Adecco Group – Consolidated balance sheets

in millions, except share and per share information

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

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

Adecco Group – Consolidated statements of operations

in millions, except share and per share information

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

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

Adecco Group – Consolidated statements of comprehensive income

in millions, except share and per share information

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

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

Adecco Group – Consolidated statements of cash flows

in millions, except share and per share information

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

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

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

Adecco Group – Consolidated statements of changes in shareholders' equity

in millions, except share and per share information

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

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

Adecco Group – Notes to consolidated financial statements

in millions, except share and per share information

Note 1 • The business and summary of significant accounting policies

Business

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

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

Basis of presentation

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

Reporting currency

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

Foreign currency translation

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

Principles of consolidation

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

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

The Company accounts for variable interest entities ("VIEs") in accordance with ASC 810 which requires the consolidation of a VIE in which an entity is considered the primary beneficiary. The primary beneficiary of a VIE is the enterprise that has both the power to direct the activities of a VIE that most significantly

impact the VIE's economic performance and the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE. An entity is required to perform a qualitative and a quantitative analysis to determine whether it has controlling financial interest in a VIE.

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

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

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

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

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make judgements, assumptions, and estimates that affect the amounts reported in the consolidated financial statements and accompanying notes. On an ongoing basis, management evaluates its estimates, including those related to allowance for doubtful accounts, accruals and provisions, impairment of goodwill and indefinite-lived intangible assets, contingencies, pension accruals, and income taxes. The Company bases its estimates on historical experience and on various other market specific assumptions that are believed to be reasonable under the cir-

cumstances. The results of these estimates form the basis for making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Income taxes

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

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

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

Earnings per share

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

Financial instruments

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

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

Fair value measurement

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

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

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

CICE (tax credit for competitiveness and employment)

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

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

New accounting guidance

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

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

Presentation and reclassifications

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

Other disclosures required by Swiss law

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

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

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

Note 2 • Acquisitions

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

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

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

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

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

Note 3 • Trade accounts receivable

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

Note 4 • Property, equipment, and leasehold improvements

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

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

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

Note 5 • Goodwill and intangible assets

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

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

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

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

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

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

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

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

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

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

Note 6 • Restructuring

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

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

in millions, except share and per share information

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

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

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

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

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

Note 7 • Financing arrangements

Short-term debt

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

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

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

Long-term debt

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

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

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

in millions, except share and per share information

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

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

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

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

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

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

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

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

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

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

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

Other credit facilities

Committed multicurrency revolving credit facility

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

Note 8 · Shareholders' equity

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

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

1 Shares at CHF 1 par value.

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

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

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

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

The initial terms of these contracts were as follows:

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

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

Treasury shares

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

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

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

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

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

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

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

No dividends are distributed in relation to treasury shares.

Accumulated other comprehensive income/(loss), net

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

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

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

Note 9 • Stock-based compensation

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

Non-vested share award plans

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

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

The awards granted in 2013, and 2012 relate to:
- the relative change in the Company's shareholder value including reinvested dividends (total shareholder return: "TSR" element), compared to that of a predefined group of peers ("relative TSR awards");
- the Company's TSR measured as the compound annual growth rate in the Company's shareholder value including reinvested dividends ("absolute TSR awards"); and
- simultaneous achievement of the targets related to relative TSR awards and absolute TSR awards and the degree of overachievement of the relative TSR target ("additional TSR awards").

In addition, service condition awards (restricted share unit awards: "RSU awards") were granted in 2014, 2013, and 2012 to the members of the Executive Committee and to a further group of senior managers (approximately 250 individuals in total in each respective year) under the LTIP. The vesting of the RSU awards is not subject to performance targets, but to forfeiture provisions. Provided that the employment relationship continues:
- RSU awards granted to non-French employees will vest in equal portions over a period of three years at the anniversary of the date of grant.
- RSU awards granted to French employees cliff-vest at the second anniversary of the date of grant and their requisite service period represents two calendar years starting on January 1, 2014 for 2014 awards, January 1, 2013 for 2013 awards, and January 1, 2012 for 2012 awards.
- 2014 RSU awards granted to the members of the Executive Committee cliff-vest after a period of three years following the date of grant.

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

TSR awards

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

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

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

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

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

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

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

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

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

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

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

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

Option plans

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

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

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

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

Note 10 • Employee benefit plans

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

Defined contribution plans and other arrangements

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

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

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

Defined benefit plans

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

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

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

	Swiss plan			Non-Swiss plans		
in EUR	2014	2013	2012	2014	2013	2012
Components of pension expense						
Service cost	13	13	13	5	6	5
Interest cost	4	3	3	6	5	6
Expected return on plan assets	(6)	(6)	(5)	(4)	(3)	(6)
Amortisation of prior years' service costs	(1)			1	2	2
Amortisation of net (gain)/loss		2	3	1		1
Pension expense, net	**10**	**12**	**14**	**9**	**10**	**8**

The following table provides a reconciliation of the changes in the benefit obligations, the change in the fair value of assets, and the funded status of the Company's defined benefit plans as of December 31, 2014 and December 31, 2013:

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

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

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

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

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

Certain of the Company's pension plans have an ABO that exceeds the fair value of plan assets. For plans with an ABO that exceeds the fair value of plan assets, the aggregated ABO was EUR 44 and EUR 35 as of December 31, 2014 and December 31, 2013, respectively, and the fair value of the plan assets of those plans was EUR 3 and EUR 2, respectively.

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

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

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

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

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

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

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

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

December 31, 2014

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

December 31, 2013

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

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

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

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

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

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

Note 11 • Financial instruments

Risk and use of derivative instruments

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

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

Fair value of non-derivative financial instruments

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

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

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

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

Fair value of derivative financial instruments

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

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

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

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

Fair value hedges

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

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

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

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

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

Furthermore, the net swap settlements that accrue each period are also reported in interest expense. No significant gains or losses were recorded in 2014, 2013, and 2012, due to ineffectiveness in fair value hedge relationships. No significant gains or losses were excluded from the assessment of hedge effectiveness of the fair value hedges in 2014, 2013, or 2012.

Cash flow hedges

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

Other hedge activities

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

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

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

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

Credit risk concentration

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

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

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

Note 12 • Fair value measurement

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

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

in millions, except share and per share information

Note 13 • Other income/(expenses), net

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

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

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

Note 14 • Income taxes

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

The provision for income taxes consists of the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 15 • **Earnings per share**

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

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

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

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

Note 16 • **Segment reporting**

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

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

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in millions, except share and per share information

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

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

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

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

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

Information by country is as follows:

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

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

Revenues by business line are as follows:

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

Note 17 • Commitments and contingencies

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

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

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

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

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

Guarantees

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

Contingencies

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

Note 18 • Enterprise risk management

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

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

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

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

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

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

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

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

Note 19 • Subsequent events

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