

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

in millions, except share and per share information

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

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

in millions, except share and per share information

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

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

in millions, except share and per share information

Note 1 • Contingent liabilities

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

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

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

Adecco S.A. has guaranteed or co-issued an amount of CHF 89 utilised from the revolving credit facility in the form of letters of credit as of December 31, 2014. Approximately

CHF 513 of the credit facilities issued to several subsidiaries in Europe, North America, South America, Asia, and Australia have been guaranteed for operational needs. Additionally, Adecco S.A. has provided guarantees and letters of comfort amounting to CHF 99 relating to government requirements for operating a temporary staffing business and to operating leases of its subsidiaries mainly in the USA.

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

Note 2 • Long-term debt

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

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

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

On July 18, 2012, Adecco S.A. issued CHF 125 fixed rate notes with a coupon of 2.625% ("2020 notes") and CHF 250 fixed rate notes with a coupon of 1.875% ("2017 notes") due on December 18, 2020, and December 18, 2017, respectively. Furthermore, on October 19, 2012, the Company increased the outstanding 2017 notes by CHF 100. The notes were issued within the framework of the Euro Medium-Term Note Pro-

gramme and trade on the SIX Swiss Stock Exchange. The proceeds were used to fund the share buyback programme approved by the Board of Directors in June 2012 (for further details, refer to Note 3). Interest is paid annually in arrears.

4-year Swiss Franc fixed rate notes

On February 8, 2012, Adecco S.A. issued CHF 350 fixed rate notes due on February 8, 2016 ("2016 notes"). The 2016 notes were issued within the framework of the Euro Medium-Term

Note Programme and trade on the SIX Swiss Stock Exchange. The proceeds were used for general corporate purposes. Interest is paid annually in arrears at a fixed annual rate of 2.125%.

Note 3 - Treasury shares

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

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

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

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

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

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

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

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

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

in millions, except share and per share information

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

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

Note 4 - Shareholders' equity

<i>in CHF</i>	General Reserves					Retained earnings	Total	
	Share capital	Reserve from capital contributions	Other reserves	Free reserves	Reserve for treasury shares			
January 1, 2014	189	874	407			565	4,394	6,429
Allocation from reserve from capital contributions to free reserves for dividend distribution		(355)		355				
Dividend distribution				(355)				(355)
Share cancellation	(10)						(507)	(517)
Net movement in reserve for treasury shares						(196)	196	
Net loss							(95)	(95)
December 31, 2014	179¹	519	407			369	3,988	5,462

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

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

Conditional capital

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

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

General Reserves

Pursuant to Swiss tax legislation, the reserve from capital contributions amounting to CHF 519 and CHF 874 as of December 31, 2014 and as of December 31, 2013, respectively, is presented separately within general reserves. Any dividend distribution made out of the reserve from capital contributions (or from free reserves allocated from the reserve from capital contributions) after January 1, 2011, is not subject to Swiss withholding tax. Only capital contributions made after December 31, 1996, qualify for the tax exemption and are classified in the reserve from capital contributions.

In 2014, upon approval at the Annual General Meeting of Shareholders, dividends for 2013 of CHF 2.00 per share, totaling CHF 355 (EUR 291), were allocated from Adecco S.A.'s reserve from capital contributions to free reserves and subsequently distributed to shareholders. For 2014, the Board of Directors of Adecco S.A. will propose a dividend of CHF 2.10 per share outstanding for the approval of shareholders at the Annual General Meeting of Shareholders to be allocated from Adecco S.A.'s reserve from capital contributions to free reserves and subsequently distributed to shareholders.

Note 5 • Significant shareholders

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

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

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

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

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

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

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

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Note 6 - Board of Directors and Executive Committee shareholdings

Board of Directors' shareholdings

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

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

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

Executive Committee's shareholdings

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

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

² Became a member of the EC in 2013.

³ Became a member of the EC in 2014.

⁴ Member of the EC until December 31, 2013.

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

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

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Note 7 - Restriction regarding the distribution of dividends

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

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

Note 8 - Enterprise risk management

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