Adecco

Press Release

A good start for Adecco into 2008
Further strengthens operating margin in Q1 2008

Q1 HIGHLIGHTS (Q1 08 vs. Q1 07)

- Revenues of EUR 5.0 billion, up 1% (1% organically[1])
- Operating income of EUR 205 million, up 8% (9% organically)
- Strong operating income margin improvement of 30 bps to 4.1%
- Basic earnings per share (EPS) of EUR 0.78, up 8%

KEY FIGURES

In EUR million (except EPS)	Q1 2008 Reported	Q1 2008 Reported growth	Q1 2008 Organic[1] growth
Revenues	5,029	1%	1%
Gross profit	909	2%	2%
EBITA	215	11%	9%
Operating income	205	8%	9%
Net income	137	3%	n.a.
Basic EPS	0.78	8%	n.a.

Zurich, Switzerland, May 6, 2008: The Adecco Group, the worldwide leader in Human Resource services, today announced results for the first quarter of 2008. Earnings per share increased 8% to EUR 0.78. Revenues were up 1% organically to EUR 5.0 billion compared to Q1 2007. The operating income margin further improved 30 bps to 4.1%.

Dieter Scheiff, Chief Executive Officer, Adecco Group said: “Adecco started well into 2008. We continued to improve the operating margin by 30 bps to 4.1%. Gross margin expanded further, particularly in the professional staffing business and through good growth of our permanent placement business, while we carefully managed our costs. We continue to be well on track to reach over 5% EBITA margin by 2009.”

“For 2008 we expect modest revenue growth for the Group. While growth rates in the European and the Japanese markets are decelerating, they are still on a solid path. Demand in the US remains weak, whereas the Emerging Markets continue to grow strongly.”

[1] Organic growth is a non US GAAP measure and excludes the impact of currency and acquisitions.

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FINANCIAL PERFORMANCE

Revenues
Group revenues for Q1 2008 increased 1% to EUR 5.0 billion compared with Q1 2007. On an organic basis, Adecco grew revenues by 1%, negatively impacted by 2% fewer trading days. Permanent placement revenues grew 11% in constant currency to EUR 98 million in the quarter.

Gross Profit
The gross margin improved 30 bps to 18.1% compared to the first quarter of 2007 as a result of a higher gross margin in the temporary staffing business and the growing contribution of the permanent placement business. The acquisition of Tuja added 10 bps to the Group's gross margin.

Selling, General and Administrative Expenses (SG&A)
SG&A remained flat in the period under review (organically also flat), reflecting a decrease in SG&A as a percentage of revenues of 10 bps to 13.8%. Organically, Adecco grew the number of FTEs by 1% (+300 FTEs) compared to the same quarter last year. At the end of the first quarter Adecco operated a network of 6,900 offices with 37,000 FTEs.

Amortisation of Intangible Assets
Amortisation increased to EUR 10 million from EUR 4 million in the same quarter last year due to the acquisition of Tuja, which was consolidated as of August 2007.

Operating Income
Operating income for the first quarter 2008 was EUR 205 million, an increase of 8% (9% organically) compared with Q1 2007, while the operating margin improved to 4.1% versus 3.8% .

Interest Expense and Other Income / (Expenses), net
The interest expense amounted to EUR 14 million in the period under review, which compares to EUR 13 million in Q1 2007. For the full year 2008, the interest expense is expected to be approximately EUR 55 million. Other income / (expenses), net was EUR 2 million in Q1 2008 compared to EUR 9 million in Q1 2007. Lower interest income is the main reason for the difference.

Provision for Income Taxes
The effective tax rate for the first quarter of 2008 was 28% compared with 27% in the same period last year, when the company benefited from a tax release. For 2008 Adecco expects an underlying effective tax rate of approximately 28%.

Net Income and EPS
Net income was up 3% to EUR 137 million in the first quarter of 2008 compared to EUR 133 million in Q1 2007, reflecting a net income margin of 2.7%. Basic EPS was EUR 0.78 (EUR 0.72 for Q1 2007), which is an increase of 8% versus the same quarter a year ago.

Balance Sheet, Cash-flow, and Net Debt[2]
The Group generated EUR 91 million of operating cash flow in the first quarter of 2008, invested EUR 22 million in capex and purchased treasury shares for EUR 218 million. As a result the net debt position increased to EUR 1,069 million at the end of March 2008 compared to EUR 866 million at the end of 2007. In Q1 2008 DSO improved by 1 day to 57 days compared with Q1 2007.

Currency Impact
Currency fluctuations had a negative impact of 3% on revenues and operating income in the first quarter of 2008, mainly due to the weakness of the US dollar and the British pound.

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

GEOGRAPHICAL PERFORMANCE

In **France,** Adecco grew revenues by 2% to EUR 1.6 billion driven by growth in the Industrial business. The operating income increased 5% to EUR 55 million, which reflects an operating margin improvement of 10 bps to 3.4%. Good performance in the permanent and outplacement business is the main reason for this improvement.

In **USA & Canada,** Adecco's revenues declined by 4% in constant currency to EUR 703 million in Q1 2008. The decline was most significant in the Industrial business, while Adecco experienced a more moderate decrease in the Office business. Engineering & Technical and Human Capital Solutions increased revenues. Operating income increased 9% in constant currency, while the operating margin increased 60 bps to 4.7% compared to Q1 2007. Additional expenses in connection with the investments to improve customer mix and cost efficiency were compensated with favourable bad debt and social cost developments.

In the **UK & Ireland,** revenues declined 9% in constant currency, negatively impacted by 3% fewer trading days. Ongoing restructuring, particularly in the Information Technology, Industrial and Engineering & Technical business lines, led to a declining business. Operating income declined 8% in constant currency. The operating income margin remained flat at 3.0%.

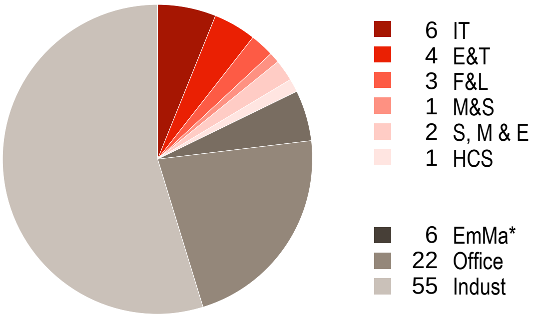
In **Germany** revenues grew 58% in the first quarter of 2008 and 6% organically to EUR 386 million. Organic growth was driven by good demand in the Industrial business. Operating income grew 32% compared to Q1 2007, corresponding to an operating margin of 9.7% (Q1 2007: 11.6%). 4% fewer trading days in the period under review was the main reason for the lower profitability.

In **Japan,** revenues in constant currency grew 5% in the first quarter of 2008. A healthy pricing environment, strong growth in the permanent placement business and good cost management led to a 90 bps operating margin improvement to 6.8% from 5.9% in the same period last year.

Italy grew revenues by 7% and increased the operating margin by 60 bps to 7.0% in the first quarter of 2008. In **Iberia** revenues increased by 1%; however growth was negatively impacted by 4% fewer trading days. Operating margins declined by 10 bps to 6.0%. In the **Nordics,** revenues increased by 8% in constant currency, while revenues in the **Benelux** declined 1%. **Emerging Markets** grew revenues by 14% in constant currency.

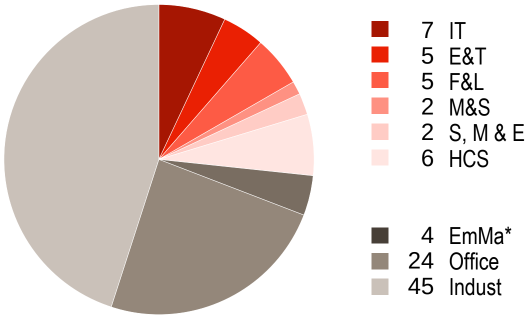
BUSINESS LINE PERFORMANCE

Q1 2008 Revenues in percent



* Emerging Markets excluding professional business lines

Q1 2008 Gross profit in percent



Adecco grew revenues of the **Office and Industrial** businesses by 4% in constant currency to EUR 3.9 billion in Q1 2008 (0% organically) and increased the gross margin by 30 bps to 16.3%. The Industrial business increased revenues by 6% in constant currency (1% organically) driven by strong demand in Germany and Italy. France's revenues increased 2%, while USA & Canada decreased 12% in constant currency. In the Office business, revenues remained flat in constant currency with solid growth in Japan and the Nordics, while declining in France and in the USA & Canada.

In the first quarter of 2008, revenues in the **Professional Business**[3] grew 1% in constant currency (0% organically). Gross margin in the Professional Business improved 110 bps to 27.4% mainly driven by Human Capital Solutions, as well as the Information Technology business.

In **Information Technology (IT),** Adecco's revenues decreased 7% in constant currency. Continued customer portfolio optimization led to a 19% revenue decline in the UK & Ireland, while revenues in the USA & Canada remained flat.

Adecco's **Engineering & Technical (E&T)** business was flat in constant currency. In USA & Canada, Adecco increased revenues by 4% in constant currency, while revenues in the UK & Ireland declined 19%. Demand in Germany remained strong.

In **Finance & Legal (F&L),** Adecco increased revenues by 2% in constant currency in the first quarter of 2008. The declining business in USA & Canada was more than offset by strong revenue growth in the emerging Finance & Legal businesses in Germany, Nordics and Italy.

In the first quarter of 2008 revenues in constant currency in **Sales, Marketing & Events (SM&E)** and **Medical & Science (M&S)** grew 5% and 25% respectively (M&S 22% organically). Revenues in **Human Capital Solutions (HCS)** increased 13% in constant currency.

[3] Professional business refers to Adecco's Information Technology, Engineering & Technical, Finance & Legal, Medical & Science, Sales, Marketing & Events and Human Capital Solutions businesses.

MANAGEMENT OUTLOOK

Management continues to be confident that the focus on value based management and professional and specialized business fields will allow Adecco to continuously improve the operating margin to over 5% by 2009. At the same time the Group remains committed to deliver revenue growth of at least 7-9% per annum on average for the coming years and to increase return on capital employed (ROCE[4]) to above 25% in 2009, assuming a favourable macroeconomic environment. ROCE was 21.7% in 2007.

As the economic environment is not favourable in certain parts of the world and remains generally uncertain, Adecco anticipates revenue growth for 2008 below the long-term target of 7-9%. Management expects the market in the USA & Canada to remain weak, while still anticipating moderate growth in Europe and Japan.

Update on share buy back

In November 2007 Adecco's Board of Directors decided to purchase Adecco shares for up to EUR 400 million by the end of 2008. Since the start of the program Adecco has purchased 9.9 million shares for a total consideration of EUR 342 million. The shares are intended to be used for future acquisitions or to minimize potential dilution related to the outstanding convertible bond. Currently Adecco holds 13.2 million treasury shares.

Financial Agenda 2008

- Q2 2008 results — August 12, 2008
- Q3 2008 results — November 4, 2008

[4] ROCE = (Operating income – 30% income tax)/average invested capital; invested capital = assets – liabilities excluding cash and interest bearing liabilities.

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Forward-looking statements
Information in this release may involve guidance, expectations, beliefs, plans, intentions or strategies regarding the future. These forward-looking statements involve risks and uncertainties. All forward-looking statements included in this release are based on information available to Adecco S.A. as of the date of this release, and we assume no duty to update any such forward-looking statements. The forward-looking statements in this release are not guarantees of future performance and actual results could differ materially from our current expectations. Numerous factors could cause or contribute to such differences. Factors that could affect the Company's forward-looking statements include, among other things: global GDP trends and the demand for temporary work; changes in regulation of temporary work; intense competition in the markets in which the Company competes; changes in the Company's ability to attract and retain qualified temporary personnel; the resolution of the French anti-trust procedure and any adverse developments in existing commercial relationships, disputes or legal and tax proceedings.

About Adecco
Adecco S.A. is a Fortune Global 500 company and the global leader in HR services. The Adecco Group network connects over **700,000 associates** with clients each day through its network of over **37,000 employees** (FTEs) and approximately **7,000 offices** in over **60 countries and territories** around the world. Registered in Switzerland, and managed by a multinational team with expertise in markets spanning the globe, the Adecco Group delivers an unparalleled range of flexible staffing and career resources to clients and associates.

Adecco S.A. is registered in Switzerland (ISIN: CH0012138605) and listed on the Swiss Stock Exchange with trading on SWX Europe (SWX: ADEN) and the Euronext Paris of Euronext (EURONEXT: ADE).

Contacts:

Adecco Corporate Investor Relations
Investor.relations@adecco.com or +41 (0) 44 878 8925

Adecco Corporate Press Office
Press.office@adecco.com or +41 (0) 44 878 87 87

There will be a media conference call at 8 am CET as well as an analyst conference call at 10 am CET, details of which can be found at our Investor Relations section at http://webcast.adecco.com.

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Consolidated statements of operations
(unaudited)

EUR millions, except share and per share amounts	Q1 2008	Q1 2007	Variance % EUR	Variance % Constant Currency
Revenues	5,029	4,991	1%	4%
Direct costs of services	(4,120)	(4,101)		
Gross profit	**909**	**890**	2%	6%
Gross margin	*18.1%*	*17.8%*		
Selling, general and administrative expenses	(694)	(696)	0%	4%
As a percentage of revenues	*13.8%*	*13.9%*		
Amortisation of intangible assets	(10)	(4)		
Operating income	**205**	**190**	8%	11%
Operating income margin	*4.1%*	*3.8%*		
Interest expense	(14)	(13)		
Other income/(expenses), net	2	9		
Income before income taxes and minority interests	**193**	**186**	4%	
Provision for income taxes	(55)	(51)		
Income applicable to minority interests	(1)	(2)		
Net income	**137**	**133**	3%	
Net income margin	*2.7%*	*2.7%*		
Basic earnings per share data:				
Basic earnings per share	**0.78**	**0.72**		
Basic weighted-average shares	177,168,150	184,875,039		
Diluted earnings per share data:				
Diluted earnings per share	**0.74**	**0.69**		
Diluted weighted-average shares	186,697,738	195,144,311		

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Revenues and operating income by geographies
(unaudited)

EUR millions	Q1 2008	Q1 2007	Variance % EUR	Variance % Constant Currency
Revenues				
France	1,623	1,599	2%	2%
USA & Canada	703	819	-14%	-4%
UK & Ireland	394	487	-19%	-9%
Germany[1]	386	244	58%	58%
Japan	352	341	3%	5%
Italy	312	293	7%	7%
Iberia	272	269	1%	1%
Nordics	245	225	9%	8%
Benelux	232	235	-1%	-1%
Switzerland & Austria[1]	123	110	12%	12%
Australia & New Zealand	106	109	-2%	-4%
Emerging Markets	281	260	8%	14%
Adecco Group[1]	**5,029**	**4,991**	**1%**	**4%**
Operating Income[2]				
France	55	52	5%	5%
USA & Canada	33	34	-3%	9%
UK & Ireland	12	15	-18%	-8%
Germany	37	28	32%	32%
Japan	24	20	18%	21%
Italy	22	19	16%	16%
Iberia	16	16	-1%	-1%
Nordics	7	10	-25%	-25%
Benelux	11	10	3%	3%
Switzerland & Austria	7	8	-12%	-12%
Australia & New Zealand	3	2	48%	48%
Emerging Markets	9	8	20%	27%
Total Operating Units	**236**	**222**	**6%**	**9%**
Corporate Expenses	(21)	(28)		
EBITA	**215**	**194**	**11%**	**15%**
Amortisation of intangible assets	(10)	(4)		
Adecco Group	**205**	**190**	**8%**	**11%**

1) Revenues increased organically in Germany by 6%, Switzerland & Austria by -3% and Adecco Group by 1%.

2) Operating income before amortisation on operating unit level.

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Revenues breakdown and revenue growth by business line
(unaudited)

EUR millions	Q1 2008	Q1 2007	Variance % EUR	Variance % Constant Currency
Revenues[1,2]				
Office	1,112	1,170	-5%	0%
Industrial	2,752	2,627	5%	6%
Total Office and Industrial	**3,864**	**3,797**	**2%**	**4%**
Information Technology	309	357	-14%	-7%
Engineering & Technical	217	232	-7%	0%
Finance & Legal	127	135	-6%	2%
Medical & Science	65	52	25%	25%
Sales, Marketing & Events	107	102	4%	5%
Human Capital Solutions	64	60	7%	13%
Total Professional Business Lines	**889**	**938**	**-5%**	**1%**
Emerging Markets[3]	276	256	8%	14%
Adecco Group	**5,029**	**4,991**	**1%**	**4%**

1) Breakdown of revenues is based on dedicated branches.
The 2008 information includes certain changes in the allocation of branches to business lines, most notably from Finance & Legal to Office and from Office to Sales, Marketing & Events, as well as from Emerging Markets to Office & Industrial (Austria previously reported under Emerging Markets is now reported together with Switzerland). The 2007 information has been restated to conform to the current year presentation.

2) Revenues increased organically in Industrial by 1%, Office and Industrial by 0%, Medical & Science by 22%, Total Professional Business Lines by 0% and Adecco Group by 1%.

3) Emerging Markets excluding professional business lines.

Consolidated balance sheets

(unaudited)

EUR millions	Mar 31, 2008	Dec 31, 2007
Assets		
Current assets:		
– Cash and cash equivalents	412	555
– Short-term investments	11	8
– Trade accounts receivable, net	3,651	3,773
– Other current assets	312	324
Total current assets	**4,386**	**4,660**
Property, equipment, and leasehold improvements, net	217	223
Other assets	261	277
Intangible assets, net	437	448
Goodwill	2,594	2,646
Total assets	**7,895**	**8,254**
Liabilities and shareholders' equity		
Liabilities		
Current liabilities:		
– Accounts payable and accrued expenses	3,274	3,476
– Short-term debt and current maturities of long-term debt	382	357
Total current liabilities	**3,656**	**3,833**
Long-term debt, less current maturities	1,110	1,072
Other liabilities	471	469
Total liabilities	**5,237**	**5,374**
Minority interests	**7**	**7**
Shareholders' equity		
Common shares	118	118
Additional paid-in capital	2,118	2,121
Treasury stock, at cost	(497)	(279)
Retained earnings	1,200	1,064
Accumulated other comprehensive income/(loss), net	(288)	(151)
Total shareholders' equity	**2,651**	**2,873**
Total liabilities and shareholders' equity	**7,895**	**8,254**

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Consolidated statements of cash flows
(unaudited)

EUR millions	Q1 2008	Q1 2007
Cash flows from operating activities		
Net income	137	133
Adjustments to reconcile net income to cash flows from operating activities:		
– Depreciation and amortisation	31	26
– Other charges	12	16
Changes in operating assets and liabilities, net of acquisitions:		
– Trade accounts receivable	64	135
– Accounts payable and accrued expenses	(181)	(52)
– Other assets and liabilities	28	(11)
Cash flows from operating activities	**91**	**247**
Cash flows from/(used in) investing activities		
Capital expenditures, net of proceeds	(22)	(19)
Net proceeds from short-term investments	(5)	1
Cash settlements on derivative instruments	(3)	(1)
Other acquisition and investing activities		(1)
Cash flows from/(used in) investing activities	**(30)**	**(20)**
Cash flows from/(used in) financing activities		
Net increase/(decrease) in short-term debt	28	20
Common stock options exercised		6
Cash settlements on derivative instruments		4
Purchase of treasury shares	(218)	
Other financing activities	(3)	1
Cash flows from/(used in) financing activities	**(193)**	**31**
Effect of exchange rate changes on cash	**(11)**	**(1)**
Net increase/(decrease) in cash and cash equivalents	**(143)**	**257**
Cash and cash equivalents:		
– Beginning of year	555	875
– End of period	412	1,132