Annual Report 2015

Adecco Group

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Contents

Our vision

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.

Our business has a positive impact on millions of people every day. Helping people find gainful employment is our common purpose and our contribution to society.

About us

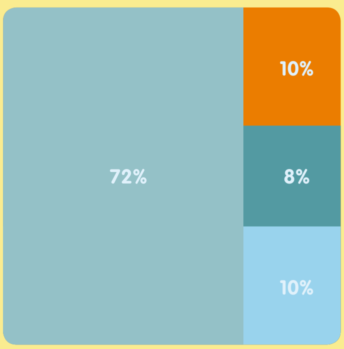
32,000+
FULL-TIME EQUIVALENT EMPLOYEES [1]

700,000~
ASSOCIATES ON ASSIGNMENT DAILY [2]

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

THE SERVICES WE OFFER

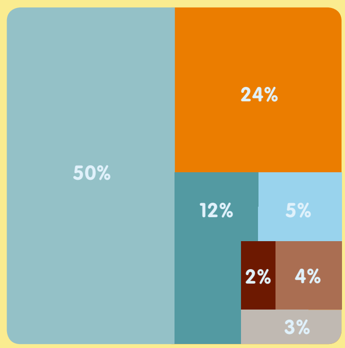
Gross profit split by service line



- Temporary Staffing 72%
- Permanent Placement 10%
- Career Transition 8%
- Outsourcing, Talent Development, and other services 10%

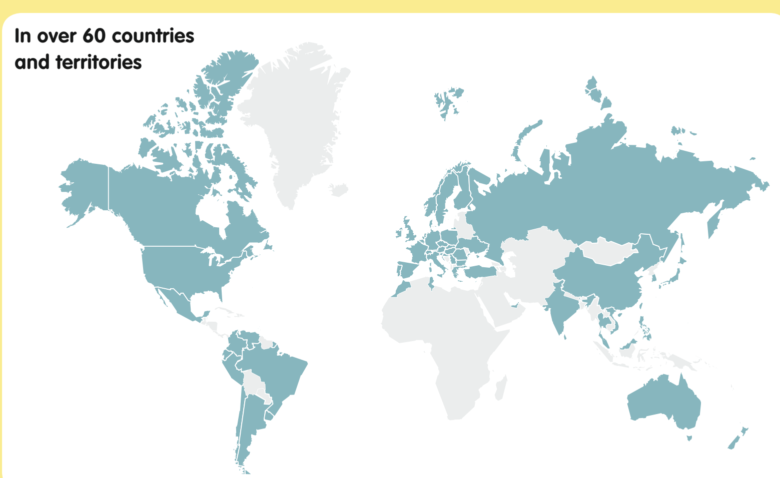
THE PROFILES OF OUR CANDIDATES

Revenue split by business line

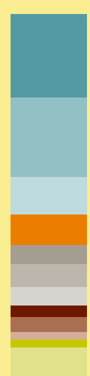


- Industrial 50%
- Office 24%
- Information Technology 12%
- Engineering & Technical 5%
- Finance & Legal 4%
- Medical & Science 2%
- Solutions 3%

OUR GEOGRAPHIC PRESENCE



Revenue split by segment



- France 22%
- North America 21%
- UK & Ireland 10%
- Germany & Austria 8%
- Japan 5%
- Italy 6%
- Benelux 5%
- Nordics 3%
- Iberia 4%
- Australia & New Zealand 2%
- Switzerland 2%
- Emerging Markets 10%
- Lee Hecht Harrison 2%

1 Year end 2015.

2 Average 2015.

2015 in brief

REVENUES UP 4% ORGANICALLY

Revenues increased to EUR 22.0 billion.

EBITA MARGIN EXCLUDING ONE-OFFS UP BY 40 BPS

EBITA margin excluding one-offs increased to 5.2%.

3.4 MILLION KM FOR WIN4YOUTH

Employees worldwide clocked up a record 3.4 million kilometres by swimming, cycling, and running, ensuring a donation of USD 370,000 to eight foundations worldwide.

GOOD CASH GENERATION

Cash flow from operating activities increased to EUR 799 million.

NEW MANAGEMENT TEAM

New CEO and CFO, and additional changes in the Executive Committee.

NEW TARGETS THROUGH-THE-CYCLE[2]

Organic revenue growth at least in line with main peers.

EBITA margin 4.5–5.0%.

Operating cash flow conversion above 90%.

DIVIDEND INCREASED

Dividend per share of CHF 2.40[1], up 14% compared to last year.

WAY TO WORK REACHING 1.2 MILLION JOB SEEKERS

More than 7,300 employees in over 1,130 cities in 54 countries hit the streets to help combat youth unemployment, supporting 1.2 million job seekers.

28,000 ATHLETES SUPPORTED

To date, the IOC and IPC Athlete Career Programmes have supported more than 28,000 elite athletes from over 185 countries with career guidance, job counselling, and placement.

1 As proposed by the Board of Directors.

2 On average through-the-cycle.

Dear Shareholder,

In 2015, economic trends were mixed: the global economy expanded modestly, but growth failed to develop in line with early expectations. The USA recovered as forecast and the jobless rate fell sharply, but in much of Europe growth was weak and unemployment remained stubbornly high. Doubts about the economic outlook in China combined with the collapse in the price of oil and other commodities dented the confidence of markets and corporates in the second half of the year. These concerns have not abated, and in such circumstances the challenges for global organisations to stay competitive grow only greater.

For the Adecco Group, 2015 was a year of transition characterised by changes. Patrick De Maeseneire stepped down after six years as CEO; the Board of Directors thanks him for his commitment to the Adecco Group and wishes him well in his future endeavours. In September last year, Alain Dehaze took over the leadership of the Adecco Group. Four new members joined the Executive team. The Board of Directors looks forward to working with the new leadership team, which has made a strong start. We would also like to thank our 32,000 employees around the world who delivered excellent performance and displayed outstanding commitment during this year of transition.

Despite the difficult environment in 2015, we recorded 4% organic revenue growth and reached a strong 5.2% EBITA margin excluding one-offs. Net profit at EUR 8 million was impacted by an impairment of goodwill of EUR 740 million recognized in Q3 2015. Thanks to continued good cash flow and the solid balance sheet, at the next Annual General Meeting on April 21, 2016, the Board of Directors will propose a dividend of CHF 2.40 to shareholders, which is an increase of 14% compared to the prior year. This represents a pay-out ratio of 45% of adjusted net earnings, in line with the policy of a payout range of 40–50%.

On a regional basis, we performed well, despite the different conditions in the more than 60 countries and territories in which we operate. The main staffing markets presented divergent trends during the year. For the whole of 2015, growth remained very good in Southern Europe and the Emerging Markets, and Benelux accelerated to end the year strongly. France returned to growth, with the market clearly picking up after the summer. In Japan growth was moderate throughout the year, while in the UK and Germany revenues were broadly stable. In North America growth slowed during the year.

Looking ahead, the future challenge for us as the market leader in HR solutions is not only in coping with heterogeneous or diverging economic conditions, or even in addressing the disparate cultural and societal attitudes to work evident in our markets across the globe. More fundamentally, we believe shifts are under way in the world of work, with new challenges and opportunities applying globally.

The world of work is changing fast. A World Economic Forum report on the Future of Jobs published in January 2016 showed that about six out of ten children now entering primary school will end up working in types of jobs that do not even exist today. Technology is moving so quickly that we must be prepared for the significant shifts ahead. Those changes pose pivotal challenges for our business, as does the competition for talent. On January 19, 2016, on the eve of the World Economic Forum annual meeting in Davos, we presented the third edition of the Global Talent Competitiveness Index compiled together with our partners INSEAD and Singapore's Human Capital Leadership Institute. The 2015–2016 Index shows clearly how those countries with a strong focus on education and innovation continue to top the list of talent champions, with Switzerland and Singapore ranking first and second respectively.

Already, it is evident that technology and demographics are transforming the labour market – changing where we work, how we work, and how we support peoples' careers.

Education skills need to – and will – shift. The workers who will be most in demand are those with broad experience and flex-

Rolf Dörig
Chairman of the Board

Alain Dehaze
Chief Executive Officer

ible skills alongside a specialist education. The three stages of life – education-work-retirement – will end, and be replaced with a multistage life, full of many careers and a variety of transitions. Younger generations will postpone commitments, preferring to investigate and explore. Flexibility will be key. The mature workforce may seek short-term employment opportunities to finance their transitions, or may need to learn new skills.

The hardest challenge will be to anticipate the future world of work and exploit the new market opportunities. The Adecco Group is very well positioned to take advantage of such chances. How will we respond to these challenges? What are the opportunities for us as global industry leader, spanning General Staffing, Professional Staffing, and HR Solutions?

Providing answers to these questions and transferring them into action has been the focus of our Executive team. The six strategic priorities for the Group have been defined by the Board and the Executive Committee, and were announced in early 2016: Segmentation, Permanent Placement, Professional Staffing & Solutions, Engagement, Digital, and Thought Leadership.

These strategic priorities are being implemented in all the countries in which we operate. We have also set new financial targets which reinforce our Economic Value Added (EVA) approach and involve longer-term through-the-cycle goals:

1. Growing revenues organically at least in line with our main peers, at Group level and in each major market.
2. Improving our EBITA margin to 4.5–5.0% on average.
3. Delivering an operating cash flow conversion of more than 90% on average.

These targets reflect the volatile nature of our business, which is highly dependent on economic cycles. They are consistent with our continued commitment to long-term value creation and will push us continuously to improve structurally over time.

Our compensation framework for the Executive team is aligned with the new targets. As of 2016, the long-term incentive plan will be based entirely on performance, to be measured by relative total shareholder return.

On March 9, 2016, the Adecco Group announced that it has reached an agreement to make a recommended cash offer for the entire share capital of Penna Consulting Plc, a UK listed company with three business units: career transition, talent development, and recruitment solutions.

There are very good opportunities for HR services. The Board of Directors and the Executive team are optimistic that we can capture these opportunities and further build on our leading position worldwide.

Dear shareholders, once again, we thank you for your trust and continued support, as we thank our clients and the associates and employees who work for the Adecco Group worldwide.

Rolf Dörig
Chairman of the Board

Alain Dehaze
Chief Executive Officer

Focusing on our drivers of value

Interview with Alain Dehaze, CEO

How would you sum up 2015 for the Adecco Group and for you personally?

The year presented its share of high points and also some challenges. Overall, the Group performed well in 2015. We achieved organic revenue growth of 4% and a 5.2% EBITA margin excluding one-offs. These were below the level that we had been targeting, as economic growth did not accelerate as expected in our major markets. Despite this limited macroeconomic support, we achieved the highest EBITA margin in the company's history and confirmed our margin leadership versus our largest global peers. Our strong cash flow allows the Board of Directors to propose a CHF 2.40 dividend per share for 2015, a 14% increase compared to the prior year. On a personal level, it was of course an honour to be appointed CEO of such a great company. I am confident that we can deliver even greater success in the future.

"We achieved the highest margin in the company's history and confirmed our global margin leadership."

Looking forward at the medium term, what do you see as the drivers of your industry?

Shorter and more volatile economic cycles structurally increase the demand for flexibility in the labour force, for the economy as a whole, and for individual employers. Regulators more and more recognise the positive impact our industry has on society, increasing the potential markets that we can address. The ever-expanding impact of technology means that we have to continue developing our offering by combining bricks and clicks as well as innovating on the pure digital channel. Demographic trends mean we are all living longer, resulting in increased demand for Healthcare and Life Sciences services. And new trends are emerging in society: candidates increasingly seek flexible employment as a means to enrich their professional lives.

Against the backdrop of these drivers, are there specific areas you have in mind for business development?

We have defined six strategic priorities for the next five years in order to further develop our business. Those who have followed us for some time will see that we kept several of the previous priorities, because they remain highly relevant to us. Segmentation, Permanent Placement, Professional Staffing & Solutions, and Engagement continue to be priorities. We will accelerate their full roll-out across the entire Group in a structured and systematic way. A critical new priority is Digital, which expands our previous priority of Information Technology. We will continue the digitization of our current processes but we also need to go a step further and become a true digital innovator, bringing new and original solutions to our clients and candidates. And finally, with the newly introduced priority of Thought Leadership we aim to be the leading voice of our industry.

At the Investor Day in January 2016, you introduced your so-called '4P approach' – could you explain what it is?

The '4P approach' is our formula for success. Its beauty is that it captures and binds together the interests of all our stakeholders; at the same time it is applicable at all levels in our organisation, starting from the branch level up to the Executive Committee. The first 'P' is People. We are in a people business, and my 32,000 colleagues around the world give their dedication and enthusiasm each day to help around 700,000

"With people, purpose, performance, and profit we have set the foundation for future success."

people put their skills to work and to realise their ambitions. This links to our second 'P', which is Purpose. For the Adecco Group this has something of a double meaning: both our social purpose of contributing to society's prosperity through helping people find gainful employment; and also our clear strategic plans for achieving our objectives. The third 'P' is Performance, which is all about the operational focus to execute on our plans. We continue with our Economic Value Added (EVA) approach, driving revenues, EBITA margin, and asset efficiency. And when all of these are in place, the result is the fourth 'P' – Profit, by which we mean creating value for all of our stakeholders.

The Group has also set new financial targets. What are they and why did you choose them?

In 2015, our regular dialogue with our shareholders included detailed discussions regarding financial targets beyond 2015. We received many helpful insights, and a clear priority was to ensure that our new financial targets were aligned with long-term shareholder value creation. In a cyclical industry like ours, this means achieving strong financial performance through the ups but also the downs of the economic cycle. It also means balancing the key drivers of value: revenue growth, profitability, and cash generation. In order to achieve this, we set three financial targets, to be achieved on average across an entire economic cycle, including periods of economic expansion and recession. These through-the-cycle targets are: growing revenues organically at least in line with our main peers, at Group level and in each major market; improving our EBITA margin to 4.5–5.0% on average; and delivering an operating cash flow conversion of more than 90% on average.

"Our new financial targets are aligned with long-term shareholder value creation."

Since completing your latest share buyback programme you have not announced another programme; do you intend to maintain a shareholder-friendly approach to the use of your cash flow?

At our Investor Day in January 2016, we presented our framework for capital allocation. The priorities for us are investment in organic growth, commitment to our investment grade credit rating, and maintaining our dividend policy. We have said for some time that from 2016 we will again consider acquisitions should we see opportunities to create value. Any potential acquisition has to meet our criteria of broadening and diversifying our offering, allowing us to achieve synergies, and delivering a positive EVA within three years. At the end of 2016 we will review our financial position and at that point we will determine if we have excess cash to return to shareholders.

To conclude, what do you expect for 2016?

When it comes to discussing outlook, we should remember two important characteristics of our industry: a strong correlation with economic activity and limited visibility. The current consensus for 2016 GDP growth forecasts neither a strong acceleration nor a deceleration in our major markets. On this assumption, we expect our business to deliver moderate growth in 2016, and we will be focusing on all three drivers of value: revenue growth, profitability, and cash generation.

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, enhancing their employability through continuous training, education, and career counselling.

Staffing market in 2015

Competitive landscape

The Adecco Group is the largest HR services company worldwide and has leading positions in Europe, North America, Asia-Pacific, and Latin America. The global HR services market is highly fragmented and the competitive landscape varies considerably from one country to another. 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 14%[1] of global turnover.

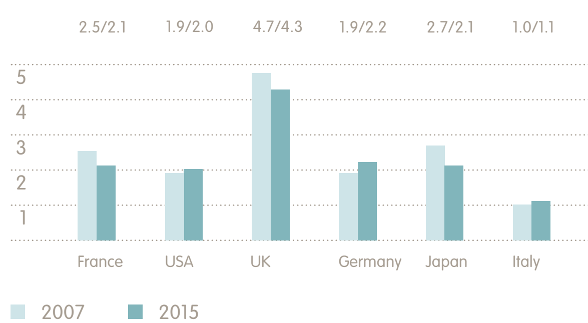
Consolidation in the staffing industry is ongoing, particularly in fragmented markets, and it is prompted by several factors. Firstly, consolidation is driven by the need of companies to better utilise economies of scale. Additionally, the trend of large multinational companies to outsource part or all 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 2015, the global staffing market grew by approximately 8%[1,2] to EUR 403 billion. Professional staffing, accounting for around 31%[1] of the global staffing market, and general staffing, accounting for around 69%[1], increased by 9%[1,2] and 7%[1,2] year-on-year respectively. The USA represented the single largest market for HR services measured by revenues in 2015, with a share of approximately 30%[1], followed by Japan with 15%[1] and the UK with 11%[1]. Continental Europe represented 21%[1] of the global staffing market in 2015, whereas the emerging markets accounted for 18%[1].

The main staffing markets presented divergent trends during the year. For the whole of 2015, market growth remained very good in Southern Europe, Benelux and the emerging markets. France returned to growth, with the market clearly picking up after the summer. Throughout the year, growth in the industry was moderate in Japan and low in Germany. In North America and the UK growth slowed as the year progressed.

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

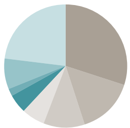
Temporary penetration rates[1] *in %*

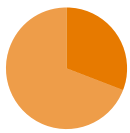


1 Adecco Group estimate.

2 In constant currency.

2015 global HR services market by revenues[1]





Adecco Group market positions in 2015

	% of Adecco Group revenues	Market share in %[1]	Market position[1]
France	22	22	1
North America	21	4	2
UK & Ireland	10	5	1
Germany & Austria	8	7	2
Japan	5	2	4
Italy	6	17	1
Benelux	5	6	3
Nordics	3	10	2
Iberia	4	19	2
Australia & New Zealand	2	2	4
Switzerland	2	15	1
Emerging Markets	10	4	1
Lee Hecht Harrison	2	4[4]	1

In 2015, the UK enjoyed one of the highest penetration rates globally at around 4.3%[1], but this was still significantly below the peak of 4.7%[5] in 2007. In the USA, the world's largest staffing market, the penetration rate in 2015 was slightly above 2.0%[6], the highest level ever achieved. Japan at 2.1%[1] and France at 2.1%[1] were still below their historic peaks in 2015. In the emerging markets, penetration rates continued to increase but remained below 1%[1].

France

France is an important market for staffing, with an approximate share of 5%[1] 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 54%[1]. The Adecco Group is the market leader in France, with a market share of about 22%[1]. 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, which increased to 6% for 2014 onwards. 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.

In 2015, the French staffing market grew modestly in the first half of the year and then accelerated after the summer, taking growth to 4%[7] for the full year and 8%[7] for the final quarter. This is the strongest growth in the French market since 2011.

USA

The US market, which represents approximately 30%[1] of the global staffing market, is the largest worldwide. It is highly fragmented. The Adecco Group is the second-largest player, but our market share is only about 4%[1]. 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 55%[1] of revenues in the US market.

Growth in the US staffing market slowed during the course of 2015, but remained positive despite the headwinds of a stronger US dollar and the weak oil price. The region's demand for temporary jobs increased faster than permanent employment. As a result, the penetration rate increased to slightly above 2.0%[6] for the year 2015, the highest level ever achieved. The penetration rate in the USA is expected to increase further in the medium term, driven by both regulatory and structural trends which could spur further demand for temporary staffing.

UK

Representing around 11%[1] 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 5%[1] the Adecco Group is the market leader in the UK.

In line with the robust UK economy, the UK staffing market showed good growth in 2015, albeit with some slowdown in the final quarter of the year.

Germany

Germany represents a 6%[1] share of the total global market, making it the fourth largest worldwide. With a market share of around 7%[1], the Adecco Group is the second-largest player in Germany.

A characteristic of the German market is that temporary agency workers are effectively permanent employees of the staffing firm. Employing associates on a permanent basis is in contrast

3 Excluding emerging markets.

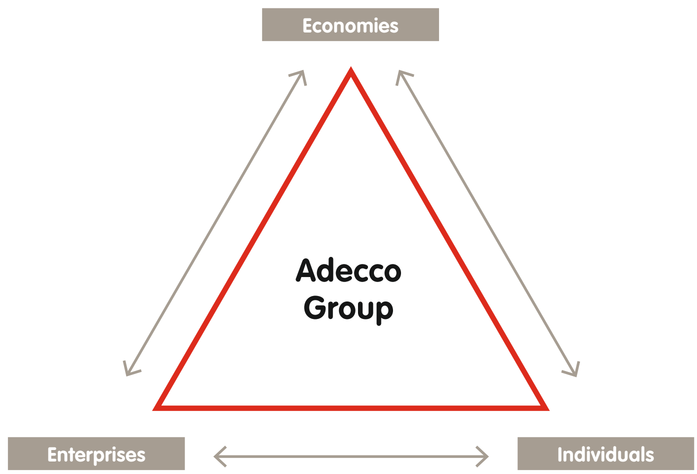
4 Due to a change in methodology, the estimates are not comparable to those published in previous annual reports.

5 Source: Ciett, International Confederation of Private Employment Agencies.

6 Source: Bureau of Labor Statistics.

7 Source: Prism'emploi.

Our role as labour market intermediary



to most other European countries, where the employment contract signed with temporary staff is limited to the duration of the assignment at the client. In Germany, collective labour agreements historically have not proscribed full equal pay between associates and permanent workers at a client. In 2015, the German government announced its intention to mandate full equal pay after an associate has been employed at a client longer than nine months. Additionally, associates would have to be permanently hired by clients when an assignment lasts longer than 18 months. The details of these planned changes are not yet finalised. Even taking into account these intended changes, Germany remains a good market for temporary staffing with growth opportunities in the longer term.

In 2015, the staffing market in Germany grew only very modestly, as geopolitical uncertainties and a slowing economy in the country's main export markets weighed on demand.

Japan

The Japanese market is the second-largest staffing market in the world, representing roughly 15%[1] of the global market. Fragmentation is high, with the five largest players representing only around 20%[1] of the temporary staffing market, while the remainder is dominated by numerous small regional staffing firms. The Adecco Group is currently the fourth-largest player in the Japanese market.

In 2015, the Japanese government approved a reform of the temporary staffing and worker dispatch laws. Under the previous regulations, temporary workers could be provided without restrictions on the length of the assigment only in 26 specific job categories. The use of temporary workers in all the other job categories was limited to a maximum of three years. With the reform, effective as of October 1, 2015, the restriction on the length of temporary workers' assignments outside the 26 job categories was lifted, on condition that the associates are permanently hired by the staffing company and sent on assignment to the client.

Italy

The Italian market represents around 2%[1] of the global market. The Adecco Group is the market leader with a market share of around 17%[1]. 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 so-called '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. The 'Jobs Act', approved at the end of 2014, increased the efficiency of the labour market by establishing clearer rules regarding the potential dismissal of employees and by banning some direct (employer/employee) short-term work contracts which were inappropriately used.

Information on the performance of the Adecco Group 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 create and provide 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 companies reduce the time lag between recovery and job creation, and increase the range of employment choices and opportunities for people.

Research studies [8] 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 is not a substitute for 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.

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 blend. Individuals benefit from a greater choice of work and from improved employability. Evidence [8] shows that temporary agency work facilitates the transition from unemployment to work, from temporary to permanent jobs, and 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, 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. Expertise in workforce management and speed of execution make HR companies a valuable partner for enterprises to manage their complex workforce planning as well as the risks. Companies gain 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[8] suggests that an estimated 76% of employers use agency work to respond to changing business demands and fluctuations in activity.

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 the gross domestic product (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 created 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.

8 Source: Ciett. Various publications.

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	+	+	+

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.

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 10%[9] between 1992 and 2015. 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 developed countries and many 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, larger numbers of experienced individuals offer their services as independent contractors. These trends allow us to 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

The Adecco Group 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 31 countries. The Adecco Group 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 2011 deadline, the industry has faced an uneven implementation of the Directive across the EU. The Adecco Group, 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.

9 Source: United States Census Bureau.

Local laws
Across the globe, the Adecco Group encounters considerably different regulatory schemes and drives the efforts of national associations to improve labour market efficiency. In most markets where the Adecco Group 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.

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 workers 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 increasingly important part of temporary staffing, now accounting for approximately 31%[1] 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 output 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 Vendor Management System (VMS).

Managed Service Programmes 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** 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, interviewing, 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**, 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 around 700,000[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 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. The Adecco Group 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. The Adecco Group 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, the Adecco Group strives to provide an HR solution.

What makes us unique

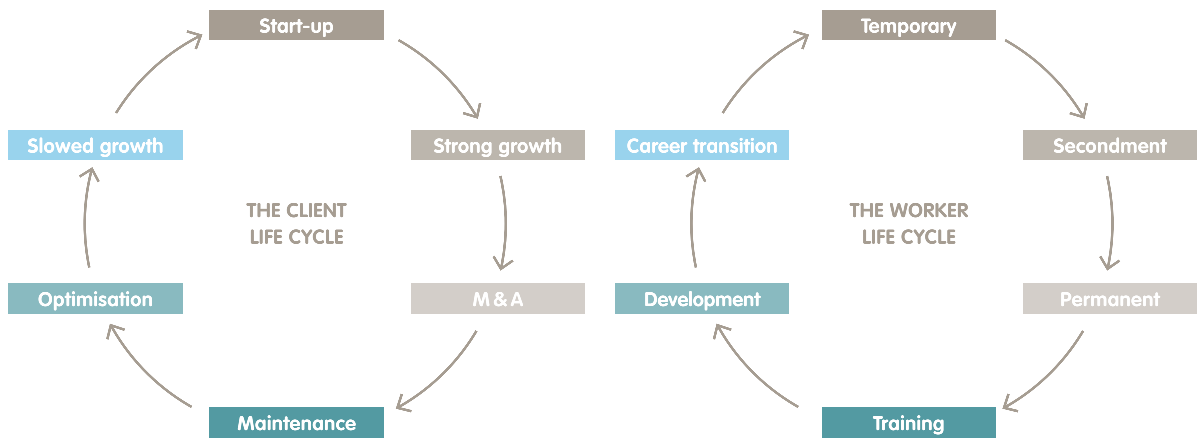
The Adecco Group offers a complete range of HR solutions and services along the life cycles of clients and workers in more than 60 countries and territories around the world. This means we provide solutions to enterprises and individuals globally. We are the largest provider of general and professional skills and through our network we place around 700,000[1] associates at work every day. We are a major global player in both Managed Service Programmes and Recruitment Process Outsourcing, allowing customers to outsource the management of their contingent workforce and large-scale hiring programmes. Furthermore, Lee Hecht Harrison is the 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.

Strategic priorities

In January 2016, the Adecco Group presented its evolved strategic priorities. Reflecting emerging trends in the world of work, we have introduced new priorities that are critical components of our future success, while reaffirming existing priorities that remain highly relevant across our business. The leadership team is very focused on implementing all of the priorities across the organisation.

1 Average 2015.

Alongside the life cycles of our clients, candidates, and associates



Segmentation

Segmentation means tailoring our go-to-market approaches and delivery models according to client size and needs, allowing us to maximise our value and service proposition to different client profiles. This approach deepens our relationships with our large clients and increases our penetration of the small- and medium-size enterprises (SME) segment, driving growth and profitability. In 2016, we will continue to roll out our specific operating models for different client segments, such as Onsite solutions and our tailored SME approach, into further countries.

Permanent Placement

The global market for permanent placement is estimated to be worth approximately EUR 44 billion [2] per annum. The Adecco Group has a sizeable permanent placement business in several countries, but our global market share accounts for around 1%[2]. Permanent placement represents only 2% of Group revenues but 10% of gross profit. Our ambition is to grow this business significantly, increasing our geographical scope and building a global critical mass to become the clear leader in this profitable market. In recent years, we have invested significantly to establish a strong base of experienced permanent placement teams with a culture of excellence, providing a firm foundation for accelerated growth in the coming years.

Professional Staffing & Solutions

The Adecco Group is a global leader in professional staffing worldwide. An essential part of the Group's strategy is to increase the share of revenues generated from Professional Staffing, driving growth, profitability, and resilience through-the-cycle. This segment, with above-average growth and margin potential, accounts for approximately 31%[2] of the global staffing market but only 23% of the Adecco Group's 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.

In order to capture these trends, we will continue to roll out our key Professional Staffing brands, such as Modis and Badenoch & Clark, in our major markets.

The Adecco Group offers outsourcing solutions to clients who want to move beyond the traditional use of temporary staffing. In such outsourcing, we deliver value to clients not only by providing flexibility in their workforces but also by managing and optimising the whole of a particular labour-intensive activity. We have a leading offering in the outsourcing of processes such as logistics, call centres, and field sales and marketing.

We are the global leader in career transition and talent development through our Lee Hecht Harrison 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 Lee Hecht Harrison to achieve double-digit EBITA margins throughout the cycle.

Large multinational clients increasingly seek to outsource their HR processes. With a global footprint and extensive knowledge of local labour markets, the Adecco Group is ideally positioned to take advantage of this trend. Our comprehensive solutions offerings are market-leading. They operate under the brand names Pontoon and Beeline.

Digital

Our new priority of Digital builds on our previous focus on Information Technology. The world of technology continues to evolve rapidly, and we will drive the digitisation of our current business and processes further and faster. The ambition of our new priority is to become a true digital innovator and to create new markets for us. Our efforts are aimed at enhancing our cost leadership position, but also at maximising our revenue-generation opportunities. For instance, we aim to develop online staffing to address new customer segments and their specific needs, as well as using big data to predict the future demands of our customers.

2 Adecco Group estimate.

How we reach our targets

Strategic priorities

- Segmentation
- Permanent Placement
- Professional Staffing & Solutions
- Digital
- Engagement
- Thought Leadership

→

Our targets[3]

Organic revenue growth: at least in line with main peers

EBITA margin: 4.5–5.0%

Operating cash flow conversion: above 90%

←

Enablers

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

Engagement

We define Engagement as a combination of employee satisfaction and retention. Attracting, developing, and retaining our employees is essential to building successful long-term relationships with clients and associates. Engagement propels individuals' motivation and continued high performance. 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.

Working practices are evolving and we need to keep up in order to retain and develop our people. Under the umbrella of the Adecco Academy, we provide a wide range of learning and development opportunities for our employees throughout the Group. 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. More information can be found in the chapter 'Our people' on pages 21–24.

Thought Leadership

Thanks to our global scale and unrivalled breadth of HR services, we are uniquely positioned to provide valuable insights into the world of work. Our goal is to be perceived as the leading labour market expert. For society as a whole, we advocate for better regulation and bringing new perspectives to the labour market in areas such as talent competitiveness, training, and apprenticeships. We strive to use our global reach, insights, and brand voice to give guidance in the world of work to governments, organisations, and individuals globally. By leveraging our insights and expertise, we create superior value and experiences for our clients, associates, and candidates.

Our financial targets

In January 2016, alongside the evolved strategic priorities and following extensive shareholder consultation, the Adecco Group announced new financial targets. In order to drive long-term value creation, the Group will focus on a balanced set of targets to be achieved on average through-the-cycle.

- **Organic revenue growth:** grow revenues organically at least in line with our main peers, at Group level and in each major market.
- **EBITA margin leadership:** improve EBITA margin to 4.5–5.0% on average through-the-cycle, excluding one-offs, achieving a higher peak and higher trough margin than in the prior cycle.
- **Cash conversion:** deliver operating cash flow conversion of above 90% on average through-the-cycle (defined as Free Cash Flow (FCF)[4] before interest and income tax paid as a percentage of EBITA excluding one-offs).

Each of these targets represents an improved level of financial performance compared to that achieved by the Group in recent years.

How we monitor our operations

Management carries out frequent operational and financial reviews 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) approach continues to be a core pillar of our day-to-day operations and strategy. This approach combines discipline with respect to evaluating business opportunities, pricing contracts, driving productivity and efficiency, and generating strong cash flow.

3 On average through-the-cycle.

4 Free Cash Flow is calculated as cash flow from operations minus capital expenditures.

The Economic Value Added (EVA) approach

To ensure alignment of the Adecco Group's overall strategy throughout the 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 approach we also take the use of capital into consideration, gearing our decision-making towards value generation and enabling us to maximise shareholder returns. According to this approach, 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). EVA is embedded in our operations, fostering consistent 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 approach in incentive plans, contract pricing, and acquisitions.

- **Incentive plans:** from 2016 onwards, annual bonuses will be linked to the achievement of key value drivers of EVA: revenues, EBITA, and days sales outstanding (DSO).
- **Contract pricing:** we use EVA to measure the value generation of new and existing clients. 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 approach 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 approach helps us to avoid overpaying.

Adecco Group EVA

=

NOPAT

minus

Invested capital x **WACC**

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. In line with the strategic priority of engagement, we review the retention rate quarterly and use the Great Place to Work® survey to further improve our attractiveness as an employer. In addition, we conduct our 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 create business value.

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. In 2015, reporting segments were as follows:

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

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 regulation. The heads of each region or country thus have operational responsibility for both General and Professional Staffing business lines. We are convinced that, for the staffing business, a global staffing organisation should promote local entrepreneurship, while encouraging and facilitating best practice sharing around the globe. Our Career Transition and Talent Development business Lee Hecht Harrison 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 Chief Executive Officer, Chief Financial Officer, Chief Sales & Innovation Officer, Chief Human Resources Officer, Chief Marketing & Communications Officer, and Regional Heads.

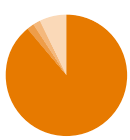
The Adecco Group offers the full range of HR solutions, tailored to meet the evolving needs of clients and associates around the globe.

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 2015 performance by segment can be found in the Financial Review section starting on page 37.

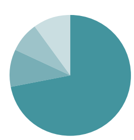
2015 split by service line

Revenues



- Temporary 89%
- Permanent 2%
- Career Transition 2%
- Outsourcing, Talent Development, and other services 7%

Gross profit



- Temporary 72%
- Permanent 10%
- Career Transition 8%
- Outsourcing, Talent Development, and other services 10%

Our services

Temporary Staffing
In 2015, 89% of revenues and 72% 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 the Adecco Group, we handle all the logistics for the provision of temporary staff. We make contact with candidates through online channels and 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 10% of gross profit of the Adecco Group in 2015. 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 2% of the Adecco Group's total revenues and 8% of gross profit in 2015. Thanks to our large global network, 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

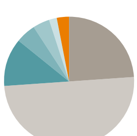
STAFFING		SOLUTIONS	
General Staffing	Professional Staffing	Business Process Outsourcing	Career Transition & Talent Development
• Office • Industrial	• Information Technology • Engineering & Technical • Finance & Legal • Medical & Science	• Managed Service Programmes (MSP) • Recruitment Process Outsourcing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

Outsourcing, Talent Development, and other services

In 2015, 7% of revenues and 10% of gross profit of the Adecco Group were generated in Outsourcing, Talent Development, and other services. In Outsourcing, the Adecco Group is not paid according to the hours an associate works but based on 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 the Adecco Group 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

2015 revenue split by business line



- Office 24%
- Industrial 50%
- Information Technology 12%
- Engineering & Technical 5%
- Finance & Legal 4%
- Medical & Science 2%
- Solutions 3%

General Staffing

Professional Staffing

The Adecco Group's portfolio includes brands that are active globally such as Adecco Staffing, Modis, Badenoch & Clark, Spring, Lee Hecht Harrison, Pontoon, and Beeline. The portfolio also includes local brands such as Accounting Principals, Entegee and Soliant in North America, DIS and euro engineering in continental Europe, and VSN in Japan. Each brand is targeted to specific candidate and client segments. The brand governance and the development of our brand portfolio is managed by the Group's Brand Steering Committee.

General Staffing

In 2015, General Staffing made up 74% of the Adecco Group's revenues. We offer tailored solutions to small, medium, and large clients with the aim of building long-lasting relationships with both associates and clients. Given the relatively lower-margin nature of the General Staffing 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 2015. We offer temporary staffing and the 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 50% of the Adecco Group's revenues in 2015. 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 the Adecco Group's total revenues in 2015. We take an 'experts talk to experts' approach and offer 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 comprises 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 2015. 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 brand is Modis.

Engineering & Technical
In 2015, 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
The Finance & Legal business line accounted for 4% of revenues of the Adecco Group in 2015. 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, 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 the Adecco Group's revenues in 2015. 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 3% of revenues of the Adecco Group in 2015, 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 we manage all or parts of a client's contingent workforce, and with Recruitment Process Outsourcing 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 Managed Service Programmes. Such a platform is known as a Vendor Management System, and our market-leading product is branded Beeline. Our Beeline offering includes a Freelancer Management System that allows companies to manage their use of freelancers/independent contractors.

Career Transition and Talent Development services
In our Lee Hecht Harrison 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 highly attractive to our clients.

Engagement is a strategic priority across the Group. Our open company culture is firmly based on our shared values and leadership principles.

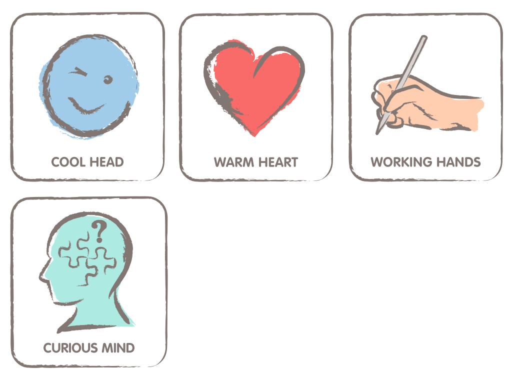
Our people

We are fortunate to work with exceptional and engaged employees 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 engagement and development is the main factor in the success of our business.

Our core values and leadership principles

Our company culture is firmly based on our core values and leadership principles. 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 Athlete Career Programmes, Win4Youth, and Adecco Way to Work™ are global initiatives and examples of how we live by our values (you can read more in our corporate social responsibility section on pages 27–28).

The core values are complemented by our leadership principles: Cool Head, Warm Heart, Working Hands. In early 2016, we introduced an additional leadership principle: Curious Mind, with the objective of fostering creativity, innovation, and the desire to try new approaches. The principle is defined as 'People who actively seek new experiences, information, knowledge, and feedback – enabling them to form new ideas, behaviours and bring about positive change'.



GREAT PLACE TO WORK® Best Workplaces 2015 Europe

Engagement drives performance

Engaged employees drive business performance. We define engagement as a combination of employee satisfaction and retention, both of which we regularly measure and monitor.

Retention

Our Group retention rate of 76% is among the best in the industry. Engaging with our employees is a strategic priority for the Adecco Group and the retention rate is tracked on a quarterly basis across the Group. In more than 50% 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 80% of our employees remain in the Company for more than two years and almost 50% for more than five years. In France – our largest market – 75% of our employees stay with us for more than five years.

Employee satisfaction

Our goal is to be recognised as an employer of choice, not just in our own industry but alongside other world-leading companies. The Great Place to Work Trust Index© is an employee survey tool that measures the level of trust, pride, and camaraderie within workplaces. We have participated in this survey since 2004. In 2015, almost 95% of our employees from 45 countries and business units participated in the survey. Through the survey we are able to measure the engagement levels of our employees year-on-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 2015, the Adecco Group made it to the Top 25 Best European Multinational Workplaces list for the second consecutive year, moving up six places in the ranking to 13th. This was possible due to the inclusion in the rankings of: Adecco Belgium, Adecco Denmark, Adecco Italy (for the first time), Adecco Luxembourg, Adecco and Ajilon Netherlands, Adecco Sweden, Adecco Spain, DIS Germany, and Adecco, Office Angels, Computer People, Spring Technology, and Spring Personnel in the UK. Adecco Group HQ also made it to the list for the first time, ranking in 8th place. This is an all-time high for us and we aim for even more countries on the list in 2016.

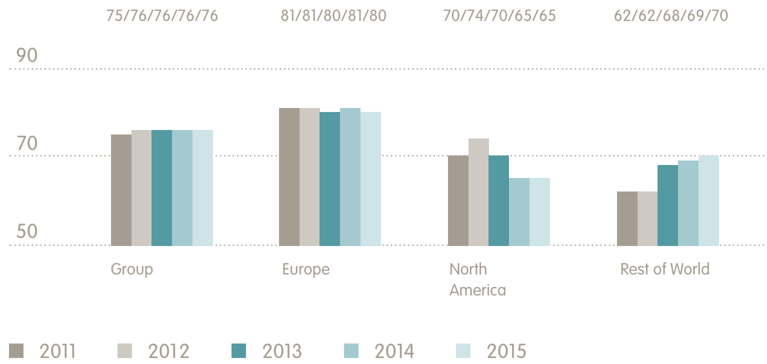
Talent management

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.

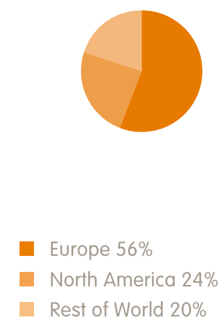
The four components of the Adecco Group talent management framework are:

- Identification of high potential employees
- Development
- Performance management
- Succession planning.

Retention rate 2011–2015 *in %*



Employees per region 2015[1]



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. In 2015, the Academy ran 29 courses bringing together 2,100 employees from 55 countries.

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 1,300 managers have been trained to improve their leadership skills.

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 Leadership team.

I³ Leadership Programme

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

Leading with Innovation

Through this course employees 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.

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 world-class faculty members.

Service & sales

Service Excellence Course

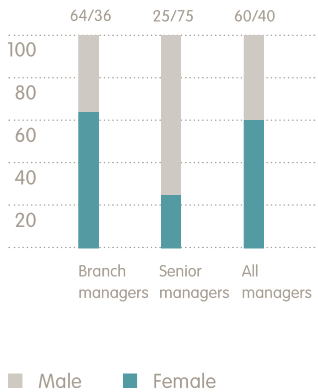
The Service Excellence Course has been designed, built, and is delivered by the Adecco Group. It is aimed at raising awareness of our customer needs and expectations, and how we can exceed these. The course is designed especially for Branch and Business Unit Managers, those with close customer contact. Since the launch of the programme at the end of 2011 more than 4,600 employees have been trained.

Sales Leadership Course

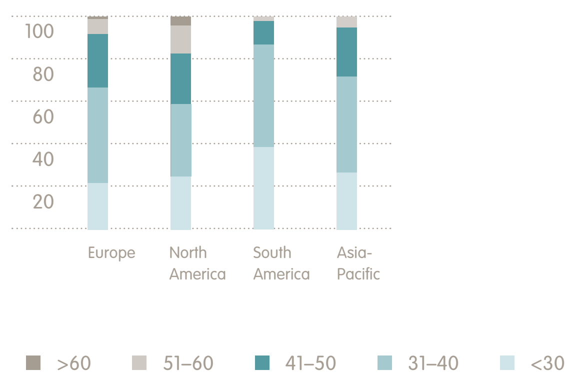
The Sales Leadership Course is designed for all sales leaders. The programme builds on the Service Excellence Course and has been designed, built, and is delivered by the Adecco Group. It provides our sales leaders with tools and models that enable greater success with existing and prospective clients. Client portfolio analysis constitutes the key pillar of the programme. Since its launch at the beginning of 2015, more than 850 employees have been trained.

1 Full-time equivalents, yearly average.

Gender distribution in 2015 *in %*



Age distribution 2015 *in %*



Permanent Placement Programme
The new Permanent Placement Programme was launched in June 2015. This programme is designed for permanent placement consultants and managers. It provides tools to effectively lead a permanent placement team and to deliver superior permanent placement services. In 2016, we will roll out this programme globally.

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 employees in over 18 countries since 2009. Employees learn how to engage clients in a way that helps them understand what is important to our clients and how to then customise a solution to meet those wants and needs.

High Intensity Training
The High Intensity Training has been enhancing employees' sales and recruiting skills in over 28 countries since 2006. This training programme is targeted at employees with a retail focus, both in the Professional and General Staffing businesses. Employees learn the basics of sales, recruiting, order maintenance, and operational efficiencies.

Equal treatment and diversity

At the Adecco Group 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 2015 Great Place to Work® survey we scored very highly on the aspect of diversity in all countries.

Diversity awards
In 2015, Adecco Chile was awarded 'Socially Inclusive Employer' by Mutual de Seguridad for its continuous engagement and support of workplace inclusion for people with a disability. The Adecco Foundation Italy received the Hyatt Community Grant for a project regarding the integration of people at risk of social and labour market exclusion focusing on single mothers, women with disabilities, and female victims of domestic violence.

We are working with a purpose, assuming our economic, social, and environmental responsibility. With our global engagement programmes, we create value for clients, associates, and employees.

Our corporate social responsibility

In the labour market, high unemployment, particularly among young people, exacerbated by skills gaps and mismatches between people's abilities and their locations, remains central. Matters are complicated by three other key trends: the so-called 'talent crunch', which signifies the challenges of an ageing population and also the impact of increased automation; companies' constant search for greater flexibility to stay competitive; and the tendency of ever more workers to view themselves as self-employed contractors rather than staying tied forever to a single company.

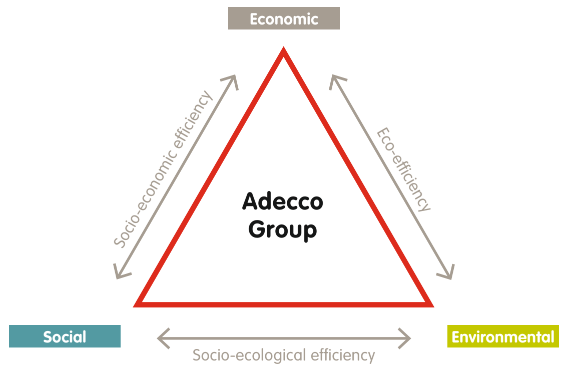
To constantly improve our ability in addressing these topics as well as our performance in the economic, social, and environmental dimensions, we seek to be benchmarked by leading CSR indices through participation in the Dow Jones Sustainability Index, responding to Investor and Supplier modules in the 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. The Adecco Group's CSR Report is prepared in accordance with the comprehensive option of the Global Reporting Initiative's GRI G4 guidelines.

We ensure we work with those who share the same values of doing business, respecting human and labour rights, fostering inclusion, and focusing on a healthy and safe work environment. We equip our employees and associates with the skills and attitudes to excel through a broad range of courses and development programmes. We continue to minimise the impact of our activities on the environment by raising awareness internally and by finding more sustainable ways of working with clients and suppliers. And through our global programmes, the IOC and IPC Athlete Career Programme, Win4Youth, Adecco Way to Work™, and 'CEO for One Month', we engage our employees to support young people in gaining career development and experience in the world of work.

Our six focus areas

Our CSR strategy is aligned with our core business, with the global trends in our industry, and with the requests and feedback we receive from our employees, associates/candidates, and our clients.

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

Team, training & development

Despite 33 million people searching for a job in the USA and in Europe, 8 million vacancies do not get filled[1]. This is especially true 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. The Adecco Group and its industry can contribute to solving 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. For this reason, we partner with the ILO Global Business and Disability Network and drive progress through our foundations and core business, often working together with our clients. Integrating and including people into the workforce through agency work and making companies more diverse is a central part of our business. It means tapping into an extraordinary pool of skilled talent, not only matching our clients' needs but also the desires and aspirations of people wanting to actively contribute to society. Jobs offer people work experience, an income, and most importantly – a purpose.

Diversity and equal opportunities

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 people. Through the Adecco Academy, we develop our talents and give them the tools and experience to continuously improve their performance and boost their motivation. Through our global programmes and cooperation with organisations such as the World Economic Forum, the Global Apprenticeships Network, the European Alliance for Apprenticeships, as well as our Candidate International Mobility programme, we stay at the forefront together with experts and our clients to increase diversity and create new job opportunities.

Human and labour rights

Working with over 32,000 employees and around 700,000 associates on daily assignments with our clients in over 60 countries and territories requires a strong focus on human and labour rights. In 2013, we published our Human and Labour Rights Guidelines, which also address adherence of our clients and suppliers. The Adecco Group upholds the principle that the inherent dignity and the equal and inalienable rights of all members of the human family is the foundation of freedom, justice, and peace in the world as set forth in the Universal Declaration of Human Rights. The Adecco Group also contributed to the development of sector-specific human rights guidance, which was one of the deliverables of the European Commission's policy on corporate social responsibility.

The Adecco Group aims to implement the United Nations 'Protect, Respect and Remedy' framework, which was endorsed by the United Nations Human Rights Council in 2011. The Adecco Group recognises that the Guiding Principles provide an authoritative global standard for preventing and addressing the risk of adverse impacts on human rights linked to business activity.

1 *Source: BLS/Eurostat 2015.*

Health & safety

The Adecco Group strives to prevent accidents, injuries, and diseases in the workplace. Recognising the risks our associates are exposed to when entering new and unfamiliar workplaces, the Adecco Group meets all statutory health and safety obligations. In order to ensure a fair basis for comparison of our safety performance among our country organisations, we look at the development of accident frequency rates, rather than comparing absolute accident numbers. This is due to the fact that our involvement in the various business sectors – and thus various risk potentials – varies significantly from country to country.

Our standard measures are based on five cornerstones:

- Health and safety coordinators and committees
- Risk assessment in the workplace with regular follow-ups
- Employee testing, training, and induction
- Medical checks in accordance with local regulations
- Personal protection equipment provided by the Adecco Group or client companies

Environment

Since 2010, environmental conscious management, monitoring, and reduction are 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

These efforts are carried out in our 15 largest markets and emerging markets (France, North America, UK & Ireland, Germany, Japan, Italy, Netherlands, Belgium, Norway, Sweden, Spain, Argentina, Mexico, and Singapore), including the joint global and Adecco Switzerland headquarters. These countries represent over 85% of our business operations in terms of revenues. Despite having a minor impact on the environment as an HR services company, reducing our CO_2 emissions raises awareness amongst employees and saves costs due to the lower consumption of resources. This will benefit the Group's overall performance as well as our clients' through the services they receive from us.

Our global programmes in the social dimension

IPC ATHLETE CAREER PROGRAMME
In Cooperation with Adecco Group

International Olympic Committee & International Paralympic Committee Athlete Career Programmes

Succeeding 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.

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 the Adecco Group 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 28,000 elite athletes from over 185 countries have received support since the start of the programmes. For the first time, in 2015 Paralympic athletes joined outreach trainings together with Olympic athletes in Colombia, Sri Lanka, Mongolia, Lithuania, and during the IPC Powerlifting European Open Championship in Hungary.

The IPC Athlete Career Programme has increased its focus on workplace inclusion and workplace accessibility of Paralympic athletes through a series of events attended by both athletes and clients, which began in 2014 in Italy and Belgium and was further increased in 2015 to a total of eight events, which took place in Brazil, Belgium, France, and Italy. This series of events will culminate in the second IPC Inclusion Summit during the Rio 2016 Paralympic Games.

Read more on how to engage in the Athlete Career Programmes: http://athlete.adecco.com.

Win4Youth

This highly successful employee engagement programme has continued to grow over the past six years. Employees all over the globe take part in sports events, united behind a great cause that allows us to live our core values to the full and embrace a healthy lifestyle. In their free time, employees clock up kilometres and turn them into a Group donation to foundations supporting youth development and families from disadvantaged communities to gain a better start in life and work. In many countries, our associates and clients join our events and contribute to our goal.

In 2015, the sixth year of Win4Youth, triathlon was our chosen sport, which meant that all employees could clock up kilometres by swimming, cycling, and running. Our goal was to achieve 1.75 million kilometres. By September, we had already clocked up 2.7 million and we rose to a new challenge of 3 million kilometres. By year end, the grand total had reached over 3.4 million. Our more than 32,000 employees, our associates, and clients in more than 60 countries and territories contributed to this outstanding result and ensured a donation of USD 375,000 by the Adecco Group to eight foundations in Australia, Belgium, Brazil, Bulgaria, Cambodia, Colombia, Greece, and the USA, which were selected by our employees.

The Win4Youth 2015 team of 80 ambassadors trained to take part in the Skoda Triathlon in Palma de Mallorca on September 6, 2015. Nine employees also had the opportunity to each spend one week in one of the eight foundations, contributing through their professional backgrounds and their passion to make a difference in youngsters' lives. In 2015, we were fortunate to have Nicola Spirig in the role of the programme's godmother. Nicola is the three-time Swiss Olympic triathlete, gold medallist in London 2012, and five-time European Champion. She motivated employees and was a true inspiration to us all.

Find more information on Win4Youth:
www.win4youth.com

Adecco Way to Work

Unemployment, especially youth unemployment, remains alarming. Worldwide, more than 200 million people are without work[2] – almost 40% of them are 25 or younger. At the same time, eight million jobs are vacant in the USA and Europe alone. In the rest of the world too, skills shortage and talent mismatch are important issues, damaging human capital and productivity. Our goal with Adecco Way to Work™ is to tackle youth unemployment. This global initiative involves employees of the Adecco Group in over 50 countries around the world. The Adecco Way to Work™ initiative consists of three programmes: Street Day, internship opportunities, and the 'CEO for One Month'.

On March 26, 2015, for the third year in a row, more than 7,300 employees in over 1,130 cities in 54 countries hit the streets to help combat youth unemployment, reaching an estimated 1.2 million people with career advice. Some 470 schools and universities were visited and a total of 1,000 coaching sessions were held, including more than 1,700 Adecco branch open days. The sessions included tips on job seeking, advice on interview techniques, and how to prepare a winning CV. Since its launch in 2013, the number of people reached with the programme has reached almost 2.2 million.

With Adecco Way to Work™ we offer internships within the company or at our clients and aim to provide young people with a way into work, improving their employability and skills to match the needs of the business environment. In 2015, quality internships were provided in 50 countries to over 3,000 youngsters.

A unique internship opportunity was offered to 34 ambitious youngsters who took part in the 'CEO for One Month' programme. They were selected out of 18,000 applicants to work alongside senior management of the Adecco Group in their countries of residence. After a series of assignments and assessments, one of them was offered the role of Adecco Group 'CEO for One Month'. Ayumi Kunori from Japan excelled in the three-day boot camp. Under the mentorship of Adecco Group CEO Alain Dehaze, she worked and travelled to eight countries in three different continents during the month of October 2015.

Find more information on Way to Work:
www.adeccowaytowork.com

More information on our CSR activities:
www.adecco.com/csr/csrreport.aspx

2 Source: International Labour Organization 2016.

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.

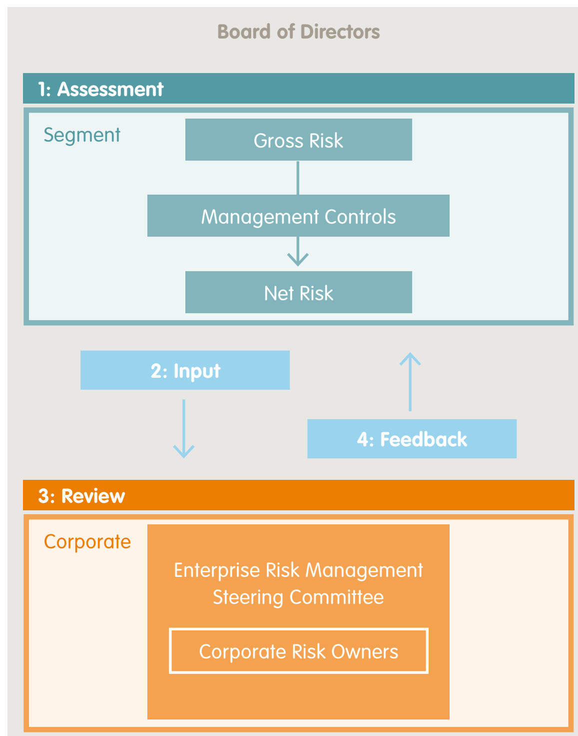
Enterprise risk management

An objective, quantitative, and integrated approach

The enterprise risk management process at the Adecco Group has strategic and operational dimensions. While the focus is on analysing, managing, and mitigating risks, we also aim to identify opportunities for business development. The process is performed on a regular basis, it is steered by Group Management, and is overseen and approved by the Board of Directors. The enterprise risk management process comprises two interacting and integrated levels: segment and corporate. All segments perform 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 evaluates the segment assessments 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 102 in the Financial Review. This section focuses on describing where the key risks could arise and the actions the Adecco Group 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 we handle changes in the economic environment
The Adecco Group 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
The Adecco Group'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 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 our 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 we deliver. 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 our clients' needs. With talent shortages in some highly qualified skill sets, providing suitably qualified associates can be a challenge.

How we address associate attraction and retention
Candidates are attracted through a variety of channels, from the traditional physical branch to online platforms and 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 respond 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 the business prospects of the Adecco Group. The loss of key personnel, with valuable operational experience in the global HR services industry or with strong customer relationships, could cause significant disruption to our business.

How we measure and improve 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 our targets, and consistent with the Economic Value Added approach. 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.

How we mitigate 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 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 continuous 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.

Changes in regulatory/legal and political environment

The private employment services industry requires appropriate regulation with the ultimate goal of enhancing 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.

How we address inappropriate or unbalanced regulation

The Adecco Group 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. The Adecco Group 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, while ensuring the competitiveness and growth of economies.

Compliance with laws

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

How we ensure adequate compliance with laws

Employees must comply with all applicable legislation and internal policies. In particular, the Adecco Group requires all employees to adhere to our Code of Conduct. Training courses are in place as part of the Adecco Group's 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 periodic 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, as well as communication and delivery channels. This creates the risk that some of the Adecco Group'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 market share and profitability of the Adecco Group.

How we anticipate developments in technology

The Adecco Group continuously monitors current and potential changes to the HR industry resulting from new technologies in order to benefit from opportunities and protect against potential threats. 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 the Adecco Group, 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. We offer a wide variety of HR 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 32,000 employees place around 700,000 associates at work. Every day we aim to satisfy their needs, along with those of our clients and social partners, and in so doing create value for our shareholders.

The HR services industry benefits from positive structural 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) approach (described in the chapter 'Our strategy'), which balances revenue growth, profitability, and asset efficiency. As a result, 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.

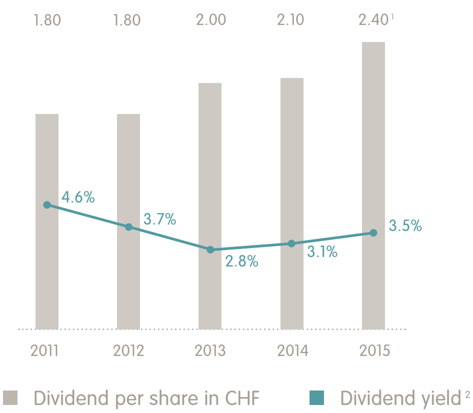
Structural drivers

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.

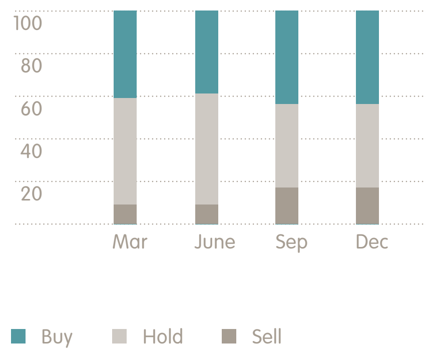
Regulation increasingly recognises the positive impact of agency work to increase the efficiency of labour markets and our positive role in the lives of individuals and societies. At the same time, the work style and behaviours of our candidates and associates are evolving. Flexible work schedules, mobile careers, and diversity of experiences are increasingly recognised as valuable alternatives to the traditional work paths.

With these main drivers, we expect temporary staffing penetration rates to increase over the course of the cycle. This is not just true for lower-skilled blue-collar and clerical workers but also for more highly qualified people. Here too we are well-positioned, having significantly improved and expanded our Professional Staffing offering in past years through acquisitions and organic initiatives. Today we are a leading player worldwide in the higher-growth, higher-margin professional staffing business.

Dividend history



Distribution of broker ratings in 2015 at quarter end *in %*



For companies wanting to add permanent employees, our services are increasingly attractive in a world of structural skills shortages. We have made significant investments in recent years, creating permanent placement 'hubs' and building a strong base of experienced permanent placement teams with a culture of excellence, providing a firm foundation for accelerated growth in the coming years.

Demand for career transition and talent development services is also expected to grow over the course of the economic 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 market share in the growing career transition market. Skills shortages and companies' increasing commitment to home-grown talent will continue to drive up demand for talent development services. Our innovative service offerings also provide more cost-effective solutions for use across all levels of seniority, creating further growth opportunities.

Best-in-class operating margins and strong operating leverage

Although revenue development hinges to a large degree on economic activity, we aim to achieve revenue growth through-the-cycle at least in line with our main peers, while practising price discipline and a continuous focus on our business mix in order to optimise gross profit. With our strategic priorities of Permanent Placement and Professional Staffing & Solutions, we are clearly investing in the growth of higher-margin businesses.

To maximise overall profitability in a cyclical business like ours, it is also important to manage our cost base 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 delivering leading profitability in all our markets, improving our average profitability over the course of an economic cycle, and achieving a higher peak and trough margin than in the previous cycle.

Consistent cash generation

The Adecco Group requires limited capital investment for growth, helping to make the business highly cash-generative. The Economic Value Added (EVA) approach allows us to balance revenue growth and profitability, while incentivising our employees in the field to focus on the efficient use of capital in the operations by optimising our accounts receivable. This helps to maximise the operating cash flow of the business. At Group level and on average through-the-cycle, we target an operating cash flow conversion of above 90% (defined as Free Cash Flow (FCF) [3] before interest and income tax paid as a percentage of EBITA excluding one-offs).

Clear capital allocation principles

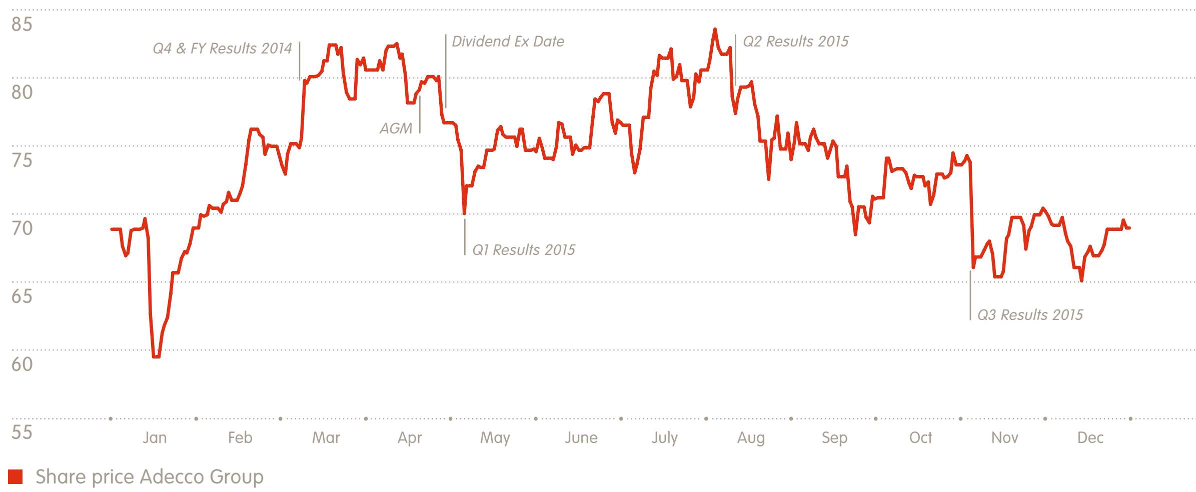
Through our capital allocation principles, we are committed to maintaining an investment grade rating and a progressive dividend policy. As of 2016, we will consider buy-and-build acquisition opportunities that satisfy three criteria. Firstly, any acquisition must accelerate our strategic development, broadening and diversifying our offering. Secondly, we must achieve revenue and/or cost synergies with our existing activities. Thirdly, any acquisition must create value for our shareholders, delivering positive EVA within three years. The Adecco Group remains focused on the shareholder-friendly use of cash. At the end of the year, the Group's financial position will be evaluated, and excess cash will be returned to shareholders.

1 Proposed by the Board of Directors.

2 Yield based on the year-end share price.

3 Free Cash Flow is calculated as cash flow from operations minus capital expenditures.

Share price in CHF and main events 2015



Progressive dividend policy

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 paying 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 2014, the Adecco Group paid a dividend of CHF 2.10 per share. At the next Annual General Meeting, the Board of Directors will propose a dividend of CHF 2.40 per share for 2015 for approval by shareholders. This amount represents an increase of 14% compared to the dividend paid for 2014 and is equivalent to a pay-out ratio of 45% of adjusted net earnings.

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 total staffing experience of more than 160 years. Our management approach is to focus on operational execution and to monitor our key performance indicators closely. This is critical in a business where conditions can change very quickly. At the same time, we are working with a clear strategy expressed through our six priorities: Segmentation, Permanent Placement, Professional Staffing & Solutions, Digital, Engagement, and Thought Leadership.

Investor Relations activities

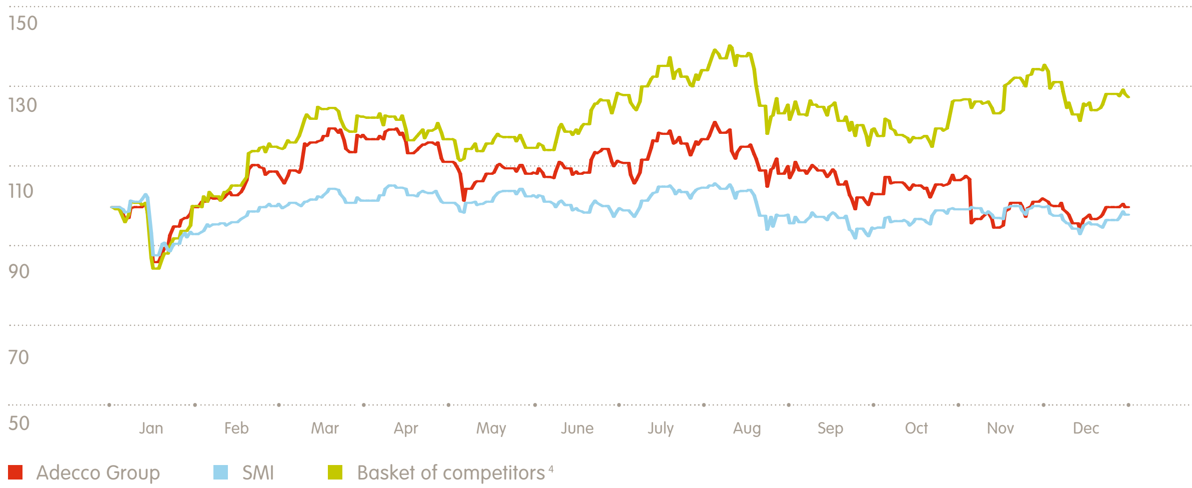
The Investor Relations team focuses on providing transparent and consistent information and interactive communication. We strive for an open dialogue with the financial community, the Media, and all key stakeholders to enhance understanding of the business as well as to explain the risks and opportunities.

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 Group.

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 www.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 2015. During the year, we devoted 65 days to market communication around the time of our quarterly results releases. We participated in 14 broker conferences and 23 roadshows in Europe and North America during 2015.

Share price performance comparison 2015
in CHF, indexed to 100



The Adecco Group's development is closely monitored by the financial community. Currently 24 brokers actively cover the Group, 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, Berenberg, Citigroup, Credit Suisse, Deutsche Bank, Exane BNP Paribas, Goldman Sachs, Helvea-Baader Bank Group, HSBC, Jefferies, JP Morgan Cazenove, Kepler-Chevreux, MainFirst, Mirabaud, Morgan Stanley, Rabobank, Redburn, Royal Bank of Canada, UBS, and Zürcher Kantonalbank.

After reporting the Q4 and FY results for 2014, at the end of March 2015, 41% of the analysts recommended buying the stock, 50% had a neutral view, and 9% recommended selling. The year 2015 ended with 44% of the analysts having a buy recommendation, 39% being neutral, and 17% having a sell recommendation on shares of the Adecco Group.

Share performance report

Following a 2% decrease in 2014, the share price of the Adecco Group started 2015 at CHF 68.85. In the month of January, the discontinuation of the minimum exchange rate of CHF 1.20 per euro by the Swiss National Bank weighed on the share, which touched the minimum of the year of CHF 59.35 on January 16. Subsequently, expectations of an improving economy in Europe led the share price to increase to CHF 76.70 on April 30. On May 7, the Adecco Group announced the upcoming change of the Group CEO and CFO, and the uncertainty this created led the share price to fall to CHF 70.00. A continued positive economic outlook supported a recovery in the share price in the following months, which reached the maximum of

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

5 Based on shares issued.

6 Enterprise value equals net debt plus market capitalisation at year end; CHF/EUR per year end 2015: 1.09 (year end 2014: 1.20).

Shareholder concentration

as of year end 2015	*in % of shares issued*
Top 5 investors	13%
Rest of top 10 investors	8%
Rest of top 20 investors	11%
Rest of top 50 investors	20%
Others	48%

Shareholder structure

as of year end, in % of shares issued	2015	2014
Institutional:		
• Europe	42%	36%
• North America	30%	38%
• Rest of World	4%	5%
Retail	12%	4%
Insider and treasury	2%	3%
Unassigned	10%	14%

Key data

	2015	2014
Shares issued	174,474,937	179,081,810
Treasury shares	4,160,712	5,633,241
Shares outstanding	170,314,225	173,448,569
Weighted-average shares	172,526,685	176,267,821
Basic earnings per share in EUR	0.05	3.62
Diluted earnings per share in EUR	0.05	3.61
Dividend per share in CHF	2.40 [1]	2.10
Year end share price in CHF	68.90	68.85
Highest share price in CHF	83.60	78.60
Lowest share price in CHF	59.35	58.85
Year end market capitalisation in CHF million [5]	12,021	12,330
Enterprise value [6]/EBITA	11.2	12.1

the year of CHF 83.60 on August 5. Thereafter, the global economic recovery continued but did not strengthen as expected. During the Group's Q3 2015 results presentation on November 5, we announced that our revenue growth in the second half of 2015 had not accelerated sufficiently to achieve our EBITA margin target of 5.5% in 2015. Our revised guidance weighed on the share price, which closed at CHF 68.90 on December 31, 2015.

Over the year 2015, the share price of the Adecco Group was virtually flat. This represents an outperformance of 2% compared to the Swiss Market Index (SMI) (in CHF), but an underperformance of 28% against a basket of our key competitors [4] in the staffing industry. The Adecco Group's market capitalisation, based on issued shares, was CHF 12.0 billion at the end of 2015, compared with CHF 12.3 billion at the end of 2014.

Shareholder base

The Adecco Group continues to have a broad investor base, made up of over 14,000 shareholders. Our top 20 shareholders held approximately 32% of the issued and outstanding share capital as of year end 2015. European institutional investors had increased their holdings in the Adecco Group to 42% of shares issued at the end of 2015, compared to 36% at the end of 2014. The percentage held by North American institutions decreased by 8% to 30%.

At the Annual General Meeting (AGM) 2015, the cancellation of 4,606,873 shares of the Adecco Group, representing 3% of total shares, was approved and was correspondingly executed in June. The number of shares in issue was therefore reduced to 174,474,937 shares. The Board of Directors will propose a further cancellation of 3,318,750 shares at the AGM 2016.

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.

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 32,000 full-time equivalent ("FTE") employees in over 60 countries and territories at the end of 2015. In 2015, the Company connected on average on a daily basis around 700,000 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, 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 Lee Hecht Harrison. 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"), and Business Process Outsourcing ("BPO"), which includes Managed Service Programmes ("MSP"), Recruitment Process Outsourcing ("RPO"), and Vendor Management System ("VMS"). The classification of a specific branch into a business line for General Staffing and Professional Staffing is determined by the business line generating the largest revenue share in that specific branch.

1.3 Service lines

Revenues and gross profit derived from temporary staffing totalled 89% and 72% in 2015 and 90% and 74% in 2014 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 11% and 28% in 2015 and 10% and 26% in 2014 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 and impairment of goodwill and intangible assets), and uses these measures of operational performance along with qualitative information and economic trend data to direct the Company's strategic focus.

These indicators include the following:

- Service line mix – the split between temporary staffing, permanent placement, outsourcing, career transition, 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 ("EVA") – 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 2015, 46% 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 2015, the US Dollar, British Pound, Japanese Yen, Swiss Franc, Canadian Dollar, Australian Dollar, and Norwegian Krone comprised 21%, 10%, 5%, 2%, 2%, 2% and 1% of total revenues, respectively. The average exchange rate for all these currencies except for the Australian Dollar and the Norwegian Krone strengthened against the Euro when compared to 2014. The Company's consolidated balance sheets are translated using the year end exchange rates. At year-end 2015, all aforementioned currencies except for the Canadian Dollar, Australian Dollar, and Norwegian Krone strengthened against the Euro when compared to 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 and impairment of goodwill and 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	31.12.2015	31.12.2014
Net debt		
Short-term debt and current maturities of long-term debt	415	89
Long-term debt, less current maturities	1,832	1,580
Total debt	**2,247**	**1,669**
Less:		
Cash and cash equivalents	1,198	695
Short-term investments	10	3
Net debt	**1,039**	**971**

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

in EUR	2015	2014	Variance % EUR	Variance % Constant currency
Revenues	22,010	20,000	10	4
Gross profit	4,179	3,703	13	6
Gross margin	19.0%	18.5%		
EBITA	1,081	928	17	11
EBITA margin	4.9%	4.6%		
Operating income	300	891	(66)	(68)
Net income attributable to Adecco shareholders	8	638	(99)	
Basic EPS	0.05	3.62	(99)	

3.2 Revenues

Revenues in 2015 amounted to EUR 22,010. Compared to the same period last year, revenues increased by 10% or by 4% in constant currency. This was mainly due to an increase of 4% in the temporary staffing volume as temporary hours sold increased to 1,214 million. Permanent placement revenues were EUR 433 in 2015, an increase of 25% or 13% organically. Revenues from career transition amounted to EUR 344 in 2015, an increase of 16% or 2% organically.

3.3 Gross profit

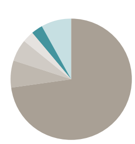
Gross profit amounted to EUR 4,179 in 2015, an increase of 13% or 6% in constant currency compared to 2014. The gross margin was 19.0%, up 50 basis points ("bps") year-on-year. Currency effects accounted for 20 bps of the increase, acquisitions had a positive effect of 10 bps and the organic increase was 20 bps. On an organic basis, temporary staffing and permanent placement each added 10 bps to the gross margin.

3.4 Selling, general, and administrative expenses

During 2015, the Company maintained its emphasis on cost control. Selling, general, and administrative expenses ("SG&A") were EUR 3,098 in 2015 and increased by 12% or by 4% in constant currency compared to 2014. SG&A as a percentage of revenues increased by 20 bps to 14.1% in 2015. Included in 2015 are integration costs of EUR 11 in Lee Hecht Harrison related to the acquired Knightsbridge business, costs for contractual obligations related to changes in the Executive Committee of EUR 10 and the write-down of capitalised software of EUR 45, of which EUR 33 was in Corporate and EUR 12 in Japan. 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.

Compensation expenses comprised 73% of total SG&A and increased by 4% in constant currency to EUR 2,260 in 2015. Marketing expenses were EUR 80 in 2015, compared to EUR 76 in 2014. Bad debt expense increased by 2% in constant currency to EUR 10 in 2015.

SG&A breakdown
FY 2015



- Compensation expenses 73%
- Premises expenses 7%
- Office & Administrative expenses 6%
- Depreciation 3%
- Marketing 3%
- Bad Debt expense 0%
- Other 8%

FTE employees and branches

During 2015, the average number of FTE employees increased by 2% and the average branch network by 1%.

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

Segment breakdown (yearly average)	FTE employees		Branches	
	2015	Variance %	2015	Variance %
France	4,648	1	1,021	1
North America	7,092	5	850	2
UK & Ireland	2,619	(1)	352	(1)
Germany & Austria	2,238	(5)	403	(10)
Japan	1,809	1	141	1
Italy	1,615	6	376	0
Benelux	1,429	2	349	(2)
Nordics	954	4	170	(2)
Iberia	1,531	12	384	7
Australia & New Zealand	446	7	60	(2)
Switzerland	440	1	102	3
Emerging Markets	5,188	(1)	626	3
Lee Hecht Harrison	1,868	9	275	5
Corporate	389	10		
Adecco Group	**32,266**	**2**	**5,109**	**1**

3.5 EBITA

EBITA was EUR 1,081 in 2015, and increased by 17% or by 11% in constant currency compared to 2014. The EBITA margin was 4.9% in 2015 and 4.6% in 2014. EBITA includes in 2015 integration costs of EUR 11 in Lee Hecht Harrison, contractual obligations of EUR 10 related to changes in the Executive Committee, and the write-down of capitalised software of EUR 45, of which EUR 33 was in Corporate and EUR 12 in Japan, and in 2014 restructuring costs of EUR 37. Excluding these items, the EBITA margin was 5.2% in 2015, up 40 bps compared to 4.8% in 2014.

3.6 Amortisation of intangible assets and impairment of goodwill

Amortisation of intangible assets increased by EUR 4 to EUR 41 in 2015.

In 2015, the Company recorded a goodwill impairment charge of EUR 740 due to recent and proposed regulatory changes in Germany and the weaker macroeconomic outlook in certain markets. Of the total amount, EUR 648 relates to Germany & Austria, EUR 82 to Australia & New Zealand and EUR 10 to India.

3.7 Operating income

Operating income amounted to EUR 300 in 2015 compared to EUR 891 in 2014. The 2015 operating income was negatively impacted by an impairment charge to goodwill of EUR 740.

3.8 Interest expense

Interest expense was EUR 67 in 2015 compared to EUR 69 in 2014.

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 13 in 2015 compared to an income of EUR 5 in 2014.

3.10 Provision for income taxes

Provision for income taxes was EUR 236 in 2015 compared to EUR 187 in 2014. The effective tax rate excluding the impairment of goodwill, which is not tax deductible, was 24% in 2015, and 23% in 2014.

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 4% in 2015 and 5% in 2014.

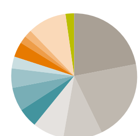
3.11 Net income attributable to Adecco shareholders and basic EPS

Net income attributable to Adecco shareholders was EUR 8 in 2015 including an impairment charge to goodwill of EUR 740 compared to EUR 638 in 2014. Basic earnings per share ("EPS") was EUR 0.05 in 2015 compared to EUR 3.62 in 2014.

4. Segment performance and revenues by business line

On a geographical basis, trends in 2015 were mainly positive. In both, France and North America, revenues increased by 2% in constant currency. Our strongest revenue growth was in Italy (18%) and in Iberia (14%). The Emerging Markets continued to expand solidly, growing 14% in constant currency and Benelux achieved double digit growth (11%). Our weakest revenue performance in 2015 was in the Nordics, which saw a decline of 8% and Switzerland with a 1% decrease, both in constant currency. In the other segments, we saw single digit organic revenue growth.

2015 revenue split by segment



The segment breakdown of revenues and EBITA for 2015 and 2014 is presented in the following tables:

Revenues by segment			Variance %	
in EUR	2015	2014	EUR	Constant currency
France	4,714	4,640	2	2
North America	4,670	3,854	21	2
UK & Ireland	2,285	2,061	11	0
Germany & Austria	1,713	1,687	2	2
Japan	1,119	1,032	8	4
Italy	1,300	1,098	18	18
Benelux	1,089	982	11	11
Nordics	726	821	(12)	(8)
Iberia	898	789	14	14
Australia & New Zealand	367	350	5	5
Switzerland	477	427	12	(1)
Emerging Markets	2,256	1,925	17	14
Lee Hecht Harrison [1]	396	334	19	9
Adecco Group	**22,010**	**20,000**	**10**	**4**

1 In 2015, revenues changed organically in Lee Hecht Harrison by 1%.

EBITA and EBITA margin by segment	**EBITA**				**EBITA margin**		
			Variance %				Variance
in EUR	2015	2014	EUR	Constant currency	2015	2014	bps
France	331	280	18	18	7.0%	6.0%	100
North America	288	205	41	18	6.2%	5.3%	90
UK & Ireland	60	49	22	10	2.6%	2.4%	20
Germany & Austria	103	77	34	34	6.0%	4.6%	140
Japan	54	57	(5)	(9)	4.9%	5.5%	(60)
Italy	94	65	45	45	7.2%	5.9%	130
Benelux	47	45	6	6	4.3%	4.5%	(20)
Nordics	9	23	(61)	(59)	1.3%	2.9%	(160)
Iberia	39	31	27	27	4.4%	3.9%	50
Australia & New Zealand	0	0	(166)	(286)	–0.1%	0.1%	(20)
Switzerland	32	38	(16)	(26)	6.6%	8.8%	(220)
Emerging Markets	82	68	21	19	3.6%	3.5%	10
Lee Hecht Harrison	104	98	6	(6)	26.2%	29.3%	(310)
Corporate	(162)	(108)					
Adecco Group	**1,081**	**928**	**17**	**11**	**4.9%**	**4.6%**	**30**

in millions, except share and per share information

From a business line perspective, General Staffing represented 74% of Group revenues in 2015 and 26% from Professional Staffing and Solutions. In 2015, General Staffing revenues increased by 6% while Professional Staffing decreased by 1%, both in constant currency. In our Solutions business, Career Transition & Talent Development services reported a revenue increase of 1%, while our BPO[1] business grew 15%, both organically.

The business line breakdown of revenues is presented below:

Revenues by business line[1]

in EUR	2015	2014	Variance % EUR	Variance % Constant currency
Office	5,269	4,815	9	4
Industrial	11,097	10,142	9	7
General Staffing	**16,366**	**14,957**	**9**	**6**
Information Technology	2,588	2,337	11	0
Engineering & Technical	1,133	1,103	3	(8)
Finance & Legal	912	778	17	3
Medical & Science	407	349	17	6
Professional Staffing	**5,040**	**4,567**	**10**	**(1)**
CTTD[2]	396	334	19	9
BPO[2]	208	142	46	25
Solutions[2]	**604**	**476**	**27**	**14**
Adecco Group	**22,010**	**20,000**	**10**	**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 2015, revenues increased organically in CTTD by 1%, in BPO by 15% and in Solutions by 5%.*

4.1 Segment performance

France

in EUR	2015	2014	Variance %
Revenues	4,714	4,640	2
EBITA	331	280	18
EBITA margin	7.0%	6.0%	

In 2015, revenues in France increased by 2% to EUR 4,714. Temporary hours sold increased by 2% and bill rates remained flat versus 2014. Revenues in Industrial, which accounts for approximately 85% of revenues in France, increased by 3%, while revenues in Office decreased by 1% and in Professional Staffing decreased by 10%. Permanent placement revenues in France were up 10%. EBITA amounted to EUR 331 in 2015 compared to EUR 280 in 2014. The EBITA margin was 7.0% in 2015 and included a favourable item related to prior years social security charges, which added approximately 40 bps to the EBITA margin. In 2014, the EBITA margin excluding EUR 4 of restructuring costs was 6.1%.

North America

			Variance %	
in EUR	2015	2014	EUR	Constant currency
Revenues	4,670	3,854	21	2
EBITA	288	205	41	18
EBITA margin	6.2%	5.3%		

In North America, revenues were EUR 4,670 in 2015, an increase of 21% or 2% in constant currency compared to 2014. Temporary hours sold grew by 1% and bill rates increased by 1% versus 2014 in constant currency. In North America, General Staffing accounts for approximately half of the revenues. Revenues in Industrial increased by 9%, whereas revenues in Office decreased by 5%, both in constant currency. Revenues in Professional Staffing grew by 1% (0% organically) in constant currency. Revenues increased by 1% in IT, 8% (6% organically) in Finance & Legal, 16% in Medical & Science and decreased by 8% in Engineering & Technical, all in constant currency. Permanent placement revenues in North America were up 16% in constant currency. EBITA in 2015 was EUR 288 compared to EUR 205 in the previous year. Included in EBITA in 2014 are restructuring costs of EUR 18 for the move to a single headquarters in North America. The EBITA margin was 6.2% in 2015, an increase of 40 bps when compared to the prior year excluding restructuring costs.

UK & Ireland

			Variance %	
in EUR	2015	2014	EUR	Constant currency
Revenues	2,285	2,061	11	0
EBITA	60	49	22	10
EBITA margin	2.6%	2.4%		

In 2015, revenues in the UK & Ireland increased by 11% or remained flat in constant currency. Temporary hours sold decreased by 3% and bill rates increased by 3% versus 2014 in constant currency. Approximately two-thirds of revenues come from Professional Staffing, which decreased by 2% in constant currency. Revenues decreased by 1% in IT and by 20% in Engineering & Technical, whereas revenues in Finance & Legal remained flat, all in constant currency. Within General Staffing, revenues in Office increased by 4%, whereas in Industrial revenues were up 2%, both in constant currency. Permanent placement revenues increased by 2% in constant currency. EBITA in 2015 amounted to EUR 60 compared to EUR 49 for the prior year. The EBITA margin was 2.6% in 2015 compared to 2.4% in 2014.

Germany & Austria

in EUR	2015	2014	Variance %
Revenues	1,713	1,687	2
EBITA	103	77	34
EBITA margin	6.0%	4.6%	

In Germany & Austria, revenues were EUR 1,713 in 2015, an increase of 2% compared to the previous year. Temporary hours sold increased by 1% and bill rates grew by 1% versus 2014. Revenues in Industrial, which accounts for approximately 75% of the revenues in Germany & Austria, increased by 2%. Revenues in Professional Staffing were flat. EBITA amounted to EUR 103 in 2015 compared to EUR 77 in 2014. Included in 2014 were restructuring costs of EUR 14. The EBITA margin was 6.0% in 2015 compared to an EBITA margin, excluding restructuring costs, of 5.4% in 2014.

in millions, except share and per share information

Japan

in EUR	2015	2014	Variance % EUR	Variance % Constant currency
Revenues	1,119	1,032	8	4
EBITA	54	57	(5)	(9)
EBITA margin	4.9%	5.5%		

In Japan, revenues in 2015 were EUR 1,119, an increase of 8% or 4% in constant currency. Temporary revenues increased 3% in constant currency. Temporary hours sold were flat and bill rates increased by 2% versus 2014 in constant currency. Revenues in outsourcing were up 6% in constant currency. In General Staffing, where we are mainly exposed to the Office business, revenues increased by 3% in constant currency. In the Professional Staffing business, which comprises IT and Engineering & Technical, revenues increased by 6% in constant currency. EBITA was EUR 54 in 2015 compared to EUR 57 in 2014. The EBITA margin was 4.9% compared to 5.5% in 2014. Included in 2015 is the write-down of capitalised software of EUR 12. The EBITA margin excluding the write-down of capitalised software was 5.9% in 2015 compared to 5.5% in 2014.

Italy

in EUR	2015	2014	Variance %
Revenues	1,300	1,098	18
EBITA	94	65	45
EBITA margin	7.2%	5.9%	

Revenues in Italy increased by 18% in 2015 compared to the previous year, as temporary hours sold grew by 16% and bill rates increased by 1% versus 2014. The EBITA margin in 2015 was 7.2%, up 130 bps compared to 2014.

Benelux

in EUR	2015	2014	Variance %
Revenues	1,089	982	11
EBITA	47	45	6
EBITA margin	4.3%	4.5%	

In 2015, revenues in Benelux increased by 11%. Temporary hours sold increased by 11% and bill rates remained flat versus 2014. The EBITA margin was 4.3% in 2015 and included a non-cash expense related to changing the defined benefit pension plan in the Netherlands to a defined contribution pension plan, which negatively impacted the EBITA margin by approximately 70 bps. In 2014, the EBITA margin was 4.5%.

Nordics

in EUR	2015	2014	Variance % EUR	Variance % Constant currency
Revenues	726	821	(12)	(8)
EBITA	9	23	(61)	(59)
EBITA margin	1.3%	2.9%		

In 2015, revenues in the Nordics decreased by 12% or by 8% in constant currency. Temporary hours sold decreased by 9% and bill rates remained flat versus 2014 in constant currency. Sweden delivered strong revenue growth, while revenues declined in Norway, where the market environment was challenging. The EBITA margin was 1.3% in 2015 compared to 2.9% in 2014.

Iberia

in EUR	2015	2014	Variance %
Revenues	898	789	14
EBITA	39	31	27
EBITA margin	4.4%	3.9%	

Revenues increased in Iberia by 14% in 2015 compared to the previous year. Temporary hours sold increased by 15% and bill rates increased by 2%. Revenues in outsourcing increased by 7% compared to 2014. The EBITA margin was 4.4% in 2015 compared to 3.9% in 2014.

Australia & New Zealand

in EUR	2015	2014	Variance % EUR	Variance % Constant currency
Revenues	367	350	5	5
EBITA	0	0	(166)	(286)
EBITA margin	–0.1%	0.1%		

Revenues in Australia & New Zealand increased by 5% in constant currency in 2015 compared to the previous year. Temporary hours sold increased by 6% and bill rates increased by 1% versus 2014 in constant currency. The EBITA margin was –0.1%, compared to 0.1% in 2014.

Switzerland

in EUR	2015	2014	Variance % EUR	Variance % Constant currency
Revenues	477	427	12	(1)
EBITA	32	38	(16)	(26)
EBITA margin	6.6%	8.8%		

Revenues in Switzerland increased by 12% or decreased by 1% in constant currency in 2015 compared to the previous year. Temporary hours sold decreased by 2% and bill rates remained flat versus 2014 in constant currency. The EBITA margin was 6.6% compared to 8.8% in 2014. Factors negatively impacting profitability in 2015 included the strength of the Swiss Franc, continued pricing pressure, unfavourable mix effects, and costs related to adapting our business to the development in market conditions.

Emerging Markets

in EUR	2015	2014	Variance % EUR	Variance % Constant currency
Revenues	2,256	1,925	17	14
EBITA	82	68	21	19
EBITA margin	3.6%	3.5%		

Revenues in the Emerging Markets increased by 17% or by 14% in constant currency. The EBITA margin was 3.6% in 2015 compared to 3.5% in 2014.

Lee Hecht Harrison

in EUR	2015	2014	Variance % EUR	Variance % Constant currency
Revenues	396	334	19	9
EBITA	104	98	6	(6)
EBITA margin	26.2%	29.3%		

Revenues of Lee Hecht Harrison, Adecco's Career Transition & Talent Development business, amounted to EUR 396, an increase of 19% or 9% in constant currency, or 1% organically. EBITA amounted to EUR 104 and the EBITA margin was 26.2%. Included in 2015 are integration costs of EUR 11 relating to the acquisition of Knightsbridge. The EBITA margin excluding integration costs was 28.9% compared to an EBITA margin of 29.3% in 2014.

5. Outlook

In Q4 2015, organic revenue growth of 5% was slightly above the 4% for the first nine months of the year. This was mainly due to improved growth in France, while growth in most other markets was broadly similar to the year as a whole. At the start of 2016, this underlying revenue momentum has continued, although the comparison base is tougher than for Q4 2015. In January and February combined, the Company's revenue growth was 4% organically and adjusted for trading days. Growth continued to improve slightly in France, remained stable in North America, and moderated slightly in Italy, Iberia and Benelux, where the base effect is most pronounced.

The Company will maintain its price discipline and tight cost control. In Q1 2016, the gross margin will be negatively impacted year-on-year by the timing of Easter, which is in the first quarter 2016 while last year it fell in the second quarter. In Q1 2016, SG&A excluding one-offs is expected to increase slightly compared to Q4 2015 in constant currency, reflecting the normal seasonal pattern.

The Company remains committed to leveraging the EVA approach to balance revenue growth, profitability and cash generation. Aligned with this approach, the Company announced new financial targets at the Investor Day in January 2016, to be achieved on average across the entire economic cycle, including periods of economic expansion and recession. These targets are: growing revenues organically at least in line with the Company's main peers, at Group level and in each major market; improving its EBITA margin to 4.5–5.0% on average through-the-cycle; and delivering an operating cash flow conversion of more than 90% on average through-the-cycle. The Company is focused on achieving these targets and driving shareholder value creation in 2016 and in the long-term.

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, a multicurrency credit facility, and, when necessary, the issuance of bonds and other capital instruments.

in millions, except share and per share information

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

Within the Company's working capital, trade accounts receivable, net of allowance for doubtful accounts, comprise approximately 70% of total current assets as of December 31, 2015. Accounts payable, accrued salaries and wages, payroll taxes and employee benefits, and sales and value added taxes comprise approximately 70% of total current liabilities as of December 31, 2015. 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.

Cash flows from operations are generally derived from the 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.

6.1 Analysis of cash flow statements

Cash and cash equivalents increased by EUR 503 to EUR 1,198 as of December 31, 2015. The increase was mainly due to the generation of EUR 799 in operating cash flows and the issuance of long-term debt of EUR 498, net of issuance costs. This was partly offset by the payment of dividends of EUR 348, the purchase of treasury shares of EUR 225, capital expenditures of EUR 97, and cash settlements on derivative instruments of EUR 94.

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

in EUR	2015	2014
Summary of cash flow information		
Cash flows from operating activities	799	785
Cash used in investing activities	(246)	(93)
Cash used in financing activities	(70)	(978)

Cash flows from operating activities increased by EUR 14 to EUR 799 in 2015. Both years include the cash proceeds for the sale of a portion of the CICE receivables of EUR 163 in 2015 and EUR 109 in 2014. DSO was 52 days for the full year 2015 compared to 53 days for the full year 2014.

Cash used in investing activities totalled EUR 246 compared to EUR 93 in 2014. In 2015, the Company paid EUR 94 related to cash settlements on derivative instruments compared to EUR 5 in 2014. The Company's capital expenditures amounted to EUR 97 in 2015 and EUR 80 in 2014. Additionally, in 2015 the Company acquired Knightsbridge for EUR 56, net of cash acquired.

Cash used in financing activities totalled EUR 70, compared to EUR 978 in 2014. In 2015, the Company issued long-term debt of EUR 498, net of issuance costs, whereas in 2014 the Company repaid long-term debt of EUR 346. Furthermore, the Company paid dividends of EUR 348 and EUR 291 in 2015 and 2014, respectively, and purchased treasury shares for EUR 225 and EUR 281 in 2015 and 2014, respectively.

6.2 Additional capital resources

As of December 31, 2015, the Company's total capital resources amounted to EUR 5,845 comprising EUR 2,247 in debt and EUR 3,598 in equity, excluding treasury shares and noncontrolling interests. Long-term debt, including current maturities, was EUR 2,154 as of December 31, 2015 and EUR 1,581 as of December 31, 2014, 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, 2015 mature in 2016, 2017, 2018, 2019, 2020 and 2022. During 2015, the Company increased its short- and long-term debt including foreign currency revaluation effects by EUR 578.

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, 2015 and December 31, 2014, EUR 10 and EUR 51, respectively, were outstanding under the programme, with maturities of up to 365 days. The weighted-average interest rate on commercial paper outstanding was 0.47% and 0.76% as of December 31, 2015 and December 31, 2014, 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. In May 2015, the first 1-year extension option was exercised and the maturity date of the credit facility was extended to October 2019. 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, 2015 and December 31, 2014, there were no outstanding borrowings under the credit facility. As of December 31, 2015, the Company had EUR 500 available under the facility after utilising the Euro equivalent of EUR 100 in the form of letters of credit.

Net debt increased by EUR 68 to EUR 1,039 as of December 31, 2015. 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, 2015, the Company was in compliance with all financial covenants.

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

The Company manages its cash position to ensure that contractual commitments are met and reviews cash positions against existing obligations and 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, 2015 exchange rates are as follows:

in EUR	2016	2017	2018	2019	2020	Thereafter	Total
Contractual obligations by year							
Short-term debt obligations	93						93
Long-term debt obligations	322	322	497	399	115	499	2,154
Interest on debt obligations	52	51	28	20	10	14	175
Operating leases	181	128	90	63	43	37	542
Purchase and service contractual obligations	208	37	9	3	1		258
Total	**856**	**538**	**624**	**485**	**169**	**550**	**3,222**

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, the CHF 125 fixed rate notes due 2020, and the EUR 500 medium-term note due 2022. These debt instruments were issued partly for acquisitions, share buyback programmes, to refinance existing debt, to optimise the debt maturity profile, and to increase the flexibility of cash management.

Future minimum rental commitments under non-cancellable leases comprise the majority of the operating lease obligations of EUR 542 presented above. The Company expects to fund these commitments with existing cash and cash flows from operations. Operating leases are used by the Company to maintain the flexible nature of the branch network.

As of December 31, 2015, the Company has future purchase and service contractual obligations of approximately EUR 258, primarily related to acquisitions of approximately EUR 143 (refer to Note 18 in the consolidated financial statements for further details), IT development and maintenance agreements, marketing sponsorship agreements, equipment purchase agreements, and other supplier commitments.

6.4 Additional funding requirements

Planned cash outflows include distribution of dividends for 2015 on May 3, 2016 in the amount of CHF 2.40 per share to shareholders of record on April 29, 2016. The maximum amount of dividends payable based on the total number of outstanding shares (excluding treasury shares) as of December 31, 2015 of 170,314,225 is CHF 409. 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 3,707,500 shares for EUR 239 as of December 31, 2015 and was completed on January 20, 2016).

At the Annual General Meeting of Shareholders of Adecco S.A. held on April 21, 2015, the shareholders approved the cancellation of 4,606,873 treasury shares acquired until December 31, 2014 under the share buyback programmes and the corresponding reduction of Adecco S.A.'s share capital by 4,606,873 registered shares with a nominal value of CHF 1.00 each. The cancellation of 4,606,873 treasury shares was completed on June 26, 2015. Effective June 26, 2015, the share capital of the Company amounts to CHF 174 divided into 174,474,937 shares.

From January 1 to January 20, 2016, the Company acquired an additional 188,000 shares for EUR 11 to complete the EUR 250 share buyback launched in November 2014.

The Board of Directors of Adecco S.A. will propose to the Annual General Meeting of Shareholders of April 21, 2016 a reduction of share capital through the cancellation of the remaining 3,318,750 repurchased shares on the second trading line that were not already cancelled by the Annual General Meeting 2015.

The Company has entered into certain guarantee contracts and standby letters of credit that total EUR 666, including the letters of credit issued under the multicurrency revolving credit facility (EUR 100). 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. The ultimate outcome 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 close.

6.6 Credit ratings

As of December 31, 2015, the Company's long-term credit rating was Baa1 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 10 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, 2015. 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, 2015, 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, 2015 and December 31, 2014, the Company has recorded an allowance for doubtful accounts of EUR 51 and EUR 56, respectively. Bad debt expense of EUR 10 and EUR 9 was recorded in 2015 and 2014, 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. In 2015, the Company recorded goodwill impairment charges of EUR 740. The impairment related to the reporting units Germany & Austria, Australia & New Zealand and India. In 2014, no goodwill impairment was recognised.

Indefinite-lived intangible assets are tested by comparing the fair value of the asset to the carrying value of the asset. In the event that the carrying value exceeds the fair value, an impairment charge is recorded in operating income. No impairment charge was recognised in 2015 or 2014 in connection with 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 2015 or 2014 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 17, 2016, 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)	2015	2014	2013	2012	2011
Statements of operations					
Revenues	22,010	20,000	19,503	20,536	20,545
Amortisation of intangible assets	(41)	(37)	(42)	(52)	(51)
Impairment of goodwill	(740)				
Operating income	300	891	779	673	763
Net income attributable to Adecco shareholders	8	638	557	377	519

As of (in EUR)	31.12.2015	31.12.2014	31.12.2013	31.12.2012	31.12.2011
Balance sheets					
Cash and cash equivalents and short-term investments	1,208	698	963	1,105	534
Trade accounts receivable, net	3,972	3,676	3,526	3,492	3,725
Goodwill	3,018	3,583	3,408	3,517	3,455
Total assets [1]	9,726	9,436	9,324	9,609	9,351
Short-term debt and current maturities of long-term debt	415	89	492	541	236
Accounts payable and accrued expenses	3,779	3,607	3,346	3,332	3,545
Long-term debt, less current maturities [1]	1,832	1,580	1,562	1,531	1,187
Total liabilities [1]	6,380	5,597	5,767	5,910	5,540
Total shareholders' equity	3,346	3,839	3,557	3,699	3,811

For the fiscal years (in EUR)	2015	2014	2013	2012	2011
Cash flows from operations					
Cash flows from operating activities	799	785	520	579	524
Cash used in investing activities	(246)	(93)	(55)	(197)	(317)
Cash flows from/(used in) financing activities	(70)	(978)	(570)	206	(224)
Other indicators					
Capital expenditures	97	80	81	88	109

As of	31.12.2015	31.12.2014	31.12.2013	31.12.2012	31.12.2011
Other indicators					
Net debt (in EUR) [1,2]	1,039	971	1,091	967	889
Additional statistics					
Number of FTE employees at year end (approximate)	32,000	31,000	31,000	32,000	33,000

1 Due to the adoption of ASU 2015-03 – Presentation of debt issuance costs in 2015, the December 31, 2014, 2013, 2012, and 2011 figures were restated. Debt issuance costs previously shown in "Other assets" are now shown net with their related debt in "Long-term debt, less current maturities".

2 Net debt is a non-U.S. GAAP measure and comprises short-term and long-term debt, less cash and cash equivalents and short-term investments. 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	31.12.2015	31.12.2014
Assets			
Current assets:			
• Cash and cash equivalents		1,198	695
• Short-term investments		10	3
• Trade accounts receivable, net	3	3,972	3,676
• Other current assets	13	307	262
Total current assets		**5,487**	**4,636**
Property, equipment, and leasehold improvements, net	4	192	222
Other assets	13	512	494
Intangible assets, net	2, 5	517	501
Goodwill	2, 5	3,018	3,583
Total assets		**9,726**	**9,436**
Liabilities and shareholders' equity			
Liabilities			
Current liabilities:			
• Accounts payable and accrued expenses:			
• Accounts payable		771	746
• Accrued salaries and wages		818	795
• Accrued payroll taxes and employee benefits		1,027	893
• Accrued sales and value added taxes		430	431
• Accrued income taxes		40	49
• Other accrued expenses	13	693	693
• Total accounts payable and accrued expenses		3,779	3,607
• Short-term debt and current maturities of long-term debt	6	415	89
Total current liabilities		**4,194**	**3,696**
Long-term debt, less current maturities	6	1,832	1,580
Other liabilities	13	354	321
Total liabilities		**6,380**	**5,597**
Shareholders' equity			
Adecco shareholders' equity:			
• Common shares	7	108	111
• Additional paid-in capital	7	721	1,063
• Treasury shares, at cost	7	(258)	(303)
• Retained earnings		2,782	3,072
• Accumulated other comprehensive income/(loss), net	7	(13)	(108)
Total Adecco shareholders' equity		**3,340**	**3,835**
Noncontrolling interests		6	4
Total shareholders' equity		**3,346**	**3,839**
Total liabilities and shareholders' equity		**9,726**	**9,436**

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	2015	2014	2013
Revenues	15	22,010	20,000	19,503
Direct costs of services		(17,831)	(16,297)	(15,943)
Gross profit		**4,179**	**3,703**	**3,560**
Selling, general, and administrative expenses		(3,098)	(2,775)	(2,739)
Amortisation of intangible assets	5	(41)	(37)	(42)
Impairment of goodwill	5	(740)		
Operating income	15	**300**	**891**	**779**
Interest expense		(67)	(69)	(79)
Other income/(expenses), net	12	13	5	(2)
Income before income taxes		**246**	**827**	**698**
Provision for income taxes	13	(236)	(187)	(140)
Net income		**10**	**640**	**558**
Net income attributable to noncontrolling interests		(2)	(2)	(1)
Net income attributable to Adecco shareholders		**8**	**638**	**557**
Basic earnings per share	14	**0.05**	**3.62**	**3.09**
Basic weighted-average shares	14	172,526,685	176,267,821	180,511,706
Diluted earnings per share	14	**0.05**	**3.61**	**3.08**
Diluted weighted-average shares	14	172,712,214	176,589,179	180,781,433

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	2015	2014	2013
Net income		10	640	558
Other comprehensive income/(loss), net of tax:				
• Currency translation adjustment of long-term intercompany loans (net of tax of, 2015: EUR 2, 2014: EUR (2), 2013: EUR 2)		(20)	28	(27)
• Currency translation adjustment of net investment hedge (net of tax of, 2015: less than EUR 1)		3		
• Currency translation adjustment excluding long-term intercompany loans and net investment hedge (net of tax of, 2015: EUR 1, 2014: less than EUR 1, 2013: less than EUR 1)		122	179	(133)
• Change in pension prior years' service costs (net of tax of, 2015: less than EUR 1, 2014: less than EUR 1, 2013: EUR (1))	9		1	5
• Change in net actuarial gain/(loss) on pensions (net of tax of, 2015: EUR 3, 2014: EUR 2, 2013: EUR (1))	9	(10)	(9)	6
• Change in fair value of cash flow hedges (net of tax of, 2015: less than EUR 1, 2014: less than EUR 1, 2013: less than EUR 1)	10			(1)
Total other comprehensive income/(loss)		95	199	(150)
Total comprehensive income		**105**	**839**	**408**
Less comprehensive income attributable to noncontrolling interests		(2)	(2)	(1)
Comprehensive income attributable to Adecco shareholders		**103**	**837**	**407**

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)	**2015**	**2014**	**2013**
Cash flows from operating activities			
Net income	10	640	558
Adjustments to reconcile net income to cash flows from operating activities:			
• Depreciation and amortisation	135	129	143
• Impairment of goodwill	740		
• Bad debt expense	10	9	8
• Stock-based compensation	21	15	13
• Deferred tax provision/(benefit)	29	(10)	38
• Other, net	24	7	15
Changes in operating assets and liabilities, net of acquisitions:			
• Trade accounts receivable	(186)	(38)	(173)
• Accounts payable and accrued expenses	56	106	134
• Other assets and liabilities	(40)	(73)	(216)
Cash flows from operating activities	**799**	**785**	**520**
Cash flows from investing activities			
Capital expenditures	(97)	(80)	(81)
Proceeds from sale of property and equipment	2	28	3
Acquisition of Knightsbridge, net of cash acquired	(56)		
Cash settlements on derivative instruments	(94)	(5)	25
Purchase of short-term investments	(16)	(5)	
Proceeds from sale of short-term investments	7	2	
Other acquisition and investing activities, net	8	(33)	(2)
Cash used in investing activities	**(246)**	**(93)**	**(55)**

For the fiscal years ended December 31 (in EUR)	2015	2014	2013
Cash flows from financing activities			
Borrowings of short-term debt under the commercial paper programme	446	427	563
Repayment of short-term debt under the commercial paper programme	(488)	(459)	(666)
Other net increase/(decrease) in short-term debt	46	(26)	44
Borrowings of long-term debt, net of issuance costs	498		398
Repayment of long-term debt		(346)	(345)
Dividends paid to shareholders	(348)	(291)	(266)
Purchase of treasury shares	(225)	(281)	(297)
Other financing activities, net	1	(2)	(1)
Cash used in financing activities	**(70)**	**(978)**	**(570)**
Effect of exchange rate changes on cash	**20**	**18**	**(35)**
Net increase/(decrease) in cash and cash equivalents	**503**	**(268)**	**(140)**
Cash and cash equivalents:			
• Beginning of year	695	963	1,103
• End of year	1,198	695	963
Supplemental disclosures of cash paid			
Cash paid for interest	56	78	76
Cash paid for income taxes	237	230	169

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, 2013	**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**
Comprehensive income:							
Net income				8		2	10
Other comprehensive income/(loss)					95		95
Total comprehensive income							**105**
Stock-based compensation		21					21
Vesting of share awards		(15)	15	(1)			(1)
Share cancellation	(3)		257	(297)			(43)
Treasury shares purchased on second trading line			(207)				(207)
Other treasury share transactions			(20)				(20)
Cash dividends, CHF 2.10 per share		(348)					(348)
December 31, 2015	**108**	**721**	**(258)**	**2,782**	**(13)**	**6**	**3,346**

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, and other services to businesses and organisations throughout Europe, North America, Asia Pacific, South America, and North Africa. At the end of 2015, the Company's worldwide network consists of around 5,100 branches and more than 32,000 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, 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 Lee Hecht Harrison. 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"), and Business Process Outsourcing ("BPO"), which includes 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, 2015, the consolidated subsidiaries include all majority-owned subsidiaries of the Company. 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.

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), 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". 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 expenses

Marketing expenses totalled EUR 80, EUR 76, and EUR 71 in 2015, 2014, and 2013, 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.

in millions, except share and per share information

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.

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.

in millions, except share and per share information

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 and 2015, 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 2015, the Company sold a portion of the CICE receivables of EUR 167 for cash proceeds of EUR 163 and in June 2014 sold a portion of the CICE receivable of EUR 113 for cash proceeds of EUR 109. Upon sale, the Company derecognised EUR 167 in June 2015 and EUR 113 in June 2014 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 May 2014, the Financial Accounting Standards Board ("FASB") issued an Accounting Standards Update ("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 requires retrospective adoption either to each prior reporting period presented or as a cumulative effective adjustment as of the date of adoption, and is effective for the first interim period within annual reporting periods beginning after December 15, 2017. Early adoption is permitted from the first interim period within annual reporting periods beginning after December 15, 2016. The Company is currently assessing the impact of this guidance on the consolidated financial statements.

In November 2015, the FASB issued ASU 2015-17, "Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes" ("ASU 2015-17"). The amendments under ASU 2015-17 require that deferred tax liabilities and assets be classified as non-current in a classified statement of financial position. This guidance may be applied either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. This guidance is effective for fiscal years beginning after December 15, 2016. Early adoption is permitted for all entities as of the beginning of any interim or annual reporting period. The Company is currently assessing the impact of this guidance on the consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02 "Leases (Topic 842)" that establishes a broad principle requiring a lessee to recognise in the statement of financial position a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term. Entities are required to use a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements. Full retrospective application is prohibited. The guidance is effective for annual periods beginning after December 15, 2018. Early adoption is permitted. The Company is currently assessing the impact of this guidance on the consolidated financial statements.

The Company early adopted ASU 2015-03 "Simplifying the Presentation of Debt Issuance Costs" ("ASU 2015-03") as of December 31, 2015 and applied the guidance retrospectively to all periods presented. Accordingly, debt issuance costs are now presented in the balance sheet as a direct deduction from the related debt liability rather than as an asset and resulted in a reclassification of debt issuance costs of EUR 5 as of December 31, 2015. Due to the adoption, the December 31, 2014 and 2013 debt issuance costs of EUR 4 and EUR 5, respectively, previously shown in "Other assets" were restated and are now shown net with their related debt in "Long-term debt, less current maturities".

Presentation and reclassifications

Certain reclassifications have been made to prior years' amounts or balances including the adoption of ASU 2015-03 in order to conform to the current year presentation.

Other disclosures required by Swiss law

in EUR	2015	2014	2013
Personnel expenses	2,260	2,020	1,983

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

Note 2 • Acquisitions

The Company made acquisitions in 2015 and 2014 and did not make any material acquisition in 2013. The Company does not consider any of its 2015 or 2014 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 2015 and 2014 acquisitions:

in EUR	2015	2014
Impact of acquisitions		
Net tangible assets acquired	2	9
Identified intangible assets	28	5
Goodwill	43	21
Deferred tax liabilities	(5)	(2)
Total consideration	**68**	**33**

In April 2015, the Company acquired all outstanding common shares of Knightsbridge Human Capital Management Inc. ("Knightsbridge"), the Canadian market leader in career transition, talent and leadership development and recruitment services, for EUR 56, net of EUR 1 cash acquired. As a result of the Knightsbridge acquisition, the Company has become the market leader for Human Capital Solutions in Canada and reinforced its leadership position in key markets around the world. Goodwill of EUR 34 and intangible assets of EUR 26 were recorded in connection with Knightsbridge. The purchase price was funded with internal resources. Knightsbridge was consolidated by the Company as of April 1, 2015, and the results of Knightsbridge operations have been included in the consolidated financial statements since April 2015. The goodwill of EUR 34 arising from the acquisition consists largely of acquired expertise and increased penetration in the Canadian career transition and talent development market.

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. 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 2015 and 2014 were not significant. Acquisition related costs are included in SG&A within the consolidated statements of operations.

in millions, except share and per share information

Note 3 • Trade accounts receivable

in EUR	31.12.2015	31.12.2014
Trade accounts receivable	4,023	3,732
Allowance for doubtful accounts	(51)	(56)
Trade accounts receivable, net	**3,972**	**3,676**

Note 4 • Property, equipment, and leasehold improvements

	31.12.2015		31.12.2014	
in EUR	Gross	Accumulated depreciation	Gross	Accumulated depreciation
Land and buildings	4	(2)	4	(2)
Furniture, fixtures, and office equipment	166	(139)	155	(130)
Computer equipment	245	(215)	234	(199)
Capitalised software	622	(536)	590	(477)
Leasehold improvements	236	(189)	231	(184)
Total property, equipment, and leasehold improvements	**1,273**	**(1,081)**	**1,214**	**(992)**

Depreciation expense was EUR 94, EUR 92, and EUR 101 for 2015, 2014, and 2013, respectively.

In addition, a write-down of EUR 45 due to changes in the expected use of certain capitalised software was recorded in 2015 and included in SG&A within the consolidated statements of operations. EUR 12 was recorded in the Japan segment and EUR 33 recorded in Corporate.

The Company recorded EUR 50, EUR 52, and EUR 52 of depreciation expense in connection with capitalised software in 2015, 2014, and 2013, respectively. The estimated aggregate depreciation expense related to computer software is EUR 40 in 2016, EUR 29 in 2017, EUR 11 in 2018, EUR 4 in 2019 and EUR 2 in 2020.

Note 5 • Goodwill and intangible assets

The changes in the carrying amount of goodwill for the years ended December 31, 2015 and December 31, 2014, are as follows:

in EUR	France	North America	UK & Ireland	Germany & Austria	Japan	Italy	Benelux	Lee Hecht Harrison	Other	Total
Changes in goodwill										
January 1, 2014	**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**
Additions		9						34		43
Impairment charge				(648)					(92)	(740)
Currency translation adjustment		113	14		8			7	(10)	132
December 31, 2015	**237**	**1,198**	**264**	**621**	**79**	**–**	**95**	**303**	**221**	**3,018**

As of December 31, 2015 and December 31, 2014, the gross goodwill amounted to EUR 3,954 and EUR 3,770, respectively. As of December 31, 2015, accumulated impairment charges amounted to EUR 773 in Germany & Austria, EUR 88 in Australia & New Zealand, EUR 65 in UK & Ireland, and EUR 10 in India, and as of December 31, 2014, EUR 125 in Germany & Austria and EUR 62 in UK & Ireland.

In the third quarter of 2015, the Company performed an interim impairment test based on management's revised five-year projections for sales and earnings based on recent and proposed regulatory changes in Germany and the weaker macroeconomic outlook in certain markets of the Company's business in the third quarter of 2015 compared to the first and second quarter of 2015 and the end of 2014.

Step one of the goodwill impairment test which comprised discounted cash flow valuations and/or multiples analysis of all of the Company's reporting units led to the conclusion that there was no indication of impairment of goodwill except for the reporting units: Germany & Austria, Australia & New Zealand, and India. Accordingly, the Company proceeded to step two of the goodwill impairment test for those reporting units. In step two, the fair value of all assets and liabilities of the reporting units was determined as if the reporting unit had been acquired on a stand-alone basis. The fair value of the reporting unit's assets and liabilities was then compared to the reporting unit's value as determined in step one with the excess considered to be the implied goodwill of the reporting unit which resulted in the recognition of a non-cash impairment charge related to goodwill of EUR 740 in the third quarter of 2015.

The Company performed its annual impairment test of goodwill in the fourth quarter of 2015, 2014, and 2013 and determined that there was no indication of impairment.

In determining the fair value of the reporting units, the Company uses expected future revenue growth rates and profit margins and for the long-term value a long-term growth rate of 2.0%. 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 2015, 2014, and 2013 ranged from 7.2% to 14.5%.

The carrying amounts of other intangible assets as of December 31, 2015 and December 31, 2014, are as follows:

	31.12.2015		31.12.2014	
in EUR	Gross	Accumulated amortisation	Gross	Accumulated amortisation
Intangible assets				
Marketing related (trade names)	468	(42)	437	(36)
Customer base	452	(380)	417	(335)
Contract	28	(9)	25	(7)
Other	3	(3)	3	(3)
Total intangible assets	**951**	**(434)**	**882**	**(381)**

The carrying amount of indefinite-lived intangible assets was EUR 418 and EUR 400 as of December 31, 2015 and December 31, 2014, 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 2015, 2014, and 2013 and determined that there was no indication of impairment.

The estimated aggregate amortisation expense related to definite-lived intangible assets is EUR 29 in 2016, EUR 21 in 2017, EUR 21 in 2018, EUR 9 in 2019, EUR 3 in 2020, and EUR 16 thereafter. The weighted-average amortisation period for customer base intangible assets is five to ten years.

in millions, except share and per share information

Note 6 • 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, 2015 and December 31, 2014, EUR 10 and EUR 51, respectively, were outstanding under the programme, with maturities of up to 365 days. The weighted-average interest rate on commercial paper outstanding was 0.47% as of December 31, 2015 and 0.76% as of December 31, 2014.

Other short-term debt
As of December 31, 2015 and December 31, 2014, bank overdrafts and other short-term borrowings amounted to EUR 83 and EUR 37, respectively.

Long-term debt

The Company's long-term debt as of December 31, 2015 and December 31, 2014 consists of the following:

in EUR	Principal at maturity	Maturity	Fixed interest rate	31.12.2015	31.12.2014
7-year guaranteed Euro medium-term notes	EUR 500	2022	1.5%	499	
8-year Swiss Franc fixed rate notes	CHF 125	2020	2.625%	115	104
6-year guaranteed Euro medium-term notes	EUR 400	2019	2.75%	399	398
7-year guaranteed Euro medium-term notes	EUR 500	2018	4.75%	497	496
5-year Swiss Franc fixed rate notes	CHF 350	2017	1.875%	322	291
4-year Swiss Franc fixed rate notes	CHF 350	2016	2.125%	321	291
Other				1	1
				2,154	**1,581**
Less current maturities				(322)	(1)
Long-term debt, less current maturities				**1,832**	**1,580**

7-year guaranteed Euro medium-term notes
On May 18, 2015, Adecco International Financial Services BV, a wholly owned subsidiary of the Company, issued EUR 500 medium-term 7-year notes with a coupon of 1.5%, guaranteed by Adecco S.A., due on November 22, 2022, but callable by the Company at par within 3 months prior to maturity. The notes were issued within the framework of the Euro Medium-Term Note Programme and trade on the London Stock Exchange. The proceeds were used for general corporate purposes.

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 Exchange. The proceeds were used to fund the share buyback programme approved by the Board of Directors in June 2012. 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 3 months prior to maturity. The notes were issued within the framework of the Euro Medium-Term Note Programme and trade on the London Stock Exchange. The proceeds 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.

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 10.

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 Exchange. The proceeds were used for general corporate purposes. Interest is paid annually in arrears at a fixed annual rate of 2.125%.

Payments of long-term debt translated using December 31, 2015 exchange rates are due as follows:

in EUR	2016	2017	2018	2019	2020	Thereafter	Total
Payments due by year	322	322	497	399	115	499	2,154

in millions, except share and per share information

Other credit facilities

Committed multicurrency revolving credit facility
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. In May 2015, the first 1-year extension option was exercised and the maturity date of the credit facility was extended to October 2019. 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, 2015 and December 31, 2014, there were no outstanding borrowings under the credit facility. As of December 31, 2015, the Company had EUR 500 available under the facility after utilising the Euro equivalent of EUR 100 in the form of letters of credit.

Note 7 • Shareholders' equity

The summary of the components of authorised shares as of December 31, 2015, December 31, 2014, and December 31, 2013 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, 2013	**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**
Share cancellation		(4,606,873)	(4,606,873)		(4,606,873)
Purchased over second trading line (share buyback)	(3,130,750)	3,130,750			
Other treasury share transactions	(3,594)	3,594			
December 31, 2015	**170,314,225**	**4,160,712**	**174,474,937**	**19,566,804**	**194,041,741**

1 Shares at CHF 1 par value.

Authorised shares and appropriation of available earnings

As of December 31, 2015, December 31, 2014, and December 31, 2013, 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, 2015, December 31, 2014, and December 31, 2013, 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, 2015.

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, 2015, the stand-alone financial statements of Adecco S.A. included shareholders' equity of CHF 3,897 (EUR 3,580), of which CHF 174 represent share capital, CHF (285) represent treasury shares, and CHF 4,008 represent reserves and retained earnings. Of the CHF 4,008 balance, an amount of CHF 35 representing 20% of share capital, is restricted based on the Swiss Code of Obligations and cannot be distributed as dividends.

In 2015, upon approval at the Annual General Meeting of Shareholders, dividends for 2014 of CHF 2.10 per share, totalling EUR 348, were allocated from Adecco S.A.'s statutory reserves from capital contribution to free reserves and subsequently distributed to shareholders. For 2015, the Board of Directors of Adecco S.A. will propose two dividends for a total of CHF 2.40 per share outstanding for the approval of shareholders at the Annual General Meeting of Shareholders, whereas a dividend of CHF 0.90 shall be allocated from Adecco S.A.'s statutory reserves from capital contribution to free reserves and subsequently distributed to shareholders and a dividend of CHF 1.50 shall be directly distributed from voluntary retained earnings. The statutory reserves from capital contribution is classified as additional paid-in capital in the consolidated balance sheets.

Treasury shares

In 2015, 2014, and 2013, the number of treasury shares acquired on the regular trading line amounted to 319,905, 409,631, and 428,473, respectively, and the net consideration paid amounted to EUR 20, EUR 23, and EUR 18, respectively.

In 2015, 2014, and 2013, the Company awarded 19,991 treasury shares, 16,335 treasury shares, 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" within the Remuneration Report). In addition, in 2015, 2014, and 2013, 296,320 treasury shares, 310,738 treasury shares, and 295,305 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 3,707,500 shares for EUR 239 as of December 31, 2015 and was completed on January 20, 2016).

As of December 31, 2015, December 31, 2014, and December 31, 2013, Adecco S.A. held 3,130,750 shares, 4,606,873 shares, and 10,181,696 shares, respectively, acquired under the share buyback programmes. The Company has acquired 3,130,750 shares for EUR 207 in 2015, 4,606,873 shares for EUR 257 in 2014, and 6,344,609 shares for EUR 280 in 2013, respectively, under the share buyback programmes.

From January 1 to January 20, 2016, the Company acquired an additional 188,000 shares for EUR 11 to complete the EUR 250 share buyback launched in November 2014.

At the Annual General Meeting of Shareholders of Adecco S.A. held on April 21, 2015, the shareholders approved the cancellation of 4,606,873 treasury shares acquired until December 31, 2014 under the share buyback programmes and the corresponding reduction of Adecco S.A.'s share capital by 4,606,873 registered shares with a nominal value of CHF 1.00 each. The cancellation of 4,606,873 treasury shares was completed on June 26, 2015. Effective June 26, 2015, the share capital of the Company amounts to CHF 174 divided into 174,474,937 shares.

in millions, except share and per share information

The Board of Directors of Adecco S.A. will propose to the Annual General Meeting of Shareholders of April 21, 2016 a reduction of share capital through the cancellation of the remaining 3,318,750 repurchased shares on the second trading line that were not already cancelled by the Annual General Meeting 2015.

As of December 31, 2015, 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 8) 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	31.12.2015	31.12.2014	31.12.2013
Currency translation adjustment	30	(75)	(282)
Unrealised gain on cash flow hedging activities	1	1	1
Pension-related adjustments	(44)	(34)	(26)
Accumulated other comprehensive income/(loss), net	**(13)**	**(108)**	**(307)**

In 2015, 2014, and 2013, an amount of EUR 3 (net of tax of EUR 1), EUR 2 (net of tax of EUR 1), and EUR 4 (net of tax 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 2015 and 2014.

Note 8 • Stock-based compensation

As of December 31, 2015, the Company had non-vested share awards outstanding relating to its common shares. Compensation expense of EUR 21, EUR 15, and EUR 13 was recognised in 2015, 2014, and 2013, respectively, in connection with the non-vested share awards granted in 2015, 2014, and 2013. The total income tax benefit recognised related to stock compensation amounted to EUR 5 in 2015, EUR 4 in 2014, and EUR 3 in 2013.

Non-vested share award plans
Performance share awards were granted in March 2015, 2014, and 2013 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 2015, 2014, and 2013 awards: December 31, 2017, December 31, 2016, and December 31, 2015, respectively). The requisite service period represents three calendar years starting on January 1, 2015, January 1, 2014, and January 1, 2013, 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 and 2015 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 for the grant 2014 and for 2015 to 2017 for the grant 2015: 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 for the grant 2014 and prior to 2015 for the grant 2015 impacting revenues and/or EBITA, if material. EBITA refers to operating income before amortisation 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 for the grant 2014 and 2017 for the grant 2015: 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 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 2015, 2014, and 2013 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, 2015 for 2015 awards, January 1, 2014 for 2014 awards, and January 1, 2013 for 2013 awards.
- 2015 and 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 2015, 2014, and 2013 will vest at the regular vesting date, depending on the level of target achievement. In case of an involuntary termination without cause before the end of the vesting period, a time-weighted pro rata portion of the unvested RSU awards will vest at the regular vesting date.

in millions, except share and per share information

TSR 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:

	2015	2014	2013
Assumptions used for the estimation of the fair value of the TSR awards			
Implied at-the-money volatility	23.26%	24.25%	24.8%
Expected dividend yield	2.83%	3.03%	3.3%
Expected term	2.8 years	2.8 years	2.8 years
Risk-free rate	–0.68%	0.07%	0.16%

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, 2015, December 31, 2014, and December 31, 2013, 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, 2013	**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**
Granted	16,948	30				
Forfeited	(7,962)	27	(1,776)	16	(1,776)	10
Lapsed	(22,760)	19			(22,760)	12
Vested			(22,760)	18		
Non-vested share awards outstanding as of December 31, 2015	**50,061**	**25**	**20,963**	**16**	**20,963**	**10**

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, 2015 and 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	38,647	65	38,647	65
Forfeited	(1,977)	66	(1,977)	66
Non-vested share awards outstanding as of December 31, 2014	**36,670**	**65**	**36,670**	**65**
Granted	33,897	72	33,897	72
Forfeited	(12,373)	70	(12,373)	70
Non-vested share awards outstanding as of December 31, 2015	**58,194**	**68**	**58,194**	**68**

in millions, except share and per share information

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, 2015, December 31, 2014, and December 31, 2013, 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, 2013	**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**
Granted	252,529	68
Vested	(273,560)	50
Cancelled	(214)	67
Forfeited	(58,138)	64
Non-vested share awards outstanding as of December 31, 2015	**494,056**	**62**

In 2015, 9,373 RSU share awards and 22,713 TSR share awards were modified to guarantee vesting, irrespective of fulfilling the requisite service period condition. The modified TSR share awards are still subject to achieving the performance condition. The incremental expense related to the modification was EUR 1.

As of December 31, 2015, the total unrecognised compensation expense related to non-vested share awards amounted to EUR 15. 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 2015, 2014, and 2013 amounted to EUR 22, EUR 19, and EUR 12, respectively. The excess tax benefits resulting from vesting of share awards in 2015 and 2014 amounted to EUR 1 and EUR 1 respectively, and were reported as cash flows from financing activities. The 2013 excess tax benefit resulting from vesting of share awards was not significant.

Note 9 • Employee benefit plans

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

Defined contribution plans and other arrangements

The Company recorded an expense of EUR 71 in 2015, EUR 66 in 2014, and EUR 64 in 2013, in connection with defined contribution plans, and an expense of EUR 45, EUR 38, and EUR 34 in connection with the Italian employee termination indemnity arrangement in 2015, 2014, and 2013, 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, 2015 and December 31, 2014, the assets held in the Rabbi trusts amounted to EUR 102 and EUR 89, respectively. The related pension liability totalled EUR 123 and EUR 109 as of December 31, 2015 and December 31, 2014, 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, 2015 and December 31, 2014, Alecta managed approximately EUR 78,380 and EUR 69,500, respectively of plan assets on behalf of 2 million private individuals and 33,000 companies. Total contributions made by all plan members to this plan in 2014 amounted to approximately EUR 4,000. The information on total contributions made by all plan members in 2015 has not yet been published by Alecta. Contributions made to this plan by the Company amounted to EUR 3 in 2015, EUR 3 in 2014 and EUR 3 in 2013.

Defined benefit plans

The Company sponsors defined benefit plans principally in Switzerland 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 2015 and 2014 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.

As of December 31, 2015, the defined benefit plans in the Netherlands were settled and going forward the Company will sponsor defined contribution plans in the Netherlands. The fair value of the plan assets exceeded the projected benefit obligation at the time of settlement. As a result, there were no significant cash payments required to settle the plan. A loss on settlement of EUR 8 was recorded as pension expense mainly due to the overfunded status of the plan at the time of settlement.

in millions, except share and per share information

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

	Swiss plan			Non-Swiss plans		
in EUR	2015	2014	2013	2015	2014	2013
Components of pension expense						
Service cost	16	13	13	7	5	6
Interest cost	2	4	3	5	6	5
Expected return on plan assets	(7)	(6)	(6)	(3)	(4)	(3)
Amortisation of prior years' service costs	(1)	(1)		1	1	2
Amortisation of net (gain)/loss	1		2	(1)	1	
Loss recognised due to settlement				8		
Pension expense, net	**11**	**10**	**12**	**17**	**9**	**10**

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, 2015 and December 31, 2014:

	Swiss plan		Non-Swiss plans	
in EUR	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Pension liabilities and assets				
Projected benefit obligation, beginning of year	**203**	**171**	**199**	**154**
Service cost	16	13	7	5
Interest cost	2	4	5	6
Participants contributions	51	39	1	1
Plan amendments				(1)
Actuarial (gain)/loss	9	19	(17)	36
Benefits paid	(54)	(46)	(3)	(3)
Curtailments				(1)
Settlement			(108)	
Foreign currency translation	21	3	4	2
Projected benefit obligation, end of year	**248**	**203**	**88**	**199**
Plan assets, beginning of year	**203**	**174**	**160**	**118**
Actual return on assets		18	(2)	36
Employer contributions	16	14	4	5
Participants contributions	51	39	1	1
Benefits paid	(54)	(46)	(2)	(2)
Settlement			(122)	
Foreign currency translation	20	4	3	2
Plan assets, end of year	**236**	**203**	**42**	**160**
Funded status of the plan	**(12)**		**(46)**	**(39)**
Accumulated benefit obligation, end of year	**243**	**199**	**84**	**189**

The following amounts are recognised in the consolidated balance sheets as of December 31, 2015 and December 31, 2014:

	Swiss plan		Non-Swiss plans	
in EUR	**31.12.2015**	**31.12.2014**	**31.12.2015**	**31.12.2014**
Pension-related assets			4	7
Pension-related liabilities	(12)		(50)	(46)
Total	**(12)**	**–**	**(46)**	**(39)**

As of December 31, 2015, the Company recognised a net loss of EUR 33 and EUR 10 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, 2015, 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 4 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 is to be amortised into earnings from accumulated other comprehensive income/(loss), net, over the next fiscal year. 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.

For plans with a PBO in excess of the fair value of plan assets as of December 31, 2015 and December 31, 2014, the total PBO was EUR 301 and EUR 252, respectively, and the fair value of the plan assets was EUR 239 and EUR 205, 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 291 and EUR 44 as of December 31, 2015 and December 31, 2014, respectively, and the fair value of the plan assets of those plans was EUR 239 and EUR 3, 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.

in millions, except share and per share information

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

	Swiss plan			Non-Swiss plans		
in %	2015	2014	2013	2015	2014	2013
Weighted-average actuarial assumptions						
Discount rate	0.8	1.1	2.2	2.7	2.4	2.8
Rate of increase in compensation levels	2.1	2.5	2.5	1.1	1.1	1.3
Expected long-term rate of return on plan assets	2.2	3.3	3.5	5.0	3.1	4.1

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

The Swiss and non-Swiss pension plans' target weighted-average asset allocations as of December 31, 2015 and December 31, 2014, by asset category, are as follows:

	Swiss plan	Non-Swiss plans
in %	Target allocation range	Target allocation range
Weighted-average asset allocations		
Equity securities	20–40	0–5
Debt securities	15–50	5–65
Real estate	5–25	0–5
Other	0–50	0–55

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, 2015 and as of December 31, 2014 by asset category are as follows:

December 31, 2015

	Swiss plan				Non-Swiss plans			
in EUR	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Asset category								
Cash and cash equivalents	1			1	1			1
Equity securities:								
• Switzerland	41			41				
• Rest of the world	57			57				
Debt securities:								
• Government bonds	3			3	16			16
• Corporate bonds	62			62	3			3
Alternative investments:								
• Commodity funds/private equity	10		8	18				
• Alternative investment funds		20		20	19			19
Real estate funds	33	1		34				
Other					3			3
Total	**207**	**21**	**8**	**236**	**42**			**42**

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**

in millions, except share and per share information

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, 2015 and December 31, 2014 is as follows:

in EUR	Swiss plan
Private equity funds	
Balance as of January 1, 2014	**3**
Purchases, sales, and settlements, net	2
Balance as of December 31, 2014	**5**
Purchases, sales, and settlements, net	3
Balance as of December 31, 2015	**8**

The Company expects to contribute EUR 16 to its pension plan in Switzerland and EUR 2 to its non-Swiss plans in 2016.

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

in EUR	Swiss plan	Non-Swiss plans
Future benefits payments		
2016	62	3
2017	15	3
2018	14	3
2019	13	4
2020	12	5
Years 2021–2025	52	26

Note 10 • Financial instruments

Risk and use of derivative instruments

The Company conducts business in various countries and funds its subsidiaries in various currencies, and is therefore exposed to the effects of changes in foreign currency exchange rates. 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, 2015 and December 31, 2014:

	31.12.2015		31.12.2014	
in EUR	Carrying value	Fair value	Carrying value	Fair value
Non-derivative financial instruments				
Current assets:				
• Cash and cash equivalents	1,198	1,198	695	695
• Short-term investments	10	10	3	3
• Trade accounts receivable, net	3,972	3,972	3,676	3,676
Current liabilities:				
• Accounts payable	771	771	746	746
• Short-term debt	93	93	88	88
• Current maturities of long-term debt	322	323	1	1
Non-current liabilities:				
• Long-term debt, less current maturities	1,832	1,941	1,580	1,720

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 6 for details of debt instruments).

in millions, except share and per share information

Fair value of derivative financial instruments

The following table shows the notional amount and the fair value of derivative financial instruments as of December 31, 2015 and December 31, 2014:

		Notional amount		Fair value	
in EUR	**Balance sheet location**	**31.12.2015**	**31.12.2014**	**31.12.2015**	**31.12.2014**
Derivative assets					
Derivatives designated as hedging instruments under ASC 815:					
• Interest rate swaps	Other assets	50	50	2	2
Derivatives not designated as hedging instruments under ASC 815:					
• Foreign currency contracts	Other current assets	1,266	449	38	19
• Cross-currency interest rate swap	Other assets	46		4	
Derivative liabilities					
Derivatives not designated as hedging instruments under ASC 815:					
• Foreign currency contracts	Other accrued expenses	400	1,105	(4)	(14)
Total net derivatives				**40**	**7**

In addition, accrued interest receivable on interest rate swaps of less than EUR 1 was recorded in other current assets as of December 31, 2015 and as of December 31, 2014. As of December 31, 2015, accrued interest receivable on cross-currency interest rate swaps of less than EUR 1 was recorded in other current assets.

The fair value of interest rate swaps and foreign currency contracts are calculated 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, 2015 and December 31, 2014, the total impact of non-performance risk and liquidity risk was an adjustment of EUR 2 and EUR 1, respectively.

Fair value hedges

Interest rate swap, with a notional amount of EUR 50 that contains 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 contract has an original contract period of six years and expires in April 2018.

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 2015, 2014, and 2013 are as follows:

in EUR Derivative	Location of gain/(loss) on derivative recognised in earnings	Gain/(loss) on derivative recognised in earnings 2015	2014	2013	Hedged item	Location of gain/(loss) on related hedged item recognised in earnings	Gain/(loss) on related hedged item recognised in earnings 2015	2014	2013
Interest rate swaps	Interest expense	1	1	(3)	Long-term debt	Interest expense	(1)	(1)	3

In addition, the Company recorded a gain of less than EUR 1 in 2015, EUR 1 in 2014, and EUR 2 in 2013 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 2015, 2014, and 2013, 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 2015, 2014, or 2013.

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, 2015, as of December 31, 2014, and as of December 31, 2013. As of December 31, 2015 and December 31, 2014, gains relating to cash flow hedges included as a component of accumulated other comprehensive income/(loss), net, amounted to EUR 1 in both years. No significant gains or losses were recorded in 2015, 2014, and 2013, due to ineffectiveness in cash flow hedge relationships. In 2015, 2014, and 2013, 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 millions, except share and per share information

In connection with these activities, the Company recorded a net gain of EUR 5 in 2015, a net loss of EUR 2, and a net loss of EUR 4 in 2014 and 2013, respectively as follows:

in EUR Derivative	Location of gain/(loss) on derivative recognised in earnings	Gain/(loss) on derivative recognised in earnings 2015	2014	2013	Hedged item	Location of gain/(loss) on related hedged item recognised in earnings	Gain/(loss) on related hedged item recognised in earnings 2015	2014	2013
Cross-currency interest rate swaps	Other income/ (expenses), net	5			Loans and receivables to/ from subsidiaries	Other income/ (expenses), net	(4)		
Foreign currency contracts	Other income/ (expenses), net	(64)	(2)	16	Cash, loans, and receivables to/ from subsidiaries	Other income/ (expenses), net	68		(20)

Credit risk concentration

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

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

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

Note 11 • 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, 2015 and December 31, 2014, consistent with the fair value hierarchy provisions of ASC 820:

in EUR	Level 1	Level 2	Level 3	Total
December 31, 2015				
Assets				
Available-for-sale securities	10			10
Derivative assets		44		44
Liabilities				
Derivative liabilities		4		4
December 31, 2014				
Assets				
Available-for-sale securities	3			3
Derivative assets		21		21
Liabilities				
Derivative liabilities		14		14

Note 12 • Other income/(expenses), net

For the years 2015, 2014, and 2013, other income/(expenses), net, consist of the following:

in EUR	2015	2014	2013
Foreign exchange gain/(loss), net	5	(2)	(4)
Interest income	3	5	4
Proportionate net income of investee companies	10	7	3
Other non-operating income/(expenses), net	(5)	(5)	(5)
Total other income/(expenses), net	**13**	**5**	**(2)**

Note 13 • 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 88, EUR 114, and EUR 159 in 2015, 2014, and 2013, respectively. Foreign source income before income taxes amounted to EUR 158, EUR 713, and EUR 539 in 2015, 2014, and 2013, respectively.

The provision for income taxes consists of the following:

in EUR	2015	2014	2013
Provision for income taxes			
Current tax provision:			
• Domestic		(3)	15
• Foreign	207	200	86
Total current tax provision	**207**	**197**	**101**
Deferred tax provision/(benefit):			
• Domestic	(5)	(12)	(1)
• Foreign	34	2	40
Total deferred tax provision/(benefit)	**29**	**(10)**	**39**
Total provision for income taxes	**236**	**187**	**140**

in millions, except share and per share information

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

in EUR	2015	2014	2013
Tax rate reconciliation			
Income taxed at weighted-average tax rate	57	197	146
Items taxed at other than weighted-average tax rate	(41)	11	(27)
Non-deductible expenses and other permanent items	(52)	(21)	(3)
Non-deductible impairment of goodwill	228		
Tax treaty adjustment	(3)	(13)	
Net change in valuation allowance	55	12	25
Other, net	(8)	1	(1)
Total provision for income taxes	**236**	**187**	**140**

In 2015, 2014, and 2013, 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 2015, 2014, and 2013, the reconciling item "items taxed at other than weighted-average tax rate" includes EUR 41, EUR 5, and EUR 42 positive impact related to the settlement of tax contingencies, and additionally the impact of CICE (tax credit for competitiveness and employment), which is non-taxable.

In 2015, 2014, and 2013, the reconciling item "non-deductible expenses and other permanent items" includes permanent items primarily related to intercompany provisions, foreign exchange, and other write-offs that are deductible for tax purposes, but have no impact on the consolidated financial statements.

In 2015 and 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 2015, the reconciling item "net change in valuation allowance" includes EUR 36 valuation allowance on current year Swiss losses, EUR 28, EUR 9, and EUR 7 valuation allowance on prior year and current year losses in Germany, Norway, and Australia, respectively. This was partially offset by a EUR 24 decrease in valuation allowance on prior year losses and changes in temporary differences in France. In 2014 and 2013, the reconciling item "net change in valuation allowance" includes EUR 14 and EUR 22 valuation allowance on current year losses and temporary differences in France, respectively.

As of December 31, 2015 and December 31, 2014, a deferred tax liability of EUR 10 and EUR 10, respectively, has been provided for non-Swiss withholding taxes and additional Swiss taxes due upon the future dividend payment of cumulative undistributed earnings which are not considered permanently reinvested. In 2015 and 2014, 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, 2015 and December 31, 2014, such earnings amounted to approximately EUR 3,552 and EUR 2,809, respectively. Furthermore, in 2015 and 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, 2015 and December 31, 2014, such earnings amounted to approximately EUR 336 and EUR 352, respectively. It is not practicable to estimate the amount of taxes that would be payable upon remittance of these earnings.

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

in EUR	31.12.2015	31.12.2014
Temporary differences		
Net operating loss carryforwards and capital losses	280	220
Tax credits	10	12
Depreciation	6	9
Deferred compensation and accrued employee benefits	77	73
Allowance for doubtful accounts	8	9
Accrued expenses	78	86
Elimination of intercompany transactions	52	51
Other	8	18
Gross deferred tax assets	**519**	**478**
Unrecognised tax benefits provision, net	(16)	(21)
Valuation allowance	(268)	(215)
Deferred tax assets, net	**235**	**242**
Intangible assets book basis in excess of tax basis	(127)	(125)
Tax amortisation in excess of financial amortisation	(127)	(106)
Undistributed earnings of subsidiaries	(10)	(10)
Other	(3)	
Deferred tax liabilities	**(267)**	**(241)**
Deferred tax assets/(liabilities), net	**(32)**	**1**

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 allowance on deferred tax assets of foreign and domestic operations increased by EUR 53 to EUR 268. Included in the change of the valuation allowance is a net increase of EUR 76 for current and prior year's losses, a net decrease of EUR 20 due to changes in temporary differences, and a net decrease of EUR 3 related to changes in enacted tax rates and foreign currency fluctuations.

The following table summarises the deferred tax assets and deferred tax liabilities reported by the Company as of December 31, 2015 and December 31, 2014:

in EUR	Balance sheet location	31.12.2015	31.12.2014
Deferred tax assets – current	Other current assets	104	96
Deferred tax assets – non-current	Other assets	76	76
Deferred tax liabilities – current	Other accrued expenses	(2)	(6)
Deferred tax liabilities – non-current	Other liabilities	(210)	(165)
Deferred tax assets/(liabilities), net		**(32)**	**1**

in millions, except share and per share information

As of December 31, 2015, the Company had approximately EUR 1,554 of net operating loss carryforwards and capital losses. These losses will expire as follows:

in EUR	2016	2017	2018	2019	2020	Thereafter	No expiry	Total
Expiration of losses by year	12	44	12	11	10	903	562	1,554

The largest net operating loss carryforwards and capital losses are EUR 1,391 as of December 31, 2015 in Switzerland, France, Germany, the Netherlands, Belgium, the USA and the UK. The losses in the Netherlands, the USA, and Switzerland begin to expire in 2016, 2017 and 2021, respectively. The losses in France, Germany, Belgium and the UK do not expire. In addition, tax credits of EUR 10 are mainly related to Spain and the USA operations and begin to expire in 2016 and 2018, respectively.

As of December 31, 2015, the amount of unrecognised tax benefits including interest and penalties is EUR 48, of which EUR 38 would, if recognised, decrease the Company's effective tax rate. As of December 31, 2014, the amount of unrecognised tax benefits including interest and penalties was EUR 83, of which EUR 69 would have, if recognised, decreased the Company's effective tax rate.

The Company recognises interest and penalties related to unrecognised tax benefits as a component of the provision for income taxes. As of December 31, 2015 and December 31, 2014, the amount of interest and penalties recognised in the balance sheet amounted to EUR 3 and EUR 8, respectively. The total amount of interest and penalties recognised in the statement of operations was a net benefit of EUR 5 in 2015, less than EUR 1 in 2014, and a net benefit of EUR 20 in 2013, respectively.

The following table summarises the activity related to the Company's unrecognised tax benefits excluding interest & penalties:

in EUR	Unrecognised tax benefits
Balance as of January 1, 2013	**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**
Increases related to current year tax positions	9
Expiration of the statute of limitations for the assessment of taxes	(13)
Settlements with tax authorities	(6)
Additions to prior years	2
Decreases to prior years	(24)
Foreign exchange currency movement	2
Balance as of December 31, 2015	**45**

In 2015, the items "decreases to prior years" and "settlements with tax authorities" include cash payments and reduction of net operating losses carryforwards of EUR 6, and a favourable impact of EUR 18 to income tax expense, mainly due to various settlements of contingencies. Furthermore, in 2015 the item "additions to prior years" mainly relates to changes in estimates due to current year audit activity and acquisitions.

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 were 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.

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	2014 onwards
Belgium	2013 onwards
Canada	2009 onwards
France	2012 onwards
Germany	2010 onwards
Italy	2011 onwards
Japan	2009 onwards
Mexico	2010 onwards
Netherlands	2011 onwards
Spain	2011 onwards
UK	2012 onwards
USA	2015 onwards

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

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

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

in millions, except share and per share information

Note 14 • Earnings per share

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

	2015		2014		2013	
in EUR (except number of shares)	Basic	Diluted	Basic	Diluted	Basic	Diluted
Numerator						
Net income attributable to Adecco shareholders	**8**	**8**	**638**	**638**	**557**	**557**
Denominator						
Weighted-average shares	**172,526,685**	**172,526,685**	**176,267,821**	**176,267,821**	**180,511,706**	**180,511,706**
Incremental shares for assumed conversions:						
• Employee stock-based compensation		185,529		321,358		269,727
Total average equivalent shares	**172,526,685**	**172,712,214**	**176,267,821**	**176,589,179**	**180,511,706**	**180,781,433**
Per share amounts						
Net earnings per share	**0.05**	**0.05**	**3.62**	**3.61**	**3.09**	**3.08**

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

Note 15 • Segment reporting

The Company is organised in a geographical structure plus the global business Lee Hecht Harrison, 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 Lee Hecht Harrison. 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"), and Business Process Outsourcing ("BPO") which includes 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 and impairment of goodwill and intangible assets, which is defined as the amount of income before amortisation and impairment of goodwill and intangible assets, interest expense, other income/(expenses), net, and provision for income taxes. Corporate items consist of certain assets and expenses which are separately managed at the corporate level. Segment assets include current assets, property, equipment, and leasehold improvements, net, other assets, intangible assets, net, and goodwill, but exclude investments in subsidiaries and intercompany balances. The accounting principles used for the segment reporting are those used by the Company.

Revenues derived from temporary staffing represented 89% in 2015, 90% in 2014, and 91% in 2013 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	Lee Hecht Harrison	Other	Corporate	Total
2015 segment reporting											
Revenues	4,714	4,670	2,285	1,713	1,119	1,300	1,089	396	4,724		22,010
Depreciation	(19)	(19)	(3)	(5)	(5)	(2)	(3)	(4)	(20)	(14)	(94)
Operating income before amortisation and impairment of goodwill and intangible assets	331	288	60	103	54	94	47	104	162	(162)	1,081
Amortisation of intangible assets											(41)
Impairment of goodwill											(740)
Operating income											300
Interest expense and other income/(expenses), net											(54)
Provision for income taxes											(236)
Net income											**10**
Capital expenditures	(9)	(15)	(2)	(3)	(10)	(2)	(2)	(3)	(18)	(33)	(97)
Segment assets	1,365	2,868	695	1,108	301	265	319	513	1,452	840	9,726
Long-lived assets [1]	244	152	12	10	18	9	5	16	135	27	628

in EUR	France	North America	UK & Ireland	Germany & Austria	Japan	Italy	Benelux	Lee Hecht Harrison	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 and impairment of goodwill and 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	450	9,436
Long-lived assets [1]	247	141	10	13	20	11	12	13	124	49	640

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

in millions, except share and per share information

in EUR	France	North America	UK & Ireland	Germany & Austria	Japan	Italy	Benelux	Lee Hecht Harrison	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 and impairment of goodwill and 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	810	9,324
Long-lived assets [1]	204	134	11	18	19	10	11	15	115	29	566

Information by country is as follows:

in EUR	France	USA	UK	Germany	Japan	Italy	Switzerland	Rest of the world	Total
Revenues									
2015	4,807	4,537	2,275	1,649	1,122	1,304	485	5,831	22,010
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
Long-lived assets [1]									
2015	254	155	12	10	18	9	25	145	628
2014	257	145	10	13	20	11	46	138	640
2013	215	140	11	18	19	11	27	125	566

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

Revenues by business line are as follows:

in EUR	Office	Industrial	Information Technology	Engineering & Technical	Finance & Legal	Medical & Science	Solutions	Total
Revenues								
2015	5,269	11,097	2,588	1,133	912	407	604	22,010
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

Note 16 • 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 225 in 2015, EUR 211 in 2014 and EUR 221 in 2013. Future minimum annual lease payments under operating leases translated using December 31, 2015 exchange rates are as follows:

in EUR	2016	2017	2018	2019	2020	Thereafter	Total
Operating leases	181	128	90	63	43	37	542

As of December 31, 2015, the Company has future purchase and service contractual obligations of approximately EUR 258, primarily related to acquisitions of approximately EUR 143 (refer to Note 18 for further details), IT development and maintenance agreements, marketing sponsorship agreements, equipment purchase agreements, and other supplier commitments. Future payments under these arrangements translated using December 31, 2015 exchange rates are as follows:

in EUR	2016	2017	2018	2019	2020	Thereafter	Total
Purchase and service contractual obligations	208	37	9	3	1		258

Guarantees

The Company has entered into certain guarantee contracts and standby letters of credit that total EUR 666, including those letters of credit issued under the multicurrency revolving credit facility (EUR 100). 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 17 • 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 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 currency exchange rates and interest rates and is further discussed in Note 10. 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 2015.

Note 18 • Subsequent events

On March 9, 2016, the Company announced that it has reached an agreement to make a recommended cash offer for the entire issued and to be issued ordinary share capital of Penna Consulting PLC ("Penna") of 365 pence per share. Penna is a UK AIM-listed company operating with three business units: career transition, talent development and recruitment solutions. The total consideration payable will be approximately GBP 105 (approximately EUR 143 using December 31, 2015 exchange rates). The acquisition is expected to be implemented by a Court-sanctioned scheme of arrangement and is expected to complete in the second quarter of 2016.

The Company has evaluated subsequent events through March 17, 2016, the date the consolidated financial statements were available to be issued. No other significant events occurred subsequent to the balance sheet date but prior to March 17, 2016 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 2015 and 2014, 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 2015, 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 2015 and 2014, and the consolidated results of the operations and the cash flows for each of the three years in the period ended 31 December 2015, 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
17 March 2016

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

in millions, except share and per share information

As of (in CHF)	Note	31.12.2015	31.12.2014
Assets			
Current assets:			
• Cash and cash equivalents		248	6
• Receivables from subsidiaries, net		63	49
• Current financial assets		41	
• Other current assets		7	5
Total current assets		**359**	**60**
Non-current assets:			
• Loans to subsidiaries, net		2,377	2,553
• Investments in subsidiaries, net	2	9,340	9,780
• Software and other intangible assets, net		37	85
• Non-current financial assets		4	
• Other non-current assets		4	24
Total non-current assets		**11,762**	**12,442**
Total assets		**12,121**	**12,502**
Liabilities and shareholders' equity			
Liabilities			
Current liabilities:			
• Payables to subsidiaries		53	133
• Payables to third parties		8	4
• Current maturities of long-term interest-bearing debt	3	350	
• Other current liabilities		80	57
Total current liabilities		**491**	**194**
Non-current liabilities:			
• Long-term interest-bearing debt to subsidiaries		7,232	6,370
• Long-term interest-bearing debt to third parties	3	475	825
• Other non-current liabilities		26	20
Total non-current liabilities		**7,733**	**7,215**
Total liabilities		**8,224**	**7,409**
Shareholders' equity			
Share capital	5	174	179
Statutory reserves from capital contribution	5	155	519
Statutory retained earnings	5	407	407
Voluntary retained earnings	5	3,446	4,357
Treasury shares	6	(285)	(369)
Total shareholders' equity		**3,897**	**5,093**
Total liabilities and shareholders' equity		**12,121**	**12,502**

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)	Note	2015	2014
Income			
Royalties and license fees		359	348
Interest income from subsidiaries		76	76
Interest income from third parties		2	2
Other income		12	12
Total income		**449**	**438**
Expenses			
Interest expense to subsidiaries		(74)	(204)
Interest expense to third parties		(20)	(21)
Other expenses		(154)	(223)
Depreciation and amortisation		(45)	(46)
Change of provisions on loans and investments, net	2	(659)	(47)
Financial expenses		(102)	(5)
Total expenses		**(1,054)**	**(546)**
Loss before taxes		**(605)**	**(108)**
Direct taxes		1	13
Net loss		**(604)**	**(95)**

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

in millions, except share and per share information

Note 1 • Summary of significant accounting principles

Adecco S.A. (Chéserex, Switzerland) is the parent company of the Adecco Group. Its financial statements are prepared in accordance with Swiss law. Adecco S.A. does not employ personnel in the years 2015 and 2014.

Basis of presentation

In 2015, the statutory financial statements have been prepared for the first time in accordance with the amended Swiss Code of Obligations ("SCO"). Prior year amounts have been restated to conform to the current year's presentation.

Foreign currencies

Foreign currency transactions are accounted for at the exchange rates at the date of the transactions. The gains and losses resulting from the settlement of such transactions and from the remeasurement of current assets and liabilities denominated in foreign currencies are recognised in other income or financial expenses. Net unrealised gains on non-current assets and liabilities are deferred in liabilities and unrealised losses are recognised in financial expenses.

Financial assets

Current and non-current financial assets contain foreign currency contracts and cross-currency interest rate swaps, and are measured at market price. Movements in market prices are recorded in other income or financial expenses.

Investments in subsidiaries

Investments in subsidiaries are valued at the lower of cost or fair value, using generally accepted valuation principles.

Share-based payments

Adecco S.A. records a provision for share-based compensation in other non-current liabilities for subsequent settlement with treasury shares. Any differences between the provision and the acquisition costs for treasury shares are recorded in other expenses at settlement.

Note 2 • Investments in subsidiaries

As of December 31, 2015 and December 31, 2014, the investments in subsidiaries amounts to CHF 10,600 and CHF 10,385, respectively and are shown net of a provision of CHF 1,260 and CHF 605, respectively. The net increase of the provision on investments of CHF 655 consists of an increase of provisions of CHF 810 and a release of provisions of CHF 155.

Direct investments in subsidiaries as of December 31, 2015 and December 31, 2014

Country	Registered office	Name of legal entity	2015 Ownership & voting power	2014 Ownership & voting power
Andorra	Andorra la Vella	Adecco Recursos Humans SA	67%	67%
Argentina	Buenos Aires	Adecco Argentina S.A.	81%	81%
Australia	Melbourne	Adecco Holdings Pty Ltd	100%	100%
Austria	Vienna	Adecco Holding GmbH	100%	100%
Austria	Vienna	Tuja Holding GmbH	100%	100%
Belgium	Groot-Bijgaarden	Adecco Construct NV	100%	100%
Belgium	Groot-Bijgaarden	Adecco Personnel Services NV	100%	100%
Belgium	Groot-Bijgaarden	Adecco Professional Staffing NV	100%	100%
Bermuda	Hamilton	Adecco Reinsurance Company Limited	100%	100%
Brazil	Sao Paulo	Adecco Recursos Humanos S.A.	100%	100%
Bulgaria	Sofia	Adecco Bulgaria EOOD	100%	100%
Canada	Toronto, ON	Adecco Employment Services Limited	100%	100%
Canada	Saint John	Beeline International Company	100%	100%
Croatia	Zagreb	Adecco d.o.o. za privremeno zaposljavanje	100%	100%
Croatia	Zagreb	Adecco Hrvatska d.o.o.	100%	100%
Croatia	Zagreb	Adecco Outsourcing d.o.o.	100%	100%
Czech Republic	Prague	Adecco SPOL. S.R.O.	100%	100%
Czech Republic	Prague	Chronos International srl	10%	10%
Finland	Helsinki	Adecco Finland Oy	100%	100%
France	Villeurbanne	Adecco Holding France	100%	100%
France	Villeurbanne	Adecco IT Services	100%	100%
Germany	Düsseldorf	Adecco Beteiligungs GmbH	100%	100%
Greece	Athens	Adecco HR SATW	100%	100%
Hong Kong	Hong Kong	Templar International Consultants Limited	100%	100%
Hong Kong	Hong Kong	Lee Hecht Harrison Pty Limited	100%	100%
Hungary	Budapest	Adecco Szemelyzeti Kozvetito Kft	100%	100%
India	Bangalore	Adecco India Private Limited	1%	1%
Japan	Tokyo	Adecco Ltd	100%	100%
Luxembourg	Bertrange	Adecco Luxembourg SA	100%	100%
Luxembourg	Luxembourg	Ajilon Luxembourg SA	100%	100%
Luxembourg	Luxembourg	Alexandre Tic (Luxembourg) SA	100%	100%
Malaysia	Kuala Lumpur	Spring Professional (Malaysia) Sdn. Bhd.	49%	49%
Netherlands	Utrecht	Adecco International Financial Services BV	100%	100%
New Zealand	Auckland	Adecco New Zealand Ltd	100%	100%
Norway	Oslo	Olsten Norway AS	100%	100%
Poland	Warsaw	Adecco Poland Sp. z o.o.	100%	100%
Portugal	Lisbon	Adecco Recursos Humanos	100%	100%
Puerto Rico	Manati	Adecco Personnel Services Inc.	100%	100%
Romania	Bucharest	Adecco Resurse Umane SRL	99%	99%
Romania	Bucharest	Adecco Romania SRL	100%	100%
Russia	Moscow	Adecco OOO	99%	99%
Russia	St. Petersburg	OOO Avanta Personnel	1%	1%
Russia	Moscow	Adecco Outsourcing Limited Liability Company[1]	1%	n.a.
Serbia	Belgrade	Adecco Outsourcing d.o.o. Beograd	100%	100%

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

in millions, except share and per share information

Country	Registered office	Name of legal entity	2015 Ownership & voting power	2014 Ownership & voting power
Singapore	Singapore	Adecco Engineering Pte Ltd	100%	100%
Singapore	Singapore	Lee Hecht Harrison Pte Ltd	100%	100%
Slovakia	Bratislava	Adecco Slovakia, s.r.o	100%	100%
Slovenia	Ljublijana	Adecco H.R. d.o.o	100%	100%
South Korea	Seoul	Adecco Korea Co. Ltd.	100%	100%
Spain	Madrid	Adecco Iberia SA	100%	100%
Sweden	Stockholm	Adecco Sweden AB [2]	100%	n.a.
Sweden	Stockholm	Adecco Health AB [3]	n.a.	100%
Sweden	Stockholm	Adecco IT & Engineering AB [3]	n.a.	100%
Switzerland	Lausanne	Adecco Ressources Humaines S.A.	100%	100%
Switzerland	Geneva	Lee Hecht Harrison Sàrl	100%	100%
Switzerland	Lausanne	Adecco management & consulting S.A.	100%	100%
Switzerland	Lucerne	Adecco Germany Holding Management S.A.	100%	100%
Switzerland	Lucerne	Adecco Invest S.A.	100%	100%
Thailand	Samutprakan	Adecco Bangna Recruitment Limited	20%	20%
Thailand	Bangkok	Adecco Consulting Limited	49%	49%
Thailand	Bangkok	Adecco Eastern Seaboard Recruitment Limited	49%	49%
Thailand	Bangkok	Adecco International Consultants Recruitment Limited	25%	25%
Thailand	Bangkok	Adecco New Petchburi Recruitment Limited	49%	49%
Thailand	Bangkok	Adecco Phaholyothin Recruitment Limited	9%	9%
Thailand	Bangkok	Adecco Rama IV Recruitment Limited	49%	49%
Thailand	Bangkok	Spring Professional Recruitment (Thailand) Limited	50%	50%
Turkey	Istanbul	Adecco Hizmet ve Danismanlik AS	0%	0%
Ukraine	Kiev	TOV 'Adecco Ukraine'	100%	100%
USA	Wilmington, DE	Adecco, Inc	100%	100%
Vietnam	Ho Chi Minh City	CÔNG TY CÔ PHÂN ADECCO VIÊT NAM	99%	99%

1 New company in 2015.

2 Purchased from subsidiary in 2015.

3 Merged into Adecco Sweden AB in 2015.

All significant indirect investments in subsidiaries of Adecco S.A. are listed in section "Major consolidated subsidiaries of the Adecco Group".

Note 3 • Long-term interest-bearing debt

The long-term debt issued by Adecco S.A. as of December 31, 2015 consists of the following:

in CHF	Principal at maturity	Maturity	Fixed interest rate	31.12.2015
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**
Less current maturities				(350)
Long-term debt, less current maturities				**475**

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 Exchange. The proceeds were used to fund the share buyback programme approved by the Board of Directors in June 2012. 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 Exchange. The proceeds were used for general corporate purposes. Interest is paid annually in arrears at a fixed annual rate of 2.125%.

Note 4 • Contingent liabilities

The contingent liabilities including guarantees and letters of comfort amount to CHF 2,211 as of December 31, 2015 and to CHF 1,865 as of December 31, 2014.

Adecco S.A. has irrevocably and unconditionally guaranteed the 2022 notes of CHF 544 (EUR 500) and accrued interest of CHF 1, the 2019 notes of CHF 435 (EUR 400) and accrued interest of CHF 2, the 2018 notes of CHF 544 (EUR 500) and accrued interest of CHF 19, 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 11 (EUR 10) 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 109 utilised from the revolving credit facility in the form of letters of credit as of December 31, 2015. Approximately CHF 454 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 91 relating to government requirements for operating a temporary staffing business and for 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.

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

in millions, except share and per share information

Note 5 • Shareholders' equity

in CHF	Share capital	Statutory reserves: Statutory reserves from capital contribution	Statutory reserves: Statutory retained earnings	Statutory reserves: Free reserves	Voluntary retained earnings	Treasury shares	Total
January 1, 2015	**179**	**519**	**407**	**–**	**4,357**	**(369)**	**5,093**
Allocation from statutory reserves from capital contribution to free reserves for dividend distribution		(364)		364			
Dividend distribution				(364)			(364)
Share cancellation	(5)				(307)	312	
Other movements in treasury shares, net						(228)	(228)
Net loss					(604)		(604)
December 31, 2015	**174**[1]	**155**	**407**	**–**	**3,446**	**(285)**	**3,897**

1 Common shares of CHF 174,474,937 at CHF 1 par value.

On April 21, 2015, Adecco S.A. held its Annual General Meeting of Shareholders in Lausanne.

Conditional capital

As of December 31, 2015, Adecco S.A. had conditional capital under Art. 3^{quater} of the Articles of Incorporation of Adecco S.A. of 15,400,000 shares, for a maximum aggregate amount of CHF 15 for issue of a maximum of 15,400,000 registered shares, which shall be fully paid by the exercise of option and conversion rights to be granted in relation 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, 2015 and December 31, 2014, 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 under Art. 3ter of the Articles of Incorporation of Adecco S.A. These shares shall be fully paid up by the exercise of option rights which the Board of Directors has granted to the employees and to the members of the Board of Directors of Adecco S.A. or of its affiliated companies. During 2015 and 2014, Adecco S.A. did not issue any shares and no options were outstanding as of December 31, 2015 and as of December 31, 2014.

Statutory reserves from capital contribution

Pursuant to Swiss tax legislation, the statutory reserves from capital contribution amounted to CHF 155 and CHF 519 as of December 31, 2015 and as of December 31, 2014, respectively. Any dividend distribution made out of the statutory reserves from capital contribution (or from free reserves allocated from the statutory reserves from capital contribution) 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 statutory reserves from capital contribution.

In 2015, upon approval at the Annual General Meeting of Shareholders, dividends for 2014 of CHF 2.10 per share, totalling CHF 364 (EUR 348), were allocated from Adecco S.A.'s statutory reserves from capital contribution to free reserves and subsequently distributed to shareholders. For 2015, the Board of Directors of Adecco S.A. will propose two dividends for a total of CHF 2.40 per share outstanding for the approval of shareholders at the Annual General Meeting of Shareholders, whereas a dividend of CHF 0.90 shall be allocated from Adecco S.A.'s statutory reserves from capital contribution to free reserves and subsequently distributed to shareholders and a dividend of CHF 1.50 shall be directly distributed from voluntary retained earnings.

Note 6 • Treasury shares

As of December 31, 2015 and December 31, 2014, 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, 2014	**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**	
Purchases	22	319,905	68
Purchased over second trading line (share buyback)	224	3,130,750	71
Share cancellation	(312)	(4,606,873)	68
Utilisation for stock-based compensation settlement	(18)	(316,311)	58
December 31, 2015	**285**	**4,160,712**	

In 2015 and 2014, the number of treasury shares acquired by Adecco S.A. on the regular trading line amounted to 319,905 and 409,631, respectively. The highest and lowest price per share paid for the shares acquired in 2015 amounted to CHF 76 and CHF 59, respectively, and for the shares acquired in 2014 CHF 79 and CHF 58, respectively.

In 2015 and 2014, Adecco S.A. awarded 19,991 and 16,335 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 2015 and 2014, 296,320 treasury shares and 310,738 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 3,707,500 shares for EUR 239 as of December 31, 2015 and was completed on January 20, 2016).

As of December 31, 2015 and December 31, 2014, Adecco S.A. held 3,130,750 shares and 4,606,873 shares, respectively, acquired under the share buyback programmes. Adecco S.A. has acquired 3,130,750 shares for CHF 224 (EUR 207) in 2015, and 4,606,873 shares for CHF 312 (EUR 257) in 2014, under the share buyback programmes. The highest and lowest price per share paid under the share buyback programmes in 2015 amounted to CHF 79 and CHF 59, respectively, and in 2014 CHF 73 and CHF 58, respectively.

From January 1 to January 20, 2016, the Company acquired an additional 188,000 shares for CHF 12 (EUR 11) to complete the EUR 250 share buyback launched in November 2014.

At the Annual General Meeting of Shareholders of Adecco S.A. held on April 21, 2015, the shareholders approved the cancellation of 4,606,873 treasury shares acquired until December 31, 2014 under the share buyback programmes and the corresponding reduction of Adecco S.A.'s share capital by 4,606,873 registered shares with a nominal value of CHF 1.00 each. The cancellation of 4,606,873 treasury shares was completed on June 26, 2015. Effective June 26, 2015, the share capital of Adecco S.A. amounts to CHF 174 divided into 174,474,937 shares.

The Board of Directors of Adecco S.A. will propose to the Annual General Meeting of Shareholders of April 21, 2016 a reduction of share capital through the cancellation of the remaining 3,318,750 repurchased shares on the second trading line that were not already cancelled by the Annual General Meeting 2015.

As of December 31, 2015, 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 8 to the consolidated financial statements) as well as for the Board of Directors' compensation.

Note 7 • Restriction regarding the distribution of dividends

Adecco S.A. may only pay dividends from statutory reserves from capital contribution, and statutory and voluntary retained earnings, 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 statutory reserves from capital contribution and statutory retained earnings 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 statutory retained earnings until the statutory reserves from capital contribution and the statutory retained earnings 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 statutory reserves from capital contribution and statutory retained earnings 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 statutory reserves from capital contribution and statutory retained earnings amounted to CHF 562 and CHF 926 as of December 31, 2015 and December 31, 2014, respectively, thereby exceeding 20% of the paid-in share capital in both years.

Note 8 • 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, 2015, on shareholders' disclosures or on other information available to Adecco S.A.

On February 19, 2015, Harris Associates Investment Trust, Chicago, US, shareholding in Adecco S.A. fell below 5%. Harris Associates Investment Trust held 9,181,200 shares as of November 14, 2014.

Refer to Note 6 for details on shares held by Adecco S.A.

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

Note 9 • Board of Directors and Executive Committee shareholdings

Board of Directors' shareholdings

	Shareholding as of December 31, 2015 [1]	Shareholding as of December 31, 2014 [1]
Name and function		
Rolf Dörig, Chairman	57,228	50,432
Thomas O'Neill, Vice-Chairman	9,207	7,269
Dominique-Jean Chertier	9,449	8,088
Jean-Christophe Deslarzes [2]	1,057	n.a.
Alexander Gut	16,870	14,831
Didier Lamouche	2,449	1,088
David Prince	8,514	6,627
Wanda Rapaczynski	11,370	9,331
Kathleen P. Taylor [2]	1,057	n.a.
Andreas Jacobs [3]	n.a.	1,631
Total	**117,201**	**99,297**

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

2 Became a member of the Board of Directors on April 21, 2015.

3 Member of the Board of Directors until April 21, 2015.

in millions, except share and per share information

Executive Committee's shareholdings

Name	Position	Shareholding as of December 31, 2015 [1]	Shareholding as of December 31, 2014 [1]
Alain Dehaze	Chief Executive Officer	22,734	14,670
Hans Ploos van Amstel [2]	Chief Financial Officer	2,000	n.a.
Christophe Catoir [2]	Regional Head of France	5,638	n.a.
Robert P. (Bob) Crouch	Regional Head of North America	5,103	2,037
John L. Marshall III [2]	Regional Head of UK & Ireland	2,000	n.a.
Christophe Duchatellier	Regional Head of Asia Pacific	5,236	2,894
Mark De Smedt	Chief Human Resources Officer	5,000	2,500
Sergio Picarelli	Regional Head of Italy, Eastern Europe & MENA [4] and India	7,854	10,650
Enrique Sanchez	Regional Head of Iberia & South America	5,184	5,043
Federico Vione	Chief Sales & Innovation Officer	5,043	2,220
Stephan-Thomas Howeg [2]	Chief Marketing & Communication Officer	5,336	n.a.
Patrick De Maeseneire [3]		n.a.	60,000
Dominik de Daniel [3]		n.a.	32,463
Martín Alonso [3]		n.a.	3,266
Andreas Dinges [3]		n.a.	3,611
Peter Searle [3]		n.a.	2,000
Total		**71,128**	**141,354**

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

2 Became a member of the Executive Committee in 2015.

3 Left the Executive Committee in 2015.

4 Middle East and North Africa.

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.

Note 10 • Subsequent events

On February 8, 2016, Adecco S.A. repaid the CHF 350 fixed rate notes issued within the framework of the Euro Medium-Term Note Programme upon maturity.

Major consolidated subsidiaries of the Adecco Group

Country	Registered office	Name of legal entity	Ownership[1]	Type[2]	Currency of share capital	Share capital in thousands
Argentina	Buenos Aires	Adecco Argentina S.A.[4]	100%	O	ARS	44,526
Australia	Melbourne	Adecco Industrial Pty Ltd	100%	O	AUD	5
Belgium	Groot-Bijgaarden	Adecco Coordination Center NV	100%	F	EUR	832,468
Belgium	Groot-Bijgaarden	Adecco Personnel Services NV[4]	100%	O	EUR	21,651
Bermuda	Hamilton	Secad Ltd	100%	F	CHF	44
Canada	Toronto, ON	Adecco Employment Services Limited[4]	100%	O	CAD	90,615
Colombia	Bogotá	Adecco Colombia SA	100%	O	COP	111,700
Denmark	Frederiksberg	Adecco A/S	100%	O	DKK	10,002
France	Villeurbanne	Adecco Holding France[4]	100%	H	EUR	602,503
France	Villeurbanne	Adecco France	100%	O	EUR	86,885
France	Villeurbanne	Modis France	100%	O	EUR	10,496
France	Paris	Altedia	100%	O	EUR	4,437
Germany	Düsseldorf	Adecco Beteiligungs GmbH[4]	100%	H	EUR	25
Germany	Düsseldorf	Adecco Personaldienstleistungen GmbH	100%	O	EUR	31
Germany	Düsseldorf	DIS AG	100%	O	EUR	12,300
Germany	Ingolstadt	TUJA Zeitarbeit GmbH	100%	O	EUR	40
Germany	Ulm	euro engineering AG	100%	O	EUR	540
India	Bangalore	Adecco India Private Limited[4]	100%	O	INR	23,806
Italy	Milan	Adecco Italia S.p.A.	100%	O	EUR	2,976
Japan	Tokyo	Adecco Ltd[4]	100%	O	JPY	5,562,863
Japan	Tokyo	VSN, Inc.	100%	O	JPY	1,063,772
Mexico	Mexico City	Ecco Servicios de Personal SA de CV	100%	H/O	MXN	101,854
Netherlands	Utrecht	Adecco International Financial Services BV[4]	100%	F	EUR	2,500
Netherlands	Utrecht	Adecco Holding Europe BV	100%	H	EUR	18,807
Netherlands	Utrecht	Adecco Personeelsdiensten BV	100%	O	EUR	227
Netherlands	Utrecht	Adecco Personeelsdiensten Logistiek BV	100%	O	EUR	2
Netherlands	Utrecht	Adecco Detachering BV	100%	O	EUR	18
Norway	Oslo	Adecco Norge AS	100%	O	NOK	51,000
Poland	Warsaw	Adecco Poland Sp. z.o.o.[4]	100%	O	PLN	50
Spain	Madrid	Adecco TT SA Empresa de Trabajo Temporal	100%	O	EUR	1,759
Spain	Madrid	Atlas Servicios Empresariales SA	100%	O	EUR	60
Sweden	Stockholm	Adecco Sweden AB[4]	100%	O	SEK	3,038
Switzerland	Lausanne	Adecco management & consulting S.A.[4]	100%	S	CHF	500
Switzerland	Lucerne	Adecco Invest S.A.[4]	100%	H	CHF	100
Switzerland	Lausanne	Adecco Ressources Humaines S.A.[4]	100%	O	CHF	7,000
United Kingdom	London	Spring Technology Staffing Services Limited	100%	O	GBP	18,831
United Kingdom	London	Adecco UK Limited	100%	O	GBP	99,600
United Kingdom	London	Olsten (U.K.) Holdings Ltd	100%	H	GBP	9,213
United Kingdom	London	Badenoch and Clark Limited	100%	O	GBP	4
United Kingdom	London	Pontoon Europe Limited	100%	O	GBP	2,574
United Kingdom	London	Office Angels Ltd	100%	O	GBP	2,657
United States	Wilmington, DE	Adecco, Inc[4]	100%	H	USD	1
United States	Wilmington, DE	Adecco USA, Inc	100%	O	USD	<1
United States	Burlington, MA	Entegee, Inc.	100%	O	USD	4,534
United States	Jacksonville, FL	Accounting Principals, Inc.	100%	O	USD	161
United States	Wilmington, DE	Pontoon Solutions, Inc.	100%	O	USD	<1
United States	Wilmington, DE	Lee Hecht Harrison LLC	100%	O	USD	n.a.[3]
United States	Jacksonville, FL	Modis, Inc.	100%	O	USD	12,612
United States	Atlanta, GA	Soliant Health, Inc.	100%	O	USD	11
United States	Baltimore, MD	Special Counsel, Inc.	100%	O	USD	18

1 Voting rights equal to ownership. Voting rights and ownership refer to the Adecco Group.

2 H – Holding; O – Operating; S – Services; F – Financial

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

4 Adecco S.A. direct investment.

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

in millions, except share and per share information

in CHF	2015	2014
Voluntary retained earnings		
Voluntary retained earnings of previous years	4,357	4,959
Net loss	(604)	(95)
Share cancellation	(307)	(507)
Total available voluntary retained earnings	**3,446**	**4,357**
Proposed dividend distribution of CHF 1.50 per share for 2015	(256) [1]	
Total voluntary retained earnings to be carried forward	**3,190**	**4,357**

in CHF	2015	2014
Statutory reserves from capital contribution		
Statutory reserves from capital contribution of previous years	155	519
Allocation from statutory reserves from capital contribution to free reserves for dividend distribution of CHF 2.10 per share for 2014		(364)
Proposed allocation from statutory reserves from capital contribution to free reserves and proposed dividend distribution of CHF 0.90 per share for 2015	(153) [1]	
Balance to be carried forward	**2**	**155**

1 This represents the amount of dividends payable based on the total number of outstanding shares (excluding treasury shares) of 170,314,225 as of December 31, 2015.

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 2015.

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 2015 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

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

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

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

Ernst & Young Ltd

André Schaub
Licensed audit expert
(Auditor in charge)

Bruno Chiomento
Licensed audit expert

Zurich, Switzerland
17 March 2016

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.

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, 2015, 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 12.0 billion. On March 7, 2016, this market capitalisation amounted to approximately CHF 10.7 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, 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 Lee Hecht Harrison. 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"), and Business Process Outsourcing ("BPO"), which includes 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 January 1, 2016, the Company's EC was composed as follows:

- Alain Dehaze, Chief Executive Officer;
- Hans Ploos van Amstel, Chief Financial Officer;
- Christophe Catoir, Regional Head of France;
- Robert P. (Bob) Crouch, Regional Head of North America;
- John L. Marshall III, Regional Head of UK & Ireland;
- Franz-Josef Schürmann, Regional Head of Germany, Austria, Switzerland (DACH);
- Christophe Duchatellier, Regional Head of Asia Pacific;
- Mark De Smedt, Regional Head of Northern Europe;
- Sergio Picarelli, Regional Head of Italy, Eastern Europe & MENA and India;
- Enrique Sanchez, Regional Head of Iberia & South America;
- Federico Vione, Chief Sales & Innovation Officer;
- Shanthi Flynn, Chief Human Resources Officer (as of March 1, 2016);
- Stephan-Thomas Howeg, Chief Marketing & Communications Officer.

The Company comprises numerous legal entities around the world. The major consolidated subsidiaries of the Adecco Group are listed on page 118 of this Annual Report. No subsidiary has shares listed on a stock exchange.

1.2 Significant shareholders

As of December 31, 2015, the total number of shareholders directly registered with Adecco S.A. was approximately 14,000; the major shareholders and their shareholdings were disclosed to Adecco S.A. as listed in the following table.

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 following website:
https://www.six-exchange-regulation.com/de/home/publications/significant-shareholders.html 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.	**02.07.2015**	**Falling below threshold of 3%** [1]
Akila Finance S.A.	**28.05.2014**	**4.31% equity, 0.26% sale positions** [2]
Artisan	**19.01.2016**	**Falling below threshold of 3%**
	12.09.2015	4.92% equity [2]
	14.05.2015	5.40% equity [2]
Group BlackRock Inc.	**11.03.2016**	**5.06% purchase positions, 0.03% sale positions**
	17.11.2015	4.99% purchase positions, 0.003% sale positions
	13.11.2015	5.02% purchase positions, 0.09% sale positions
Harris Associates Investment Trust	**23.04.2015**	**Falling below threshold of 3%**
	25.02.2015	4.93% equity
MFS Investment Management	**01.10.2014**	**3.15% equity**
The Capital Group Companies, Inc.	**16.12.2014**	**3.48% equity**
Invesco Limited	**20.10.2015**	**3.09% equity**

1 For information on treasury shares held by Adecco S.A. as of December 31, 2015, refer to Note 6 to Adecco S.A. (Holding Company) financial statements.

2 Beneficial owners have been disclosed.

As of December 31, 2015, 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 Federal Act on Stock Exchanges and Securities Trading ("SESTA"; applicable until December 31, 2015), 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. As of January 1, 2016, Art. 120 of the Financial Market Infrastructure Act ("FMIA") applies. For further information refer to section 7.1.

1.3 Cross-shareholdings

As of December 31, 2015, 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 21, 2015, the Company's shareholders approved 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).

As of December 31, 2015, Adecco S.A.'s share capital registered with the Commercial Register amounted to CHF 174,474,937 divided into 174,474,937 fully paid up registered shares with a nominal value of CHF 1 each.

The Board will propose to the AGM of April 21, 2016 to reduce the Company's registered share capital by CHF 3,318,750 (equal to 3,318,750 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, 2015.

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 (www.aoi.adecco.com).

2.3 Changes in share and conditional capital

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

	Issued shares		Conditional capital	
in CHF millions, except shares	Shares	Amount	Shares	Amount
January 1, 2013	**189,263,506**	**189.3**	**19,566,804**	**19.6**
Changes				
December 31, 2013	**189,263,506**	**189.3**	**19,566,804**	**19.6**
Share cancellation	(10,181,696)	(10.2)		
December 31, 2014	**179,081,810**	**179.1**	**19,566,804**	**19.6**
Share cancellation	(4,606,873)	(4.6)		
December 31, 2015	**174,474,937**	**174.5**	**19,566,804**	**19.6**

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 (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, 2015, 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; 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; www.aoi.adecco.com). The Board may grant exemptions to this registration restriction (refer to Art. 4 sec. 6 of the AoI; www.aoi.adecco.com). In 2015, 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; 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; www.aoi.adecco.com.

Board of Directors as of December 31, 2015

Rolf Dörig

- *Chairman*

Thomas O'Neill

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

Board of Directors, Executive Committee, and compensation

3. Board of Directors

As of December 31, 2015, the Board of Adecco S.A. consisted of nine members.

3.1 Biographies of members of the Board of Directors

The following sets forth the name, year of birth, entry date, terms of office, nationality, professional education, and principal positions of those individuals who served as members of the Board as of December 31, 2015:

Rolf Dörig

- Swiss national, born 1957. Rolf Dörig has been Chairman since January 2009 and a member of the Board of Directors since May 2007. He has served on the Nomination & Compensation and the Corporate Governance Committees. His one-year term of office ends on the day of the next Annual General Meeting of Shareholders.
- 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 dorma + kaba Holding AG[1], member of the Board of Directors of Walter Frey Holding AG, all in Switzerland, and member of the Supervisory Board of Danzer Holding AG in Austria. Furthermore, Rolf Dörig was a member of the Board Committee of economiesuisse, Switzerland, until August 2014.

Thomas O'Neill

- Canadian national, born 1945. Thomas O'Neill has served as Vice-Chairman of the Board of Directors from January 2009 to December 2011 and again since April 2015. He has been a member of the Board of Directors since June 2004 and he has served on various committees. He is currently a member of the Nomination & Compensation and Corporate Governance Committees. His one-year term of office ends on the day of the next Annual General Meeting of Shareholders.

1 *Listed company.*

Dominique-Jean Chertier

- *Member of the Audit Committee*

- Thomas O'Neill graduated with a Bachelor of Commerce degree from Queen's University in Kingston, Ontario, Canada. He obtained his designation as FCA in 1988. In 2005, he was granted an honorary doctorate degree in law (LL.D.) by Queen's University, Kingston, Canada.
- Thomas O'Neill joined the audit staff of Price Waterhouse in Toronto in 1967, and became a partner in 1978. Until his departure in 2002, he held various leadership positions in both the Canadian firm (Toronto) and in the global firm (New York), including the position of CEO and Chairman of PwC Consulting (global). Thomas O'Neill was a member of the Board of Dofasco Inc., Canada, from May 2003 to 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, (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] (until April 2016) and is Lead Independent Director 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, Canada.

Dominique-Jean Chertier

- French national, born 1950. Dominique-Jean Chertier has been a member of the Board of Directors and a member of the Audit Committee since April 2012. His one-year term of office ends on the day of the next Annual General Meeting of Shareholders.
- 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, France, from 2003 to 2011. From 2011 to June 2013, he was Deputy CEO of Safran Group, France. From July 2013 to June 2014, he was Senior Advisor to the Chairman of Safran Group, 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.

Jean-Christophe Deslarzes

- *Member of the Audit Committee*

Alexander Gut

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

Jean-Christophe Deslarzes

- Swiss national, born 1963. Jean-Christophe Deslarzes has been a member of the Board of Directors and a member of the Audit Committee since April 2015. His one-year term of office ends on the day of the next Annual General Meeting of Shareholders.
- Jean-Christophe Deslarzes holds a master's degree in Law from the University of Fribourg, Switzerland.
- Jean-Christophe Deslarzes began his career in 1991 as a tax and legal consultant at Arthur Andersen in Geneva, Switzerland. From 1994 to 2010, he worked at Rio Tinto and its predecessor companies, Alcan and Alusuisse, in human resources and management roles, based in Europe and Canada, including as Senior Vice President Human Resources and member of the Executive Committee of Alcan Group as well as President and CEO, Downstream Aluminium Businesses, Rio Tinto. He served as Chief Human Resources and Organisation Officer and member of the Executive Board at Carrefour Group, based in France, from 2010 to 2013. Since November 2013, Jean-Christophe Deslarzes has been Chief Human Resources Officer and member of the Executive Committee of ABB Group [1], Switzerland.

Alexander Gut

- British & Swiss national, born 1963. Alexander Gut has been a member of the Board of Directors since May 2010. He has served on various committees and is currently Chairman of the Nomination & Compensation Committee and a member of the Audit Committee. His one-year term of office ends on the day of the next Annual General Meeting of Shareholders.
- 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 LafargeHolcim AG [1] and SIHAG Swiss Industrial Holding AG, all in Switzerland.

1 Listed company.

Didier Lamouche

- *Member of the Corporate Governance Committee*

David Prince

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

Didier Lamouche

- French national, born 1959. Didier Lamouche has been a member of the Board of Directors and a member of the Corporate Governance Committee since April 2011. His one-year term of office ends on the day of the next Annual General Meeting of Shareholders.
- Didier Lamouche obtained a PhD in semiconductor technology from Ecole Centrale de Lyon, France. He was CEO of Altis Semiconductor. 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. Didier Lamouche was a member of the Board of Directors of STMicroelectronics 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, 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 of Oberthur Technologies, France.
- Didier Lamouche has held various mandates as non-executive Director at Boards of listed and non-listed companies.

David Prince

- British national, born 1951. David Prince has been a member of the Board of Directors since June 2004. He has served on various committees and is currently Chairman of the Audit Committee and a member of the Corporate Governance Committee. His one-year term of office ends on the day of the next Annual General Meeting of Shareholders.
- 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, 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 in the Wilson Parking Group, Australia.

Wanda Rapaczynski

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

Kathleen P. Taylor

- *Member of the Audit Committee*

Wanda Rapaczynski

- United States national, born 1947. Wanda Rapaczynski has been a member of the Board of Directors since May 2008. She has been serving as the Chairwoman of the Corporate Governance Committee since April 2011 (member since May 2008) and as a member of the Nomination & Compensation Committee since April 2011. Her one-year term of office ends on the day of the next Annual General Meeting of Shareholders.
- 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.

Kathleen P. Taylor

- Canadian national, born 1957. Kathleen P. Taylor has been a member of the Board of Directors and a member of the Audit Committee since April 2015. Her one-year term of office ends on the day of the next Annual General Meeting of Shareholders.
- Kathleen P. Taylor obtained a Master's degree of Business Administration from Schulich School of Business, a law degree from Osgoode Hall Law School and a Bachelor of Arts (Honours) degree from the University of Toronto, all in Canada.
- Kathleen P. Taylor is the former President and Chief Executive Officer of Four Seasons Hotels and Resorts, Canada, where she served in a variety of senior leadership roles from 1989 to 2013.
- Kathleen P. Taylor has been a member of the Board of the Royal Bank of Canada[1] since November 2001, and its Chair since January 2014. She has been a director of the Canada Pension Plan Investment Board since October 2013.
- Kathleen P. Taylor is also Chair of the Board of the Hospital for Sick Children Foundation, the Chair of the Principal's International Advisory Board of McGill University, and a member of the Dean's Advisory Council of the Schulich School of Business of York University, all in Canada. Kathleen P. Taylor is a Member of the National Council of the C.D. Howe Institute and the Co-Chair of its Human Capital Initiative.

1 Listed company.

3.2 Other activities and vested interests of the Board of Directors

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

As of December 31, 2015, 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; 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; 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; 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, 2015, the Board is composed of nine 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 2015, the Board held thirteen meetings and phone conferences.

Attendance at meetings and phone conferences during 2015:

	Full Board of Directors	Audit Committee	Corporate Governance Committee	Nomination & Compensation Committee
Number of meetings in person	6	4	4	4
Number of phone conferences	7	5		6
Average duration in hours:				
• Meetings in person	5 ½	2 ½	1	2 ½
• Phone conferences	½	1		1
Rolf Dörig	13	8[1]	4[1]	9[1]
Thomas O'Neill	12	1[1]	4	10
Dominique-Jean Chertier	13	9		1[1]
Jean-Christophe Deslarzes[2]	11	5		
Alexander Gut	13	8	2	10
Didier Lamouche	10		4	1[1]
David Prince	13	9	2	
Wanda Rapaczynski	13	1[1]	4	10
Kathleen P. Taylor[2]	10	5		
Andreas Jacobs[3]	2	3		3

1 Guest, without voting right.

2 Member of the Board of Directors since April 21, 2015.

3 Member of the Board of Directors until April 21, 2015.

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 2015, the AC held nine 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, 2015, the members of the AC were:

Name	Position
David Prince	Chairman of the AC
Dominique-Jean Chertier	Member
Jean-Christophe Deslarzes	Member
Alexander Gut	Member
Kathleen P. Taylor	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 2015, 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, 2015, the members of the CGC were:

Name	Position
Wanda Rapaczynski	Chairwoman of the CGC
Didier Lamouche	Member
Thomas O'Neill	Member
David Prince	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 2015, the NCC held ten 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, 2015, the members of the NCC were:

Name	Position
Alexander Gut	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 17 "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 January 1, 2016

Alain Dehaze

- *Chief Executive Officer*

Hans Ploos van Amstel

- *Chief Financial Officer*

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 January 1, 2016.

Alain Dehaze

- Chief Executive Officer since September 2015, Regional Head of France from August 2011 to August 2015, 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 Adecco Group in September 2009 as Regional Head of Northern Europe.
- Alain Dehaze trained as a commercial engineer at the ICHEC Brussels Management School, Belgium.
- From 1987 until 2000, Alain Dehaze held senior positions in a number of European countries at Henkel and ISS. In 2000, he became Managing Director of Creyf's Interim in Belgium (now Start People). From 2002 to 2005, he was Chief Executive Officer of Solvus. Following the acquisition of Solvus by USG People, the Netherlands, in 2005, he became the Chief Operating Officer of USG People, with overall responsibility for operations, including the integration of Solvus. From September 2007 until 2009, he was CEO of the staffing services company Humares, the Netherlands.
- Since January 2016, Alain Dehaze has been the Chair of the Global Apprenticeship Network (GAN). Furthermore, Alain Dehaze was Vice President of the Board of the European Confederation of Private Employment Agencies (Eurociett) and member of the Board of the International Confederation of Private Employment Agencies (Ciett) between December 2010 and December 2015.

Hans Ploos van Amstel

- Chief Financial Officer and member of the EC since September 2015.
- Dutch national, born 1965. Hans Ploos van Amstel joined the Adecco Group as CFO in September 2015.
- Hans Ploos van Amstel holds a Bachelor of Arts from the Economische Hogeschool of Eindhoven, and an MBA in Marketing & Finance from the University of Brabant, both in the Netherlands.
- Hans Ploos van Amstel started his career in Finance at Procter & Gamble (P&G) in the Netherlands in 1989. Between 1992 and 2003, he held positions of increasing responsibility in P&G across Saudi Arabia, Germany, Belgium, and Switzerland. In 2003, he joined Levi Strauss & Co. in Belgium, as Vice President Finance & Operation Europe, and moved to the USA as global Chief Financial Officer in 2005. In his most recent position, Hans Ploos van Amstel was CFO of COFRA Group from 2009 to 2013, before acting as co-CEO of C&A Europe for a transition period until 2015.

Christophe Catoir

• *Regional Head of France*

Robert P. (Bob) Crouch

• *Regional Head of North America*

John L. Marshall III

• *Regional Head of UK & Ireland*

Christophe Catoir

- Regional Head of France and member of the EC since September 2015.
- French national, born 1972. Christophe Catoir joined Groupe Adecco France as Internal Auditor in 1995.
- Christophe Catoir graduated from the IESEG School of Management, France.
- Between 1995 and 2005, Christophe Catoir held positions as Finance Manager and Regional Manager. In 2005, he was appointed Head of Permanent Placement activities in France, and became a member of the Groupe Adecco France management team in 2007. In 2009, Christophe Catoir was appointed Managing Director of Adecco South-East France, leading a network of 350 branches and 1,300 employees. In 2012, he was appointed Managing Director for Professional Staffing Groupe Adecco 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 from the University of Florida and a master's degree in Accounting from the University of North Carolina at Chapel Hill, USA.
- Bob Crouch was a Senior Auditor with Arthur Andersen LLP between 1992 and 1995. 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. From January 2011 until May 2012, he was the President of RPC Partners Inc. (Financial & Management Consulting). Since August 2015, his management role has included the global business lines Pontoon and Beeline.

John L. Marshall III

- Regional Head of UK & Ireland and member of the EC since October 2015.
- United States national, born 1963.
- John L. Marshall III holds a Bachelor of Arts degree in Economics and Political Science from the University of Georgia and a Juris Doctorate from the University of Florida, both USA.
- John L. Marshall III was a practicing attorney with King & Spalding and AT&T before he joined MPS Group in 1998. He started as Deputy General Counsel with an emphasis on acquisitions and public company reporting. He was promoted to President of Special Counsel in 2001 and named President of Accounting Principals in 2006. Adecco acquired MPS Group in 2010 and named John L. Marshall III President of Adecco's US Finance, Office and Legal business unit.

Franz-Josef Schürmann

- *Regional Head of Germany, Austria & Switzerland (DACH)*

Christophe Duchatellier

- *Regional Head of Asia Pacific*

Mark De Smedt

- *Regional Head of Northern Europe*

Franz-Josef Schürmann

- Regional Head of Germany, Austria, Switzerland (DACH) and member of the EC since January 2016.
- German national, born 1969. Franz-Josef Schürmann joined the Adecco Group as Regional Head of Germany, Austria, Switzerland (DACH) in January 2016.
- Franz-Josef Schürmann studied Agricultural Economics and Business Administration at Bonn University, Germany, and at London University. He graduated as a Fulbright scholar with a Master of Science at Purdue University, USA.
- Franz-Josef Schürmann started his career at Accenture in 1996. As a member of the German and European leadership teams of Accenture, in 2008, he was named Global Client Partner for several DAX 30 companies. From 2010 to 2015, Franz-Josef Schürmann was Country Head of Germany for Infosys Ltd.
- Franz-Josef Schürmann is member of the Board of Directors at AmCham, the American Chamber of Commerce, member of the Board at Bitkom, the German IT and Communications Industry association, as well as member of the Senate of Acatech, the national academy of science and engineering, Germany.

Christophe Duchatellier

- Regional Head of Asia Pacific since August 2015, Regional Head 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, and studied Human Resources at Assas, France.
- Christophe Duchatellier began his career at Max Vermote & Partners in 1988 and moved to 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 Asia excluding Japan.

Mark De Smedt

- Regional Head of Northern Europe since January 2016, Chief Human Resources Officer (until February 2016) 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 MBA 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.

Sergio Picarelli

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

Enrique Sanchez

- *Regional Head of Iberia & South America*

Federico Vione

- *Chief Sales & Innovation Officer*

Sergio Picarelli

- Regional Head of Italy, Eastern Europe & MENA and India since October 2015, 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).

Enrique Sanchez

- Regional Head of Iberia & South 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.

Federico Vione

- Chief Sales & Innovation Officer since October 2015, Regional Head of Italy, Eastern Europe & India from September 2011 to September 2015, Regional Head of Italy & Eastern Europe and member of the EC since October 2009.
- Italian national, born 1972.
- Federico Vione graduated in economics from Università G. D'Annunzio in 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 is Vice President of Assolavoro (Associazione Nazionale delle Agenzie per il Lavoro), Italy.

Shanthi Flynn

- *Chief Human Resources Officer*

Stephan-Thomas Howeg

- *Chief Marketing & Communications Officer*

Shanthi Flynn

- Chief Human Resources Officer and member of the EC since March 2016.
- British national, born 1964. Shanthi Flynn joined the Adecco Group as Chief Human Resources Officer in March 2016.
- Shanthi Flynn completed a Bachelor of Science with joint honours in Physiology and Pharmacology at the University of Manchester in 1986. She is a graduate of the institute of Personnel Development (IPD), UK.
- Shanthi Flynn built the foundation of her HR career at Ford Motor Company in the UK between 1986 and 1995. She joined the Boots Company in 1995 where she held positions of increasing responsibility becoming Director of HR for all of Boots International retail and fmcg healthcare businesses in 2000. In 2003, she joined the AS Watson Group, Hong Kong, and was promoted to Group International HR Director. In 2006, she founded her own consulting firm, S Flynn Consulting. In 2010, Shanthi Flynn joined Walmart in Asia and became Senior Vice President Human Resources for the Asia region leading the HR team for Walmart's retail businesses in China, Japan, and India. In 2015, she returned to her own consulting practice until joining Adecco.
- Shanthi Flynn is Chair HR Committee of the American Chamber of Commerce in Hong Kong and a Board mentor for Criticaleye, UK and Asia. She also serves on the council of King George V school, Hong Kong.

Stephan-Thomas Howeg

- Chief Marketing & Communications Officer and member of the EC since September 2015.
- Swiss and German national, born 1965.
- Stephan-Thomas Howeg has a master's degree in History, Philosophy & Sociology from the University of Zurich, Switzerland, as well as having completed a four-year apprenticeship in Mechanics. He has taken Executive programmes in Marketing, Communications and Leadership at IMD, INSEAD and Harvard.
- Between 1997 and 2001, Stephan-Thomas Howeg was Head of Corporate Communications & Marketing at Sunrise Communications, Switzerland. In 2001, he joined Ascom, Switzerland, as Global Head Corporate Communications & Investor Relations. From 2003 to 2007, he served as Head of Corporate Communications & Public Affairs for Cablecom, Switzerland. Stephan-Thomas Howeg joined the Adecco Group in February 2007 as Senior Vice President of Corporate Communications and Global Marketing Partnerships, and in 2008 was promoted to Global Head of Group Communications.

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; 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}; www.aoi.adecco.com) define the principles of the AGM's say on pay. The AoI (Art. 20^{bis}; 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 (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 (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 statutory reserves from capital contribution, and statutory and voluntary retained earnings, 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 statutory reserves from capital contribution and statutory retained earnings 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 statutory retained earnings until the statutory reserves from capital contribution and the statutory retained earnings 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 statutory reserves from capital contribution and statutory retained earnings 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 statutory reserves from capital contribution and statutory retained earnings amounted to CHF 562 and CHF 926 as of December 31, 2015 and December 31, 2014, respectively, thereby exceeding 20% of the paid-in share capital in both years.

In 2015, upon approval at the AGM, dividends for 2014 of CHF 2.10 per share, totalling CHF 364 million (EUR 348 million), were allocated from Adecco S.A.'s statutory reserves from capital contribution to free reserves and subsequently distributed to shareholders. For 2015, the Board of Adecco S.A. will propose two dividends for a total of CHF 2.40 per share outstanding for the approval of shareholders at the AGM, whereas a dividend of CHF 0.90 shall be allocated from Adecco S.A.'s statutory reserves from capital contribution to free reserves and subsequently distributed to shareholders and a dividend of CHF 1.50 shall be directly distributed from voluntary retained earnings.

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; 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 preemptive 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 preemptive rights for significant and material reasons only. Preemptive rights may also be excluded or limited in accordance with Adecco S.A.'s AoI (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; 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; 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; 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 SESTA Art. 22 and 32, nor any opting-up clause in the sense of Art. 135 para 1 FMIA as in force since January 1, 2016. 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 21, 2015, the AGM elected Ernst & Young Ltd, Zurich, as statutory auditor of the Company for the business year 2015.

Ernst & Young Ltd has served the Company as its Auditor since 2002. André Schaub, licensed audit expert, has acted as the auditor in charge since 2012. Bruno Chiomento, licensed audit expert, has been the global coordinating partner since 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 2015 amounted to EUR 6.4 million.

For the fiscal year 2015, 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 2015, 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 2015 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 2015 is planned to be held on April 21, 2016 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 10, 2016	Q1 2016 results;
August 10, 2016	Q2 2016 results;
November 8, 2016	Q3 2016 results.

For further investor information, including inscription to push and pull services, refer to 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 (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 its 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 2015

1. General introduction

Adecco's Remuneration Report reflects the requirements of the Ordinance Against Excessive Compensation at Listed Corporations (the "Ordinance") 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.

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 compensation is to be fair and competitive and therefore aims that 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 an important factor in view of the cyclicality of the Company's business. The LTIP incentivises management to deliver long-term value creation and aligns the interests of management with the interests of the shareholders. More details on the different plans are provided in the discussion about the compensation of the Executive Committee ("EC") in sections 3.3 and 4.3 "Executive Committee's compensation".

2.2 Determination of remuneration principles and compensation

In general, compensation of the Board of Directors ("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 provisions of the Articles of Incorporation ("AoI"; www.aoi.adecco.com), the Board has entrusted the Nomination & Compensation Committee ("NCC") with providing recommendations to the Board, taking into account proposals of the Chief Executive Officer ("CEO") and the Chief Human Resources Officer ("CHRO"), 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 the proposals of the maximum compensation of the Board and of the EC to be submitted to the shareholders' meeting of the Company ("AGM"), are determined by the full Board, upon recommendation of the NCC. The members of the EC do not attend meetings 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.

Adecco had engaged Towers Watson AG, Zurich, Switzerland, to provide an in-depth compensation benchmark analysis in 2013 and 2014 in order to ensure alignment with market standards (for details see Remuneration Report 2014, section 2.2 "Determination of remuneration principles and compensation"). Based on the outcome of the analysis, it was decided not to commission another benchmark analysis in 2015.

Pursuant to Art. 14bis of the AoI (www.aoi.adecco.com), the maximum compensation amounts available for members of the Board as well as the EC are subject to annual binding prospective approval of the shareholders' meeting of the Company. At each AGM, shareholders will be asked to approve in a prospective binding vote the maximum Board compensation for the office period from one AGM to the following AGM, and the maximum EC compensation for the following business year. Further information on such vote including the rules on supplementary amounts can be found in Art. 14bis of the AoI (www.aoi.adecco.com).

3. Remuneration 2015

3.1 Introduction

For 2015, the NCC 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 for 2015 (refer to the Remuneration Report 2014).

In 2015, there were changes in both the Board and the EC. At the AGM in April, shareholders re-elected all seven members of the Board that were standing for re-election and elected two new members, increasing the Board from eight to nine members. In the EC, five members in office on January 1, 2015, including both CEO and CFO left the Company during 2015. Four new members joined the EC in 2015 and two in early 2016 (see table under 5.1.2). Following these changes, the EC comprises 13 members compared to 12 members previously.

3.2 Board of Directors' compensation

The members of the Board are compensated with a fixed fee for each office period. 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 (refer to Art. 20 of the AoI; www.aoi.adecco.com). Such an approach is intended to enhance alignment of all Board members with the interests of the shareholders. 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		
Chairman of the Board [2]	960,000	500,000
Vice-Chairman of the Board [2]	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
Other Committee members	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, 2015), 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;
- 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;
- 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;
- benefits including social contributions, pension plan dues and fringe benefits.

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.

3 Amount includes 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.
Short-term incentive plan (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, on Regional level absolute EBITA and/or EBITA margin on Regional/Group level
Long-term incentive plan (LTIP)	Performance Share awards	• Reward long-term performance; and • Align to shareholders' interests	• 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.
Benefits	Social contributions, pension plan dues and fringe benefits	• Attract and retain	• Market practice; • Function; • Local regulations	n.a.

3.3.1 Base salary

The 2015 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 Short-term incentive plan (STIP)

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 Economic Value Added ("EVA") approach. EP is a measure of financial performance, based on residual income. According to this approach, 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 management 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 approach, 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 50% 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 CHRO. 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 75% (150% x 50%) 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. These plan rules are subject to legal enforcement in the given country of employment. Any performance adjustments such as unbudgeted items related to acquisitions and divestitures and reorganisations have to be approved by the NCC.

To support the achievement of the Group EBITA margin target 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 details regarding the achievement conditions for STIPA, refer to the Remuneration Report 2014, section 3.3.3. "Short-term incentive plan".

For EC members without regional responsibilities, the 2015 STIPA at target amounted to 30% of the 2015 STIP bonus base and was subject to the achievement of the Group EBITA margin target of above 5.5% in 2015. For EC members with regional responsibilities, the 2015 STIPA at target amounted to 45% of the 2015 STIP bonus base and was subject to the achievement of either regional EBITA margin or regional absolute EBITA targets in 2015.

The targets for the STIPA were determined by the NCC and were based on the Company's long-term plan including the Group EBITA margin target in 2015. Payments under the STIPA were deferred to 2016.

Performance targets for the STIP and STIPA are both market- and commercially-sensitive and as such are considered confidential. Hence, the Company discloses ex post the degree to which performance has been achieved (refer to section 5.1.2 "Executive Committee's compensation").

3.3.3 Long-term incentive plan (LTIP)

3.3.3.1 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 2015: December 31, 2017), but at the earliest on March 15, 2018, 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 March 2015 to the members of the EC then in function.

The proportion of Performance Share awards amounts to 60% of the LTIP target base amount, and the proportion of RSU awards to 40%. The Performance Share awards are split into EBITA margin awards, EPS awards and relative Total Shareholder Return ("TSR") awards (refer to section 3.3.3.2 "Performance Share awards").

The LTIP target base is defined as a percentage of the participant's annual base salary. For EC members at the date of grant, this percentage ranged 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 the CHRO.

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.

3.3.3.2 Performance Share 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 such as unbudgeted items related to acquisitions and divestitures and reorganisations have to be approved by the NCC. The awards vest accordingly (for the awards granted in 2015: not before March 15, 2018). 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. These plan rules are subject to legal enforcement in the given country of employment.

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 2015 to 2017. 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 2015 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 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 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 2017. 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 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 performance below or at the 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 peer group for 2015 originally 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. As Skilled Group (delisted as of October 1, 2015) was acquired by another company, and USG People has reached a conditional agreement on a tender offer for all its ordinary shares, both companies have been eliminated from the peer group. The NCC periodically reviews the composition of the peer group.

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 the Peer TSR by 5 percentage points. For performance below or at the 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% (maximum)

3.3.3.3 RSU awards

RSU awards are granted as a tool for retaining key personnel, especially in a highly cyclical business like the Company's. The proportion of RSU awards within the LTIP amounts to 40%. RSU awards shall vest in a single tranche after three years (cliff-vesting).

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. These plan rules are subject to legal enforcement in the given country of employment.

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.

3.3.4 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.

4. Remuneration outlook 2016

4.1 Introduction

For 2016, the NCC reviewed the compensation policy for the members of the EC in light of the Group's strategy and new financial targets for the years 2016 onwards. Reflecting these developments, and based upon a proposal by the NCC, the Board has decided to adapt the STIP and the LTIP for the EC for 2016 onwards. The main changes relate to the introduction of new performance metrics for the STIP and the change of the LTIP to an exclusively performance-based plan.

4.2 Board of Directors' compensation for the office period AGM 2016 to AGM 2017

For the office period from AGM 2016 to AGM 2017, the Board's compensation follows the same principles as for the office period from AGM 2015 to AGM 2016 and remains unchanged (refer to section 3.2 "Board of Directors' compensation").

4.3 Executive Committee's compensation 2016

For 2016, adaptations to the STIP and the LTIP have been introduced in order to further strengthen the link between compensation and performance: new performance metrics for the STIP have been introduced and the LTIP has been changed to an exclusively performance-based three-year cliff-vesting plan. As of March 1, 2016, the EC comprises 13 members, compared to formerly 12 members.

4.3.1 Base salary

For 2016, the same principles as in 2015 apply for base salary (refer to section 3.3.1 "Base salary").

4.3.2 Short-term incentive plan (STIP)

The STIP continues to be a cash incentive plan (annual bonus), based on the EVA approach. While the STIP in 2015 and previous years was linked to EP, starting from 2016 it will be linked to the achievement of three key value drivers of EVA: EBITA, revenues and Days Sales Outstanding ("DSO"). These performance metrics are the key levers that operational management can influence in order to increase EVA and thereby increase shareholder value.

For members of the EC with direct responsibility for a specific geographical segment, 35% of the STIP bonus base will be allocated based on the performance of the Company and 65% will be allocated based on the performance 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 performance of the Company.

For each performance metric, a target level of performance is determined, for which 100% of the bonus at target is paid, as well as a minimum level of performance (baseline), below which no bonus is paid, and a maximum level of performance (cap), for which 150% (maximum) of the bonus at target is paid. For achievement between those levels the bonus is calculated by linear interpolation:

	EBITA	Revenues	DSO
Weighting in % of bonus	65%	20%	15%
Below baseline (0% payout)	<80% of budget	<96% of budget	> Budgeted DSO + 1 day
Baseline	80% of budget = 80% payout	96% of budget = 50% payout	Budgeted DSO + 1 day = 50% payout
Target (100% payout)	100% of budget	100% of budget	Budgeted DSO
Cap (150% payout)	120% of budget	104% of budget	< Budgeted DSO – 1 day

4.3.3 Long-term incentive plan (LTIP)

In 2015, the LTIP consisted of RSU awards and Performance Share awards comprising EBITA margin awards, EPS awards and relative TSR awards. From 2016, the LTIP will consist of only relative TSR awards. RSU awards will be discontinued in order to strengthen the link between pay and performance, reflecting feedback from shareholders and proxy advisors and to align to current market practices. EBITA margin awards and EPS awards will be discontinued which avoids duplication of performance measurement with the adapted STIP.

As in 2015, a three-year cliff-vesting will apply to LTIP awards. The extent to which relative TSR awards will vest is determined based on the percentile ranking of Adecco compared to peers in each year over a period of three years. The peer group for 2016 comprises the following 16 companies: Amadeus Fire, Brunel International, Hays, Kelly Services, Kforce, Manpower Group, Meitec, Michael Page International, On Assignment, Randstad Holding, Robert Half International, Robert Walters, SThree, Synergie Groupe, Temp Holdings, and TrueBlue.

Below the 35th percentile rank, 0% of the awards granted will vest. At the 35th percentile rank, 20% of the awards granted will vest. At the 50th percentile rank (median), 40% of the awards granted will vest, while at the 80th percentile, 100% (maximum) of the awards granted will vest. For percentile ranks between those levels vesting will be determined by linear interpolation.

Relative TSR – Percentile ranking of Adecco compared to peers	Percentage of shares granted to vest
< 35th percentile	0%
= 35th percentile	20%
>35th percentile and ≤ 50th percentile	Linear between 20% and 40%
>50th percentile and ≤ 80th	Linear between 40% and 100%
> 80th percentile	100% (maximum)

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. In addition, taking into account that all LTIP awards will be exclusively performance based (removal of RSU awards), the number of relative TSR awards to be granted will be increased, resulting in a comparable grant date value versus prior year. The maximum number of awards that may vest is limited to the number of awards granted.

4.3.4 Benefits

For 2016, the same principles as in 2015 apply for social contributions, pension plan dues, and fringe benefits (refer to section 3.3.4 "Benefits").

4.3.5 Executive Committee compensation potential

The Maximum Total Amount of Remuneration ("MTAR") for the total EC, as approved by AGM 2015 for 2016 is CHF 36.3 million.

For the CEO, the total aggregate of all remuneration is capped at the amount of CHF 5.5 million.

5. Details of compensation elements

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

The amounts indicated in this paragraph include fees, salaries, bonuses and benefits (according to market value at time of conferral).

The members of the Board were compensated in cash and with Adecco S.A. shares. The amount conferred to the members of the Board for the fiscal year 2015 amounted to CHF 4.6 million.

For the fiscal year 2015, the total compensation conferred to members of the EC for the time of their EC membership, including bonus entitlements for 2015 due for payment in 2016, and awards granted in 2015 under the LTIP, at grant date fair value, amounted to CHF 35 million.

Individual compensation and shareholding for 2015 and 2014 are shown in the following tables:

5.1.1 Board of Directors' compensation and shareholding

For the year 2015

in CHF (except shares)	Compensation period in 2015	Compensation in cash	Compensation in shares	Total compensation for term served[1]	Social contributions[2]	Shareholding as of December 31, 2015[3]
Name and function						
Rolf Dörig, Chairman	since Jan.	960,000	500,000	1,460,000	108,926	57,228
Thomas O'Neill, Vice-Chairman	since Jan.	283,333	141,667	425,000	28,293	9,207
Dominique-Jean Chertier	since Jan.	200,000	100,000	300,000		9,449
Jean-Christophe Deslarzes	since April	150,000	75,000	225,000	17,263	1,057
Alexander Gut	since Jan.	300,000	150,000	450,000	34,148	16,870
Didier Lamouche	since Jan.	200,000	100,000	300,000	23,017	2,449
David Prince	since Jan.	275,000	137,500	412,500	55,315	8,514
Wanda Rapaczynski	since Jan.	300,000	150,000	450,000		11,370
Kathleen P. Taylor	since April	150,000	75,000	225,000	17,263	1,057
Andreas Jacobs	Jan. to April	75,000	37,500	112,500		n.a.
Subtotal		**2,893,333**	**1,466,667**[4]	**4,360,000**	**284,225**	
Total					**4,644,225**	**117,201**

1 Including Directors' social contributions required by law.

2 Company's social contributions required by law. No pension plan contributions are paid for Directors. Note that in previous years' reporting, both Company's and Directors' contributions were shown separately from the net compensation.

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 Paid with 19,991 Adecco S.A. shares at an average price of CHF 73.37 per share.

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.

5.1.2 Executive Committee's compensation

For the year 2015

in CHF	Patrick De Maeseneire, CEO until August 31[1]	Total Executive Committee[2]
Gross cash compensation[3]:		
• Base salary	1,200,000	8,392,116
• Annual bonus[4]	800,000	6,472,283
Compensation in kind and other[5]	217,972	1,242,471
Share awards granted in 2015 under the long-term incentive plan (LTIP)[6]:		
• EBITA margin awards	733,058	2,438,275
• EPS awards	733,058	2,438,275
• Relative TSR awards	155,389	516,839
• RSU awards	1,221,739	4,063,722
Social contributions:		
• Old age insurance/pensions and other[7]	219,982	1,861,892
• Additional health/accident insurance	22,982	135,608
• On LTIP awards granted in 2015, potentially vesting in later periods, estimated (based on closing price at grant)[8]	225,067	607,026
Total conferred	**5,529,247**	**28,168,507**
Conferred to former EC members after having ceased to be an EC member[9]	1,550,468	6,826,718
Conferred, grand total[10]	**7,079,715**	**34,995,225**

1 Highest conferred individual compensation in 2015. CEO as of September 1, 2015: Alain Dehaze.

2 Notice periods of up to 12 months apply. For certain members of the EC, based on mandatory foreign law, additional payments may become due in case of termination. For certain members of the EC, compensation related to non-compete and non-solicitation obligations after termination of their employment agreement might be due. Certain officers joined the EC in the course of 2015; LTIP grants awarded to them in 2015, but before their EC membership are not included.

3 Including employee's social contributions.

4 Not included are bonus payments due for 2014 but made during 2015 as this information was disclosed in 2014. Includes STIPA 2015 of CHF 765,519 for 5 members that have achieved their regional targets in 2015. The group target 2015 has not been achieved. Not included are bonus payments due for the STIPA 2014. They were conditional on the achievement of the targets in 2015 and the potential amount was already included in the 2014 remuneration report. Out of the STIPA 2014, CHF 574,027 became due to 4 members with regional responsibilities.

5 Car allowance for private use, car lease financed by the Company, membership fees, housing allowance, relocation, education, health insurance, voluntary pension contribution, representation allowance. Includes cash payments one EC member received under the contract for his previous function, benefits, and compensation for further work performed.

6 Value in CHF of Adecco S.A. shares awarded in 2015 under the LTIP 2015 (grant date: March 16, 2015).
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 relative TSR targets will be met at the end of the performance period. The probability factor of 0.42 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 2015 amounts to CHF 72.58 and CHF 64.60 for RSU awards, CHF 30.77 and CHF 27.39 for relative TSR awards, CHF 72.58 and CHF 64.60 for EBITA margin awards, and CHF 72.58 and CHF 64.60 for EPS awards (lower values: French participants).*

7 Including social contributions on LTIP grant 2015 for one EC member (France) as they became due at grant date.

8 Not included are social contributions on LTIP grant 2015 for one EC member (France) as they became due at grant date (included above, see footnote 7).

9 The employment relationships of certain officers who ceased to be members of the EC in the course of 2015 formally terminate in the course of 2016 in accordance with respective termination agreements. The amount shown contains seniority related payments of approx. CHF 2.4 million due under mandatory foreign law. Compensation of former members which is attributable to 2015 is included in this table, whereas compensation to former members attributable to 2016 will be disclosed in the remuneration report for 2016.

10 Not included are employer's social contributions of CHF 320,664 on LTIP awards granted in previous periods and vested in 2015.

Refer also to 5.2 "Compensation of former members of Governing Bodies (Board of Directors, Executive Committee, closely linked parties)".

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.

EC membership was as follows:
(see also Corporate Governance Report 2015 for current composition of the EC)

Name	
Alain Dehaze [1]	Since January 1, 2015
Robert P. (Bob) Crouch	Since January 1, 2015
Christophe Duchatellier	Since January 1, 2015
Federico Vione	Since January 1, 2015
Enrique Sanchez	Since January 1, 2015
Sergio Picarelli	Since January 1, 2015
Mark De Smedt	Since January 1, 2015
Hans Ploos van Amstel	Since September 1, 2015
Christophe Catoir	Since September 1, 2015
John L. Marshall III	Since October 1, 2015
Stephan-Thomas Howeg	Since October 1, 2015
Andreas Dinges	Until June 30, 2015
Dominik de Daniel	Until July 31, 2015
Patrick De Maeseneire	Until August 31, 2015
Martín Alonso	Until August 31, 2015
Peter Searle	Until September 30, 2015

1 CEO as of September 1, 2015.

Furthermore, Franz-Josef Schürmann (as of January 1, 2016) and Shanthi Flynn (as of March 1, 2016) have joined the EC.

A one-to-one comparison of the compensation amounts between 2015 and 2014 cannot directly be drawn from the compensation tables. The achievement in 2015 of the STIP that relates to the results of the Adecco Group, leads to a pay-out of 93.6% of the related STIP bonus base vs. 102% in 2014.

The composition of the EC changed substantially in 2015, with the departure of five EC members and the appointment of four new EC members (and further two new members as of January 1, 2016 and March 1, 2016 respectively). Compensation packages were determined in alignment with the Company's remuneration principles.

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

Social contributions paid for LTIP grants vested in 2015 for former members of the EC amounted to CHF 9,163. No further payments were made to former members of Governing Bodies in relation to their offices before 2015.

Payments in 2015 to members of the EC after having ceased to be a member of the EC during 2015 are disclosed in section 5.1.2 "Executive Committee's compensation for the year 2015".

5.3 Shares allocated to Governing Bodies

In 2015, 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 ownership of Governing Bodies

As of December 31, 2015, the members of the Board, including related parties, reported to hold 117,201 shares. For the individual share ownership 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:

in shares

Name	Shareholding as of December 31, 2015 [1]	Shareholding as of December 31, 2014 [1]
Alain Dehaze	22,734	14,670
Hans Ploos van Amstel [2]	2,000	n.a.
Christophe Catoir [2]	5,638	n.a.
Robert P. (Bob) Crouch	5,103	2,037
John L. Marshall III [2]	2,000	n.a.
Christophe Duchatellier	5,236	2,894
Mark De Smedt	5,000	2,500
Sergio Picarelli	7,854	10,650
Enrique Sanchez	5,184	5,043
Federico Vione	5,043	2,220
Stephan-Thomas Howeg [2]	5,336	n.a.
Sub-Total	**71,128**	**40,014**
Patrick De Maeseneire [3]	n.a.	60,000
Dominik de Daniel [3]	n.a.	32,463
Martín Alonso [3]	n.a.	3,266
Andreas Dinges [3]	n.a.	3,611
Peter Searle [3]	n.a.	2,000
Total	**71,128**	**141,354**

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

2 Became a member of the EC in 2015.

3 Ceased to be a member of the EC in 2015.

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 Share awards held by and granted to Governing Bodies as per December 31, 2015

Awards granted 2015

Share awards held as of December 31, 2015 granted on March 16, 2015 under the LTIP:

December 31, 2015 [1]	RSU awards	EBITA/EPS/TSR awards [2]	Total
Alain Dehaze	4,588	6,882	11,470
Total EC	31,818	37,637	69,455

1 Held, as of the date indicated, by members of the EC in office on December 31, 2015. The numbers of awards held include outstanding awards granted prior to EC membership.

2 Split into EBITA margin awards (40%), EPS awards (40%) and relative TSR awards (20%).

5.6 Historical vesting information on Performance Share awards

Performance Share awards vested (as percentage of awards outstanding):

in %

Grant year	Vesting year	TSR Relative	TSR Absolute [1]	TSR 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	0	100	0	n.a.	n.a.
2014	2017	pending [3]	n.a.	n.a.	pending [3]	pending [3]
2015	2018	pending [3]	n.a.	n.a.	pending [3]	pending [3]

1 Until including grant 2013.

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 2015.

5.8 Loans granted to Governing Bodies

In 2015, 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.

5.9 Reconciliation of compensation with the approval of the AGM 2015

At the AGM of April 21, 2015, the shareholders approved the Maximum Total Amount of Remuneration of the Board for the period of office from the AGM 2015 until the completion of the AGM 2016 in the amount of CHF 4.9 million. The total amount of remuneration paid out for this period is anticipated to be approx. CHF 4.8 million. The final amount will be disclosed in the Remuneration Report 2016.

With respect to the remuneration for the EC, the shareholders approved a Maximum Total Amount of Remuneration for the financial year 2016 of CHF 36.3 million. The reconciliation of the compensation for the EC in the financial year 2016 with the amount approved by the AGM 2015 will be disclosed in the Remuneration Report 2016.

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 17 March 2016 of Adecco S.A. for the year ended 31 December 2015.

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 17 March 2016 for the year ended 31 December 2015 of Adecco S.A. complies with Swiss law and articles 14–16 of the Ordinance.

Ernst & Young Ltd

André Schaub
Licensed audit expert
(Auditor in charge)

Bruno Chiomento
Licensed audit expert

Zurich, Switzerland
17 March 2016

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 in the staffing industry.

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 the Adecco Group. 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 the Adecco Group's technical and IT staffing business in the USA. In 2000, the Group 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 the Adecco Group'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, the Adecco Group 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 the Adecco Group'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 Adecco Group's focus on professional staffing services intensifies. To create a strong platform for growth, the Group'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 the Adecco Group's involvement in professional segments in Europe. In 2006, the acquisition of DIS AG in Germany gives the Group leadership in the German professional staffing industry. Dieter Scheiff is appointed Chief Executive Officer. The Group adopts a dual strategy focused on professional and general staffing.

2007

Jürgen Dormann is appointed Chairman of the Board. As planned, Klaus J. Jacobs hands back his mandate. The Adecco Group acquires Tuja Group, an industry leader in Germany, one of the world's fastest-growing temporary staffing markets.

2008

The Adecco Group 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.

2009

Rolf Dörig is appointed Chairman of the Board. Patrick De Maeseneire becomes Chief Executive Officer. The Adecco Group 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.

The Adecco Group 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

The Adecco Group aquires US-based Drake Beam Morin Inc., taking the worldwide lead in career transition and talent development services.

2012

The Adecco Group 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

The Adecco Group 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.

2015

Alain Dehaze is appointed Chief Executive Officer. The Adecco Group announces a new composition of the Executive Committee. The Group acquires Knightsbridge Human Capital Solutions, the market leader in Canada in career transition, talent and leadership development, and recruitment services.

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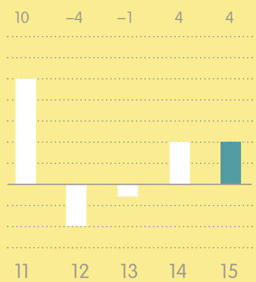
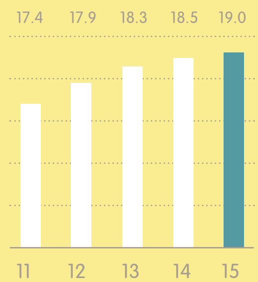
Key figures

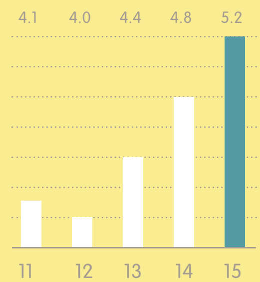
Organic[1] revenue growth
in %



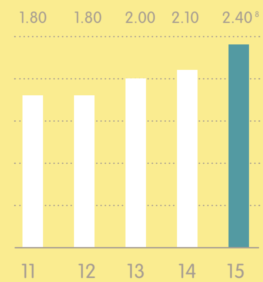
Gross margin
in %



EBITA margin excluding one-offs[2,3]
in %



Dividend per share
in CHF



Historical data

for the fiscal years in EUR millions (except share and per share information)	2015	2014	2013	2012	2011
Statement of operations data					
Revenues	22,010	20,000	19,503	20,536	20,545
Gross profit	4,179	3,703	3,560	3,674	3,566
EBITA excluding one-offs[2,3]	1,147	965	854	813	834
EBITA	1,081	928	821	725	814
Net income attributable to Adecco shareholders	8	638	557	377	519
Other financial indicators					
Cash flow from operating activities	799	785	520	579	524
Free Cash Flow[4]	702	705	439	491	415
Net debt[5,6]	1,039	971	1,091	967	889
Key ratios (as % of revenues)					
Gross margin	19.0%	18.5%	18.3%	17.9%	17.4%
SG&A ratio[7]	14.1%	13.9%	14.0%	14.4%	13.4%
EBITA margin excluding one-offs	5.2%	4.8%	4.4%	4.0%	4.1%
EBITA margin	4.9%	4.6%	4.2%	3.5%	4.0%
Per share figures					
Basic EPS in EUR	0.05	3.62	3.09	2.00	2.72
Diluted EPS in EUR	0.05	3.61	3.08	2.00	2.72
Cash dividend in CHF	2.40[8]	2.10	2.00	1.80	1.80
Number of shares					
Basic weighted-average shares	172,526,685	176,267,821	180,511,706	188,393,511	190,671,723
Diluted weighted-average shares	172,712,214	176,589,179	180,781,433	188,555,377	190,805,080
Outstanding (year end)	170,314,225	173,448,569	178,138,000	184,609,768	170,448,401

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

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

3 Excluding restructuring and integration costs: EUR 11 million in 2015, EUR 37 million in 2014, EUR 33 million in 2013, EUR 88 million in 2012, and EUR 20 million in 2011. In 2015, in addition, excluding contractual obligations related to changes in the Executive Committee of EUR 10 mllion and the write-down of capitalised software of EUR 45 million.

4 Free Cash Flow is a non-US GAAP measure and is defined as cash flow from operating activities minus capital expenditures.

5 Net debt is a non-US GAAP measure and comprises short-term and long-term debt, less cash and cash equivalents and short-term investments.

6 Due to the adoption of ASU 2015-03 – Presentation of debt issuance costs, in 2015, the December 31, 2014, 2013, 2012, and 2011 figures were restated. Debt issuance costs previously shown in 'Other assets' are now shown net with their related debt in 'Long-term debt, less current maturities'.

7 Excluding amortisation and impairment of goodwill and intangible assets.

8 Proposed by the Board of Directors.