 2014, the Board of Directors of Adecco S.A. will propose a dividend of CHF 2.10 per share outstanding for the approval of shareholders at the Annual General Meeting of Shareholders to be allocated from Adecco S.A.'s reserve from capital contributions to free reserves and subsequently distributed to shareholders. The statutory reserve from capital contributions is classified as additional paid-in capital in the consolidated balance sheets.

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

The initial terms of these contracts were as follows:

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

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

Treasury shares

In 2014, 2013, and 2012, the number of treasury shares acquired, net of disposals in 2012, on the regular trading line amounted to 409,631, 428,473, and 419,334, respectively, and the net consideration paid amounted to EUR 23, EUR 18, and EUR 13, respectively. In 2012, the Company used 19,157,073 treasury shares to settle the prepaid forward it had entered into in 2009 and received 26,009 shares from Adecco Investment upon settlement of the call spread option (for further details refer to Note 1). Additionally, in November 2012, the Company purchased and exercised a call option on 1,000,000 treasury shares for a total consideration of EUR 37 for the settlement of the prepaid forward.

In 2014, 2013, and 2012, the Company awarded 16,335 treasury shares, 6,009 treasury shares, and 6,555 treasury shares, respectively, to the Board of Directors as part of their compensation package (refer to section 5.1.1 "Board of Directors' compensation and shareholding" within the Remuneration Report). In addition, in 2014, 2013, and 2012, 310,738 treasury shares, 295,305 treasury shares, and 280,169 treasury shares, respectively, were used to settle share awards under the long-term incentive plan.

The Company launched the following share buyback programmes on a second trading line with the aim of subsequently cancelling the shares and reducing share capital:

- EUR 400 in June 2012 (completed in September 2013)
- EUR 250 in September 2013 (completed in November 2014)
- EUR 250 in November 2014 (acquired 576,750 shares for EUR 32 as of December 31, 2014)

As of December 31, 2014, December 31, 2013, and December 31, 2012, Adecco S.A. held 4,606,873 shares, 10,181,696 shares, and 3,837,087 shares, respectively, acquired under the share buyback programmes. The Company has acquired 4,606,873 shares for EUR 257 in 2014, 6,344,609 shares for EUR 280 in 2013, and 3,837,087 shares for EUR 145 in 2012, respectively, under the share buyback programmes.

At the Annual General Meeting of Shareholders of Adecco S.A. held on April 15, 2014, the shareholders approved the cancellation of 10,181,696 treasury shares acquired until December 31, 2013 under the share buyback programmes and the corresponding reduction of Adecco S.A.'s share capital by 10,181,696 registered shares with a nominal value of CHF 1.00 each. The cancellation of 10,181,696 treasury shares was completed on July 7, 2014. Effective July 7, 2014, the share capital of the Company amounts to CHF 179 divided into 179,081,810 shares. The Board of Directors of Adecco S.A. will propose to the Annual General Meeting of Shareholders of April 21, 2015 to cancel the total number of 4,606,873 treasury shares acquired in 2014 under the share buyback programmes.

As of December 31, 2014, the treasury shares, excluding those acquired on the second trading line with the aim of subsequently cancelling the shares and reducing share capital, are intended to be used for the settlement of the Company's long-term incentive plan (for further details refer to Note 9) as well as for the Board of Directors' compensation.

No dividends are distributed in relation to treasury shares.

Accumulated other comprehensive income/(loss), net

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

in EUR	**31.12.2014**	**31.12.2013**	**31.12.2012**
Currency translation adjustment	(75)	(282)	(122)
Unrealised gain on cash flow hedging activities	1	1	2
Pension-related adjustments	(34)	(26)	(37)
Accumulated other comprehensive income/(loss), net	**(108)**	**(307)**	**(157)**

In 2014, 2013, and 2012, an amount of EUR 2 (net of tax of EUR 1), EUR 4 (net of tax of EUR 1), and EUR 6 (net of tax of EUR 1), respectively, was reclassified from accumulated other comprehensive income/(loss), net to SG&A in the statement of operations in connection with pension-related adjustments. Additionally, an amount of EUR 1 (net of tax of less than EUR 1) was reclassified from accumulated other comprehensive income/(loss), net to interest expense in the statement of operations in connection with cash flow hedging activities in 2013, whereas no significant amounts were reclassified in 2014 and 2012.

Note 9 • Stock-based compensation

As of December 31, 2014, the Company had non-vested share awards outstanding relating to its common shares. Compensation expense of EUR 15, EUR 13, and EUR 14 was recognised in 2014, 2013, and 2012, respectively, in connection with the non-vested share awards granted in 2014, 2013, and 2012. No compensation expense was recognised in 2014, 2013, or 2012 in connection with the stock option plans as all options outstanding were fully vested. The total income tax benefit recognised related to stock compensation amounted to EUR 4 in 2014, EUR 3 in 2013, and EUR 4 in 2012.

Non-vested share award plans

Performance share awards were granted in March 2014, 2013, and 2012 to the members of the Executive Committee under the Company's long-term incentive plan ("LTIP"). The awards contain an undertaking to deliver a number of Adecco S.A. shares to the participants of the plan after the end of the performance period (end of performance period for the 2014, 2013, and 2012 awards: December 31, 2016, December 31, 2015, and December 31, 2014, respectively). The requisite service period represents three calendar years starting on January 1, 2014, January 1, 2013, and January 1, 2012, respectively. The delivery of the shares will be made provided and to the extent that the predefined market and performance targets are met. Those awards that do not vest due to lack of fulfilment lapse immediately.

The awards granted in 2014 relate to:

- the relative change in the Company's shareholder value including reinvested dividends (total shareholder return: "TSR" element), compared to that of a predefined group of peers ("relative TSR awards");
- the average adjusted Group EBITA margin ("EBITA margin awards") performance against a target for 2014 to 2016: The adjusted EBITA margin of the Adecco Group is the EBITA as a percentage of revenues adjusted for restructuring and integration costs; and income or expenses relating to years prior to 2014 impacting revenues and/or EBITA, if material. EBITA refers to operating income before amortisation of intangible assets and impairment of goodwill and intangible assets. In case of significant acquisitions and/or divestitures, targets may be adjusted; and
- the adjusted diluted EPS of the Adecco Group ("EPS awards") performance against a target for 2016: The adjusted diluted EPS of the Adecco Group is the diluted EPS adjusted for: restructuring and integration costs, net of income tax; income or expenses relating to prior years impacting net income attributable to Adecco shareholders, if material; and impairment of goodwill and intangible assets, net of income tax.

The awards granted in 2013, and 2012 relate to:

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

In addition, service condition awards (restricted share unit awards: "RSU awards") were granted in 2014, 2013, and 2012 to the members of the Executive Committee and to a further group of senior managers (approximately 250 individuals in total in each respective year) under the LTIP. The vesting of the RSU awards is not subject to performance targets, but to forfeiture provisions. Provided that the employment relationship continues:

- RSU awards granted to non-French employees will vest in equal portions over a period of three years at the anniversary of the date of grant.
- RSU awards granted to French employees cliff-vest at the second anniversary of the date of grant and their requisite service period represents two calendar years starting on January 1, 2014 for 2014 awards, January 1, 2013 for 2013 awards, and January 1, 2012 for 2012 awards.
- 2014 RSU awards granted to the members of the Executive Committee cliff-vest after a period of three years following the date of grant.

The plan foresees that participants who terminate their employment with the Company at their own will and those who receive notice of termination for cause before the end of the performance period (in case of performance share awards) and before the end of the vesting period (in case of RSU awards), will no longer be entitled to the vesting of the awards. In case of an involuntary termination without cause before the end of the performance period a time-weighted pro rata portion of the unvested performance share awards granted in 2014, 2013, and 2012 will vest at the regular vesting date, depending on the level of target achievement. In case of an involuntary termination without cause before the end of the vesting period, a time-weighted pro rata portion of the unvested RSU awards will vest at the regular vesting date.

TSR awards

The fair value of the relative, absolute and additional TSR awards (collectively "TSR awards") was determined based on the grant date market price of the Adecco S.A. share less a discount for not being entitled to any dividends over the vesting period multiplied by the probability factor estimated on the date of grant using a binomial model, with an additional discount applied to the TSR awards granted to French participants due to a 2-year post-vesting restriction on the sale of share awards. The binomial model runs a very large number of share price simulations based on various parameters (share prices, volatilities, dividends, maturity, correlation, etc.). The average result of these simulations provides the probability that the Company's TSR targets will be achieved. The implied volatility was determined by reference to the implied volatilities of various listed options in the listed option market ("Eurex") and interpolated by calculation models. The expected dividend yield is based on expectations for future dividends from research analysts as well as implied dividend yields obtained from option prices traded in the Eurex. The risk-free rate is extracted from the Swiss government bond yield curve, which is constructed by interpolation out of the observed trading prices of various Swiss government bonds. The assumptions used are as follows:

	2014	2013	2012
Assumptions used for the estimation of the fair value of the TSR awards			
Implied at-the-money volatility	24.25%	24.8%	32.2%
Expected dividend yield	3.03%	3.3%	3.7%
Expected term	2.8 years	2.8 years	2.8 years
Risk-free rate	0.07%	0.16%	0.30%

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

A summary of the status of the Company's non-vested TSR awards as of December 31, 2014, December 31, 2013, and December 31, 2012, and changes during those years are as follows:

	Relative TSR awards		Absolute TSR awards		Additional TSR awards	
	Number of shares	Weighted-average grant date fair value per share (in CHF)	Number of shares	Weighted-average grant date fair value per share (in CHF)	Number of shares	Weighted-average grant date fair value per share (in CHF)
Summary of the non-vested TSR awards						
Non-vested share awards outstanding as of January 1, 2012	**188,286**	**17**	**42,569**	**14**	**42,569**	**9**
Granted	28,203	19	28,203	18	28,203	12
Forfeited	(2,574)	20	(2,574)	18	(2,574)	12
Lapsed	(145,717)	15				
Non-vested share awards outstanding as of December 31, 2012	**68,198**	**21**	**68,198**	**16**	**68,198**	**10**
Granted	25,941	20	25,941	16	25,941	10
Forfeited	(1,895)	20	(1,895)	17	(1,895)	11
Lapsed	(26,650)	23	(26,650)	14	(26,650)	9
Non-vested share awards outstanding as of December 31, 2013	**65,594**	**20**	**65,594**	**17**	**65,594**	**11**
Granted	19,325	27				
Forfeited	(3,805)	22	(2,816)	17	(2,816)	11
Lapsed	(17,279)	22	(2,916)	15	(17,279)	10
Vested			(14,363)	15		
Non-vested share awards outstanding as of December 31, 2014	**63,835**	**22**	**45,499**	**17**	**45,499**	**11**

in millions, except share and per share information

EBITA margin awards and EPS awards

The fair value of the EBITA margin awards and the EPS awards was determined based on the grant date market price of the Adecco S.A. share less a discount for not being entitled to any dividends over the vesting period. An additional discount is applied to determine the fair value of the EBITA margin awards and EPS awards granted to French participants due to a 2-year post-vesting restriction on the sale of share awards. Compensation expense of such performance condition share awards is recognised on a straight-line basis over the requisite service period, based on estimated achievement which is assessed on a quarterly basis. The expense impact of changes in the estimated attainment is recognised in the quarter of change as a cumulative adjustment to prior quarters' expense.

A summary of the status of the Company's non-vested EBITA margin awards and EPS awards as of December 31, 2014, and changes during the year are as follows:

	EBITA margin awards		EPS awards	
	Number of shares	Weighted-average grant date fair value per share (in CHF)	Number of shares	Weighted-average grant date fair value per share (in CHF)
Summary of the non-vested EBITA margin awards and EPS awards				
Granted in 2014	38,647	65	38,647	65
Forfeited in 2014	(1,977)	66	(1,977)	66
Non-vested share awards outstanding as of December 31, 2014	**36,670**	**65**	**36,670**	**65**

RSU awards
The fair value of the RSU awards was determined based on the grant date market price of the Adecco S.A. share less a discount for not being entitled to any dividends over the vesting period. An additional discount is applied to determine the fair value of the RSU awards granted to French participants due to a 2-year post-vesting restriction on the sale of share awards. Compensation expense of such service condition share awards is recognised on a straight-line basis over the requisite service period, taking into account estimated employee forfeitures.

A summary of the status of the Company's non-vested RSU awards as of December 31, 2014, December 31, 2013, and December 31, 2012, and changes during those years are as follows:

	Number of shares	Weighted-average grant date fair value per share (in CHF)
Summary of non-vested RSU awards		
Non-vested share awards outstanding as of January 1, 2012	**461,694**	**55**
Granted	369,892	47
Vested	(192,772)	55
Forfeited	(38,715)	50
Non-vested share awards outstanding as of December 31, 2012	**600,099**	**51**
Granted	350,650	50
Vested	(295,305)	52
Cancelled	(127)	50
Forfeited	(33,554)	49
Non-vested share awards outstanding as of December 31, 2013	**621,763**	**50**
Granted	280,904	67
Vested	(296,375)	50
Forfeited	(32,853)	58
Non-vested share awards outstanding as of December 31, 2014	**573,439**	**57**

As of December 31, 2014, the total unrecognised compensation expense related to non-vested share awards amounted to EUR 17. The cost is expected to be recognised over a weighted-average period of one and a half years. The total fair value of share awards vested in 2014, 2013, and 2012 amounted to EUR 19, EUR 12, and EUR 11, respectively. The excess tax benefits resulting from vesting of share awards in 2014 amounted to EUR 1 and were reported as cash flows from financing activities. The 2013 and 2012 excess tax benefits resulting from vesting of share awards were not significant.

in millions, except share and per share information

Option plans

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

No compensation expense was recognised in 2014, 2013, or 2012 in connection with the stock option plans as all options outstanding were fully vested.

A summary of the status of the Company's stock option plans as of December 31, 2014, December 31, 2013, and December 31, 2012, and changes during those years are as follows:

	Number of shares	Weighted-average exercise price per share (in CHF)	Weighted-average remaining life (in years)	Aggregate intrinsic value (in CHF millions)
Summary of stock option plans				
Options outstanding and vested as of January 1, 2012	**103,140**	**78**	**1.0**	
Forfeited	(8,110)	74		
Expired	(86,480)	79		
Options outstanding and vested as of December 31, 2012	**8,550**	**73**	**1.1**	
Forfeited	(500)	60		
Expired	(2,050)	60		
Options outstanding and vested as of December 31, 2013	**6,000**	**79**	**0.4**	
Expired	(6,000)	79		
Options outstanding and vested as of December 31, 2014	**–**	**–**		

Note 10 · Employee benefit plans

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

Defined contribution plans and other arrangements

The Company recorded an expense of EUR 66 in 2014, EUR 64 in 2013, and EUR 70 in 2012, in connection with defined contribution plans, and an expense of EUR 38, EUR 34, and EUR 34, in connection with the Italian employee termination indemnity arrangement in 2014, 2013, and 2012, respectively.

The Company sponsors several non-qualified defined contribution plans in the USA for certain of its employees. These plans are partly funded through Rabbi trusts, which are consolidated in the Company's financial statements. As of December 31, 2014 and December 31, 2013, the assets held in the Rabbi trusts amounted to EUR 89 and EUR 74, respectively. The related pension liability totalled EUR 109 and EUR 91 as of December 31, 2014 and December 31, 2013, respectively.

Certain employees in Sweden are covered under the ITP multi-employer pension plan (employer identification number 55927) administered by a union. The data available from the administrator of the plan (Alecta) is not sufficient to determine the projected benefit obligation or the net assets attributable to the Company. Consequently, this plan is reported as a defined contribution plan. As of December 31, 2014, Alecta managed approximately EUR 69,500 of plan assets on behalf of 2 million private individuals and 33,000 companies. As of December 31, 2013, total assets managed by Alecta amounted to approximately EUR 68,100. Total contributions made by all plan members to this plan in 2013 amounted to approximately EUR 2,900. The information on total contributions made by all plan members in 2014 has not yet been published by Alecta. Contributions made to this plan by the Company amounted to EUR 3 in 2014, EUR 3 in 2013, and EUR 3 in 2012.

Defined benefit plans

The Company sponsors defined benefit plans principally in Switzerland, the Netherlands, and the UK. These plans provide benefits primarily based on years of service and level of compensation, and are in accordance with local regulations and practices. The defined benefit obligations and related assets of all major plans are reappraised annually by independent actuaries. The measurement date in 2014 and 2013 for all defined benefit plans was December 31. Plan assets are recorded at fair value, and consist primarily of equity securities, debt securities, and alternative investments. The projected benefit obligation ("PBO") is the actuarial present value of benefits attributable to employee service rendered to date, including the effects of estimated future pay increases. The accumulated benefit obligation ("ABO") is the actuarial present value of benefits attributable to employee service rendered to date, but excluding the effects of estimated future pay increases.

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

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

	Swiss plan			Non-Swiss plans		
in EUR	**2014**	**2013**	**2012**	**2014**	**2013**	**2012**
Components of pension expense						
Service cost	13	13	13	5	6	5
Interest cost	4	3	3	6	5	6
Expected return on plan assets	(6)	(6)	(5)	(4)	(3)	(6)
Amortisation of prior years' service costs	(1)			1	2	2
Amortisation of net (gain)/loss		2	3	1		1
Pension expense, net	**10**	**12**	**14**	**9**	**10**	**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 December 31, 2014 and December 31, 2013:

	Swiss plan		Non-Swiss plans	
in EUR	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Pension liabilities and assets				
Projected benefit obligation, beginning of year	**171**	**171**	**154**	**153**
Service cost	13	13	5	6
Interest cost	4	3	6	5
Participants contributions	39	36	1	1
Plan amendments		(3)	(1)	
Actuarial (gain)/loss	19	(4)	36	
Benefits paid	(46)	(43)	(3)	(4)
Curtailments			(1)	(4)
Foreign currency translation	3	(2)	2	(3)
Projected benefit obligation, end of year	**203**	**171**	**199**	**154**
Plan assets, beginning of year	**174**	**160**	**118**	**117**
Actual return on assets	18	10	36	(1)
Employer contributions	14	13	5	4
Participants contributions	39	36	1	1
Benefits paid	(46)	(43)	(2)	(3)
Foreign currency translation	4	(2)	2	
Plan assets, end of year	**203**	**174**	**160**	**118**
Funded status of the plan		**3**	**(39)**	**(36)**
Accumulated benefit obligation, end of year	**199**	**168**	**189**	**143**

The following amounts are recognised in the consolidated balance sheets as of December 31, 2014 and December 31, 2013:

	Swiss plan		Non-Swiss plans	
in EUR	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Pension-related assets		3	7	4
Pension-related liabilities			(46)	(40)
Total	**–**	**3**	**(39)**	**(36)**

As of December 31, 2014, the Company recognised a net loss of EUR 19 and EUR 14 for the Swiss defined benefit plan and for the non-Swiss defined benefit plans, respectively, in accumulated other comprehensive income/(loss), net. Furthermore, a net gain of EUR 2 and a net loss of EUR 3 of prior years' service costs were recognised in accumulated other comprehensive income/(loss), net, as of December 31, 2014, for the Swiss defined benefit plan and for the non-Swiss defined benefit plans, respectively. The net loss to be amortised from accumulated other comprehensive income/(loss), net, into earnings, over the next fiscal year amounts to EUR 1 for the Swiss defined benefit plan and EUR 1 for the non-Swiss defined benefit plans. In addition, a EUR 1 gain of prior years' service costs related to the Swiss defined benefit plans and a EUR 1 loss of prior years' service costs related to the non-Swiss defined benefit plans are to be amortised into earnings from accumulated other comprehensive income/(loss), net, over the next fiscal year. As of December 31, 2013, the Company recognised a net loss of EUR 12 and EUR 11 for the Swiss defined benefit plan and for the non-Swiss defined benefit plans, respectively, in accumulated other comprehensive income/(loss), net. Furthermore, a net gain of EUR 2 and a net loss of EUR 5 of prior years' service costs were recognised in accumulated other comprehensive income/(loss), net, as of December 31, 2013, for the Swiss defined benefit plan and for the non-Swiss defined benefit plans, respectively.

For plans with a PBO in excess of the fair value of plan assets as of December 31, 2014 and December 31, 2013, the total PBO was EUR 252 and EUR 42, respectively, and the fair value of the plan assets was EUR 205 and EUR 2, 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 44 and EUR 35 as of December 31, 2014 and December 31, 2013, respectively, and the fair value of the plan assets of those plans was EUR 3 and EUR 2, respectively.

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

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

	Swiss plan			Non-Swiss plans		
in %	2014	2013	2012	2014	2013	2012
Weighted-average actuarial assumptions						
Discount rate	1.1	2.2	1.9	2.4	2.8	2.4
Rate of increase in compensation levels	2.5	2.5	2.5	1.1	1.3	1.3
Expected long-term rate of return on plan assets	3.3	3.5	3.5	3.1	4.1	3.5

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

in millions, except share and per share information

The Swiss and non-Swiss pension plans' target weighted-average asset allocations as of December 31, 2014 and December 31, 2013, by asset category, are as follows:

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

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

The fair values of the Company's pension plan assets as of December 31, 2014 and as of December 31, 2013 by asset category are as follows:

December 31, 2014

	Swiss plan				Non-Swiss plans			
in EUR	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Asset category								
Cash and cash equivalents	7			7	1			1
Equity securities:								
• Switzerland	34			34				
• Rest of the world	43			43	17			17
Debt securities:								
• Government bonds	5			5	49			49
• Corporate bonds	54			54	17			17
Alternative investments:								
• Commodity funds/private equity	6		5	11				
• Liability driven investments ("LDI")						51		51
• Alternative investment funds	3	15		18	18			18
Real estate funds	30	1		31				
Other					2	5		7
Total	**182**	**16**	**5**	**203**	**104**	**56**		**160**

December 31, 2013

in EUR	Swiss plan Level 1	Swiss plan Level 2	Swiss plan Level 3	Swiss plan Total	Non-Swiss plans Level 1	Non-Swiss plans Level 2	Non-Swiss plans Level 3	Non-Swiss plans Total
Asset category								
Cash and cash equivalents					1			1
Equity securities:								
• Switzerland	30			30				
• Rest of the world	35			35	13			13
Debt securities:								
• Government bonds	5			5	35			35
• Corporate bonds	48			48	18			18
Alternative investments:								
• Commodity funds/private equity	6		3	9	2			2
• Liability driven investments ("LDI")						28		28
• Alternative investment funds	5	17		22	16			16
Real estate funds	25			25				
Other					1	4		5
Total	**154**	**17**	**3**	**174**	**86**	**32**		**118**

A reconciliation of the change in the fair value measurement of the defined benefit plans' consolidated assets using significant unobservable inputs (Level 3) during the years ended December 31, 2014 and December 31, 2013 is as follows:

in EUR	Swiss plan
Private equity funds	
Balance as of January 1, 2013	**2**
Purchases, sales, and settlements, net	1
Balance as of December 31, 2013	**3**
Purchases, sales, and settlements, net	2
Balance as of December 31, 2014	**5**

The Company expects to contribute EUR 14 to its pension plan in Switzerland and EUR 4 to its non-Swiss plans in 2015.

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

in EUR	Swiss plan	Non-Swiss plans
Future benefits payments		
2015	51	3
2016	13	3
2017	12	4
2018	11	4
2019	11	5
Years 2020–2024	44	31

in millions, except share and per share information

Note 11 • Financial instruments

Risk and use of derivative instruments

The Company conducts business in various countries and funds its subsidiaries in various currencies, and is therefore exposed to the effects of changes in foreign currency exchange rates. In order to mitigate the impact of currency exchange rate fluctuations, the Company assesses its exposure to currency risk and hedges certain risks through the use of derivative instruments. The Company has also issued fixed rate long-term notes. Accordingly, the Company may manage exposure to changes in fair value of fixed interest long-term debt through the use of derivative instruments.

The main objective of holding derivative instruments is to minimise the volatility of earnings arising from these exposures in the absence of natural hedges. The responsibility for 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 limits the use of derivative instruments for trading and speculative purposes. Group management approves the hedging strategy and monitors the underlying market risks.

Fair value of non-derivative financial instruments

The following table shows the carrying value and the fair value of non-derivative financial instruments as of December 31, 2014 and December 31, 2013:

in EUR	31.12.2014 Carrying value	31.12.2014 Fair value	31.12.2013 Carrying value	31.12.2013 Fair value
Non-derivative financial instruments				
Current assets:				
• Cash and cash equivalents	695	695	963	963
• Short-term investments	3	3		
• Trade accounts receivable, net	3,676	3,676	3,526	3,526
Current liabilities:				
• Accounts payable	746	746	621	621
• Short-term debt	88	88	145	145
• Current maturities of long-term debt	1	1	347	354
Non-current liabilities:				
• Long-term debt	1,584	1,720	1,567	1,654

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

- Cash equivalents, trade accounts receivable, net, accounts payable, and short-term debt
  The carrying amount approximates the fair value given the short maturity of such instruments.
- Short-term investments
  The fair value for these instruments is based on quoted market prices.
- Long-term debt, including current maturities
  The fair value of the Company's publicly-traded long-term debt is estimated using quoted market prices (refer to Note 7 for details of debt instruments).

Fair value of derivative financial instruments

The following table shows the notional amount and the fair value of derivative financial instruments as of December 31, 2014 and December 31, 2013:

		Notional amount		Fair value	
in EUR	Balance sheet location	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Derivative assets					
Derivatives designated as hedging instruments under ASC 815:					
• Interest rate swaps	Other assets	50	50	2	1
Derivatives not designated as hedging instruments under ASC 815:					
• Foreign currency contracts	Other current assets	449	515	19	10
• Interest rate swaps	Other current assets		125		1
Derivative liabilities					
Derivatives not designated as hedging instruments under ASC 815:					
• Foreign currency contracts	Other accrued expenses	1,105	1,357	(14)	(12)
Total net derivatives				**7**	

In addition, accrued interest receivable on interest rate swaps of less than EUR 1 and EUR 2 was recorded in other current assets as of December 31, 2014 and December 31, 2013, respectively.

The fair value of interest rate swaps and foreign currency contracts is calculated by using the present value of future cash flows based on observable market inputs. The Company adds an adjustment for non-performance risk in the recognised measure of fair value of derivative instruments as well as a liquidity charge represented by the bid-ask spread of the outstanding derivatives. The non-performance adjustment reflects the Credit Default Swap ("CDS") applied to the exposure of each transaction. The Company uses the counterparty CDS spread in case of an asset position and its own CDS spread in case of a liability position. As of December 31, 2014 and December 31, 2013, the total impact of non-performance risk and liquidity risk was an adjustment of EUR 1 and EUR 1, respectively.

Fair value hedges

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

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

in millions, except share and per share information

The gain and loss on the hedged fixed rate notes attributable to the hedged benchmark interest rate risk and the offsetting gain and loss on the related interest rate swaps, both reported as interest expense for 2014, 2013, and 2012 are as follows:

in EUR		Gain/(loss) on derivative recognised in earnings					Gain/(loss) on related hedged item recognised in earnings		
Derivative	Location of gain/(loss) on derivative recognised in earnings	2014	2013	2012	Hedged item	Location of gain/(loss) on related hedged item recognised in earnings	2014	2013	2012
Interest rate swaps	Interest expense	1	(3)	(1)	Long-term debt	Interest expense	(1)	3	1

In addition, the Company recorded a gain of EUR 1 in 2014 and a gain of EUR 2 in both 2013 and 2012 in interest expense related to the amortisation of terminated hedges.

Furthermore, the net swap settlements that accrue each period are also reported in interest expense. No significant gains or losses were recorded in 2014, 2013, and 2012, 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 2014, 2013, or 2012.

Cash flow hedges
There was an effective portion of gains on cash flow hedges recognised in other comprehensive income/(loss), net, of less than EUR 1 as of December 31, 2014, as of December 31, 2013, and as of December 31, 2012. As of December 31, 2014 and December 31, 2013, gains relating to cash flow hedges included as a component of accumulated other comprehensive income/(loss), net, amounted to EUR 1 and EUR 1, respectively. No significant gains or losses were recorded in 2014, 2013, and 2012, due to ineffectiveness in cash flow hedge relationships. In 2014, 2013, and 2012, no significant gains or losses were excluded from the assessment of hedge effectiveness of the cash flow hedges. No significant reclassifications into earnings of gains and losses that are reported in accumulated other comprehensive income/(loss), net, are expected within the next 12 months.

Other hedge activities
The Company has entered into certain derivative contracts that are not designated or do not qualify as hedges under ASC 815. Foreign currency contracts and cross-currency interest rate swaps are used to hedge the net exposure of subsidiary funding advanced in the local operations' functional currency. Contracts are entered into in accordance with the approved treasury policies and procedures and represent economic hedges. Gains and losses on these contracts are recognised in earnings and are included in other income/(expenses), net, in the accompanying consolidated statements of operations.

In connection with these activities, the Company recorded a net loss of EUR 2 in 2014 and EUR 4 in both 2013 and 2012, as follows:

in EUR Derivative	Location of gain/(loss) on derivative recognised in earnings	Gain/(loss) on derivative recognised in earnings 2014	2013	2012	Hedged item	Location of gain/(loss) on related hedged item recognised in earnings	Gain/(loss) on related hedged item recognised in earnings 2014	2013	2012
Cross-currency interest rate swaps	Other income/ (expenses), net			(1)	Loans and receivables to/ from subsidiaries	Other income/ (expenses), net			1
Foreign currency contracts	Other income/ (expenses), net	(2)	16	(38)	Cash, loans, and receivables to/ from subsidiaries	Other income/ (expenses), net		(20)	34

An insignificant loss in 2014 and an insignificant gain in 2013 were recorded in other income/(expenses), net, related to interest rate swaps not designated as a hedging instrument under ASC 815. In 2012, an expense of EUR 2 was recorded in other income/(expenses), net, related to a swaption not designated as a hedging instrument under ASC 815 whereas no significant amounts were included in relation to interest rate swaps not designated as hedging instruments under ASC 815.

Credit risk concentration

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

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

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

Note 12 • Fair value measurement

The following table represents the Company's assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2014 and December 31, 2013, consistent with the fair value hierarchy provisions of ASC 820:

in EUR	Level 1	Level 2	Level 3	Total
December 31, 2014				
Assets				
Available-for-sale securities	3			3
Derivative assets		21		21
Liabilities				
Derivative liabilities		14		14
December 31, 2013				
Assets				
Derivative assets		14		14
Liabilities				
Derivative liabilities		12		12

in millions, except share and per share information

Note 13 • Other income/(expenses), net

For the years 2014, 2013, and 2012, other income/(expenses), net, consist of the following:

in EUR	2014	2013	2012
Foreign exchange gain/(loss), net	(2)	(4)	(4)
Interest income	5	4	5
Proportionate net income of investee companies	7	3	2
Other non-operating income/(expenses), net	(5)	(5)	(16)
Total other income/(expenses), net	**5**	**(2)**	**(13)**

In 2012, other non-operating income/(expenses), net, includes a loss of EUR 15 related to the sale of a business in North America.

Note 14 • Income taxes

Adecco S.A. is incorporated in Switzerland and the Company operates in various countries with differing tax laws and rates. A substantial portion of the Company's operations are outside of Switzerland. Since the Company operates worldwide, the weighted-average effective tax rate will vary from year to year depending on the earnings mix by country. The weighted-average tax rate is calculated by aggregating pre-tax income or loss in each country in which the Company operates multiplied by the country's statutory income tax rate. Income before income taxes in Switzerland totalled EUR 114, EUR 159, and EUR 183 in 2014, 2013, and 2012, respectively. Foreign source income before income taxes amounted to EUR 713, EUR 539, and EUR 401 in 2014, 2013, and 2012, respectively.

The provision for income taxes consists of the following:

in EUR	2014	2013	2012
Provision for income taxes			
Current tax provision:			
• Domestic	(3)	15	24
• Foreign	200	86	152
Total current tax provision	**197**	**101**	**176**
Deferred tax provision/(benefit):			
• Domestic	(12)	(1)	
• Foreign	2	40	30
Total deferred tax provision/(benefit)	**(10)**	**39**	**30**
Total provision for income taxes	**187**	**140**	**206**

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

in EUR	2014	2013	2012
Tax rate reconciliation			
Income taxed at weighted-average tax rate	197	146	111
Items taxed at other than weighted-average tax rate	11	(27)	8
Non-deductible expenses and other permanent items	(21)	(3)	6
Tax treaty adjustment	(13)		
Net change in valuation allowance	12	25	84
Adjustments to deferred tax assets due to rate changes	1	1	4
Tax on undistributed earnings	1	(1)	(5)
Other, net	(1)	(1)	(2)
Total provision for income taxes	**187**	**140**	**206**

In 2014, 2013, and 2012, the reconciling item "items taxed at other than weighted-average tax rate" includes the French business tax. In accordance with French legislation, a portion of the business tax is computed based on added value and consequently, under U.S. GAAP, this component is reported as income tax. Furthermore, in 2014, 2013, and 2012, the reconciling item "items taxed at other than weighted-average tax rate" includes EUR 5, EUR 42, and EUR 50 positive impact related to the settlement of tax contingencies and additionally in 2014 and 2013 the impact of CICE (tax credit for competitiveness and employment) which is non-taxable.

In 2014, 2013, and 2012, the reconciling item "non-deductible expenses and other permanent items" includes permanent items primarily related to intercompany provisions and other write-offs that are deductible for tax purposes but have no impact on the consolidated financial statements.

In 2014, the reconciling item "tax treaty adjustment" relates to an adjustment to income tax expense based on a double taxation treaty between two tax jurisdictions.

In 2014 and 2013, the reconciling item "net change in valuation allowance" includes EUR 14 and EUR 22 valuation allowance on current year French losses and temporary differences, respectively. In 2012, the reconciling item "net change in valuation allowance" includes EUR 73 valuation allowance on French deferred tax assets recognised in prior years and current year French losses. At the end of 2012, CICE was approved. As CICE has a negative impact for income tax purposes starting in 2013, management reassessed the recoverability of the French deferred tax assets and recorded a full valuation allowance on those assets in 2012.

As of December 31, 2014 and December 31, 2013, a deferred tax liability of EUR 10 and EUR 9, respectively, has been provided for non-Swiss withholding taxes and additional Swiss taxes due upon the future dividend payment of cumulative undistributed earnings which are not considered permanently reinvested. In 2014 and 2013, the Company has not provided for Swiss income taxes on one of its Swiss subsidiaries' undistributed earnings as such amounts are considered permanently reinvested. As of December 31, 2014 and December 31, 2013, such earnings amounted to approximately EUR 2,809 and EUR 2,748, respectively. Furthermore, in 2014, the Company has not provided for income and withholding taxes on certain non-Swiss subsidiaries' undistributed earnings as such amounts are considered permanently reinvested. As of December 31, 2014 and December 31, 2013, such earnings amounted to approximately EUR 352 and EUR 460, respectively. It is not practicable to estimate the amount of taxes that would be payable upon remittance of these earnings.

in millions, except share and per share information

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

in EUR	31.12.2014	31.12.2013
Temporary differences		
Net operating loss carryforwards and capital losses	220	185
Tax credits	12	12
Depreciation	9	12
Deferred compensation and accrued employee benefits	73	77
Allowance for doubtful accounts	9	8
Accrued expenses	86	74
Intercompany transactions	32	32
Other	18	17
Gross deferred tax assets	**459**	**417**
Unrecognised tax benefits provision, net	(21)	(22)
Valuation allowance	(215)	(202)
Deferred tax assets, net	**223**	**193**
Intangible assets book basis in excess of tax basis	(125)	(124)
Tax amortisation in excess of financial amortisation	(87)	(71)
Undistributed earnings of subsidiaries	(10)	(9)
Deferred tax liabilities	**(222)**	**(204)**
Deferred tax assets, net of deferred tax liabilities	**1**	**(11)**

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

Valuation allowances on deferred tax assets of foreign and domestic operations increased by EUR 13 to EUR 215. Included in the change of the valuation allowance is an increase of EUR 5 for current and prior year's losses and an increase of EUR 8 in connection with management's assessment of the realisability of deferred tax assets.

The following table summarises the deferred tax assets and deferred tax liabilities reported by the Company as of December 31, 2014 and December 31, 2013:

in EUR	Balance sheet location	31.12.2014	31.12.2013
Deferred tax assets – current	Other current assets	96	90
Deferred tax assets – non-current	Other assets	76	94
Deferred tax liabilities – current	Other accrued expenses	(6)	(2)
Deferred tax liabilities – non-current	Other liabilities	(165)	(193)
Deferred tax assets, net of deferred tax liabilities		**1**	**(11)**

As of December 31, 2014, the Company had approximately EUR 926 of net operating loss carryforwards and capital losses. These losses will expire as follows:

in EUR	2015	2016	2017	2018	2019	Thereafter	No expiry	Total
Expiration of losses by year	11	11	89	11	18	332	454	926

The largest net operating loss carryforwards and capital losses are EUR 719 as of December 31, 2014, in Switzerland, France, Germany, the Netherlands, Belgium, and the USA. The losses in the Netherlands, Belgium, the USA, and Switzerland begin to expire in 2015, 2017, 2017, and 2021, respectively. The losses in France and Germany do not expire. In addition, tax credits of EUR 12 are related to Spain and the USA operations and begin to expire in 2016 and 2018, respectively.

As of December 31, 2014, the amount of unrecognised tax benefits including interest and penalties is EUR 83 of which EUR 69 would, if recognised, decrease the Company's effective tax rate. As of December 31, 2013, the amount of unrecognised tax benefits including interest and penalties was EUR 81 of which EUR 66 would have, if recognised, decreased the Company's effective tax rate.

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

in EUR	Unrecognised tax benefits
Balance as of January 1, 2012	**230**
Increases related to current year tax positions	24
Expiration of the statute of limitations for the assessment of taxes	(7)
Settlements with tax authorities	(26)
Additions to prior years	13
Decreases to prior years	(45)
Foreign exchange currency movement	(2)
Balance as of December 31, 2012	**187**
Increases related to current year tax positions	10
Expiration of the statute of limitations for the assessment of taxes	(13)
Settlements with tax authorities	(77)
Additions to prior years	10
Decreases to prior years	(36)
Foreign exchange currency movement	(8)
Balance as of December 31, 2013	**73**
Increases related to current year tax positions	9
Expiration of the statute of limitations for the assessment of taxes	(11)
Settlements with tax authorities	(3)
Additions to prior years	6
Decreases to prior years	(2)
Foreign exchange currency movement	3
Balance as of December 31, 2014	**75**

in millions, except share and per share information

In 2014, the item "settlements with tax authorities" includes cash payments and reduction of net operating losses carryforwards of EUR 3, due to various settlements of contingencies. Furthermore, in 2014 the item "additions to prior years" mainly relates to changes in estimates due to current year audit activity.

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

The Company recognises interest and penalties related to unrecognised tax benefits as a component of the provision for income taxes. As of December 31, 2014 and December 31, 2013, the amount of interest and penalties recognised in the balance sheet amounted to EUR 8 and EUR 8, respectively. The total amount of interest and penalties recognised in the statement of operations was a net benefit of less than EUR 1 in 2014, and a net benefit of EUR 20 and EUR 24 in 2013 and 2012, respectively.

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

	Open tax years
Country	
Australia	2001 onwards
Canada	2009 onwards
France	2012 onwards
Germany	2006 onwards
Italy	2006 onwards
Japan	2008 onwards
Netherlands	2011 onwards
Spain	2011 onwards
UK	2010 onwards
USA	2014 onwards

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

Based on the outcome of examinations, or as a result of the expiration of the statute of limitations for specific jurisdictions, it is reasonably possible that the related unrecognised tax benefits for tax positions taken regarding previously filed tax returns could materially change in the next 12 months from those recorded as liabilities for uncertain tax positions in the financial statements. An estimate of the range of the possible changes cannot be made until issues are further developed or examinations close.

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

Note 15 • Earnings per share

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

	2014		2013		2012	
in EUR (except number of shares)	Basic	Diluted	Basic	Diluted	Basic	Diluted
Numerator						
Net income attributable to Adecco shareholders	**638**	**638**	**557**	**557**	**377**	**377**
Denominator						
Weighted-average outstanding shares	176,267,821	176,267,821	180,511,706	180,511,706	171,380,880	171,380,880
Weighted-average shares deliverable under prepaid forward					17,012,631	17,012,631
Weighted-average shares	**176,267,821**	**176,267,821**	**180,511,706**	**180,511,706**	**188,393,511**	**188,393,511**
Incremental shares for assumed conversions:						
• Employee stock-based compensation		321,358		269,727		161,866
Total average equivalent shares	**176,267,821**	**176,589,179**	**180,511,706**	**180,781,433**	**188,393,511**	**188,555,377**
Per share amounts						
Net earnings per share	**3.62**	**3.61**	**3.09**	**3.08**	**2.00**	**2.00**

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

Stock options of 3,000 in 2014, 7,150 in 2013 and 98,485 in 2012 were excluded from the computation of diluted net income per share as the effect would have been anti-dilutive.

Note 16 • Segment reporting

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

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

in millions, except share and per share information

Revenues derived from temporary staffing represented 90% in 2014, 91% in 2013, and 90% in 2012 of the Company's revenues. The remaining portion was derived from permanent placement, outsourcing, career transition, and other services.

in EUR	France	North America	UK & Ireland	Germany & Austria	Japan	Italy	Benelux	LHH	Other	Corporate	Total
2014 segment reporting											
Revenues	4,640	3,854	2,061	1,687	1,032	1,098	982	334	4,312		20,000
Depreciation	(23)	(16)	(4)	(6)	(4)	(2)	(4)	(3)	(20)	(10)	(92)
Operating income before amortisation of intangible assets	280	205	49	77	57	65	45	98	160	(108)	928
Amortisation of intangible assets											(37)
Operating income											891
Interest expense and other income/(expenses), net											(64)
Provision for income taxes											(187)
Net income											**640**
Capital expenditures	(13)	(13)	(2)	(2)	(7)	(2)	(2)	(5)	(15)	(19)	(80)
Segment assets	1,332	2,494	693	1,745	270	228	300	447	1,477	454	9,440
Long-lived assets [1]	247	141	10	13	20	11	12	13	124	53	644

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

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

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

Information by country is as follows:

in EUR	France	USA	UK	Germany	Japan	Italy	Switzerland	Rest of the world	Total
Revenues									
2014	4,736	3,672	2,048	1,629	1,034	1,101	436	5,344	20,000
2013	4,818	3,520	1,896	1,571	1,121	964	422	5,191	19,503
2012	5,250	3,588	1,927	1,551	1,553	935	449	5,283	20,536
Long-lived assets [1]									
2014	257	145	10	13	20	11	48	140	644
2013	215	140	11	18	19	11	30	127	571
2012	126	127	16	24	28	12	23	146	502

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

in millions, except share and per share information

Revenues by business line are as follows:

in EUR	Office	Industrial	Information Technology	Engineering & Technical	Finance & Legal	Medical & Science	Solutions	Total
Revenues								
2014	4,815	10,142	2,337	1,103	778	349	476	20,000
2013	4,949	9,627	2,249	1,138	751	364	425	19,503
2012	5,476	9,955	2,379	1,169	761	398	398	20,536

Note 17 • Commitments and contingencies

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

Total rent expense under operating leases amounted to EUR 211 in 2014, EUR 221 in 2013, and EUR 225 in 2012. Future minimum annual lease payments under operating leases translated using December 31, 2014 exchange rates are as follows:

in EUR	2015	2016	2017	2018	2019	Thereafter	Total
Operating leases	168	119	86	57	41	46	517

As of December 31, 2014, the Company has future purchase and service contractual obligations of approximately EUR 137, primarily related to IT development and maintenance agreements, marketing sponsorship agreements, equipment purchase agreements, and other vendor commitments. Future payments under these arrangements translated using December 31, 2014 exchange rates are as follows:

in EUR	2015	2016	2017	2018	2019	Thereafter	Total
Purchase and service contractual obligations	63	42	27	5			137

Guarantees

The Company has entered into certain guarantee contracts and standby letters of credit that total EUR 638, including those letters of credit issued under the multicurrency revolving credit facility (EUR 66). The guarantees primarily relate to government requirements for operating a temporary staffing business in certain countries and are generally renewed annually. Other guarantees relate to operating leases and credit lines. The standby letters of credit mainly relate to workers' compensation in the USA. If the Company is not able to obtain and maintain letters of credit and/or guarantees from third parties then the Company would be required to collateralise its obligations with cash. Due to the nature of these arrangements and historical experience, the Company does not expect to be required to collateralise its obligations with cash.

Contingencies

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

Note 18 • Enterprise risk management

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

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

The Company's Enterprise Risk Management Steering Committee supports the segments when identifying risks. The Steering Committee has defined 16 overarching risk categories, which can have a significant impact on the Company's results. Those key recurring risk categories are, amongst others, economic environment, client attraction and retention, associate attraction and retention, employee attraction and retention, financial risk, Information Technology, change in regulatory/legal and political environment, compliance with laws, disruptive technologies. All identified risk categories have to be assessed by all segments within the Company.

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

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

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

The financial market risk primarily relates to foreign exchange and interest rates and is further discussed in Note 11. These exposures are actively managed by the Company in accordance with written policies approved by the Board of Directors. The Company's objective is to minimise, where deemed appropriate, fluctuations in earnings and cash flows associated with changes in foreign currency exchange rates and interest rates. It is the Company's policy to use a variety of derivative financial instruments to hedge these exposures in the absence of natural hedges.

The Company concluded that the risk management process has worked properly throughout 2014.

Note 19 • Subsequent events

The Company has evaluated subsequent events through March 19, 2015, the date the consolidated financial statements were available to be issued. No significant events occurred subsequent to the balance sheet date but prior to March 19, 2015 that would have a material impact on the consolidated financial statements.

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

As statutory auditor, we have audited the accompanying consolidated financial statements of Adecco S.A. and subsidiaries, which comprise the consolidated balance sheets as of 31 December 2014 and 2013, and the related consolidated statements of operations, comprehensive income, cash flows and changes in shareholders' equity for each of the three years in the period ended 31 December 2014, and notes thereto.

Board of Directors' responsibility

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements, referred to above, present fairly, in all material respects, the consolidated financial position of Adecco S.A. and subsidiaries as of 31 December 2014 and 2013, and the consolidated results of the operations and the cash flows for each of the three years in the period ended 31 December 2014, in accordance with accounting principles generally accepted in the United States and comply with Swiss law.

Report on other legal requirements

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

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

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

Ernst & Young Ltd

André Schaub
Licensed audit expert
(Auditor in charge)

Bruno Chiomento
Licensed audit expert

Zurich, Switzerland
19 March 2015

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

in millions, except share and per share information

As of (in CHF)	Note	31.12.2014	31.12.2013
Assets			
Current assets:			
• Cash and cash equivalents		6	322
• Receivables from subsidiaries		49	39
• Other current assets		5	8
Total current assets		**60**	**369**
Non-current assets:			
• Investments in subsidiaries		10,385	10,472
• Loans to subsidiaries		2,558	2,549
• Provisions on investments in and loans to subsidiaries		(610)	(782)
• Treasury shares	3	369	565
• Software and other intangible assets		85	114
• Other assets		24	9
Total non-current assets		**12,811**	**12,927**
Total assets		**12,871**	**13,296**
Liabilities and shareholders' equity			
Liabilities			
Current liabilities:			
• Amounts due to subsidiaries		133	215
• Other current liabilities		61	38
Total current liabilities		**194**	**253**
Non-current liabilities:			
• Long-term debt to subsidiaries		6,370	5,772
• Provisions and non-current liabilities		20	17
• Long-term debt	2	825	825
Total non-current liabilities		**7,215**	**6,614**
Total liabilities		**7,409**	**6,867**
Shareholders' equity			
Share capital	4	179	189
General reserves:			
• Reserve from capital contributions	4	519	874
• Other reserves	4	407	407
Reserve for treasury shares	4	369	565
Retained earnings	4	3,988	4,394
Total shareholders' equity		**5,462**	**6,429**
Total liabilities and shareholders' equity		**12,871**	**13,296**

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

in millions, except share and per share information

For the fiscal years ended December 31 (in CHF)	2014	2013
Operating income		
Royalties and license fees	348	330
Dividends from subsidiaries		104
Interest income from subsidiaries	76	95
Interest income from third parties	2	9
Taxes	13	
Other income	12	39
Total operating income	**451**	**577**
Operating expenses		
Interest expense to subsidiaries	(204)	(186)
Interest expense to third parties	(21)	(21)
Charge to provisions on loans and investments, net	(47)	(165)
Taxes		(2)
Financial expense	(5)	
Other expenses (including depreciation of CHF 7 in 2014 and CHF 4 in 2013)	(269)	(138)
Total operating expenses	**(546)**	**(512)**
Net income/(loss)	**(95)**	**65**

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

in millions, except share and per share information

Note 1 • Contingent liabilities

in CHF	31.12.2014	31.12.2013
Guarantees	1,764	2,265
Letters of comfort	101	101
Other	11	10
Total contingent liabilities	**1,876**	**2,376**

Adecco S.A. has irrevocably and unconditionally guaranteed the 2019 notes of CHF 480 (EUR 400) and accrued interest of CHF 2, the 2018 notes of CHF 601 (EUR 500) and accrued interest of CHF 20, issued by Adecco International Financial Services BV, a wholly owned subsidiary of Adecco S.A.

Adecco S.A. has irrevocably and unconditionally guaranteed outstanding commercial paper of CHF 61 (EUR 51) issued by Adecco International Financial Services BV, a wholly owned subsidiary of Adecco S.A.

Adecco S.A. has guaranteed or co-issued an amount of CHF 89 utilised from the revolving credit facility in the form of letters of credit as of December 31, 2014. Approximately CHF 513 of the credit facilities issued to several subsidiaries in Europe, North America, South America, Asia, and Australia have been guaranteed for operational needs. 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 USA.

Adecco S.A. is jointly and severally liable for the liabilities of the Swiss VAT group. As of December 31, 2014, the Swiss VAT group liability amounted to CHF 11.

Note 2 • Long-term debt

The long-term debt issued by Adecco S.A. as of December 31, 2014 consists of the following:

in CHF	Principal at maturity	Maturity	Fixed interest rate	31.12.2014
8-year Swiss Franc fixed rate notes	CHF 125	2020	2.625%	125
5-year Swiss Franc fixed rate notes	CHF 350	2017	1.875%	350
4-year Swiss Franc fixed rate notes	CHF 350	2016	2.125%	350
Total long-term debt				**825**

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

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

4-year Swiss Franc fixed rate notes

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

Note 3 • Treasury shares

The reserve for treasury shares held by Adecco S.A. is transferred to/from retained earnings. As of December 31, 2014 and December 31, 2013, all treasury shares held by the Adecco Group are held by Adecco S.A.

	Carrying value (in CHF millions)	Number of shares	Average price per share (in CHF)
January 1, 2013	**213**	**4,653,738**	
Purchases	23	428,473	52
Purchased over second trading line (share buyback)	342	6,344,609	54
Utilisation for stock-based compensation settlement	(15)	(301,314)	51
Reversal of write-down	2		
December 31, 2013	**565**	**11,125,506**	
Purchases	27	409,631	67
Purchased over second trading line (share buyback)	312	4,606,873	68
Share cancellation	(517)	(10,181,696)	51
Utilisation for stock-based compensation settlement	(18)	(327,073)	55
December 31, 2014	**369**	**5,633,241**	

In 2014 and 2013, the number of treasury shares acquired by Adecco S.A. on the regular trading line amounted to 409,631 and 428,473, respectively. The highest and lowest price per share paid for the shares acquired in 2014 amounted to CHF 79 and CHF 58, respectively, and for the shares acquired in 2013 CHF 54 and CHF 50, respectively.

In 2014 and 2013, Adecco S.A. awarded 16,335 and 6,009 treasury shares, respectively, to the Board of Directors as part of their compensation package (refer to section 5.1.1 "Board of Directors' compensation and shareholding" in the Remuneration Report). In addition, in 2014 and 2013, 310,738 treasury shares and 295,305 treasury shares, respectively, were used to settle share awards under the long-term incentive plan.

Adecco S.A. launched the following share buyback programmes on a second trading line with the aim of subsequently cancelling the shares and reducing share capital:

- EUR 400 in June 2012 (completed in September 2013)
- EUR 250 in September 2013 (completed in November 2014)
- EUR 250 in November 2014 (acquired 576,750 shares for EUR 32 as of December 31, 2014)

As of December 31, 2014 and December 31, 2013, Adecco S.A. held 4,606,873 shares and 10,181,696 shares, respectively acquired under the share buyback programmes. Adecco S.A. has acquired 4,606,873 shares for CHF 312 (EUR 257) in 2014, and 6,344,609 shares for CHF 342 (EUR 280) in 2013, under the share buyback programmes. The highest and lowest price per share paid under the share buyback programmes in 2014 amounted to CHF 73 and CHF 58, respectively, and in 2013 CHF 70 and CHF 48, respectively.

At the Annual General Meeting of Shareholders of Adecco S.A. held on April 15, 2014, the shareholders approved the cancellation of 10,181,696 treasury shares acquired until December 31, 2013 under the share buyback programmes and the corresponding reduction of Adecco S.A.'s share capital by 10,181,696 registered shares with a nominal value of CHF 1.00 each.

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

in millions, except share and per share information

The cancellation of 10,181,696 treasury shares was completed on July 7, 2014. Effective July 7, 2014, the share capital of Adecco S.A. amounts to CHF 179 divided into 179,081,810 shares. The Board of Directors of Adecco S.A. will propose to the Annual General Meeting of Shareholders of April 21, 2015 to cancel the total number of 4,606,873 treasury shares acquired in 2014 under the share buyback programmes.

As of December 31, 2014, the treasury shares, excluding those acquired on the second trading line with the aim of subsequently cancelling the shares and reducing share capital, are intended to be used for the settlement of the Company's long-term incentive plan (for further details refer to Note 9 to the consolidated financial statements) as well as for the Board of Directors' compensation.

Note 4 • Shareholders' equity

		General Reserves					
in CHF	Share capital	Reserve from capital contributions	Other reserves	Free reserves	Reserve for treasury shares	Retained earnings	Total
January 1, 2014	**189**	**874**	**407**		**565**	**4,394**	**6,429**
Allocation from reserve from capital contributions to free reserves for dividend distribution		(355)		355			
Dividend distribution				(355)			(355)
Share cancellation	(10)					(507)	(517)
Net movement in reserve for treasury shares					(196)	196	
Net loss						(95)	(95)
December 31, 2014	**179**[1]	**519**	**407**		**369**	**3,988**	**5,462**

1 Common shares of CHF 179,081,810 at CHF 1 par value.

On April 15, 2014, Adecco S.A. held its Annual General Meeting of Shareholders in Lausanne.

Conditional capital

As of December 31, 2014, Adecco S.A. has conditional capital under Art. 3^{quater} of the Articles of Incorporation of Adecco S.A. of 15,400,000 shares, for a maximum aggregate amount of CHF 15 for issue of a maximum of 15,400,000 registered shares, which shall be fully paid by the exercise of option and conversion rights to be granted in relation to bond issues or other obligations of Adecco S.A. or affiliated companies. The shares represent conditional capital authorised without time limitation and remain available for issuance upon conversion of any financial instruments that Adecco S.A. or its subsidiaries may issue in the future.

As of December 31, 2014 and December 31, 2013, Adecco S.A. has 4,166,804 shares of conditional capital reserved for issuance of common shares to employees and members of the Board of Directors upon the exercise of stock options under Art. 3^{ter} of the Articles of Incorporation of Adecco S.A. These shares shall be fully paid up by the exercise of option rights which the Board of Directors has granted to the employees and to the members of the Board of Directors of Adecco S.A. or of its affiliated companies. During 2014, Adecco S.A. did not issue any shares and no options were outstanding as of December 31, 2014.

General Reserves

Pursuant to Swiss tax legislation, the reserve from capital contributions amounting to CHF 519 and CHF 874 as of December 31, 2014 and as of December 31, 2013, respectively, is presented separately within general reserves. Any dividend distribution made out of the reserve from capital contributions (or from free reserves allocated from the reserve from capital contributions) after January 1, 2011, is not subject to Swiss withholding tax. Only capital contributions made after December 31, 1996, qualify for the tax exemption and are classified in the reserve from capital contributions.
In 2014, upon approval at the Annual General Meeting of Shareholders, dividends for 2013 of CHF 2.00 per share, totalling CHF 355 (EUR 291), were allocated from Adecco S.A.'s reserve from capital contributions to free reserves and subsequently distributed to shareholders. For 2014, the Board of Directors of Adecco S.A. will propose a dividend of CHF 2.10 per share outstanding for the approval of shareholders at the Annual General Meeting of Shareholders to be allocated from Adecco S.A.'s reserve from capital contributions to free reserves and subsequently distributed to shareholders.

Note 5 • Significant shareholders

Adecco S.A. has only registered shares. Not all shareholders register with Adecco S.A.'s share register. The following figures are based on information from the share register as of December 31, 2014, on shareholders' disclosures or on other information available to Adecco S.A.

Adecco S.A. was informed that a shareholder group with pooled voting rights, consisting of Jacobs Holding AG, Zurich, Switzerland; Jacobs Stiftung, Zurich, Switzerland; Renata I. Jacobs, Sliema, Malta; Lavinia Jacobs, Zug, Switzerland; Nicolas Jacobs, Kusnacht, Switzerland; Philippe Jacobs, London, UK; Nathalie Jacobs, Kusnacht, Switzerland; Christian Jacobs, Hamburg, Germany; Andreas Jacobs, Hamburg, Germany; Verein Jacobs Familienrat, Zurich, Switzerland; Sentosa Beteiligungs GmbH, Hamburg, Germany (controlled by Christian Jacobs); Niantic Finance AG, Zurich, Switzerland (controlled by Andreas Jacobs); and Triventura AG, Baar, Switzerland, had sold shares, and as a result, on March 18, 2014 the shareholder group's shareholding in Adecco S.A. fell below 3%. The shareholder group held 34,873,578 shares as of December 31, 2013.

On May 23, 2014, Akila Finance S.A.'s (Luxembourg, controlled by Philippe Foriel-Destezet, Gstaad, Switzerland) shareholding in Adecco S.A. fell below 5%. Akila Finance S.A. held 10,163,580 shares as of December 31, 2013.

On November 14, 2014, Harris Associates Investment Trust, Chicago, USA, held 9,181,200 shares. Prior to this, 9,660,727 shares were held by Harris Associates L.P., Chicago, USA, as notified to the Company on May 11, 2011.

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

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

in millions, except share and per share information

Note 6 • Board of Directors and Executive Committee shareholdings

Board of Directors' shareholdings

	Shareholding as of December 31, 2014[1]	Shareholding as of December 31, 2013[1]
Name and function		
Rolf Dörig, Chairman	50,432	53,009
Andreas Jacobs, Vice-Chairman	1,631	754,591[2]
Dominique-Jean Chertier	8,088	7,000
Alexander Gut	14,831	13,200
Didier Lamouche	1,088	
Thomas O'Neill	7,269	6,000
David Prince	6,627	5,539
Wanda Rapaczynski	9,331	7,700
Total	**99,297**	**847,039**

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

2 Refer to Note 5 "Significant shareholders" regarding shares held by a group of which Andreas Jacobs is a member.

Executive Committee's shareholdings

Name	Shareholding as of December 31, 2014 [1]	Shareholding as of December 31, 2013 [1]
Patrick De Maeseneire	60,000	80,000
Dominik de Daniel	32,463	40,359
Alain Dehaze	14,670	6,212
Robert P. (Bob) Crouch	2,037	
Peter Searle	2,000	
Andreas Dinges	3,611	10,501
Christophe Duchatellier [2]	2,894	894
Mark De Smedt [3]	2,500	n.a.
Martín Alonso	3,266	2,055
Federico Vione	2,220	
Enrique Sanchez	5,043	4,176
Sergio Picarelli	10,650	14,477
Christian Vasino [4]	n.a.	17,942
Total	**141,354**	**176,616**

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

2 Became a member of the EC in 2013.

3 Became a member of the EC in 2014.

4 Member of the EC until December 31, 2013.

The members of the Board of Directors and of the Executive Committee are required to disclose to Adecco S.A. direct or indirect purchases and sales of equity-related securities of Adecco S.A. in accordance with the requirements of the SIX Swiss Exchange.

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

in millions, except share and per share information

Note 7 • Restriction regarding the distribution of dividends

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

Companies whose principal purpose consists of participations in other companies may freely use the general reserves to the extent, they exceed 20% of the paid-in share capital. Pursuant to Art. 671 para. 1 of the Swiss Code of Obligations, 5% of the annual profits shall be allocated to the general reserves until they have reached 20% of the paid-in share capital. In addition, pursuant to Art. 671 para. 2 and para. 4 of the Swiss Code of Obligations, companies whose principal purpose consists of participations in other companies shall allocate to the general reserves the following: (1) any surplus over par value upon the issue of new shares after deduction of the issuance cost, to the extent such surplus is not used for depreciation or welfare purposes; (2) the excess of the amount which was paid-in on cancelled shares over any reduction on the issue price of replacement shares. The general reserves amounted to CHF 926 and CHF 1,281 as of December 31, 2014 and December 31, 2013, respectively, thereby exceeding 20% of the paid-in share capital in both years.

Note 8 • Enterprise risk management

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

Major consolidated subsidiaries

Name of legal entity	Country	Registered seat of legal entity	Ownership	Type[1]	Currency of share capital	Share capital in thousands
Adecco Argentina S.A.	Argentina	Buenos Aires	100%	O	ARS	44,526
Adecco Industrial Pty Ltd	Australia	Melbourne	100%	O	AUD	5
Adecco Coordination Center NV	Belgium	Brussels	100%	F	EUR	1,332,468
Adecco Personnel Services NV	Belgium	Brussels	100%	O	EUR	21,651
Secad Ltd	Bermuda	Hamilton	100%	F	CHF	44
Adecco Employment Services Limited	Canada	Toronto, ON	100%	O	CAD	90,615
Adecco Colombia SA	Colombia	Bogotá	100%	O	COP	111,700
Adecco A/S	Denmark	Frederiksberg	100%	O	DKK	10,002
Adecco Holding France	France	Villeurbanne	100%	H	EUR	602,503
Adecco France	France	Villeurbanne	100%	O	EUR	86,885
Modis France	France	Villeurbanne	100%	O	EUR	10,496
Altedia	France	Paris	100%	O	EUR	4,437
Adecco Beteiligungs GmbH	Germany	Düsseldorf	100%	H	EUR	25
Adecco Personaldienstleistungen GmbH	Germany	Düsseldorf	100%	O	EUR	31
DIS AG	Germany	Düsseldorf	100%	O	EUR	12,300
TUJA Zeitarbeit GmbH	Germany	Ingolstadt	100%	O	EUR	40
euro engineering AG	Germany	Ulm	100%	O	EUR	540
Adecco India Private Limited	India	Bangalore	100%	O	INR	23,806
Adecco Italia S.p.A.	Italy	Milan	100%	O	EUR	2,976
Adecco Ltd	Japan	Tokyo	100%	O	JPY	5,562,863
VSN, Inc.	Japan	Tokyo	100%	O	JPY	1,063,772
Ecco Servicios de Personal SA de CV	Mexico	Mexico City	100%	H/O	MXN	101,854
Adecco International Financial Services BV	Netherlands	Utrecht	100%	F	EUR	2,500
Adecco Holding Europe BV	Netherlands	Utrecht	100%	H	EUR	18,807
Adecco Personeelsdiensten BV	Netherlands	Utrecht	100%	O	EUR	227
Adecco Personeelsdiensten Logistiek BV	Netherlands	Utrecht	100%	O	EUR	2
Adecco Detachering BV	Netherlands	Utrecht	100%	O	EUR	18
Adecco Norge AS	Norway	Oslo	100%	O	NOK	51,000
Adecco Solutions AS	Norway	Oslo	100%	O	NOK	208
Adecco Poland Sp. z.o.o	Poland	Warsaw	100%	O	PNL	50
Adecco Personnel Pte Ltd	Singapore	Singapore	100%	O	SGD	100
Adecco TT SA Empresa de Trabajo Temporal	Spain	Madrid	100%	O	EUR	1,759
Adecco Sweden AB	Sweden	Stockholm	100%	O	SEK	3,038
Adecco management & consulting S.A.	Switzerland	Lausanne	100%	S	CHF	500
Adecco Invest S.A.	Switzerland	Lucerne	100%	H	CHF	100
Adecco Ressources Humaines S.A.	Switzerland	Lausanne	100%	O	CHF	7,000
Spring Technology Staffing Services Limited	United Kingdom	London	100%	O	GBP	18,831
Adecco UK Limited	United Kingdom	London	100%	O	GBP	99,600
Olsten (U.K.) Holdings Ltd	United Kingdom	London	100%	H	GBP	9,213
Badenoch and Clark Limited	United Kingdom	London	100%	O	GBP	4
Hy-phen.com Limited	United Kingdom	London	100%	O	GBP	2,574
Adecco, Inc	United States	Wilmington, DE	100%	H	USD	1
Adecco USA, Inc	United States	Wilmington, DE	100%	O	USD	<1
Entegee, Inc.	United States	Burlington, MA	100%	O	USD	4,534
Accounting Principals, Inc.	United States	Jacksonville, FL	100%	O	USD	161
Pontoon Solutions, Inc.	United States	Wilmington, DE	100%	O	USD	<1
Lee Hecht Harrison LLC	United States	Wilmington, DE	100%	O	USD	n.a.[2]
Modis, Inc.	United States	Jacksonville, FL	100%	O	USD	12,612
Soliant Health, Inc.	United States	Atlanta, GA	100%	O	USD	11
Special Counsel, Inc.	United States	Baltimore, MD	100%	O	USD	18

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

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

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

in millions, except share and per share information

in CHF	2014	2013
Available earnings		
Available earnings of previous years	4,394	4,679
Net income/(loss)	(95)	65
Share cancellation	(507)	
Net movement in reserve for treasury shares	196	(350)
Total available earnings to be carried forward	**3,988**	**4,394**

in CHF	2014	2013
General reserve from capital contributions		
General reserve from capital contributions of previous years	519	874
Dividend distribution of CHF 2.00 per share for 2013		(355)
Proposed allocation from reserve from capital contributions to free reserves and proposed dividend distribution of CHF 2.10 per share for 2014	(364) [1]	
Balance to be carried forward	**155**	**519**

1 This represents the amount of dividends payable based on the total number of outstanding shares (excluding treasury shares) of 173,448,569 as of December 31, 2014.

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

As statutory auditor, we have audited the accompanying financial statements of Adecco S.A., which comprise the balance sheets, statements of operations and notes, for the year ended 31 December 2014.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended 31 December 2014 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

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

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

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

Ernst & Young Ltd

André Schaub	Bruno Chiomento
Licensed audit expert	Licensed audit expert
(Auditor in charge)	

Zurich, Switzerland
19 March 2015

Corporate Governance

Applicable Corporate Governance standards

This Corporate Governance disclosure reflects the requirements of the Directive on Information Relating to Corporate Governance, issued by the SIX Swiss Exchange as amended on September 1, 2014. The principles and the more detailed rules of Adecco S.A.'s Corporate Governance are defined in Adecco S.A.'s Articles of Incorporation ("AoI"), its Internal Policies and Organisational Rules, and in the Charters of the Committees of the Board of Directors ("Board"). Adecco S.A.'s principles as a general rule take into account the recommendations set out in the Swiss Code of Best Practice for Corporate Governance as amended in 2014.

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

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

As Adecco has in the past years already conducted annual (re-)elections of the members of the Board, the only amendments as per the Annual General Meeting of Shareholders ("AGM") 2014 as a result of the Ordinance were the elections by the shareholders of the Chairman, of the members of the compensation committee and of the independent proxy. At the occasion of the AGM 2014, Adecco S.A.'s shareholders have also approved the submitted amendments of the AoI. At the AGM 2015, shareholders will be asked to approve in a prospective binding vote the maximum compensation of the Board for the office period AGM 2015 to AGM 2016, and the maximum compensation of the EC for 2016.

Statements throughout this Corporate Governance disclosure using the term "the Company" refer to the Adecco Group, which comprises Adecco S.A., a Swiss corporation, its consolidated subsidiaries, as well as variable interest entities for which Adecco is considered the primary beneficiary.

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

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

Structure, shareholders, and capital

1. Structure and shareholders

1.1 Legal and management structure

Adecco S.A. is a stock corporation (société anonyme) organised under the laws of Switzerland with its registered office at Route de Bonmont 31, Chéserex, Switzerland. The Company's principal corporate office is the office of its management company, Adecco management & consulting S.A., at Sägereistrasse 10, Glattbrugg, Switzerland.

Adecco S.A. is listed on the SIX Swiss Exchange (symbol ADEN, security number 1213860; ISIN CH0012138605). As of December 31, 2014, the market capitalisation of Adecco S.A., based on the number of shares issued, including treasury shares, and the closing price of shares on the SIX Swiss Exchange amounted to approximately CHF 12.3 billion. On March 2, 2015, this market capitalisation amounted to approximately CHF 13.3 billion.

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

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

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

As of December 31, 2014, the Company's EC was composed as follows:

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

The Company comprises numerous legal entities around the world. The major consolidated subsidiaries are listed on page 115 of this Annual Report. No subsidiary has shares listed on a stock exchange.

1.2 Significant shareholders

As of December 31, 2014, the total number of shareholders directly registered with Adecco S.A. was 14,309; the major shareholders and their shareholdings were disclosed to the Company as listed in the table on the following page.

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

For further details pertaining to the below listed disclosures refer to the Internet:
http://www.six-swiss-exchange.com/shares/companies/major_shareholders_de.html?fromDate=19980101&issuer=1432
and
http://www.adecco.com/InvestorRelations/CorporateGovernance/Pages/DisclosureOfShareholding.aspx
or
http://ir.adecco.com.

Investor	Date of SIX publication	Percentage of voting rights as disclosed
Adecco S.A.	**11.12.2014**	**3.02% purchase positions, 0.45% sale positions** [1]
	08.07.2014	Falling below threshold of 3%
Akila Finance S.A.	**28.05.2014**	**4.31% equity, 0.26% sale positions** [2, 3]
Artisan	**22.03.2014**	**3.92% equity** [2]
Group BlackRock Inc.	**08.05.2014**	**4.97% purchase positions, 0.01% sale positions**
	06.05.2014	5.18% purchase positions, 0.01% sale positions
	01.05.2014	5.35% purchase positions, 0.01% sale positions
	17.04.2014	4.99% purchase positions, 0.01% sale positions
	11.04.2014	5.18% purchase positions, 0.02% sale positions
	09.04.2014	5.22% purchase positions, 0.02% sale positions
	04.04.2014	5.17% purchase positions, 0.03% sale positions
Harris Associates Investment Trust	**25.02.2014**	**4.93% equity** [3]
	21.11.2014	5.13% equity
Harris Associates L.P.	13.08.2014	5.28% equity
	15.01.2014	4.86% equity
Jacobs Group	**18.03.2014**	**Falling below threshold of 3%** [3]
MFS Investment Management	**01.10.2014**	**3.15% equity**
	18.01.2014	Falling below threshold of 3%
The Capital Group Companies, Inc.	**16.12.2014**	**3.48% equity**

1 For information on treasury shares held by Adecco S.A. as of December 31, 2014, refer to Note 3 to Adecco S.A. (Holding Company) financial statements.

2 Beneficial owners have been disclosed.

3 For the shareholding in 2014 refer to Note 5 to Adecco S.A. (Holding Company) financial statements.

As of December 31, 2014, Adecco S.A. is not aware of any person or legal entity, other than those stated above, that directly or indirectly owned 3% or more of voting rights in Adecco S.A., as defined by the Swiss disclosure requirements. Adecco S.A. is not aware of shareholders' agreements, other than those described in the above mentioned disclosures, between its shareholders pertaining to Adecco S.A. shares held.

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

1.3 Cross-shareholdings

As of December 31, 2014, there were no cross-shareholdings exceeding 5% of a party's share capital.

2. Capital structure

2.1 Share capital

At the AGM of April 15, 2014, the Company's shareholders decided to reduce the Company's registered share capital by CHF 10,181,696 (equal to 10,181,696 fully paid up registered shares with a nominal value of CHF 1 each).

As of December 31, 2014, Adecco S.A.'s share capital registered with the Commercial Register amounted to CHF 179,081,810 divided into 179,081,810 fully paid up registered shares with a nominal value of CHF 1 each.

The Board will propose to the AGM of April 21, 2015 to reduce the Company's registered share capital by CHF 4,606,873 (equal to 4,606,873 fully paid up registered shares with a nominal value of CHF 1 each).

2.2 Authorised and conditional capital

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

The conditional capital of CHF 4,166,804 divided into 4,166,804 registered shares with a nominal value of CHF 1 each is reserved for further exercise of option rights granted to employees and members of the Board of Adecco S.A. or of its affiliated companies. The subscription rights of shareholders as well as the preferential option subscription rights of the shareholders are excluded. No options were outstanding as of December 31, 2014.

The conditional capital of CHF 15,400,000 divided into 15,400,000 registered shares with a nominal value of CHF 1 each is reserved for the exercise of option or conversion rights granted in relation to financial instruments such as bonds or similar debt instruments of Adecco S.A. or its affiliates. The subscription rights of the shareholders regarding the subscription of the shares are excluded. The shareholders' preferential bond subscription rights in the issue of the bonds or similar debt instruments may be limited or excluded by the Board. The conditional capital is available for share issuance upon conversion of financial instruments Adecco S.A. or its subsidiaries may issue in the future.

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

2.3 Changes in capital

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

	Issued shares		Conditional capital		Reserves[1]	Retained earnings
in CHF millions, except shares	Shares	Amount	Shares	Amount	Amount	Amount
January 1, 2012	**189,263,506**	**189.3**	**19,566,804**	**19.6**	**3,004**	**3,453**
Changes					(1,182)	1,226
December 31, 2012	**189,263,506**	**189.3**	**19,566,804**	**19.6**	**1,822**	**4,679**
Changes					24	(285)
December 31, 2013	**189,263,506**	**189.3**	**19,566,804**	**19.6**	**1,846**	**4,394**
Changes	(10,181,696)	(10.2)			(551)	(406)
December 31, 2014	**179,081,810**	**179.1**	**19,566,804**	**19.6**	**1,295**	**3,988**

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

Details of Adecco S.A.'s general reserves and retained earnings are included in Note 4 to Adecco S.A. (Holding Company) financial statements.

2.4 Shares and participation certificates

Adecco S.A. shares have a par value of CHF 1 each. All shares are fully paid registered shares and bear the same dividend and voting rights. Pursuant to Art. 7 of the AoI (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, 2014, 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 AoI; Internet: www.aoi.adecco.com). Upon such declaration, any person or entity will be registered with the right to vote.

The Board may register nominees with the right to vote in the share register to the extent of up to 3% 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 has entered into a corresponding agreement (refer to Art. 4 sec. 3 of the AoI; Internet: www.aoi.adecco.com). The Board may grant exemptions to this registration restriction (refer to Art. 4 sec. 6 of the AoI; Internet: www.aoi.adecco.com). In 2014, there were no such exemptions granted.

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

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

2.7 Convertible notes and options

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

The Company issued in the past stock option plans whereby employees and members of the Board received options to purchase shares. No stock options under these plans were granted after 2004. The purpose of the plans was to furnish incentives to selected employees and members of the Board, to encourage employees to continue employment with the Company, and to align the interests of selected employees and directors with those of the shareholders. Upon exercise of stock options, Adecco S.A. may deliver either shares from its conditional capital, of which up to 4,166,804 shares are reserved for this purpose, or from its treasury shares. The Nomination & Compensation Committee was responsible for making proposals, based upon the recommendations of the EC, to the Board regarding the individuals to whom options were granted, the size of the option grant for each optionee, the conditions, the exercise price, and the grant date. The Board had to approve all the option grants as well as the conditions thereof. The exercise price for one share was generally fixed at or above the fair market value at the date of grant. Depending on the conditions of the plans, options vested with certain waiting periods of up to five years, and were subsequently exercisable over a number of years. All options could have been exercised at any time within the exercise period except for limitations set forth in the Company's Insider Trading Statement of Policy and by regulatory authorities. The Board may modify, amend, suspend, or discontinue the plans.

The summary of the status of the stock options held based on above-mentioned plans as of December 31, 2014 is as follows:

	Number of shares	Weighted-average exercise price per share (in CHF)	Weighted-average remaining life (in years)	Aggregate intrinsic value (in CHF millions)
Summary of stock option plans				
Options outstanding and vested as of January 1, 2014	**6,000**	**79**	**0.4**	
Expired	(6,000)	79		
Options outstanding and vested as of December 31, 2014	**–**	**–**		

For information pertaining to the share awards granted under the long-term incentive plans ("LTIP"), refer to Note 9 to the consolidated financial statements and to the Remuneration Report.

Board of Directors as of December 31, 2014

Rolf Dörig

- *Chairman*

Andreas Jacobs

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

Board of Directors, Executive Committee, and compensation

3. Board of Directors

As of December 31, 2014, the Board of Adecco S.A. consisted of eight members.

3.1 Biographies of members of the Board of Directors

The following sets forth the name, year of birth, entry date, terms of office, nationality, professional education, and principal positions of those individuals who served as members of the Board as of December 31, 2014:

Rolf Dörig

- Swiss national, born 1957. Rolf Dörig has been Chairman since January 2009 and a member of the Board since May 2007. He was a member of the Nomination & Compensation Committee from May 2007 until the end of 2008 and of the Corporate Governance Committee until May 2008. His term of office ends on the day of the next AGM in 2015.
- Rolf Dörig obtained a doctorate degree in law (Dr. iur.) from the University of Zurich, Switzerland, and was subsequently admitted to the Bar.
- After joining Credit Suisse in 1986, he held a number of executive positions in various areas of banking and different geographical markets. As a member of the Group Executive Board, he was assigned responsibility for Swiss corporate and retail banking from 2000 onwards. In 2002, he held the position of Chairman, Switzerland. Rolf Dörig was Chief Executive Officer of the Swiss Life Group from November 2002 until May 2008, when he was elected to the Board of Directors.
- Rolf Dörig is Chairman of the Board of Directors of Swiss Life Holding AG[1], Vice-Chairman of the Board of Directors of Kaba Holding AG[1], member of the Board of Directors of Walter Frey Holding AG, all in Switzerland, and member of the Board of Directors of Danzer Holding AG in Austria. Furthermore, Rolf Dörig was a member of the Board Committee of economiesuisse, Switzerland, until August 2014.

Andreas Jacobs

- German national, born 1963. Andreas Jacobs has served as Vice-Chairman of the Board since January 1, 2012, as a member of the Board since May 2006, as Chairman of the Nomination & Compensation Committee since May 2008, and as a member of the Audit Committee since April 2011. His term of office ends on the day of the next AGM in 2015.
- After studying law at the universities of Freiburg and Munich (Germany) and Montpellier (France), Andreas Jacobs obtained a doctorate degree (Dr. iur.) in European competition law from the University of Freiburg, Germany. He also holds an MBA from INSEAD in Fontainebleau, France.

1 *Listed company.*

Wanda Rapaczynski

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

Thomas O'Neill

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

- Andreas Jacobs has been an independent entrepreneur since 1992, with a stake in several European and North American companies. From 1991 to 1993, he worked as a consultant and project manager at Boston Consulting Group in Munich, Germany.
- Andreas Jacobs is Executive Chairman of Jacobs Holding AG, Chairman of Barry Callebaut AG[1], Minibar AG, Triventura AG, and of Niantic Finance AG, all in Switzerland. He is Chairman of Maine Chance Farms Pty Ltd., South Africa. Andreas Jacobs is also member of the Advisory Board of Dr. August Oetker KG, Germany, and Chairman of the Board of INSEAD, France. Furthermore, he is a member of the Board of Directors of various smaller private companies.

Wanda Rapaczynski
- United States national, born 1947. Wanda Rapaczynski has been a member of the Board since May 2008. She has been serving as Chairwoman of the Corporate Governance Committee since April 2011 (member since May 2008) and as a member of the Nomination & Compensation Committee since April 2011. Her term of office ends on the day of the next AGM in 2015.
- Wanda Rapaczynski holds a master's degree in management from Yale University, USA, and a PhD in psychology from the City University of New York, USA. Wanda Rapaczynski was a postdoctoral fellow at the Educational Testing Service at Princeton University, USA. Between 1980 and 1982, she held the position of Project Director at the Family Television Research and Consultation Center at Yale University, USA. She held leading positions at Citibank and was co-founder and Chief Executive Officer of the Polish media group Agora S.A.[1], Poland, where she currently serves as a member of the Supervisory Board.
- Wanda Rapaczynski is a member of the Board of Trustees and head of the Audit Committee of the Central European University in Budapest, Hungary. She is a member of the Polish group in the Trilateral Commission.

Thomas O'Neill
- Canadian national, born 1945. Thomas O'Neill has served as Vice-Chairman of the Board from January 2009 to December 2011, as a member of the Board since June 2004, as a member of the Corporate Governance Committee from May 2006 to May 2010 and from January 2012 onwards, as a member of the Audit Committee from June 2004 to April 2011, and as a member of the Nomination & Compensation Committee since April 2011. His term of office ends on the day of the next AGM in 2015.
- Thomas O'Neill graduated with a Bachelor of Commerce degree from Queen's University in Kingston, Ontario, Canada. He obtained his designation as FCA in 1988. In 2005, he was granted an honorary doctorate degree in law (LL.D.) by Queen's University, Kingston, Ontario, Canada.
- Thomas O'Neill joined the audit staff of Price Waterhouse in Toronto in 1967, and became a partner in 1978. Until his departure in 2002, he held various leadership positions in both the Canadian firm (Toronto) and in the global firm (New York), including the position of CEO and Chairman of PwC Consulting (global). Thomas O'Neill was a member of the Board of Dofasco Inc., Canada, from May 2003 to February 2006, of the Ontario Teachers' Pension Plan from January 2003 until April 2007, and of Nexen Inc. from December 2002 to February 2013. Thomas O'Neill was Vice-Chairman of Queen's University, Kingston, Ontario,

Alexander Gut

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

Dominique-Jean Chertier

- *Member of the Audit Committee*

Canada from 2004 to 2006, and a member of the International Monetary Fund's External Audit Committee (from January 2008 until November 2010).

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

Alexander Gut

- British and Swiss national, born in 1963. Alexander Gut has been a member of the Board since May 2010, since then he has been serving on the Audit Committee and on the Corporate Governance Committee. Since April 2011, he has served as Chairman of the Audit Committee. His term of office ends on the day of the next AGM in 2015.
- Alexander Gut holds a doctorate degree in business administration (Dr. oec. publ.) from the University of Zurich, Switzerland, and is a Swiss Certified Accountant.
- From 1991 to 2001, he was with KPMG in Zurich and London and from 2001 to 2003 with Ernst & Young in Zurich, where he became a partner in 2002. From 2003 to 2007, he was a partner with KPMG in Zurich, where he became a member of the Executive Committee of KPMG Switzerland in 2005.
- Alexander Gut is the founder and managing partner of Gut Corporate Finance AG. Furthermore, he is a member of the Board of Directors of Holcim AG[1], Switzerland.

Dominique-Jean Chertier

- French national, born 1950. Dominique-Jean Chertier has been a member of the Board and a member of the Audit Committee since April 2012. His term of office ends on the day of the next AGM in 2015.
- Dominique-Jean Chertier obtained a doctorate degree (arts) from Sorbonne University, France. From 1992 to 2002, he held the position of Chief Executive Officer at Unedic (French Unemployment Insurance). From 2002 to 2003, he was Social Advisor to the French Prime Minister. Dominique-Jean Chertier was Executive Vice President of Safran Group[1], France, from 2003 to 2011. From 2011 to June 2013, he was Deputy CEO of Safran Group[1], France. From July 2013 to June 2014, he was Senior Advisor to the Chairman of Safran Group[1], France. As of July 2014 he has been president of Luskan, France.
- Dominique-Jean Chertier has been a member of the Board of Directors of Air France since 2004 and was Chairman of POLE EMPLOI (French employment and unemployment national agency) from 2008 to 2011.

1 Listed company.

David Prince

- *Member of the Audit Committee*

Didier Lamouche

- *Member of the Corporate Governance Committee*

David Prince

- British national, born 1951. David Prince has been a member of the Board since June 2004. He has been serving on the Audit Committee from June 2004 to April 2006 and from May 2008 onwards, and on the Corporate Governance Committee from June 2004 to May 2006. His term of office ends on the day of the next AGM in 2015.
- David Prince is an associate member of the Chartered Institute of Management Accountants (CIMA) and the Chartered Institute of Purchasing and Supply (CIPS).
- He started his career in the oil and gas industry as part of a management trainee scheme at British Gas, later attending business school in the UK. Following accountancy roles at Philips Industries and TRW, he joined Cable & Wireless, holding accountancy, general management, and group marketing positions in the UK and in Hong Kong. From 1994 to 2000, he worked for Hong Kong Telecom plc (HKT) as Group Finance Director, followed by an appointment as Deputy CEO. In 2000, David Prince became Group CFO of PCCW plc, Hong Kong. From 2002 to 2004, he worked for Cable & Wireless as Group Finance Director. Since 2004, he has acted as investment advisor to companies based in Asia, China, and Australia.
- David Prince was a member of the Board of Directors and Chairman of the Audit Committee of ARK Therapeutics[1], UK, until March 2013, and is a member of the Board of Directors of SmarTone Telecommunications Holdings Ltd[1], Hong Kong, and of various companies of the Wilson Parking Group which operate in Australia, New Zealand, Singapore, Korea, and the UK.

Didier Lamouche

- French national, born 1959. Didier Lamouche has been a member of the Board and a member of the Corporate Governance Committee since April 2011. His term of office ends on the day of the next AGM in 2015.
- Didier Lamouche obtained a PhD in semiconductor technology from Ecole Centrale de Lyon, France. He was CEO of Altis Semiconductor, a joint venture between IBM and Infineon. From 2003 to 2005, he held the position of Vice President of Worldwide Semiconductor Operations at IBM Microelectronics. From 2005 to 2010, Didier Lamouche was Chairman and Chief Executive Officer at Bull, a French IT group with a worldwide presence. Didier Lamouche was a member of the Board of Directors of STMicroelectronics[1], Switzerland, from 2006 to 2010. From November 2010 until March 2013, he was Chief Operating Officer and Vice-Chairman of the Corporate Strategic Committee of STMicroelectronics[1], Switzerland. In addition to this role, from December 2011 until March 2013, he was President of the Executive Board and CEO of ST-Ericsson S.A., Switzerland. Since April 2013, he has been CEO at Oberthur Technologies, France.
- Didier Lamouche was a non-executive Director of the boards of various listed (Atari[1], France) and non-listed companies (CAMECA, France), and is a member of the Board of Directors of Soitec S.A.[1], France.

3.2 Other activities and vested interests of the Board of Directors

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

As of December 31, 2014, all members of the Board were non-executive. The members of the Board do not have important business connections with Adecco S.A. or with any of its subsidiaries or affiliates.

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

The AoI (Art. 16 sec. 4; Internet: www.aoi.adecco.com) limit the number of mandates that may be assumed by members of the Board in directorial bodies of legal entities not affiliated with the Company.

3.3 Elections and terms of office

Pursuant to the AoI, the Board consists of five to nine members (Art. 16 sec. 1 of the AoI; Internet: www.aoi.adecco.com). Members of the Board are elected individually for a term of office of one year, until the date of the next AGM, and may be re-elected for successive terms (Art. 16 sec. 2 of the AoI; Internet: www.aoi.adecco.com). Adecco S.A.'s AoI do not limit the number of terms a member may be re-elected to the Board. Candidates to be elected or re-elected to the Board are proposed by the Board to the General Meeting of Shareholders.

The AGM elects individually the members of the Board, its Chairman and the members of its compensation committee. The compensation committee has been assigned with a number of tasks in the field of nomination by the Board and is therefore named Nomination & Compensation Committee.

3.4 Internal organisational structure

The Board holds the ultimate decision-making authority of Adecco S.A. for all matters except those reserved by law or the AoI to the shareholders. It determines the overall strategy of the Company and supervises the management of the Company. The Board operates under the direction of the Chairman. As of December 31, 2014, the Board is composed of eight non-executive members. The agenda of the Board's meetings is set by the Chairman. Any member of the Board may request that an item be included on the agenda. Members of the Board are provided, in advance of meetings, with adequate materials to prepare for the items on the agenda. The Board recognises the importance of being fully informed on material matters involving the Company and seeks to ensure that it has sufficient information to make appropriate decisions through, at the decision of the Chairman, inviting members of management or other individuals to report on their areas of responsibility, conducting regular meetings of the respective committees (the Audit Committee, the Corporate Governance Committee, and the Nomination & Compensation Committee) with management, and retaining outside consultants and independent auditors ("Auditors") where appropriate, as well as through regular distribution of important information to its members. At its meetings, the Board receives reports on its committees' work, findings, proposals and decisions. Decisions are taken by the Board as a whole, with the support of the respective committee. The Chairman has a casting vote. If a member of the Board has a personal interest in a matter, other than an interest in his/her capacity as a shareholder of Adecco S.A., adequate measures are taken; such measures may include abstention from voting, where adequate. Amongst others, the Board has established a Policy on Insider Trading as well as rules on Conflicts of Interest. The compliance with such rules is closely monitored.

Each committee has a written charter outlining its duties and responsibilities, and regularly meets with management and, where appropriate, outside consultants. Committee members are provided, in advance of meetings, with adequate materials to prepare for the items on their agenda.

In 2014, the Board held nine meetings and phone conferences.

Attendance at meetings and phone conferences during 2014:

	Full Board of Directors	Audit Committee	Corporate Governance Committee	Nomination & Compensation Committee
Number of meetings in person	5	4	4	4
Number of phone conferences	4	4		
Average duration in hours:				
• Meetings in person	6	2 ½	1	1 ½
• Phone conferences	½	1		
Rolf Dörig	9	7[1]	4[1]	3[1]
Andreas Jacobs	9	8		4
Wanda Rapaczynski	7		4	4
Thomas O'Neill	7		4	4
Alexander Gut	9	8	4	
Dominique-Jean Chertier	9	7		
David Prince	9	8		
Didier Lamouche	8		3	

1 Guest, without voting right.

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

3.4.1 Audit Committee ("AC")

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

- Integrity of the Company's financial statements and other financial reporting and disclosure to any governmental or regulatory body and to the public and other users thereof;
- Adequacy and effectiveness of the systems of the Internal Controls Over Financial Reporting ("ICOFR") and of the disclosure controls;
- Performance of the Company's internal audit function;
- Qualifications, engagement, compensation, independence, and performance of the Company's Auditors, their conduct of the annual audit, and their engagement for any other services (refer to section 8. "Auditors"); and
- The Company's compliance with legal and regulatory requirements relating to accounting, auditing, financial reporting, and disclosure, or other financial matters.

The AC has established a roadmap which determines the committees' main discussion topics throughout the year. In 2014, the AC held eight meetings and phone conferences. For specific subjects, the CEO represents the EC in the meetings. The Chief Financial Officer ("CFO"), the Head of Group Accounting, the Head of Group Internal Audit, and the partners of the Auditors typically participate in the meetings. For legal reporting matters, the Group General Counsel participates in the meetings.

As of December 31, 2014, the members of the AC were:

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

3.4.2 Corporate Governance Committee ("CGC")

The CGC's primary responsibility is to assist the Board in carrying out its responsibilities as they relate to Corporate Governance principles. The CGC is charged with developing and recommending appropriate Corporate Governance principles and independence rules to the Company, including principles and measures on Corporate Responsibility as well as reviewing and reassessing such principles and rules to ensure that they remain relevant and in line with legal and stock exchange requirements. Recommendations as to best practice are also reviewed to ensure compliance. The CGC is informed regularly about reports of incidents of non-compliance which are of non-financial nature.

The CGC defines its annual program according to focus topics of the year. In 2014, the CGC held four meetings. For specific subjects, the CEO represents the EC in the meetings. The Chief Human Resources Officer and the Head of Group Compliance Reporting typically participate in the meetings.

As of December 31, 2014, the members of the CGC were:

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

3.4.3 Nomination & Compensation Committee ("NCC")

In line with Art. 19 of the AoI (www.aoi.adecco.com), the compensation committee in addition has been assigned by the Board with a number of tasks in the field of nomination and therefore is named Nomination & Compensation Committee. The NCC's primary responsibility is to assist the Board in carrying out its responsibilities as they relate to the Company's nomination and compensation matters at executive level. The NCC is mainly responsible for the following functions:

- Providing recommendations to the Board regarding the general compensation policy of the Company, including incentive compensation plans and equity-based plans, including plan details pertaining to e.g. holding periods, adjustment procedures, reclaim provisions, and cancellation of payments;
- Providing recommendations to the Board regarding the selection of candidates for the EC, the terms of their employment, and the evaluation of their performance;
- Reviewing and approving the objectives relevant to the compensation of the EC and a further group of senior managers;
- Assuring talent management including retention and succession planning; and
- Establishing criteria for the selection of candidates and recommending candidates for election or re-election to the Board, including candidates for Committees of the Board, and including recommendations on compensation of the members of the Board.

In particular, the NCC assists the Board in preparing the proposals to be presented to the AGM for approval of remuneration of the Board and of the EC.

According to the committee's charter, members of the committee are considered independent as long as they do not accept any consulting, advisory or other compensatory fee from Adecco Group (other than fees for service on the Board), are not an affiliated person of the Company, and meet the independence requirements of the stock exchange rules applicable to Adecco S.A. The Board reviews and confirms the independence of the committee's members-to-elect in advance of the two to four candidates being proposed by the Board to the AGM for individual election.

The NCC has established a roadmap which determines the committees' main discussion topics throughout the year.
In 2014, the NCC held four meetings. For specific subjects, the CEO represents the EC in the meetings. The Chief Human Resources Officer typically participates in the meetings. Members of management do not participate in NCC meetings when their individual compensation matters are discussed.

As of December 31, 2014, the members of the NCC were:

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

3.5 Responsibilities of the Board of Directors and the CEO

In addition to the determination of the overall strategy of the Company and the supervision of management, the Board 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 approves the strategy and objectives of the Company and the overall structure of Adecco developed by the CEO together with the EC. With the support of the AC, it reviews and approves the statutory financial statements of Adecco S.A. and the consolidated financial statements of the Adecco Group. The Board also considers other matters of strategic importance to the Company. Subject to the powers reserved to the Board, the Board has delegated the coordination of the day-to-day business operations of the Company to the CEO. The CEO is responsible for the implementation of the strategic and financial plans as approved by the Board and represents the overall interests of the Company vis-à-vis third parties.

3.6 Information and control instruments

The Board's instruments of information and control vis-à-vis management consist of the following main elements:

- All members of the Board regularly receive information about current developments.
- The CEO reports to the Chairman of the Board on a regular basis, while extraordinary events are communicated immediately.
- Formal meetings of the Board and of the Board's Committees including sessions with the CEO and with other members of the EC or other individuals, at the invitation of the Chairman.
- Informal meetings and phone conferences between members of the Board and the CEO, as well as with other members of the EC.
- The management information system of the Company which includes (i) the monthly financial results including key performance indicators and (ii) a structured quarterly operational review of the major countries. Summarised consolidated monthly reports are distributed to each member of the Board; further details are provided to the members of the Board upon request.
- The Group Internal Audit function as established by the Board; the Head of Group Internal Audit reports to the AC and has periodic meetings with its Chairman; the responsibilities of Group Internal Audit are defined by the AC as part of their oversight function in coordination with the CEO and CFO. Group Internal Audit is concerned with the assessment of how the Company (i) complies with pertinent laws, regulations and stock exchange rules relating to accounting, auditing, financial reporting and disclosure or other financial matters and (ii) conducts its related affairs and (iii) maintains related controls. The Company has a risk management process in place which focuses on managing risks as well as identifying opportunities: refer to the Company Report section "Enterprise risk management" and to Note 18 "Enterprise risk management" to the Adecco Group consolidated financial statements. The process is embedded in the Company's strategic and organisational context and covers the significant risks for the Company including financial, operational, and strategic risks. The Board oversees the management's risk analysis and the measures taken based on the findings of the risk review process.
- External Audit: refer to section 8. "Auditors".

Executive Committee as of December 31, 2014

Patrick De Maeseneire

- *Chief Executive Officer*

Dominik de Daniel

- *Chief Financial Officer and Head of Global Solutions*

Alain Dehaze

- *Regional Head of France*

4. Executive Committee

4.1 Biographies of the members of the Executive Committee

The following sets forth the name, year of birth, year of entry to the Company, nationality, professional education, and principal positions of those individuals who served as members of the EC of the Company as of December 31, 2014.

Patrick De Maeseneire

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

Dominik de Daniel

- Chief Financial Officer and member of the EC since April 2006. In addition, Dominik de Daniel is Head of Global Solutions: Lee Hecht Harrison ("LHH", since 2011), as well as Pontoon and Beeline (both since 2010) and global Information Management ("IM", since 2009).
- German national, born 1975. Dominik de Daniel joined the Adecco Group as CFO in April 2006, following Adecco's acquisition of DIS Deutscher Industrie Service AG.
- Dominik de Daniel was a bank trainee at Deutsche Bank AG before completing vocational studies in banking and business administration at the Bankakademie. Starting in 1993, he worked for Deutsche Bank in Germany in various roles, including stock analyst. Dominik de Daniel joined DIS AG in 2000, and was appointed to the Executive Board in 2001 with responsibility for Investor Relations, M&A and Strategic Controlling, and became CFO in 2002.

Alain Dehaze

- Regional Head of France since August 2011, Regional Head of Northern Europe from October 2009 to July 2011, and member of the EC since October 2009.
- Belgian national, born 1963. Alain Dehaze joined the Adecco Group in September 2009.
- Alain Dehaze trained as a commercial engineer at the ICHEC Brussels Management School, Belgium.
- From 1987 until 2000, Alain Dehaze held senior positions in a number of European countries at Henkel and ISS. In 2000, he became Managing Director of Creyf's Interim in Belgium (now Start People). From 2002 to 2005, he was Chief Executive Officer of Solvus. Following the acquisition of Solvus by USG People, the Netherlands, in 2005, he became the

Robert P. (Bob) Crouch

• *Regional Head of North America*

Peter Searle

• *Regional Head of UK & Ireland*

Andreas Dinges

• *Regional Head of Germany & Austria*

Chief Operating Officer of USG People, with overall responsibility for operations, including the integration of Solvus. From September 2007 until joining Adecco, he was CEO of the staffing services company Humares, the Netherlands.
- Alain Dehaze is Vice-President of the Board of the European Confederation of Private Employment Agencies (Eurociett). He is a member of the Board of the International Confederation of Private Employment Agencies (Ciett) and Prism'emploi, France.

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

Peter Searle
- Regional Head of UK & Ireland and member of the EC since October 2009.
- British national, born 1962. Peter Searle rejoined the Adecco Group in October 2009 as Regional Head of UK & Ireland.
- Peter Searle holds an honours degree in business from the University of Wolverhampton, UK, and a post-graduate diploma in marketing.
- Following Adecco's acquisition in 1999 of Delphi Group, of which he was Group Managing Director, Peter Searle took on responsibility for all the European and Asia Pacific offices of the professional services companies of the Adecco Group, under the brand name of Ajilon. In 2005, he became Chief Executive of Adecco UK in a role that covered a variety of sectors, including general recruitment, IT, engineering, finance and Recruitment Process Outsourcing ("RPO"). From 2006, he was CEO of Spring Group which was acquired by Adecco in 2009.

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

Christophe Duchatellier

• *Regional Head of Japan & Asia*

Martín Alonso

• *Regional Head of Northern Europe*

Federico Vione

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

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

Christophe Duchatellier

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

Martín Alonso

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

Federico Vione

- Regional Head of Italy, Eastern Europe & India since September 2011; Regional Head of Italy & Eastern Europe and member of the EC since October 2009.
- Italian national, born 1972.
- Federico Vione graduated in economics from G. D'Annunzio University, Pescara, Italy.
- Federico Vione joined Adecco in 1999 as Branch Manager and was soon appointed Manager of the Abruzzo-Molise area. In 2001, he became the first National Key Account Manager for the chemical and pharma sector, and subsequently for the large-scale trade sector. In 2002, he was appointed General Manager of the newly created professional staffing business Ajilon S.r.l., and in 2004 he became General Manager of Ajilon Switzerland. In 2005, Federico Vione was appointed Project Leader Global Account Management Adecco Group and subsequently Head of Eastern Europe. In January 2009, he was appointed Country Manager Adecco Italy.
- Federico Vione was President of Assolavoro (Associazione Nazionale delle Agenzie per il Lavoro), Italy, from 2010 to 2012.

Enrique Sanchez

• *Regional Head of Iberia & Latin America*

Sergio Picarelli

• *Chief Sales Officer*

Mark De Smedt

• *Chief Human Resources Officer*

Enrique Sanchez

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

Sergio Picarelli

- Chief Sales Officer and member of the EC since October 2009.
- Italian national, born 1967.
- Sergio Picarelli graduated in business administration from Bocconi University, Milan, Italy.
- In 1993, Sergio Picarelli joined Adecco in Italy, starting as Managing Director of an Adecco Group Company (Permanent Placement). In 1997, he was appointed Chief Sales and Marketing Director Italy. From 2002 to 2004, Sergio Picarelli served as Regional Head for Central Europe and was thereafter appointed Chief Operating Officer of Adecco Staffing Division Worldwide. From 2005 to 2009, he served as Country Manager of Adecco Italy & Switzerland (Switzerland until the end of 2008). From January 2009 until his appointment as Chief Sales Officer, he served as Chief International Sales Officer of the Adecco Group.

Mark De Smedt

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

4.2 Other activities and vested interests

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

The AoI (Art. 16 sec. 4; Internet: www.aoi.adecco.com) limit the number of mandates that may be assumed by members of the EC in directorial bodies of legal entities not affiliated with the Company and its subsidiaries.

4.3 Management contracts

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

5. Compensation, shareholdings, and loans

Please refer to the Remuneration Report.
The AoI (Art. 14^{bis}; Internet: www.aoi.adecco.com) define the principles of the AGM's say on pay. The AoI (Art. 20^{bis}; Internet: www.aoi.adecco.com) define the principles applicable to performance-related pay and to the allocation of equity securities, convertible rights and options, as well as the additional amount for payments to members of the EC appointed after the AGM's vote on pay. In Art. 20 sec. 1 and 20^{bis} sec. 1 the AoI (Internet: www.aoi.adecco.com) determine rules on post-employment benefits for members of the Board and of the EC. The AoI do not foresee the granting of loans and credit facilities to members of the Board and of the EC; advances for this group of individuals in connection with administrative or judicial proceedings are allowed (AoI; Art. 20 sec. 2).

Further information

6. Shareholders' rights

Please also refer to the AoI (Internet: www.aoi.adecco.com).

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

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

Companies whose principal purpose consists of participations in other companies may freely use the general reserves to the extent, they exceed 20% of the paid-in share capital. Pursuant to Art. 671 para. 1 of the Swiss Code of Obligations, 5% of the annual profits shall be allocated to the general reserves until they have reached 20% of the paid-in share capital. In addition, pursuant to Art. 671 para. 2 and para. 4 of the Swiss Code of Obligations, companies whose principal purpose consists of participations in other companies shall allocate to the general reserves the following: (1) any surplus over par value upon the issue of new shares after deduction of the issue cost, to the extent such surplus is not used for depreciation or welfare purposes; (2) the excess of the amount which was paid-in on cancelled shares over any reduction on the issue price of replacement shares. The general reserves amounted to CHF 926 million and CHF 1,281 million as of December 31, 2014 and December 31, 2013, respectively, thereby exceeding 20% of the paid-in share capital in both years.

In 2014, upon approval at the AGM, dividends for 2013 of CHF 2.00 per share, totalling CHF 355 million (EUR 291 million), were allocated from Adecco S.A.'s reserve from capital contributions to free reserves and subsequently distributed to shareholders. For 2014, the Board of Adecco S.A. will propose a dividend of CHF 2.10 per share outstanding for the approval of shareholders at the AGM to be allocated from Adecco S.A.'s reserve from capital contributions to free reserves and subsequently distributed to shareholders.

Say on pay
Each year, the AGM will be asked to approve the proposals submitted by the Board concerning the maximum total amounts of remuneration of the Board and of the EC (AoI; Art. 14bis; Internet: www.aoi.adecco.com).

Liquidation and dissolution
The AoI 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. Under Swiss law, Adecco S.A. may also be dissolved by a court order upon the request of holders of Adecco S.A. shares representing at least 10% of Adecco S.A.'s share capital who assert significant grounds for the dissolution of Adecco S.A. The court may also grant other relief. The court may at any time, upon request of a shareholder or obligee, decree the dissolution of Adecco S.A. if the required corporate bodies are missing. Adecco S.A. may also be dissolved following bankruptcy proceedings.

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

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

Subscription rights
Under Swiss law, holders of Adecco S.A. shares have pre-emptive rights to subscribe to any issuance of new Adecco S.A. shares in proportion to the nominal amount of Adecco S.A. shares held by that holder. A resolution adopted at an AGM 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 AoI (Internet: www.aoi.adecco.com).

6.1 Voting rights and representation restrictions

For further details refer to section 2.6 "Limitations on registration, nominee registration, and transferability". The AoI do not foresee any other restrictions to voting rights.

Pursuant to the AoI, a duly registered shareholder may be represented by (i) the shareholder's legal representative, (ii) a third person who needs not be a shareholder with written proxy, or (iii) the Independent Proxy Representative based on a proxy fulfilling the requirements as set out in the invitation to the AGM (Art. 13 sec. 2 of the AoI; Internet: www.aoi.adecco.com). At an AGM, votes are taken by poll.

6.2 Legal and statutory quorums

The AGM shall constitute a quorum regardless of the number of shareholders present and regardless of the number of shares represented (Art. 14 sec. 1 of the AoI; Internet: www.aoi.adecco.com).

There are no quorums in Adecco S.A.'s AoI which require a majority greater than set out by applicable law (Art. 14 sec. 3 of the AoI; Internet: www.aoi.adecco.com).

In addition to the powers described above, the AGM has the power to vote on amendments to Adecco S.A.'s AoI (including the conversion of registered shares to bearer shares), to elect the members of the Board, the Chairman of the Board, the members of the Compensation Committee, the Independent Proxy Representative, the statutory auditors and any special auditor for capital increases, to approve the Annual Report, including the statutory financial statements and the consolidated financial statements of the Adecco Group, and to set the annual dividend. In addition, the AGM 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 and the shareholders who demanded that a General Meeting of Shareholders be called or asked for items to be put on the agenda. Admission to the General Meeting of Shareholders is granted to any shareholder registered in Adecco S.A.'s share register with voting rights at a certain record date, which will be published together with the invitation to the General Meeting of Shareholders in the "Swiss Official Gazette of Commerce" ("Schweizerisches Handelsamtsblatt").

6.4 Agenda

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

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

6.5 Registration in the share register

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

7. Changes of control and defence measures

7.1 Duty to make an offer

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

7.2 Change of control clause

There are no change of control clauses in place in favour of members of the Board or members of the EC. Long-term incentive plans of the Company may provide for an accelerated vesting in case of a change of control.

8. Auditors

Each year, the AGM of Adecco S.A. elects the statutory auditor. On April 15, 2014, the AGM elected Ernst & Young Ltd, Zurich, as statutory auditor of the Company for the business year 2014.

Ernst & Young Ltd has served the Company as its Auditor since 2002. André Schaub has acted as the auditor in charge since 2012. Thomas Stenz had been the global coordinating partner since 2011 until 2013. Bruno Chiomento has assumed this role starting 2014.

The total fee for the Group audit of the Company and for the statutory audits of the Company's subsidiaries for the fiscal year 2014 amounted to EUR 5.7 million.

For the fiscal year 2014, additional fees of EUR 0.2 million were charged for audit-related services such as advice on matters not directly related to the Group audit. Fees for tax services and fees for other services were not significant.

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

The AC regularly meets with the 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 2014, the Auditors attended all meetings and phone conferences of the AC. The Auditors regularly have private sessions with the AC, without the CEO, the CFO, or any other member of the EC attending. The AC assessed with the Company's Auditors the overall scope and plan for the 2014 audit of the Company. The Auditors are responsible for expressing an opinion on the consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States and the requirements of Swiss law. Further, the Auditors are required, under the auditing standards generally accepted in the United States, to discuss, based on written reports, with the AC their judgments as to the quality, not just the acceptability, of the Company's accounting policies as applied in the Company's financial reporting, including the consistency of the accounting policies and their application and the clarity and completeness of the financial statements and disclosures. Further, the Auditors are responsible for expressing opinions on the stand-alone financial statements of Adecco S.A.

The AC oversees the work of the Auditors and it reviews, at least annually, their qualification, performance, and independence. It discusses with the Auditors the auditors' independence from management and the Company, and monitors audit partner rotation. The AC considers the compatibility of non-audit services with the auditors' independence and pre-approved all audit and non-audit services provided by the Auditors. Services may include audit-related services, tax services, and other services.

The AC proposes the Auditors to the Board for election by the shareholders and is responsible for approving the audit fees. Each year a proposal for fees for audit services is submitted by the Auditors and validated by the CFO, before it is submitted to the AC for approval.

9. Information policy

The AGM for the fiscal year 2014 is planned to be held on April 21, 2015 at Beaulieu Lausanne Centre de Congrès et d'Expositions, in Lausanne, Switzerland. The venue details are published in the "Swiss Official Gazette of Commerce" at least 20 days before the meeting.

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

May 7, 2015	Q1 2015 results;
August 11, 2015	Q2 2015 results;
November 5, 2015	Q3 2015 results.

For further investor information, including inscription to push and pull services, refer to Internet: http://ir.adecco.com.

To order a free copy of this Annual Report and for further information, please refer to the contact addresses listed on the inside back cover of the Annual Report (Internet: http://ir.adecco.com).

10. Tax strategy

The Company operates a tax policy that is approved by the Board and clearly defines the expected behaviours of it's teams around the world. The Company seeks to protect value for its shareholders and fully complies with both the tax law and the spirit of the law in all countries where it operates. The Company works towards fostering mutually constructive and open relationships with tax authorities with the aim of reducing the risk of challenge and dispute through being transparent about its tax affairs. The Company seeks to remove uncertainty by entering into contemporaneous audit programmes or advanced agreements with tax authorities where possible. The Company does not engage in artificial tax-driven structures and transactions.

Remuneration Report

1. General introduction

Adecco's Remuneration Report reflects the requirements of the Ordinance Against Excessive Compensation at Listed Corporations (see below) and the Directive on Information relating to Corporate Governance, issued by the SIX Swiss Exchange as amended on September 1, 2014. Adecco S.A.'s principles regarding remuneration further take into account the recommendations set out in the Swiss Code of Best Practice for Corporate Governance as published on September 29, 2014. In addition, the Remuneration Report comprises information as required under the Swiss Code of Obligations (Art. 663c para. 3). For further information regarding Adecco's Corporate Governance refer to the Corporate Governance Report.

On November 20, 2013, the Swiss Federal Council approved the Ordinance Against Excessive Compensation at Listed Corporations (the "Ordinance") which entered into force on January 1, 2014. The Ordinance was issued to implement the key elements of the so-called Minder-Initiative, a constitutional amendment approved by the Swiss electorate in March 2013. In line with the subsequently amended Articles of Incorporation of Adecco S.A. ("AoI"; Internet: www.aoi.adecco.com), Art. 14bis, as approved by the shareholders at the Annual General Meeting of Shareholders of Adecco S.A. ("AGM") 2014, as of 2015, the maximum compensation amounts available for the compensation of the members of the Board of Directors ("Board") as well as of the Executive Committee ("EC") will be subject to annual binding prospective approval of the shareholders' meeting of the Company. At the AGM in 2015, shareholders will be asked to approve in a prospective binding vote the maximum Board compensation for the office period AGM 2015 to AGM 2016, and the maximum EC compensation for the calendar year 2016. Further, the Ordinance introduced as a legal requirement that the shareholders annually elect the members of the compensation committee among the members of the Board. At the AGM 2014, the members of the Company's compensation committee were elected by the AGM for the first time. In line with Art. 19 of the AoI (www.aoi.adecco.com), the compensation committee in addition has been assigned by the Board with a number of tasks in the field of nomination and therefore is named Nomination & Compensation Committee ("NCC"). For further information regarding the implementation of measures required under the Ordinance refer to the Corporate Governance Report.

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

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

2.1 Compensation philosophy

The Company's compensation philosophy seeks to recognise and reward performance. Taking into consideration Group, business unit, and individual contributions, the compensation programmes are designed to attract, retain, motivate and reward employees in order to support the achievement of the Company's financial and strategic objectives and also to ensure that the total compensation potential is internally consistent and externally competitive. It is the Company's aim to align its compensation philosophy with the shareholders' interests and to foster collaboration between countries, units and departments. The cyclicality of the Company's business is also considered in order to reflect the risks of each component of remuneration.

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

With the variable components of compensation, the Company strives to recognise and reward team performance. Thus, as a general rule, individual quantitative targets are not used for bonus purposes in the compensation programmes. The incentive programmes include a short-term incentive plan ("STIP") and a long-term incentive plan ("LTIP"). The STIP incentivises management to achieve the Company's yearly financial targets. This is a very important factor in view of the cyclicality of the Company's business. Long-term performance targets also align the interest of management with the interest of the shareholders but additionally focus on employee retention, a critical aspect in a cyclical business and a key strategic priority for the Company. More details on the different plans are provided in the discussion about the compensation of the EC in section 3.3. and 4.3 "Executive Committee's compensation".

2.2 Determination of remuneration principles and compensation

In general, compensation of the Board and of the members of the EC is reviewed annually to ensure that competitive pay is maintained and undesired fluctuations are minimised.

The Company's compensation programmes, which include share-based compensation elements, are approved by the Board. In line with the new provisions of the AoI (www.aoi.adecco.com), approved by the AGM in April 2014, the Board has entrusted the NCC with providing recommendations to the Board, taking into account proposals of the Chief Executive Officer ("CEO") and the Chief Human Resources Officer, regarding the remuneration principles and general compensation philosophy of the Company, and with reviewing and proposing the objectives relevant to compensation of the EC. The NCC is composed of independent Board members only (for further details on NCC composition, tasks, and activities refer to the Corporate Governance Report, section 3.4.3 "Nomination & Compensation Committee").

The remuneration of the Board and of the EC, and starting with the AGM 2015, the proposals of the maximum compensation of the Board and of the EC to be submitted to the AGM, is determined by the full Board, upon recommendation of the NCC. The members of the EC do not attend when matters concerning their own compensation are being decided. The compensation of the other employees of the Company is authorised by the responsible members of management, based on the remuneration principles and general compensation philosophy of the Company. The findings, recommendations and decisions of the NCC are submitted to the Board by the Chairman of the NCC.

In order to ensure that compensation is in line with market standards, the NCC commissioned international independent external consultants (Towers Watson AG, Zurich, Switzerland) to provide a compensation benchmark analysis in 2013 and 2014. Members of the EC with global responsibility (CEO, Chief Financial Officer ("CFO"), Chief Sales Officer, and Chief Human Resources Officer) were benchmarked against comparable functions in terms of revenue and number of employees under scope, considering also market capitalisation. A reference group of 23 Swiss companies of different industries, thereof 13 SMI companies was selected. Companies in the financial service industry were included (5 companies) in the assessment for the CFO and for the Chief Human Resources Officer only. The compensation packages of members of the EC with geographical responsibility were benchmarked against the packages of comparable functions in terms of revenue and number of employees under scope in the respective countries of residency. More than 240 companies worldwide, active in different industries, which can be considered potential employers of the individuals in question, were included in the benchmark. Out of these companies, for each region, a specific peer group was determined. Recommendations of the benchmark analysis were provided to the NCC and taken into consideration by the NCC as an element in determining the final compensation packages. Towers Watson was commissioned in 2014 with additional Human Resources related survey work of minor scope.

Shareholders will be asked to approve for the first time at the AGM 2015 the maximum Board and EC compensation for the office period AGM 2015 to AGM 2016, and 2016, respectively.

3. Remuneration 2014

3.1 Introduction

The NCC has reviewed the compensation policy, including the remuneration principles and structure, for the members of the EC taking into particular consideration prior shareholder advisory votes, discussions with proxy advisors, current market practices and the level of alignment between pay and performance. Based on the findings of the review, the NCC provided recommendations to the Board who decided to continue the existing compensation system (refer to the Remuneration Report 2013) and to introduce only some minor amendments as described in the subsequent sections.

3.2 Board of Directors' compensation

The members of the Board are compensated with a fixed fee for each office period. Starting with the office period AGM 2014 to AGM 2015, approximately two-thirds of the fee is paid in cash and approximately one-third is paid with Adecco S.A. shares for which a three-year blocking period applies. Such an approach is intended to enhance alignment of all Board members with the interests of the shareholders. This is a change from prior years where only the Chairman received part of his compensation in shares. When determining the members' compensation, based on the recommendations of the NCC, their various functions and responsibilities within the Board and its committees are taken into account.

The compensation system for the office period from AGM 2015 to AGM 2016 is summarised in the table below:

in CHF	Cash	Shares [1]
Fee (gross) for the office period [2]		
Chairman of the Board	960,000	500,000
Vice-Chairman of the Board	300,000	150,000
Other members of the Board	166,670	83,330
Additional fee (gross) for committee work for the office period		
Committee Chairperson [3]	100,000	50,000
Committee Member	33,330	16,670

For the amounts paid to the individual members of the Board in the period under review (January 1 to December 31, 2014), refer to section 5.1.1 "Board of Directors' compensation and shareholding".

3.3 Executive Committee's compensation

The compensation model for the EC includes fixed and variable elements (refer to Art. 20bis of the AoI; www.aoi.adecco.com):

- base salary, taking into account market conditions for comparable functions and positions;
- social contributions, pension plan dues and fringe benefits;
- STIP, based on annual, ambitious and clearly defined internal performance objectives. The STIP includes a special one-time cash incentive element ("STIPA") applicable only for the years 2014 and 2015 to support the achievement of the 2015 Group EBITA [4] margin target of above 5.5%;
- LTIP, including performance share awards, based on ambitious internal and external performance objectives, and restricted share unit awards, which cliff-vest after a three-year period.

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

The framework underlying the STIP and the LTIP is set forth in Art. 20bis of the AoI (www.aoi.adecco.com).

1 Paid in Adecco S.A. shares with a three-year blocking period.

2 No entitlement to additional fee for committee work for the Chairman and the Vice-Chairman.

3 No entitlement to additional fee for committee membership for the Committee Chairperson.

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

Elements of the Executive Committee's compensation

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

3.3.1 Base salary

The 2014 annual base salary was determined by the Board, taking into account comparable functions and positions, considering amongst other elements, the number of employees reporting to the function, revenues generated under the function and additional responsibilities beyond the typical scope of the function. The base salary reflects job characteristics, seniority, experience and skills. Base salary is paid in cash, typically in monthly instalments, and is set according to local practice. The annual base salary also serves as the basis for determining the variable compensation.

3.3.2 Social contributions, pension plan dues, and fringe benefits

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

3.3.3 Short-term incentive plan

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

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

The STIP bonus is calculated by reference to the STIP bonus base, defined as a percentage of the participant's annual base salary. For members of the EC, this percentage ranges between 60% and 120% of base salary. The percentage varies according to the participant's function and responsibilities, and has been determined by the NCC upon proposal of the CEO and of the Chief Human Resources Officer. For members of the EC with geographical responsibility, 35% of the STIP bonus base is allocated based on the EP of the Company and 65% is allocated based on the EP of the relevant geographical segment. For the members of the EC who do not have direct responsibility for a specific geographical segment, the entire STIP will be based on the EP of the Company.

Performance targets stipulate the EP Baseline level, EP Target level and EP Cap level. For performance below EP Baseline level, no bonus is paid. For performance at EP Baseline level, 80% of the STIP bonus base is paid. At EP Target level, 100% of STIP bonus base is paid. At or above EP Cap level, 150% of the STIP bonus base is paid. For performance between EP Baseline and EP Target level, or between EP Target and EP Cap level, bonus is calculated in a linear way. For members of the EC, this results in a cap for the STIP in a range of 90% (150% x 60%) to 180% (150% x 120%) of annual base salary. The AoI set the cap for combined STIP and STIPA for the CEO, the highest paid member of the EC, at 140% of annual base salary (www.aoi.adecco.com).

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

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

To support the achievement of the Group EBITA margin target of above 5.5% in 2015, the STIP has been enhanced with a special one-time cash incentive element (STIPA) limited to the years 2014 and 2015. The STIPA is linked to performance targets that reflect the Company's profitability plans for 2014 and 2015 to deliver a Group EBITA margin of above 5.5% in 2015.

For EC members without regional responsibilities, the 2014 STIPA at target amounts to 20% of the 2014 STIP bonus base. The 2014 STIPA is subject to the achievement of Group EBITA margin targets in both 2014 and 2015. The 2015 STIPA at target shall amount to 30% of the 2015 STIP bonus base and will be subject to the achievement of the Group EBITA margin target of above 5.5% in 2015. The cap for short-term bonus for the CEO, set at 140% of annual base salary, includes the STIPA.

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

The targets for the STIPA have been determined by the NCC and are based on the Company's long-term plan including the Group EBITA margin of above 5.5% in 2015.

Any payments under the STIPA will be deferred to 2016.

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

STIPA for Executive Committee members with regional responsibilities

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

STIPA for Executive Committee members without regional responsibilities

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

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

Performance targets for the STIP and STIPA are both market- and commercially-sensitive and as such are considered confidential. Hence, the Company will disclose *ex post* the degree to which performance was achieved (refer to end of section 5.1.2 "Executive Committee's compensation").

3.3.4 Long-term incentive plan

3.3.4.1 Introduction

The LTIP is a share-based incentive plan consisting of Performance Share awards and restricted share unit awards ("RSU awards"). Performance Share awards contain an undertaking to deliver a number of Adecco S.A. shares to the participants of the plan after the end of the performance period (end of performance period for awards granted in 2014: December 31, 2016), but at the earliest on March 15, 2017, provided and to the extent that certain employment conditions and performance targets are met (i.e. in case the awards vest). RSU awards contain an undertaking to deliver a number of Adecco S.A. shares to the participants of the plan linked to the satisfaction of certain employment conditions. Performance Share awards and RSU awards were granted in 2014 to all members of the EC.

To strengthen the alignment between pay and performance, the proportion of Performance Share awards has been increased in 2014 to 60% of the LTIP target base amount, while the proportion of RSU awards has been reduced to 40%. The Performance Share awards are split into EBITA margin awards, EPS awards and relative Total Shareholder Return ("TSR") awards (refer to section 3.3.4.2 "Performance Share awards").

The LTIP target base is defined as a percentage of the participant's annual base salary. For members of the EC, this percentage ranges between 75% and 150% of the base salary. The percentage varies according to the participant's function and responsibilities, and has been determined by the NCC upon proposal of the CEO and of the Chief Human Resources Officer. In 2013 this range was 60% to 120%. The increase reflects the lower weighting of RSU awards, the extension of their vesting period and the removal of the additional TSR awards (refer to Remuneration Report 2013, section 3.3.4.2 "Performance Share awards").

To determine the number of share awards to be granted under the LTIP, the three-year average daily closing price of the Adecco S.A. share is used. However, the share price used for the allocation cannot deviate by more than 20% from the share price at grant.

Performance targets for Performance Share awards are both market- and commercially-sensitive and as such are considered confidential. Hence, the Company will disclose *ex post* the degree to which performance was achieved (refer to section 5.6 "Historical vesting information on Performance Share awards").

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

3.3.4.2 Performance Share awards

To further improve the link between pay and performance and to maintain the alignment of management and shareholders' interests, the metrics for the performance targets have been revised. For 2010 to 2013, absolute and relative TSR were the two metrics used as performance targets for the Performance Share awards. These metrics align the interests of management and shareholders, but they can also have some drawbacks. Share prices of companies in highly cyclical industries like Adecco often reflect investors' expectations of future results rather than the actual results delivered, thus creating a potential tension between TSR awards and pay for results. Furthermore, share prices are impacted not only by financial performance but also by the multiples/discount rates used by investors. For Adecco, EC members have minimal influence over such elements and therefore this limits the incentivising power of the TSR components of variable remuneration.

In light of these considerations, performance targets for Performance Share awards have been modified to include a combination of financial performance- and market-based metrics. Vesting for 40% of the Performance Share awards will be according to the average adjusted Group EBITA margin ("EBITA margin awards"), vesting for another 40% will be according to adjusted Group diluted EPS ("EPS awards"), and vesting for the remaining 20% will be according to relative TSR performance ("relative TSR awards").

Whether and to what extent the performance targets have been achieved will be measured at the end of a performance period of three years. Any performance adjustments for extraordinary items have to be approved by the NCC. The awards vest accordingly (for the awards granted in 2014: not before March 15, 2017). Those awards that do not vest due to lack of fulfilment lapse immediately.

The plan foresees that participants, who terminate their employment with the Company at their own will, and those who receive notice of termination for cause before the end of the performance period, will no longer be entitled to the vesting of the awards. In case of termination by the employer without cause, a time-weighted pro-rata portion of the unvested Performance Share awards will vest at the regular vesting date depending on the level of target achievement.

The maximum number of Performance Share awards under the LTIP that may vest in favour of the members of the EC after the end of the performance period is limited to the number of Performance Share awards granted.

EBITA margin awards

EBITA margin awards comprise 40% of the Performance Share awards, with vesting subject to performance against a target of average adjusted Group EBITA margin for 2014 to 2016. The adjusted EBITA margin of the Adecco Group is the EBITA as a percentage of revenues adjusted for: restructuring and integration costs; and income or expenses relating to years prior to 2014 impacting revenues and/or EBITA, if material. EBITA refers to operating income before amortisation of intangible assets and impairment of goodwill and intangible assets. In case of significant acquisitions and/or divestitures, targets may be adjusted.

For EBITA margin awards, the plan stipulates Baseline and Target levels of average adjusted Group EBITA margin for 2014 to 2016. The Baseline level is set at 4.4%; the Target level is set equal to the average adjusted EBITA margin for 2014 to 2016 in the Company's five-year plan at the time of grant. For performance below the Baseline level, no EBITA margin awards shall vest. For performance at the Baseline level, 25% of the EBITA margin awards granted shall vest. For performance at the Target level, 100% of the EBITA margin awards granted shall vest. For performance between Baseline and Target levels, the number of awards vesting will be calculated linearly. No additional awards shall vest for performance above the Target level.

Average adjusted EBITA margin	Award vesting
< Baseline	0%
≥ Baseline and ≤ Target	Linear between 25% and 100%
> Target	100% (maximum)

EPS awards

EPS awards comprise 40% of the Performance Share awards, with vesting subject to performance against a target adjusted diluted EPS for 2016. The adjusted diluted EPS of the Adecco Group is the diluted EPS adjusted for: restructuring and integration costs, net of income tax; income or expenses relating to prior years impacting net income attributable to Adecco shareholders, if material; and impairment of goodwill and intangible assets, net of income tax.

For EPS awards, the plan stipulates Baseline and Target levels of adjusted diluted EPS for 2016. The Baseline is set equal to EUR 2.91; the Target level is set equal to the 2016 adjusted diluted EPS in the Company's five-year plan at the time of grant. For performance below or at Baseline level, no EPS awards shall vest. For performance at the Target level, 100% of the EPS awards granted shall vest. For performance between Baseline and Target levels, the number of awards vesting will be calculated linearly. No additional awards shall vest for performance above the Target level.

Adjusted diluted EPS	Award vesting
< Baseline	0%
≥ Baseline and ≤ Target	Linear between 0% and 100%
> Target	100% (maximum)

Relative TSR awards

Relative TSR awards comprise 20% of the Performance Share awards, with vesting subject to performance against a targeted level of relative TSR over the performance period. This shall be calculated as the difference between the Adecco S.A. TSR and the weighted-average TSR over the performance period of a predefined peer group ("Peer TSR"). The 2013 peer group was reviewed and revised to ensure continued relevance. The peer group for 2014 comprised the following 18 companies: Amadeus Fire, Brunel International, Hays, Kelly Services, Kforce, Manpower Group, Meitec, Michael Page International, On Assignment, Randstad Holding, Robert Half International, Robert Walters, Skilled Group, SThree, Synergie Groupe, Temp Holdings, TrueBlue and USG People.

For relative TSR awards the plan stipulates Baseline and Target levels of relative TSR. The Baseline level is set as Adecco S.A. TSR being equal to the Peer TSR; the Target is set at the Adecco S.A. TSR exceeding by 5 percentage points the Peer TSR. For performance below or at Baseline level, no relative TSR awards shall vest. For performance at the Target level, 100% of the relative TSR awards granted shall vest. For performance between Baseline and Target levels, the number of awards vesting is calculated linearly. No additional awards shall vest for performance above the Target level.

Relative TSR performance	Award vesting
< Peer TSR (Baseline)	0%
≥ Peer TSR and ≤ Peer TSR +5%	Linear between 0% and 100%
> Peer TSR +5% (Target)	100%

3.3.4.3 RSU awards

RSU awards are considered by the Board as an important tool for retaining key personnel, especially in a highly cyclical business like the Company's, and they are widely used both in the staffing industry and in Switzerland. Nonetheless, effective for award grants from 2014 onwards, the RSU award component of the LTIP has been modified in two ways. First, the proportion of RSU awards within the LTIP has been reduced from 65% to 40%, thus further strengthening the alignment of pay and performance. Second, RSU awards shall vest in a single tranche after three years (cliff-vesting). This is instead of vesting annually in equal proportions over a period of three years (staggered vesting), as applicable for RSU awards granted in 2010 to 2013. This extension of the vesting period will enhance the effectiveness of RSU awards in retaining key personnel and better reflects current market practices.

The vesting of RSU awards is subject to employment conditions. Provided that the employment relationship continues, RSU awards will cliff-vest after a period of three years following the date of grant.

The plan foresees that participants who terminate their employment with the Company at their own will, and those who receive notice of termination for cause before a vesting date, will no longer be entitled to the vesting of the RSU awards. In case of termination by the employer without cause, a time-weighted pro-rata portion of RSU awards will vest at the regular vesting date.

The maximum number of RSU awards under the LTIP that may vest in favour of the members of the EC is limited to the number of RSU awards granted.

4. Remuneration outlook

4.1 Introduction

For 2015, the compensation philosophy as valid for the previous years, as well as the remuneration principles as applied in 2014, shall be continued, with minor amendments as disclosed in detail below. At the 2015 AGM, based on the Ordinance (refer to section 1. "General introduction") and the AoI (Art. 14bis, www.aoi.adecco.com) shareholders will be asked to approve the maximum compensation of the Board from AGM 2015 to AGM 2016 and the maximum compensation of the EC for 2016.

4.2 Board of Directors' compensation for the office period AGM 2015 to AGM 2016

Board members are elected by the shareholders from AGM to AGM; as a consequence, the compensation for the office period also runs from AGM to AGM. Based on the Ordinance (refer to section 1. "General introduction") and the AoI as approved by the shareholders at the AGM 2014 (Art. 14bis, www.aoi.adecco.com), shareholders will be asked to approve the maximum amount of compensation for the Board for the next period of office at the AGM 2015, i.e. for the period from AGM 2015 to AGM 2016.

For the office period from AGM 2015 to AGM 2016, the Board's compensation follows the same principles as for the office period from AGM 2014 to AGM 2015 (refer to section 3.2 "Board of Directors' compensation"). The corresponding amount is reflected in the proposal to the AGM 2015.

4.3 Executive Committee's compensation 2015

For some members of the EC, the compensation levels for 2015 were increased, taking into account, amongst other elements, market conditions and findings of the 2014 compensation benchmark study (refer to section 2.2 "Determination of remuneration principals and compensation"). Some adjustments of compensation levels were due to the revision of employment contracts related to new provisions in Swiss law.

4.3.1 Base salary

For 2015, the same principles as in 2014 apply for base salary (refer to section 3.3.1 "Base Salary").

4.3.2 Social contributions, pension plan dues, and fringe benefits

For 2015, the same principles as in 2014 apply for social contributions, pension plan dues, and fringe benefits (refer to section 3.3.2 "Social contributions, pension plan dues, and fringe benefits").

4.3.3 Short-term incentive plan

For 2015, the same principles as in 2014 apply for the STIP (refer to section 3.3.3 "Short-term incentive plan").

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

For EC members with regional responsibilities, the STIPA at target shall amount to 45% of the 2015 STIP bonus base, and will be subject to the achievement of the 2015 targets.

4.3.4 Long-term incentive plan

For 2015, the same principles as in 2014 apply for the LTIP (refer to section 3.3.4 "Long-term incentive plan").

For EBITA margin awards, the plan stipulates Baseline and Target levels of average adjusted Group EBITA margin for 2015 to 2017. The Baseline level is set at 4.8%; the Target level is set equal to the average adjusted EBITA margin for 2015 to 2017 in the Company's five-year plan at the time of grant.

For EPS awards, the plan stipulates Baseline and Target levels of adjusted diluted EPS for 2017. The Baseline is set equal to EUR 3.55; the Target level is set equal to the 2017 adjusted diluted EPS in the Company's five-year plan at the time of grant.

For the TSR awards, there were no modifications to the Baseline and to the Target levels.

4.3.5 Executive Committee compensation potential – overview

	Element	CEO	Total EC[3]
Total compensation in relation to base salary (excluding benefits[1])	LTIP performance	Target 90%	Target 65%
	LTIP RSU	Target 60%	Target 44%
	STIP[2]	Target 120%	Target 110%
		Cap 140%	Cap 145%
	Base Salary	100%	100%

1 Benefits include social contributions, pension plan dues, and fringe benefits, such as benefits in kind.

2 The STIP includes the STIPA, which is the one-time cash incentive element applicable only for the years 2014 and 2015 to support the achievement of the 2015 Group EBITA margin target of above 5.5%. If fully achieved, the 2015 STIPA would amount to a total of CHF 2.5 million for 12 members of the EC and would only be paid out in 2016.

3 The percentages indicated for Total EC reflect the consolidation of the different bonus bases defined for the individual EC members: Individual entitlements to LTIP in relation to base salary and individual STIP bonus base.

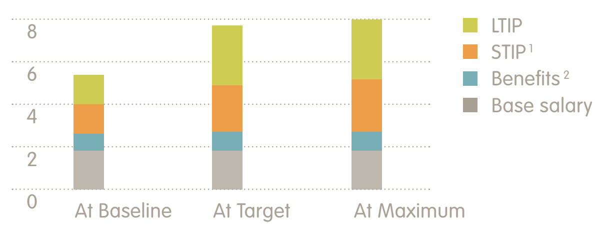
For 2015, the members of the EC will receive an aggregated base salary of CHF 9.0 million and benefits such as social contributions and pension plan dues of approximately CHF 4.0 million (social contributions are estimated at target). For members of the EC, STIP (including STIPA) at target will amount to CHF 10.0 million and at maximum will amount to CHF 13.1 million. For members of the EC, LTIP at target will amount to CHF 9.9 million (12 members), which is also the maximum. This amount is based on a value at grant calculation, taking into account that the share allocation price is CHF 64.16 while the share price for valuation purposes at grant is based on the share price of March 16, 2015 of CHF 80.20, and a dividend discount of 9.5%. For the aforementioned amounts, the same exchange rates are used as for the 2014 remuneration information. For 2015, the total compensation at target for the entire EC amounts to CHF 32.9 million, and at maximum amounts to CHF 36.4 million.

4.3.6 CEO compensation potential – overview

For 2015, the CEO will receive a base salary of CHF 1.8 million and benefits such as social contributions and pension plan dues of approximately CHF 0.9 million (social contributions are estimated at target). The CEO's STIP (including STIPA) at target will amount to CHF 2.2 million and at maximum will amount to CHF 2.5 million. The CEO's LTIP at target will amount to CHF 2.8 million, which is also the maximum. This amount is based on a value at grant calculation, taking into account that the share allocation price is CHF 64.16 while the share price for valuation purposes at grant is based on the share price of March 16, 2015 of CHF 80.20, and a dividend discount of 9.5%. For 2015, the CEO's total compensation at maximum level will amount to CHF 8.0 million.

CEO compensation potential 2015

in CHF millions



1 Includes STIPA for 2015.

2 Benefits include social contributions (estimates), pension plan dues, and fringe benefits, such as benefits in kind.

5. Details of compensation elements

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

The amounts indicated in this paragraph include fees, salaries, bonuses and compensation in kind (according to market value at time of conferral). For the fiscal year 2014, the members of the Board were compensated in cash and with Adecco S.A. shares. For the fiscal year 2013, the members of the Board were compensated in cash, and the Chairman was partially compensated with Adecco S.A. shares. The amount conferred to the members of the Board for the fiscal year 2014 amounted to CHF 4.5 million. For the fiscal year 2014, the total of all compensation conferred to all members of the EC, including bonus entitlements for 2014 due for payment in 2015 (and 2016 for STIPA), and awards granted in 2014 under the LTIP, at grant date fair value, amounted to CHF 33.0 million. Not included are bonus payments due for 2013 but made during 2014 as this information was disclosed in 2013.

Individual compensation and shareholding for 2014 and 2013 are shown in the following tables:

5.1.1 Board of Directors' compensation and shareholding

For the year 2014

in CHF (except shares)	Compensation period in 2014	Net compensation for term served[1]	Social contributions[2]	Shareholding as of December 31, 2014[3]
Name and function				
Rolf Dörig, Chairman	since Jan.	1,511,493[4]	248,998	50,432
Andreas Jacobs, Vice-Chairman	since Jan.	450,000		1,631
Dominique-Jean Chertier	since Jan.	300,000		8,088
Alexander Gut	since Jan.	424,579	60,040	14,831
Didier Lamouche	since Jan.	282,801	40,532	1,088
Thomas O'Neill	since Jan.	333,371	40,054	7,269
David Prince	since Jan.	289,178	50,585	6,627
Wanda Rapaczynski	since Jan.	450,000		9,331
Subtotal		**4,041,422**	**440,209**	
Total			**4,481,631**	**99,297**

1 CHF 1,134,741 of the total net compensation was paid with Adecco S.A. shares. CHF 1,025,000 of the total net compensation was paid with 14,858 Adecco S.A. shares at a rounded average price of CHF 69.00 per share. In addition, under the 2013/2014 fee plan, CHF 109,741 of the total net compensation was paid with 1,477 Adecco S.A. shares at a price of CHF 74.30 per share to the Chairman.

2 Directors' and Company's social contributions required by law. No pension plan dues have been paid.

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

4 CHF 484,741 of the total net compensation was paid with 6,909 Adecco S.A. shares as follows: CHF 109,741 was paid with 1,477 Adecco S.A. shares at a price of CHF 74.30 per share, and CHF 375,000 was paid with 5,432 Adecco S.A. shares at a rounded average price of CHF 69.00 per share.

For the year 2013

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

1 Directors' and Company's social contributions required by law. No pension plan dues have been paid.

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

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

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

Compared to the year 2013, the Chairman's compensation has decreased, and for the other Board members the amounts of compensation remained unchanged.

5.1.2 Executive Committee's compensation

For the year 2014

in CHF	Patrick De Maeseneire, CEO[1]	Total Executive Committee[2]
Gross cash compensation[3]:		
• Base salary	1,800,000	8,964,673
• Annual bonus[4]	2,202,916	9,207,311
Compensation in kind[5]	324,257	1,273,089
Other[6]		160,949
Share awards granted in 2014 under the long-term incentive plan (LTIP)[7]:		
• EBITA margin awards	733,028	2,531,224
• EPS awards	733,028	2,531,224
• Relative TSR awards	151,739	524,013
• RSU awards	1,221,713	4,218,795
Social contributions:		
• Old age insurance/pensions and other[8]	540,653	2,890,233
• Additional health/accident insurance	13,103	112,863
• On LTIP awards granted in 2014, potentially vesting in later periods, estimated (based on closing price at grant)[9]	225,063	548,162
Total conferred	**7,945,500**	**32,962,536**

1 Highest conferred individual compensation in 2014.

2 In 2014, the EC consisted of Patrick De Maeseneire, Dominik de Daniel, Alain Dehaze, Robert P. (Bob) Crouch, Peter Searle, Andreas Dinges, Christophe Duchatellier, Martín Alonso, Federico Vione, Enrique Sanchez, Sergio Picarelli and Mark De Smedt (all since January 2014). Notice periods of up to 12 months apply. For certain members of the EC, based on mandatory foreign law or pre-existing contractual commitments, additional payments may become due in case of termination. For certain members of the EC, compensation related to non-compete obligations after termination of their employment agreement might be due.

3 Including employee's social contributions.

4 Includes STIPA of CHF 360,000 for the CEO, and CHF 1,546,532 for the total EC, and includes a cash payment to one EC member, agreed in 2012, payable in March 2015.

5 Car allowance for private use, car lease financed by the Company, membership fees, housing allowance, relocation, education, health insurance, representation allowance, pension plan dues formerly disclosed under social contributions.

6 Cash payments one EC member received under the contract for his previous function.

7 Value in CHF of Adecco S.A. shares awarded in 2014 under the LTIP 2014 (grant date: March 16, 2014).
Valuation of the share awards granted:

- *The grant date values of the EBITA margin awards and of the EPS awards are calculated based on the closing price of the Adecco S.A. share on the day of grant less a discount of 9.5% which takes into consideration that EBITA margin awards and EPS awards are not entitled to dividends during the vesting period. An additional discount of 11% is applied to the value of EBITA margin awards and EPS awards granted to the French participants, related to a 2-year post-vesting restriction on sale of shares by the participants.*
- *The grant date values of the relative TSR awards are calculated based on the closing price of the Adecco S.A. share on the day of grant multiplied by the respective probability factors. These factors reflect the likelihood that the respective TSR targets will be met at the end of the performance period. The probability factor of 0.41 for relative TSR awards has been determined using a binomial model. A discount of 9.5% is applied which takes into consideration that relative TSR awards are not entitled to dividends during the vesting period. An additional discount of 11% is applied to the value of relative TSR awards granted to the French participants, related to a 2-year post-vesting restriction on sale of shares by the participants.*
- *The grant date fair value of the RSU awards is equal to the closing price of the Adecco S.A. share on the day of grant less a 9.5% discount which takes into consideration that RSU awards are not entitled to dividends during the vesting period. An additional discount of 11% is applied to the value of RSU awards granted to the French participants, related to a 2-year post-vesting restriction on sale of shares.*
- *The per-share value of awards granted in 2014 amounts to CHF 66.11 and CHF 58.84 for RSU awards, CHF 27.37 and CHF 24.36 for relative TSR awards, CHF 66.11 and CHF 58.84 for EBITA margin awards, and CHF 66.11 and CHF 58.84 for EPS awards (lower values: French participants).*

8 Including employer's social contributions (i) CHF 363,614 on LTIP awards granted in previous periods and vested in 2014 and (ii) social contributions on LTIP grant 2014 for one EC member as they became due at grant date.

9 Not included are social contributions on LTIP grant 2014 for one EC member as they became due at grant date.

For the year 2013

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

1 Highest conferred individual compensation in 2013.

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

3 Including employee's social contributions.

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

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

6 Value in CHF of Adecco S.A. shares awarded in 2013 under the LTIP 2013 (grant date: March 16, 2013).
Valuation of the share awards granted:
- *The grant date fair value of the restricted share unit awards ("RSU awards") is equal to the closing price of the Adecco S.A. share on the day of grant less a 6.5% discount which takes into consideration that RSU awards are not entitled to dividends during the vesting period. An additional discount of 11% is applied to the value of RSU awards granted to the French participants, related to a 2-year post-vesting restriction on sale of shares.*
- *The grant date values of the total shareholder return awards ("TSR awards") are calculated based on the closing price of the Adecco S.A. share on the day of grant multiplied by the respective probability factors. These factors reflect the likelihood that the respective TSR targets will be met at the end of the performance period. The probability factors of 0.40, 0.32, and 0.20 for relative, absolute, and additional TSR awards, respectively, have been determined using a binomial model. A discount of 6.5% is applied which takes into consideration that TSR awards are not entitled to dividends during the vesting period. An additional discount of 11% is applied to the value of TSR awards granted to the French participants, related to a 2-year post-vesting restriction on sale of shares by the participants.*
- *The per-share value of awards granted in 2013 amounts to CHF 44.81 and CHF 50.35 for RSU awards, CHF 17.75 and CHF 19.94 for relative TSR awards, CHF 14.43 and CHF 16.21 for absolute TSR awards, and CHF 8.87 and CHF 9.97 for additional TSR awards (lower values: French participants).*

For 2014, the CEO has reached 102% of the STIP bonus base, and the other members of the EC have reached between 89% and 118% of the STIP bonus base (not including STIPA). For 2014, the variable portion of cash compensation (annual bonus including STIPA potential) to the CEO amounted to 122% and for the other members of the EC ranged between 60% and 147% of the base salary. If fully achieved, the 2014 STIPA would have amounted to CHF 1.9 million for the 12 members of the EC. Taking into account the 2014 results, such potential has been reduced to CHF 1.5 million, still subject to the achievement of the STIPA 2015 targets, with payment due in 2016 only. The Remuneration Report for the year 2015 will provide further details.

The variable portion of compensation consisting of share awards granted in 2014 (at values as indicated in the previous table, not taking into account social contributions) to the CEO amounted to 158% and for the other members of the EC ranged between 79% and 131% of the base salary.

The main difference in compensation between 2014 and 2013 relates to LTIP (refer to section 3.3.4 "Long-term incentive plan"). Furthermore, bonus achievements were higher in 2014.

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

No compensation payments were made to former members of Governing Bodies in relation to their former offices. Mandatory employer social contributions paid in 2014 on share awards vested in 2014 for formers members of the EC amounted to CHF 47,478.

5.3 Shares allocated to Governing Bodies

In 2014, part of the compensation of the Board members was paid in Adecco S.A. shares (refer to the table in section 5.1.1 "Board of Directors' compensation and shareholding") and under the LTIP, share awards were allocated to the members of the EC (refer to the table in section 5.1.2 "Executive Committee's compensation"). No further Adecco S.A. shares were allocated to current or former members of Governing Bodies.

5.4 Share ownerships of Governing Bodies

As of December 31, 2014, the members of the Board, including related parties, reported to hold 99,297 shares. For the individual share ownerships of the members of the Board, refer to the table in section 5.1.1 "Board of Directors' compensation and shareholding".

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

Share ownership as of December 31[1]	Patrick De Maese-neire	Dominik de Daniel	Alain Dehaze	Robert P. (Bob) Crouch	Peter Searle	Andreas Dinges	Christophe Ducha-tellier[2]	Mark De Smedt[3]	Martín Alonso	Federico Vione	Enrique Sanchez	Sergio Picarelli	Christian Vasino[4]	Total
2014	60,000	32,463	14,670	2,037	2,000	3,611	2,894	2,500	3,266	2,220	5,043	10,650	n.a.	141,354
2013	80,000	40,359	6,212			10,501	894	n.a.	2,055		4,176	14,477	17,942	176,616

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

2 Became a member of the EC in 2013.

3 Became a member of the EC in 2014.

4 Member of the EC until December 31, 2013.

The members of the Board and of the EC are required to disclose to the Company direct or indirect purchases and sales of equity-related securities in accordance with the requirements of the SIX Swiss Exchange.

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

5.5.1 Stock options

There are no stock options outstanding as of December 31, 2014.

5.5.2 Share awards

Awards granted 2014

Share awards held as of December 31, 2014 granted on March 16, 2014 under the LTIP:

December 31, 2014[1]	RSU awards	EBITA/EPS/TSR awards[2]	Total
Patrick De Maeseneire	18,480	27,720	46,200
Total EC[3]	61,118	91,676	152,794

Awards granted 2013

Share awards held as of December 31, 2014 and December 31, 2013 granted on March 16, 2013 under the LTIP:

December 31, 2014[1]	RSU awards	TSR awards[4]	Total
Patrick De Maeseneire	18,747	22,713	41,460
Total EC	63,041	68,217	131,258

December 31, 2013[1]	RSU awards	TSR awards[4]	Total
Patrick De Maeseneire	28,121	22,713	50,834
Total EC	94,168	72,303	166,471

Awards granted 2012

Share awards held as of December 31, 2014 and December 31, 2013 granted on March 16, 2012 under the LTIP:

December 31, 2014[1]	RSU awards	TSR awards[4]	Total
Patrick De Maeseneire	10,226	24,780	35,006
Total EC	24,799	63,651	88,450

December 31, 2013[1]	RSU awards	TSR awards[4]	Total
Patrick De Maeseneire	20,452	24,780	45,232
Total EC	59,891	68,013	127,904

1 Held, as of the date indicated, by members of the EC in office on December 31, 2014. The share awards granted to a member of the EC whose awards were forfeited in 2014 are not included.

2 Split into EBITA margin awards (40%), EPS awards (40%) and relative TSR awards (20%).

3 Not included are awards granted to one member of the EC whose entitlement to the awards ended in 2014.

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

Awards granted 2011

No share awards granted in 2011 were outstanding as of December 31, 2014.

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

December 31, 2013[1]	RSU awards	TSR awards[2]	Total
Patrick De Maeseneire	7,327	17,757	25,084
Total EC	19,196	44,898	64,094

1 Held, as of the date indicated, by members of the EC in office on December 31, 2014. The share awards granted to a member of the EC whose awards were forfeited in 2014 are not included.

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

5.6 Historical vesting information on Performance Share awards

Performance Share awards vested as a percentage of awards outstanding is as follows:

in %

Grant year	Vesting year	TSR Relative	Absolute[1]	Additional[1]	EPS[2]	EBITA[2]
2010	2013	0	0	0	n.a.	n.a.
2011	2014	0	83	0	n.a.	n.a.
2012	2015	0	100	0	n.a.	n.a.
2013	2016	pending[3]	pending[3]	pending[3]	n.a.	n.a.
2014	2017	pending[3]	n.a.	n.a.	pending[3]	pending[3]

1 Until grant 2014.

2 Introduced as of grant 2014.

3 Performance periods are still running. Numbers will be available after the end of the respective performance period.

5.7 Additional fees and remuneration of Governing Bodies

No member of the Board and of the EC has received any additional honorariums in 2014.

5.8 Loans granted to Governing Bodies

In 2014, the Company did not grant any guarantees, loans, advances or credits to members of the Board or to members of the EC, including closely linked parties.

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

We have audited section 5 "Details of compensation elements" in the accompanying remuneration report dated 19 March 2015 of Adecco S.A. for the year ended 31 December 2014.

Responsibility of the Board of Directors
The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility
Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion
In our opinion, the remuneration report dated 19 March 2015 for the year ended 31 December 2014 of Adecco S.A. complies with Swiss law and articles 14 – 16 of the Ordinance.

Ernst & Young Ltd

André Schaub	Bruno Chiomento
Licensed audit expert	Licensed audit expert
(Auditor in charge)	

Zurich, Switzerland
19 March 2015

The evolution of the Adecco Group is characterised by productive acquisitions, organic growth, industry innovation and global expansion, creating a story spanning over 50 years. In 1996, the founding companies Adia and Ecco merged to form the global leader.

History

1957

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

1964

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

1961–1980

In the 1960s, Adia opens offices in various European countries and then in 1972 takes a first step overseas, with a branch in Menlo Park, California. In 1974, Lavanchy recruits Martin O. Pestalozzi and a phase of expansion by acquisitions begins. In the next 12 years, Adia buys over 85 companies, tripling in size and gaining footholds in more than a dozen countries. These include France (1975) and the UK (1977), where it buys the market leader: Alfred Marks Bureau Ltd.

Early 1980s

Adia continues to expand overseas, including Australia, New Zealand, Japan, Hong Kong, and Canada. Meanwhile, Ecco is focusing on its home market. By the mid-1980s, it is the market leader in France and a decade later world no. 2. The growth of both companies is part of a wider trend: temporary staffing becomes the world's third-fastest-growing industry in the 1980s.

Late 1980s

Revenues topping USD 1 billion in 1986 make Adia the European leader. Its success is partly down to a focus on quality and high-value services. The 1990s see a growing trend towards specialised skills, e.g. accounting and word-processing, including in-house training programmes.

1990s

Further acquisitions from the late 1980s onwards strengthen the presence in highly skilled, specialised fields. Also, moves are made into socially related programmes for mature workers in the USA, promoting the benefits of temporary work for retirees and the value for companies of tapping into their experience, skills, and dedication. In 1991, recognising the importance of the industry's role in job creation and its growth potential, Klaus J. Jacobs invests in Adia on the way to becoming its majority shareholder.

1996

Adia and Ecco merge to form Adecco. Two of the world's top three personnel services firms, with complementary geographical profiles, merge to form a strong global leader with annualised revenues of over EUR 5.4 billion. Operations are combined to form a global network of 2,500 branches. The new company has an exceptional range and quality of services. The core staffing business places around 250,000 people in work each day.

1997–2000

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

2002

To keep at the forefront of the trend towards increasing demand for professional and expert services, Adecco consolidates its business under three operating divisions: Adecco Staffing; Ajilon Staffing/Managed Services; and Career Services/e-Business. Legislative change in Germany creates a more favourable environment for the growth of temporary staffing, reflecting greater acceptance of the industry's positive role in generating employment and economic growth.

2004

The acquisition of PeopleOne Consulting in India signals Adecco's commitment to play a leading role in the industry's development in the Emerging Markets. As a result of the delay in the audit of the 2003 financial statements in early 2004, the Group strengthens its financial reporting and governance structure.

2005–2006

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

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

2007

Jürgen Dormann is appointed Chairman of the Board. Rolf Dörig becomes Vice-Chairman. As planned, Klaus J. Jacobs hands back his mandate. Adecco acquires Tuja Group, an industry leader in Germany, one of the world's fastest-growing temporary staffing markets.

2008

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

Klaus J. Jacobs, co-founder and Honorary President of the Adecco Group, passes away. Jürgen Dormann steps down as Chairman of the Board at the end of the year. He is succeeded by Rolf Dörig.

2009

Patrick De Maeseneire becomes Chief Executive Officer of the Adecco Group. Adecco acquires Spring Group in the UK, bolstering the Adecco Group's UK Professional and General staffing business.

2010

The acquisition of MPS Group, a leading professional staffing firm based in the USA, is completed. With MPS' strength in North America and the UK, the Adecco Group also becomes the world leader in professional staffing.

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

2011

Adecco aquires US-based Drake Beam Morin Inc., taking the worldwide lead in career transition and talent development services.

2012

Adecco acquires VSN Inc., a leading provider of professional staffing services in Japan. The acquisition expands the professional staffing exposure in the world's second-largest staffing market.

Henri-Ferdinand Lavanchy, the founder of Adia, passes away.

2014

Adecco acquires OnForce to expand its Beeline service offering, creating a unique integrated solution for managing contingent workforces.

The Jacobs Group sells the vast majority of its 18% stake in the Adecco Group.

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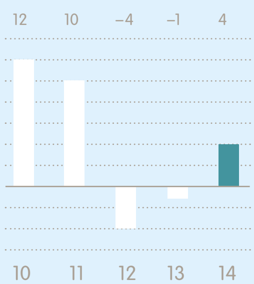
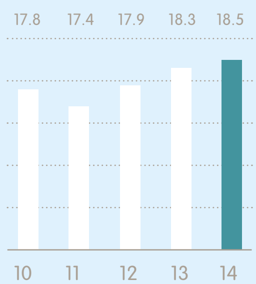
Key figures

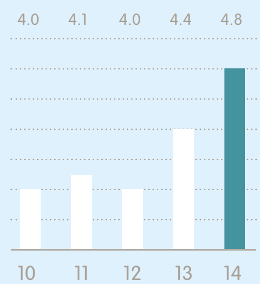
Organic[1] revenue growth
in %



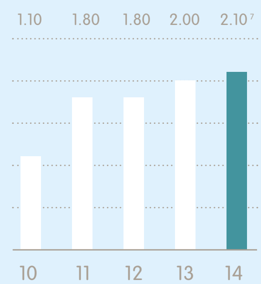
Gross margin
in EUR million



EBITA margin excluding restructuring and integration costs[2, 3]
in %



Dividend per share[8]
in CHF



Historical data

for the fiscal years in EUR millions (except share and per share information)	2014	2013	2012	2011	2010
Statement of operations data					
Revenues	20,000	19,503	20,536	20,545	18,656
Gross profit	3,703	3,560	3,674	3,566	3,329
EBITA excluding restructuring and integration costs[2, 3]	965	854	813	834	755
EBITA	928	821	725	814	722
Net income attributable to Adecco shareholders	638	557	377	519	423
Other financial indicators					
Cash flow from operating activities	785	520	579	524	455
Free cash flow[4]	705	439	491	415	350
Net debt (year end)[5]	975	1,096	972	892	751
Key ratios (as % of revenues)					
Gross margin	18.5%	18.3%	17.9%	17.4%	17.8%
SG&A ratio[6]	13.9%	14.0%	14.4%	13.4%	14.0%
EBITA margin excluding restructuring and integration costs	4.8%	4.4%	4.0%	4.1%	4.0%
EBITA margin	4.6%	4.2%	3.5%	4.0%	3.9%
Per share figures					
Basic EPS in EUR	3.62	3.09	2.00	2.72	2.20
Diluted EPS in EUR	3.61	3.08	2.00	2.72	2.17
Cash dividend in CHF[8]	2.10[7]	2.00	1.80	1.80	1.10
Number of shares					
Basic weighted-average shares	176,267,821	180,511,706	188,393,511	190,671,723	192,113,079
Diluted weighted-average shares	176,589,179	180,781,433	188,555,377	190,805,080	195,596,325
Outstanding (year end)	173,448,569	178,138,000	184,609,768	170,448,401	174,702,026

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

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

3 Excluding restructuring and integration costs: EUR 37 million in 2014, EUR 33 million in 2013, EUR 88 million in 2012, EUR 20 million in 2011, and EUR 33 million in 2010.

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

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

6 Excluding amortisation of intangible assets.

7 Proposed by the Board of Directors.

8 Paid in the following year.