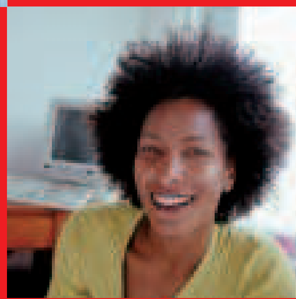

ANNUAL REPORT 2001

Operational Review

Adecco

Making people successful in a changing world

Adecco's Global Advantage
People, Bricks and Clicks

The ***30,000 employees*** of Adecco Group, operating from almost ***6,000 offices in 58 countries***, harness state-of-the-art technology and the broadest range of Staffing, Human Resources and Business services available, to help make hundreds of thousands of Clients and around four million Temporary Associates successful each year.

Adecco SA is a Forbes Global 500 company and the worldwide industry leader. Adecco is No.1 or No. 2 in 12 of the world's top 13 staffing markets that account for 95% of industry revenues.

The Group ***comprises three Divisions***:
The ***Adecco Staffing*** Division focuses on flexible staffing solutions for global industries, including such sectors as automotive, banking, electronics, logistics and telecommunications;
the ***Ajilon Staffing & Managed Services*** Division brings together an unrivalled range of specialized professional staffing and managed services businesses;
the ***Career Services & e-Business*** Division includes our portfolio of e-recruiting, executive search and outplacement businesses.

Adecco is registered in Switzerland and is listed on the Swiss Exchange (ADEN / trading on Virt-x: 1213860), NYSE (ADO), Euronext Premier Marché (12819). In 2001, it generated revenues of CHF 27.2 billion, up more than 326% since the merger of the Adia and Ecco networks in 1996.

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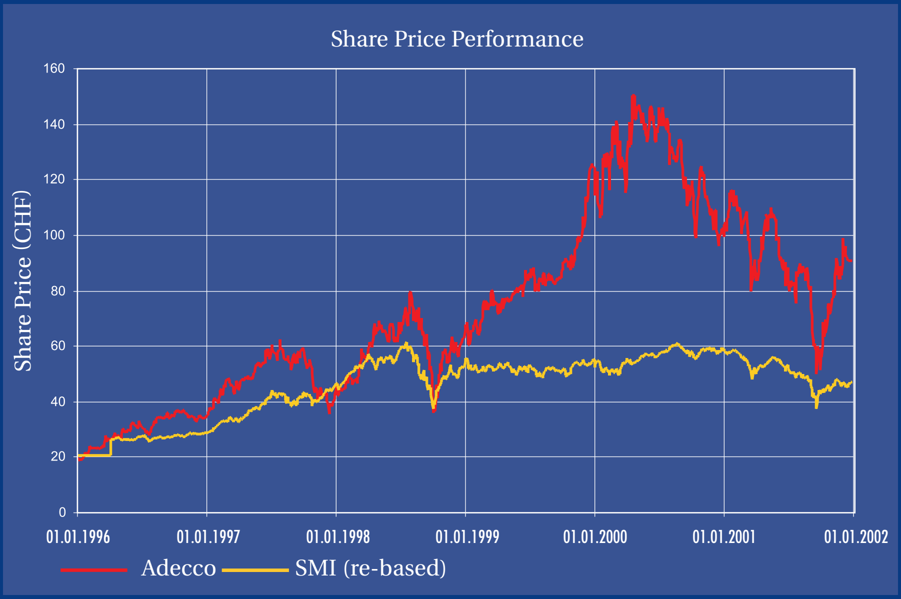
Adecco at a Glance

- CHF 27.2 billion net service revenues
- CHF 702 million income before amortisation of goodwill, restructuring costs and one-time items
- Over 30,000 Colleagues
- Nearly 700,000 Associates placed on assignment each day
- Over 250,000 Clients worldwide
- Nearly 6,000 offices in 58 countries

Since its creation in 1996, Adecco has consistently outperformed the SMI, the benchmark for companies trading in the Swiss market.



Outstanding results in a challenging market

Adecco Group revenues increased by 2% to CHF 27.2 billion, while operating income dropped 5% to CHF 1.2 billion. In local currency, revenues grew 5% and operating income fell 2%, indicating a 3% negative currency impact on Adecco's consolidated results. The company reported income before amortisation of goodwill, restructuring costs and one-time items, of CHF 702 million, down 6% on 2000 figures, a 2% decline in local currency.

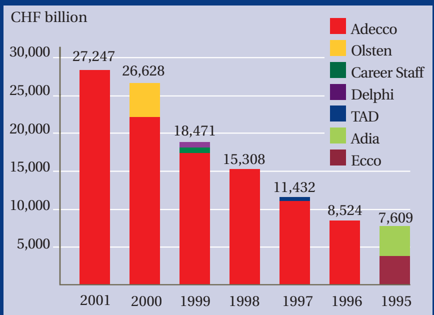
In 2001 the Group generated substantial cash flows from operating activities in the amount of CHF 1.4 billion, which was to a great extent used to repay debt and to invest in infrastructure. A Eurobond issue in March 2001 further enhanced the Group's debt structure. Net debt (including off-balance sheet financing) decreased by CHF 739 million.

The balance sheet evolved in line with our business growth. Days sales outstanding remained at last year's level, as a result of our strong focus on working capital management. Goodwill was further amortised to CHF 2.3 billion. In June 2001, the Financial Accounting Standards Board issued statements SFAS No. 141 and SFAS No. 142 regarding "Business Combinations" and "Goodwill and Other Intangible Assets". Starting 2002, goodwill and other intangible assets with infinite lives that satisfy an impairment test, will no longer be amortised. This change will have a significant impact in Adecco's accounts, with the elimination of substantial goodwill amortisation charges, which were estimated at CHF 850 million (before tax effect) for 2002.

Selected Financial Highlights		Year Ended	
		December 30, 2001	December 31, 2000
Statement of Operations Data:			
Net service revenues		27,247	26,628
Operating income		1,179	1,237
Income before amortisation of goodwill, restructuring costs and one-time items		702	746
Per Share Data:			
Income per share before amortisation of goodwill, restructuring costs and one-time items			
	Basic	3.77	4.06
	Fully diluted	3.68	3.92
Basic and diluted net loss per share		(2.30)	(2.33)
Basic and diluted weighted average shares		185,880,663	183,735,340
Fully diluted shares		192,832,231	192,269,392
Cash Flow Data:			
Cash flow from operating activities		1,390	23
Cash flow from investing activities		(528)	(1,306)
Cash flow from financing activities		(780)	261
Balance Sheet Data:			
Trade accounts receivables, net		4,636	5,297
Goodwill, net		2,292	3,091
Accounts payable and accrued expenses		4,309	4,353
Net debt (including off-balance sheet financing)		2,600	3,339
Shareholders' equity		1,787	2,390

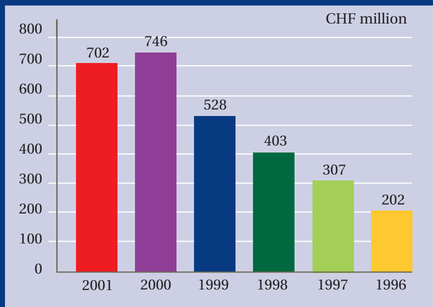
Income before amortisation of goodwill, restructuring costs and one-time items is not meant to portray net income or cash flow in accordance with US generally-accepted accounting principles. Goodwill amortisation is a non-cash charge to operating income; however, income before amortisation of goodwill, restructuring costs and one-time items does not represent cash available to shareholders. This may not be comparable to similarly entitled items reported by other companies. Adecco amortises its goodwill over five years. The information contained in this report may include forward-looking statements regarding future events or future financial performance of Adecco. Such statements are subject to risks and uncertainties and actual events or performance may vary materially from anticipated results. We refer you to documents Adecco files from time to time with the Zurich Stock Exchange, US Securities and Exchange Commission and the New York Stock Exchange for more information.

Revenues



Since its inception, Adecco has delivered an impressive track record of revenue growth above market through a combination of organic development and acquisitions. Its geographic and divisional coverage has enabled this to be sustained even in a contracting global economy, as in 2001.

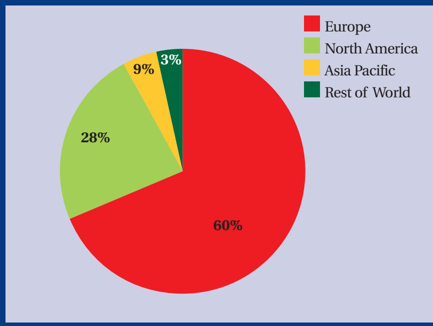
Profits



Income before amortisation of goodwill , restructuring costs and one-time items

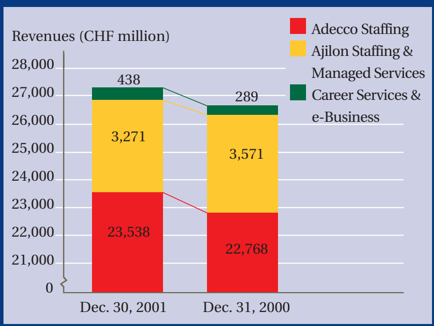
Since its creation in 1996, sustained profitable growth has vindicated Adecco's management decisions and the corporate strategy. Through its ability to manage costs and widespread use of technology, Adecco has built a cost-efficient organization with enhanced earnings capacity, which ensures maximum profit conversion.

Geographical Distribution



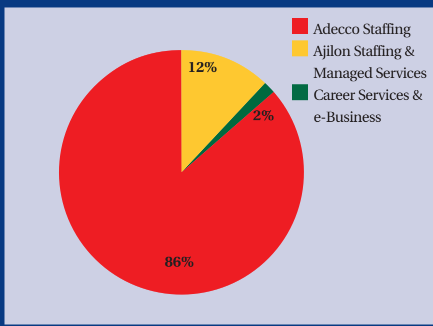
Adecco continues to reinforce its presence in traditional markets and to pioneer the concept of Staffing and Human Resources services in emerging markets. The Group operates in 58 countries and further expansion is underway.

Segment Performance



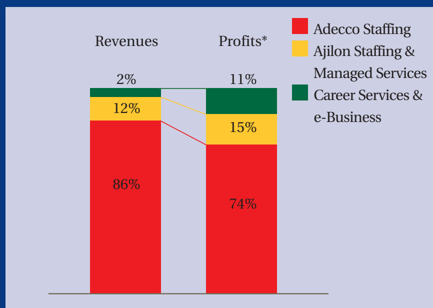
In October 2001, Adecco announced its redefined organizational structure to foster further expansion into human resources and business services. Adecco divisions were formed to build capabilities in mainstream staffing, professional staffing and managed services, career services, e-recruiting and other human resources services.

Activity Distribution



The Group's business portfolio spans generalist, professional/specialist industry sector and career services activities. Adecco's redefined division-based structure will facilitate the company's penetration and development into high growth, high profit areas of business.

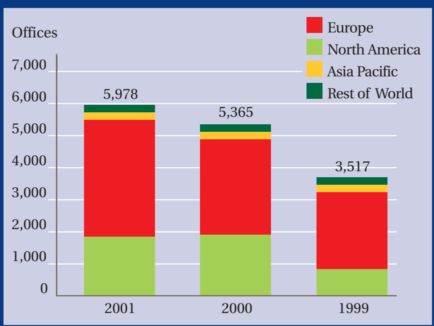
Profit Conversion



**Contribution*

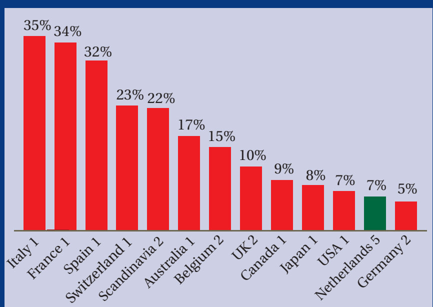
Adecco strives to enhance its business portfolio to achieve an optimum balance amongst its divisions, creating a business mix that maximizes profitability and secures strong volumes, while reducing business volatility.

Office Network



In 2001, Adecco continued to expand branch capacity in growing markets. Adecco's unmatched office network remains one of the pillars of the Group's growth strategy, ensuring widespread market coverage and cost-effective service provision.

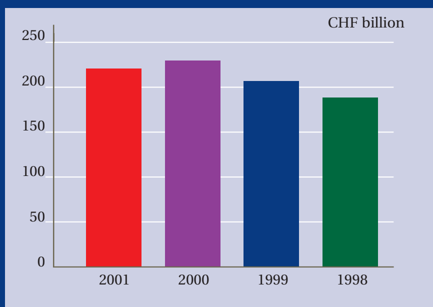
Market Share



UK & USA figures have been restated according to REC's and ASA's surveys

Each year, Adecco strengthens its leadership positions in the main market places around the globe, improving market share and rankings. The Group nowadays ranks number 1 or number 2 in 12 of the 13 largest markets in the world and has an estimated 12% global market share.

Market Size



UK & USA figures have been restated according to REC's and ASA's surveys

Despite the market contraction experienced during the 2001 economic recession, market growth is expected to resume fueled by the economic recovery, changes in labour legislation and market deregulation, thus increasing the relevance of the staffing industry in the global economy.

Each day, Adecco connects more people to more jobs than any other company in the world.

Klaus J. Jacobs
Chairman

Philippe Foriel-Destezet
Vice Chairman

Redefining Work

Success in a challenging environment

2001 was one of the toughest years faced by companies, globally, in more than a decade.

It is, therefore, a great credit to all the people at Adecco that we can report very significant progress over the past year. Adecco, yet again, has clearly outperformed its sector.

We have increased our market share in all key markets, consolidated our position as the world's leading Human Resources Solutions-provider and demonstrated real organic growth as the benefits of our market-leader strategy have become even more evident.

Not least, we have significantly refined and strengthened our organizational structure and the balance of Adecco's Brand Portfolio. Our new structure ensures that, as the economic cycle becomes more favourable, we will be perfectly positioned to satisfy fully Clients' evolving needs and to deliver still greater shareholder value in the future.

The Global Opportunity: the global labour market

There are few, if any, other industries in the world which offer comparable strategic growth potential to that which Adecco leads: The global world of work!

Every day, billions of people ‘work’. Literally, billions of people ‘produce’. Literally, billions of people are ‘employed’. And, today, more and more people want to work on their own terms and on a ‘flexible’ basis.

Already the global Human Resources Solutions industry encompassing assessment, search and placement – including temporary staffing – generates in excess of an estimated $400 billion revenues per annum. Yet such revenues are soon likely to be dwarfed.

There are several key dynamics observable today indicating that the ‘world of work’ is fundamentally and irreversibly changing: Lifestyle trends. Corporate harmonisation. Deregulation.

At Adecco, we see the effects of such dynamics leading to a fundamental ‘Redefinition of Work’.

As the global market-leader, one of Adecco’s key goals is to play a major role in accelerating that redefinition, positively and constructively, and helping to reshape the global labour market productively for both people and companies.

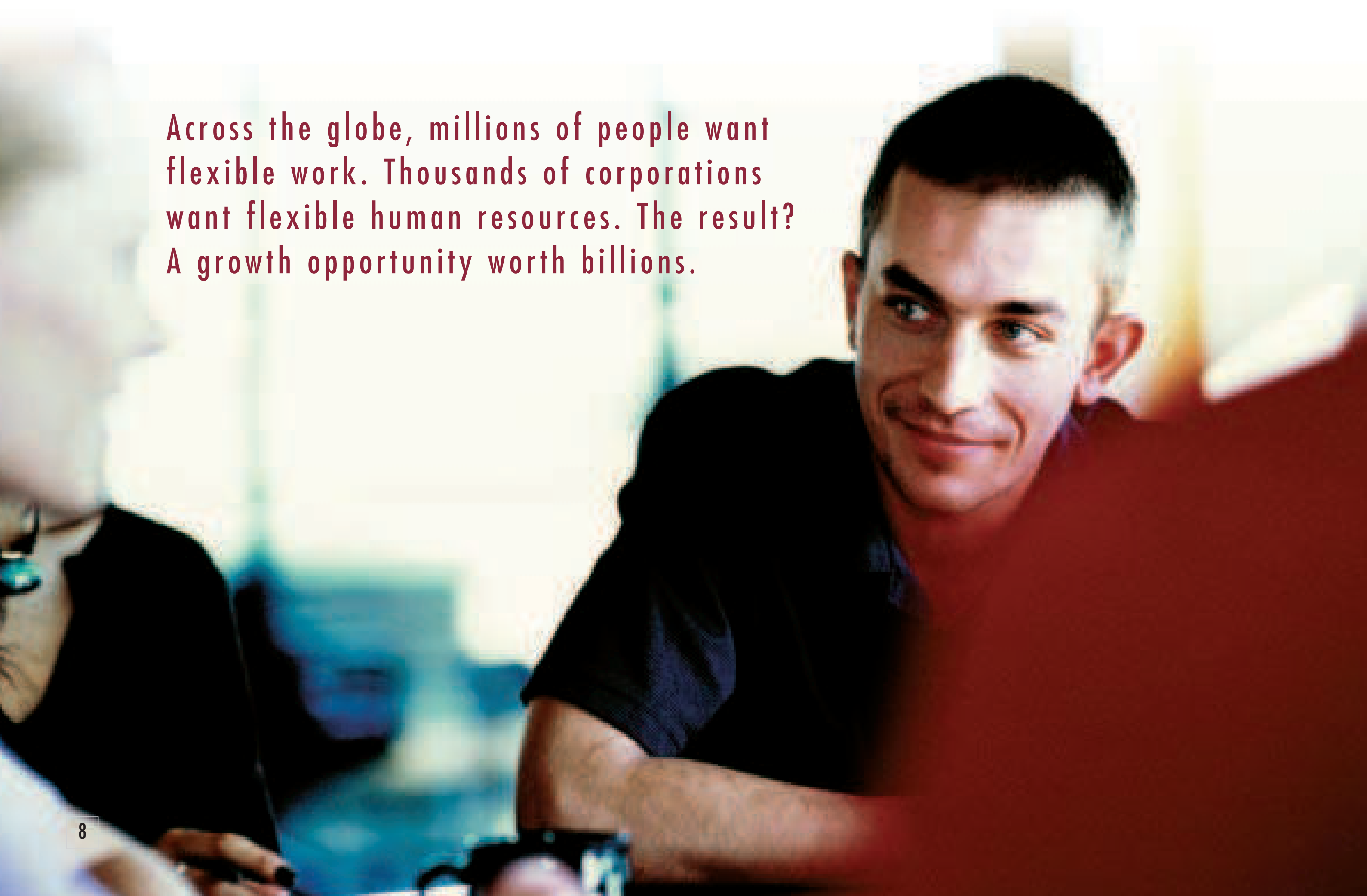
Lifestyle trends

Our mission at Adecco centres on delivering productivity improvements to our Clients by partnering with individual Temporary Associates to help them be truly successful in today’s changing world of work.

But today, more than in any other era of human evolution, millions of talented people, young and old, are themselves ‘Redefining Work’ in very personal ways on a daily basis.

For increasing numbers of skilled people, ‘industrial-age’ models of the relationship between employer and employee are now outdated, outmoded and simply ‘out of step’ with their own work, career and lifestyle aspirations.

People are becoming true ‘entrepreneurs’ in terms of their working practices and lifestyle preferences.



For all those people seeking to find the work / life balance right for them Adecco's role is to help them each fulfil their individual potential in ways most consistent with their own goals.

Corporate harmonisation

Daily, more and more major international and 'global' companies are embracing the 'just in skills, just in time' Human Resources Solutions model to enhance productivity and gain competitive advantage.

By integrating real 'flexibility' into their workforce and human resources strategies they are looking to respond, more productively and more cost-effectively, to the changing dynamics of their own industries at local, regional and global levels.

Client Companies are looking to harmonise proven 'best demonstrated practices' in the Human Resources Solutions arena, across geographies and across job functions, wherever they operate.

Operating in some 58 countries worldwide, Adecco is ideally positioned to deliver to its Clients a standard of 'service excellence' combining Global quality standards applied at the Local market level, wherever needed. This makes the Adecco Group the ideal source for a broad range of Human Resources services for today's leading human resources management professionals.

Deregulation

As the trend amongst both Client Companies and individuals to embrace the benefits of 'workforce flexibility' accelerates, Governments too must become more involved in the task of 'Redefining Work'.

Old regulations, relics of an industrial era, inconsistent with the realities of today's global market place, serve neither the interests of the State, of the individual, of companies or unions nor, indeed, of society at large.

Workforce Regulations should be designed to empower people, not to restrict and frustrate their legitimate work-related aspirations. Neither should they provide artificial protection for obsolete working practices.

Thus, Adecco is actively engaged in discussions with governments, legislators and unions to provoke and to support regulatory change designed to allow all parties to benefit from the easier adoption of 'flexible workforce practices'.

This has already led, in Germany, to the implementation of a pilot programme to help reduce youth unemployment and to provide a skills-training and development programme for those who would otherwise, through no fault of their own, be a net liability rather than a net asset to the national economy.

At the other end of the demographic scale we are exploring with governments how better to accommodate and to satisfy the aspirations of older, highly experienced, members of the community who often wish to return to work but who are, currently, economically penalised for doing so by outdated labour, pension or tax regulations.

An organizational strategy for growth

Adecco is committed to delivering the most comprehensive, relevant, range of Human Resources Solutions for both Clients and temporary Associates alike, wherever we operate in the world.

There was a time in the not too distant past when the idea of 'flexible' or 'temporary' working equated to the idea of replacing 'absentee' workers.

Today, that idea couldn't be further from reality.

Of course 'absentee workers' still need replacing. But, today's human resources management professionals demand a much wider range of 'flexible workforce' solutions across every functional area and every corner of their organizations.

Accordingly, we have refined our organizational structure and rationalised our Brand portfolio to ensure we can fully satisfy the demands of today's and tomorrow's market place. Providing the broad range of Human Resources Solutions which Clients now demand.

We will now be strongly represented in each of the most important sectors of the total market place:

Mainstream Staffing; Managed Services; Professional Staffing; Career Services, e-Recruiting and other Human Resources services.

As we look confidently to the future, as we embrace our own responsibilities in helping 'Redefine Work', let us close by thanking all of our Clients, temporary Associates, Shareholders and all of the Colleagues in Adecco, for their continued loyalty and support.

Klaus J. Jacobs
Chairman

Philippe Foriel-Destezet
Vice Chairman

Throughout the world, 30,000 Adecco people are using technology of all kinds to make people successful.

John Bowmer
Chief Executive Officer

Showing our Mettle as Market Leader

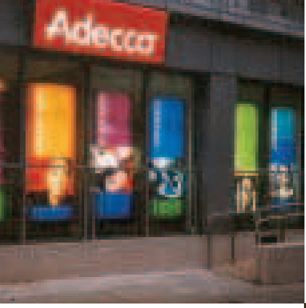
To our Clients, Colleagues, Associates and Shareholders

Without a doubt in 2001, Adecco faced the most challenging and uncertain economic conditions since its formation in 1996. The second half was particularly tough, as the USA, the world's largest staffing market, slipped into recession.

Yet 2001 was a year of substantial progress and as market leader, we have truly shown our mettle. We capitalized upon our global leadership and improved our competitive position, increasing our share in nearly every major market.

Moreover, we continued to invest in industry leading service enhancements that move us closer to our Clients and temporary Associates; harnessing the web; extending our branch network and global service capability. We also reorganized our management team in order to increase our customer focus and enter and create new high growth areas of business.

Clearly, we are ideally positioned and eager to benefit disproportionately from the anticipated upturn in the economy. Indeed, the long-term prospects for Adecco are outstanding, as we continue to build an unrivalled portfolio of human resources and business services essential to companies and individuals in the rapidly changing world of work. As industry leader, we will also continue to support the responsible deregulation of our industry, so the forces of growth can be fully unleashed and the benefits for the economy and society realized.



Strong management delivers results

Results for the full year of 2001 showed a revenue increase of 2% to CHF 27.2 billion. This led to a decrease in operating income of 5% to CHF 1.2 billion. Operating margin dropped 30 basis points to 4.3%. Income before amortisation of goodwill was CHF 702 million, down from prior year by 6%.

Growing countries helped to offset declining markets and kept sales and profit volatility within a manageable range. Among the growing countries was Japan, where we have moved into a market leadership position from third place essentially through organic growth. Revenues in Japan were up 34% for the year in local currency. The counter-cyclical businesses in our portfolio, such as Lee Hecht Harrison, performed extremely well and mitigated the drop in operating income and margins. Nowadays, Career Services account for over 10% of our operating profit. Growth in Latin America was particularly pleasing as we achieved an increase of 24% in revenues over prior year in these increasingly important and challenging markets.

Business review

Adecco's strategy has focused on becoming No. 1 or 2 in the top staffing markets around the world. We have largely achieved this goal in the Adecco brand. We are the market leader or in second position in 12 out of the top 13 markets. We continue to believe that market leaders will outperform the industry, in both good times and bad.

While market leadership in our core staffing business remains critical to our success, Adecco has the opportunity to accelerate its growth by expanding into Human Resources and Business Services. A re-organization along business lines to facilitate this strategy was announced in October. These new business lines will operate globally and are focused on building Adecco's capabilities in Mainstream Staffing, Professional Staffing, Managed Services, Career Services, e-Recruiting and other human resources services. We have appointed three presidents to lead these business lines, all from within the Adecco organization. This new structure will allow us to continue fast growth in our core staffing business, while concurrently extending the scope of our company. It will also enhance our ability to provide a broad range of services beyond traditional staffing to our Clients.

Adecco is the No.1 company in 8, and No. 2 in 4, of the top 13 markets that account for 95 % of the world staffing market.

Excellent technology remains one of the lynchpins of Adecco's success. During the past year, we continued to make huge strides in the development of our Internet and technology capabilities. Despite the bursting of the dot com bubble, the Internet is now more important to our business than ever. We are getting down to the nub of this technology – allowing instant access to information - anytime, anywhere it is needed. We continue to strive to have the Internet available on all desktops in the company, and will have Internet access in over 95% of our offices by July 2002. Over the past three years, we have invested nearly CHF 1 billion in our technology initiatives, integrating the web into our business and developing new web-based businesses. Our vision of delivering our business on a browser is coming ever closer to realization.

Nowhere has this integration of the Internet with our core branch business been more dramatic than in Italy. Adecco.it, the world's first fully web-enabled recruitment and staffing system grew from strength to strength, generating over 300,000 applicants by the end of 2001 and making a substantial contribution to our revenues in Italy. It is fully integrated to allow Clients to manage the entire staffing process on-line, while giving job seekers a quick and powerful job search tool. We are on schedule to launch similar systems throughout Europe – capitalizing upon the success of the pilot initiative in Italy.

To ensure that we respond to market conditions, we continue to implement sensible cost control measures. However, we remain committed to maintaining our branch network. This year we added 12% more branches while some competitors were contracting. We now have nearly 6,000 branches in total, spanning 58 countries. Our experience shows that maintaining branches during a downturn is critical to improving market share when business revives.

As the market leader, Adecco strongly promotes legislation that encourages flexible work. Countries with flexible labour markets have shown they can reduce unemployment and increase productivity, thus providing real benefits to workers as well as Client organizations and society in general. The benefits to organizations and individuals of more liberal flexible work regulations have been demonstrated in Spain, Italy and Japan, where temporary work laws have been eased in the last five years.

The positive role of our industry in society is there for all to see, with reduced unemployment, more flexible career choices and increased productivity. Since the laws in Spain were liberalized five years ago, the Spanish staffing market has grown dramatically to nearly CHF 3 billion. As the country becomes more accustomed to the use of staffing services, the market could potentially be worth CHF 6 billion. Italy is developing the same way as Spain, though perhaps even more rapidly. Staffing was legalized in January 1998, at which time Adecco had few branches in Italy. We have since opened over 500 branches and today the country accounts for CHF 1.2 billion of business.

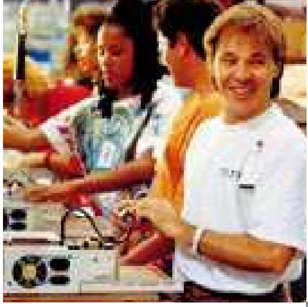
Most recently, the Japanese temporary staffing market has grown nearly 20% year on year since the Temporary Dispatch Law was modified in December 1999, injecting new flexibility into the economy and providing additional options for both individuals and corporations. We remain convinced that there is great potential to grow our business in those places that have yet to fully adopt laws encouraging the use of flexible work. We strongly endorse legislation that provides protection for workers without restrictions on the use of flexible work. It is good for our industry, temporary Associates and the wider society.

Adecco will continue to contribute to setting the labour market agenda. We also realize that supporting research into leading edge business theory, practice and education is a key role of industry leaders. To help in that mission, Adecco recently announced the creation of a fully endowed chair, funded with £2 million, at the London Business School. The holder of the chair will both teach and lead research into areas such as labour markets and their segmentation, education finance, labour mobility and migration, social capital and other related issues. Through endowment of this chair we will help enhance the world's understanding of these important issues, build Adecco's knowledge base and most importantly contribute to the education and development of the business leaders of tomorrow.

Outlook for the future

While the outlook for our business in the first half of 2002 is difficult, we remain convinced that the medium- and long-term outlook is as bright as ever. Thousands of organizations and the nearly four million individuals we place in jobs each year have grown to see the importance of flexible work with Adecco. Clearly, Adecco is the best-positioned company in the industry to ensure they meet their goals. Moreover, we are now beginning to move into new areas of human resources services to further extend our reach and capacity to serve our Clients. I want to thank our 30,000 Colleagues for their efforts as we continue to transform the company. I am gratified by their dedication and the continued confidence placed in us by Clients, temporary Associates and Shareholders. I assure you that all of us at Adecco will do our utmost to deliver excellence as we move into the new year.

John Bowmer
Chief Executive Officer



Adecco: 30,000 entrepreneurs seizing opportunities daily to build shareholder value.

From left to right: Patrick de Maeseneire, Jérôme Caille, Felix Weber, Bernard Morel, Luis Sánchez de León

Organizational and Management Strength

In October 2001, Adecco Group redefined its organizational structure in order to aggressively develop existing business and extend the scope of the company. Adecco Group will increasingly be recognised not just as a staffing company, but as a Human Resources and Business Services organization, as it continues to lead industry developments.

These new divisions will operate globally and are focused on building Adecco's capabilities in Mainstream Staffing, Professional Staffing, Managed Services, Career Services, e-Recruiting and other human resources services. Three presidents - all from within the Adecco organization - were appointed to lead these divisions in addition to a Chief Sales & Marketing.

This new structure enhances Adecco's ability to provide a broad range of services beyond traditional staffing.

Jérôme Caille, as President, leads the Adecco Staffing Division worldwide.

Patrick De Maeseneire, as President, heads the Ajilon Staffing & Managed Services Division and mid-market permanent placement business with its operations in North America and Europe.

Bernard Morel is President of Career Services & e-Business, including e-recruiting, executive search, outplacement and related services.

Luis Sánchez de León, Chief Sales & Marketing, is responsible for leveraging Marketing, Sales and investment opportunities and synergies across the business lines.

Felix Weber in addition to his role as CFO, is leading various strategic initiatives within the Group.

Jérôme Caille,
Adecco
Staffing Division

In 2001, we established the new Adecco Staffing Division. We are committed to making our people successful by training and developing the skills and building on the passion of every one of our 30,000 Colleagues, so that they may successfully guide the professional careers of our 700,000 daily Associates. Thus, helping to significantly increase the flexibility, productivity and competitiveness of our 250,000 Clients worldwide.

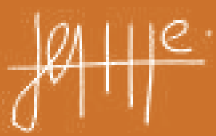
We will continue to grow our network organically by maintaining a local focus, identifying new business opportunities through a continued process of Client and Candidate segmentation and providing the best services in our industry.

The leadership skills of our Branch Managers are key to building sales locally and to providing the highest quality temporary and permanent recruitment services to our customers across a wide range of both traditional and new industries. Our Adecco University will provide the training and development programmes to build on the expertise of our local branch teams. In turn, they will deliver tailored workforce management solutions to our Clients and personalised coaching to our Candidates.

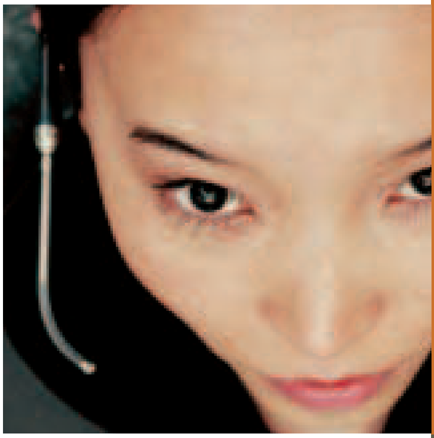
Using the industry's largest and most comprehensive Candidate database, we will translate the power of the worldwide web and the latest technologies in e-recruitment and Associate management, as well as ordering, contracting and time collection, to make our processes more efficient, effective and user-friendly for both Clients and Candidates alike.

Through strong international management and the sharing of best practice, we will ensure that our national, regional and local teams receive the strategic guidance, ideas and practical support necessary for Adecco to become the ultimate reference point for employment.

By building on our entrepreneurial culture and constantly innovating new services, we shall continue to build shareholder value and drive global market growth in this industry.

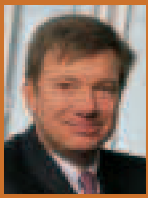


Jérôme Caille



A management team utterly focused upon realizing Adecco's full global potential.

The new management structure is in place, defined to exploit Adecco Group's synergies with clearly defined goals and areas of responsibility. From left to right:
Felix Weber, Patrick De Maeseneire, Luis Sánchez de León, John Bowmer, Klaus J. Jacobs, Philippe Foriel-Destezet, Bernard Morel, Jérôme Caille.



Patrick De Maeseneire, Ajilon Staffing & Managed Services Division

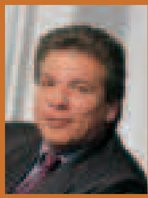
In two of the fastest growing, higher margin areas of our industry, Ajilon Staffing & Managed Services, the Adecco Group has created a global powerhouse, built by the integration of already successful and growing businesses. Under the brand Ajilon, this new Division brings together the strengths and resources necessary to become a leader in each of the major markets in the world. Our aim is to achieve this through combining the strengths of our 10 established branded businesses, entering new markets and generating strong organic growth.

Our Ajilon Staffing sub-division serves customers with temporary Associates, Contractors and Permanent Placement. We have complementary strengths across industry sectors and geographies and are capitalising upon these through separate and focused sales and staffing teams, while already implementing a programme to enable these operations to share front and back offices in each region. This means improved service, lower costs and a superb infrastructure around which to grow individual service lines internationally, quicker and at less cost than when they were operating independently.

Our Managed Services sub-division is capitalising upon the continued growth of outsourcing of staffing and projects in IT, Telecom and Engineering sectors.

Focused upon the high growth sectors of our industry, we expect to make an increasingly telling contribution to the profitable success of the Adecco Group.

Patrick De Maeseneire



Bernard Morel, Career Services & e-Business Division

The new Career Services & e-Business Division has an exciting range of initiatives underway to further develop Adecco's established e-recruiting, executive search, outplacement and career services businesses.

In e-recruiting, our focus is upon creating new levels of service in what we call Assisted Direct Hiring. This is a huge market, as currently over 85% of hiring is achieved without recourse to executive search or recruitment companies. Our approach is to add significant off-line value, at low cost, to the on-line job-board concepts to help companies manage their own recruitment better, faster and cheaper. We shall harness the services of the Adecco Group companies worldwide and acquire specialist resources as required.

Our e-recruiting initiatives are focused around:

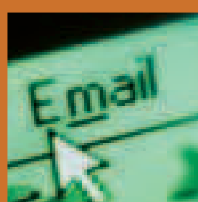
- A job-board approach offering the best services to both Candidates and Clients and able to generate high traffic and retain this audience over time.
- A human resources services platform combining the clicks of the Internet with the people necessary to guarantee the quality of the matching and the management of the recruiting processes.
- A Human Resources Management system solution allowing customers to benefit from integrated on-line resources, helping them improve their own human resources processes. E-recruiting is a very promising field of activity where the skills and resources we already have in the Adecco group will be optimised.

In Executive Search, we want to build a powerful global network of highly competent consultants in the top cities of the world, based on the existing resources already provided by our Alexandre TIC, Career and Templar offices worldwide.

In the field of Career Services and Outplacement, Lee Hecht Harrison will continue its very impressive expansion. With a very strong leading position in North America and already successful operations internationally, Lee Hecht Harrison will further strengthen its market positions in Europe and Asia Pacific.

All these activities will work closely with the two other Adecco Divisions: Adecco Staffing and Ajilon Staffing & Managed Services to drive the success of the group.

Bernard Morel



Dynamics of Change

The changing concept of work

By Richard Donkin
Author of 'Blood, Sweat and Tears, The Evolution of Work'

The world has witnessed two fundamental upheavals in the way people live and work. The first was the agrarian revolution 10,000 years ago. The second was the industrial and manufacturing revolution that began in the 18th century and reached its zenith in the 20th century multinational corporation.

Today, we are taking the first evolutionary steps across a third watershed of life and work; a watershed from which people will emerge with far more personal control and choices over their levels, types and degrees of input into society.

We shall all need to adopt new meanings for words such as 'management', 'retirement' and 'education'. The concept of work itself will change, blurring at times with that of leisure.

But these changes will not happen overnight, nor will they happen without understanding, legislative reform and more creative financial and institutional infrastructures.

The mentality of job creation must change to that of work accomplishment. No-one wants to work for the sake of it. But, people want and need to do rewarding, purposeful work in order to find self-fulfilment.

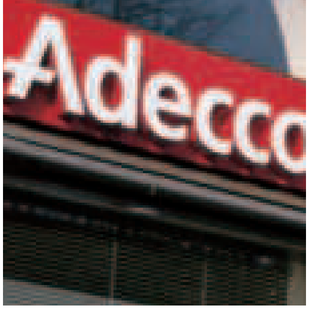
Those corporations that are most responsive to such needs, not least in terms of managing their workforce requirements in more imaginative ways, are likely to enjoy the most significant gains in productivity and competitiveness.

Thus, companies like Adecco are finding themselves at the very fulcrum of change, witnessing the desires, ambitions, experiences and potential of people demanding that governments and international organizations take action on a global basis.

Work has always been an integral feature of social interaction. Those countries and continents that are most aware of their history are best placed to influence future social development.

This is why the work that Adecco is undertaking at the heart of European policy-making is so important.

Today, when the workplace can be any place, when the opportunity to 'learn and earn' is viewed by many as a basic human right, we are on the threshold of a new society. Tomorrow, terms such as 'flexible working' or 'tele-working' will be simply the way things are.



Social change and the fitness of the ageing population: Implications for lifelong careers and the future world of work

By Professor Paul B. Baltes
Director of Max Planck Institute for Human Development, Berlin

We are living in an era of unprecedented demographic change. People are living longer, fertility is declining and populations are ageing.

But that does not imply a general decline in fitness. Indeed, a conservative estimate is that today's 70-year olds are comparable to people five to ten years younger of 25 years ago.

In addition to an increase in average fitness there is also a clear increase in 'individuality'.

Today's 40 to 70-year olds are looking for new opportunities to express their personal style and individual preferences. They are less interested in 'standardized' solutions such as keeping the same job for life or retiring at some arbitrarily enforced time.

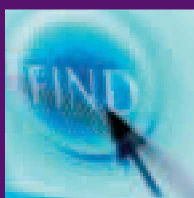
For many older adults 'traditional' work contexts are becoming obsolete, as they do not fit with their personal skills and individual lifestyle preferences.

One response to the changing fabric of the ageing population and the new motivations of older adults is to move from the traditional sequencing of life stages (education, family, work, retirement) toward greater parallelism and more horizontal flexibility.

Part of that shift implies the pursuit of multiple, flexible careers. Older adults today are looking to exploit their experience, engage in learning new skills and are seeking jobs that will permit them to better balance newly-found motives and interests with productive working commitments.

We need companies, such as Adecco, that focus on assessing the existing skills and motivations of older adults and on offering new, more appropriate, more flexible employment opportunities. Such companies will be major players in re-shaping workforce strategies for the 21st century. If they did not exist, we would have to invent them!

Increasingly, today's 40 to 70-year olds are turning to Adecco for new opportunities.



Drivers in Legislation

In the EU and in many markets across the globe, 'worker' legislation, frequently established immediately after World War II, is no longer appropriate for companies or workers in the new world of work. Responsible deregulation is enabling the growth of nations' economic competitiveness, corporate flexibility and productivity and individuals' choice and opportunity – clearly good for society.

Adecco's business is thriving, but this is in spite of the current regulatory environment, not because of it. So, leading the way in setting the agenda for change at international and national level is a priority for Adecco.

Employment laws are changing – enabling more people to enjoy the opportunities of flexible work.

One of the 6,000
This Adecco branch in Milan, Italy, was opened last year by Lombardia Area Manager Francesco Zacchetti – and almost immediately grew a Client base of household names such as Walt Disney, Unilever, Louis Vuitton LVMH and Campari.

The Agenda for Change

Length of Assignment

In Spain, Italy and France, the length of an assignment is limited to an average of 12 months. Adecco is lobbying for its removal because it can lead to an Associate having no job after a year, so encouraging employment instability. There is very little evidence of temporary workers substituting for permanent workers, which was one of the reasons for this restriction.

Arbitrary Sector Restrictions

In several countries, for various reasons, there are restrictions, which prevent temporary workers taking positions in certain industry sectors. Evidence suggests that the reasons for restrictions are inappropriate, limit the opportunities for people who want to follow temporary work, and only lead to economic inefficiency.

For example, preventing temporary workers from participating in the construction industry on the premise that they are not qualified and represent a safety risk is without foundation. Far better that regulation be introduced which ensures the temporary workers are qualified for a given task, than exclude them from work opportunities and the industry from using them. Adecco believes that the emphasis should be on protection rather than restriction.

Another example can be found in France where temporary workers cannot be deployed in public administration, whereas in the UK, the DTI (Department of Trade & Industry) for example is one of the biggest users of temporary workers. Adecco believes public administrations should be allowed to use temporary workers to maximise their flexibility and efficiency – creating new opportunities for temporary workers and ultimately better, more responsive public services.

Objective Reasons

Productivity is seriously hindered by laws in some countries such as France, Portugal and Spain, which require companies to provide Objective Reasons, such as sickness or a sudden upsurge in business, before engaging temporary workers. Such red tape can delay the start date of temporary workers, causing deadlines to be missed and often dissuading companies from creating new jobs.

Breakthroughs in 2001

In October 2001, a joint declaration was made between Euro-CIETT (Confédération Internationale des Entreprises de Travail Temporaire) of which Adecco is a leading member, and UNI-Europa - representing the staffing industry and unions respectively.

It proposed a framework for the new **EU Directive on Private Agency Work** – that will guide positive regulation in the years ahead. It was a landmark declaration, reflecting the progress in raising understanding of the role of the staffing industry in the changing world of work.

The Joint Declaration called upon the Commission to ensure that the Directive:

1. Recognized the use of agency employment as a means to enhance job opportunities and integration in the labour market in particular for special and/or disadvantaged groups.

2. Established the principle of equal treatment, at two levels:

- Obligations which arise from the employment relationship that exists between the agency and the agency worker (for example, terms and conditions for the agency workers should be equal for the same job with one Client)

- Obligations which arise from the fact that agency workers are assigned to work for and under the control of Clients at their premises (for example, health and safety responsibility of the Client should be the same for agency and non-agency workers)

3. Asked Member States to periodically identify and review obstacles, which may prevent agency work from playing a positive role in the labour market and eliminate them if appropriate.

Deregulation Works

Germany – new job creation

In 2001, lawmakers in Germany have given a strong boost to the labour market's use of temporary staffing and direct placement through its Job-Aqtiv Act that was passed by the German Bundestag in November 2001. This legislation extends the earlier maximum assignment duration for temporary Associates from 12 to 24 months.

Earlier in 1998, Germany increased its limit on temporary workers' assignments to 12 months from 6 months, enabling the staffing industry to put 55,000 more Germans to work in 1999 alone.

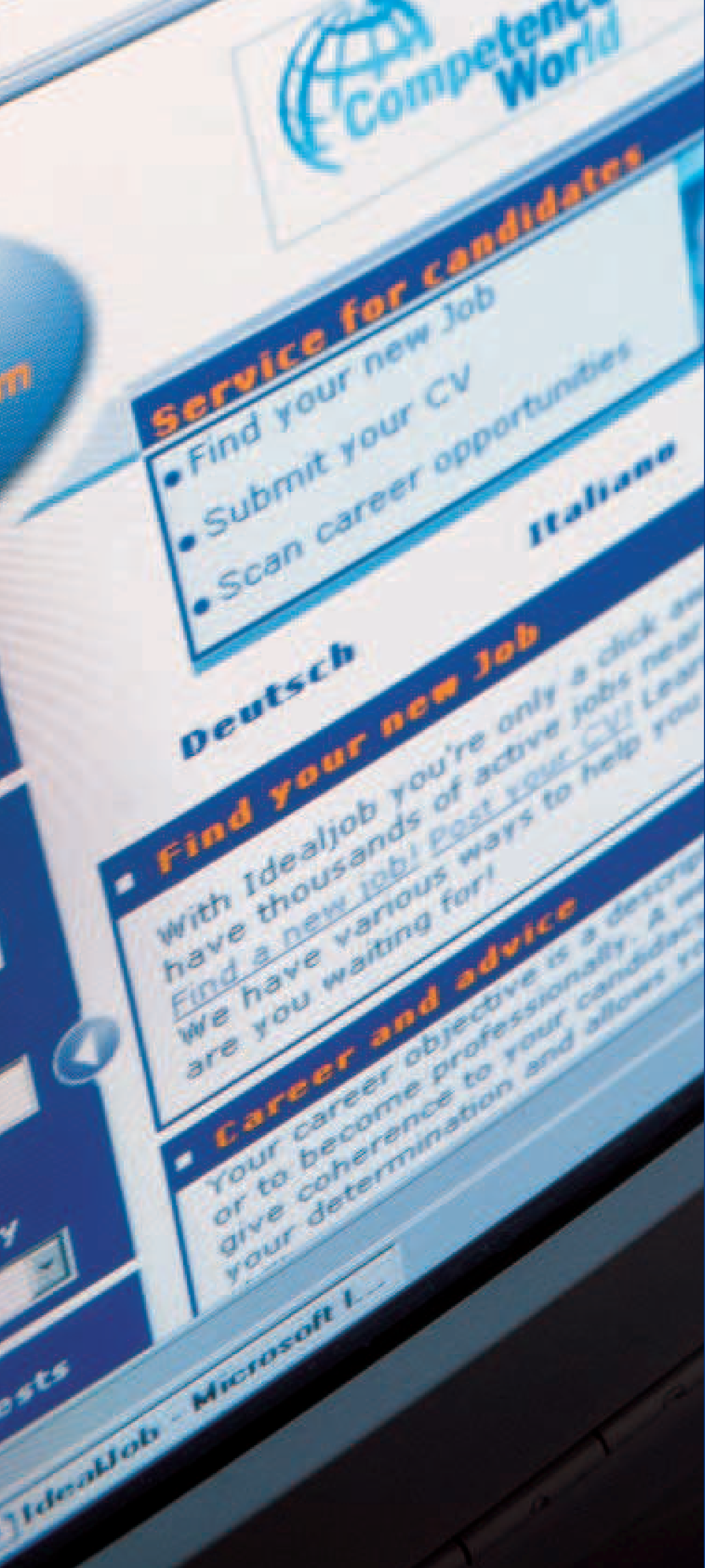
Japan – new ways of working

Since the deregulation of the Temporary Dispatch Law in Japan in December 1999, the temporary staffing market has grown nearly 20% per annum, increasing flexibility and productivity for the economy, corporations' and individuals' career and lifestyle options.

Mr Kozo Tsukada, Senior Director of Human Resources at Pfizer Pharmaceuticals Inc – an Adecco Client – said:
"Employees remain our greatest asset, but Japanese companies are now realizing the competitive advantage of deploying a flexible temporary workforce."

According to a McKinsey & Company report in October 2000, commissioned by the European staffing industry body, Confédération Internationale des Entreprises de Travail Temporaire (CIETT), a modernised regulatory environment will help enable the temporary sector create 4 million new jobs by 2010. By this time, the temporary sector is likely to account for 4% of workers, as opposed to 1.5% now.

No other player in the industry has such established depth in all three strategic areas: People, Bricks and Clicks.



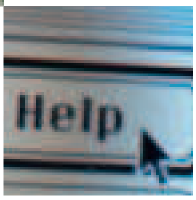
Drivers in Technology

People, Bricks and Clicks Unified and Focused

The Adecco Group is ideally placed to harness the power of technology. Not only does it have the critical mass to realize economies of scale in its technology investments, it possesses a unique combination of *people, bricks* and *clicks*. No other player in the staffing industry has such an established depth in all three strategic areas.

Clicks enable Clients and Candidates to interact with Adecco quickly and easily, through on-screen access, automated matching, payment, billing and increased reach in Candidate and Client searches. *Bricks* provide the high street presence, brand visibility and vital understanding of local and regional business environments. And *people* provide the essential face-to-face interviews that ensure reliable, accurate Candidate assessment as well as information on personality, motivation and the 'softer' skills – information that cannot be gathered by on-line questionnaires alone. Moreover, Adecco *people* help ensure that all types of Candidates, even those less acquainted with using on-line systems, can easily enter the e-selection process. The result? Adecco Clients have fast, easy access to databases filled with truly reliable and in-depth Candidate information. Adecco Candidates have the best possible skill-set profiling. Both Clients and Candidates get the support of a full array of personalised face-to-face services.

Working as one unified force, this unique combination of *people, bricks* and *clicks* is setting new standards in reliability, speed and quality of information. And it is helping to redefine the staffing industry.



Strategy in action

IdealJob.com

IdealJob.com started in Switzerland just two years ago and rapidly expanded into eight other European countries. Now, in addition to attracting mid- to high-level skilled Candidates, it provides off-line interview, assessment and follow-up services in most European markets.

In addition, IdealJob.com markets its technology and services to Clients and provides turnkey, tailor-made, web-enabled human resources solutions. For example, in mid-2001, it provided the Swiss daily newspaper, *Le Temps*, with an on-line version of its weekly 'situations vacant' supplement. IdealJob.com specified, programmed and installed the site and styled it according to *Le Temps*' corporate visual identity. It also set up a 5-day a week call centre to handle interviews and expedite selection processes. It is now an almost self-running profit centre for *Le Temps*.

IdealJob.com is also helping *EXPO.02*, the Swiss National Expo to recruit more than 11,000 people. A specially designed website began collecting thousands of CVs per day, from which 30,000 people were interviewed in order to fill 11,000 jobs. At all stages – from initial CV posting to final selection and placement – the IdealJob.com technology and services gave Candidates the impression of interacting with the *EXPO.02* organization directly.

Adecco.it

Adecco.it is Italy's fully integrated human resources solutions system that blends the best of click power with an extensive branch network and face-to-face services. It stands as a model for the future, one that will be imminently rolled out in Spain, France, Germany and ultimately to all other countries.

It works like this: whether Candidates physically enter a branch or 'virtually enter' the Adecco.it site, they are all personally interviewed at branch level. Once their references and qualifications are validated, they are placed in the nationwide database, from where Clients can interactively search and sort suitably qualified and mobile people. After initial selection, Adecco Colleagues then contact the Associates to finalise the hiring process.

Adecco's People, Bricks and Clicks strategy is redefining the global staffing industry.

One of the 6,000

The Adecco Dietikon branch in Zurich, Switzerland, headed by André Riegler, opened two years ago and operates with more than 250 Clients, including such famous names as Hertz, Hewlett Packard, Daimler Chrysler.

And to ensure that all Adecco and specialty branches participate in the system, special transfer pricing arrangements are in place as an incentive for Colleagues.

After just one year, thanks to the power of the *people, bricks* and *clicks* model, Adecco.it has overtaken all Italian Internet recruiting competitors (including pure on-line players such as Monster, JobPilot, StepStone and Jobline) in all on-line activities. It has more than 200,000 individual visitors per month, 5 million page views per month, 650,000 CVs and 4,000 Job Offers available on-line. And all this was achieved with no advertising, just the leveraging of the Adecco brand awareness and through 'word of mouth'.

Not only is Adecco.it Italy's leading on-line recruitment site, it is also helping address the North-South divide in a country that has 3% unemployment in the North and 20% in the South. With Adecco.it people from the South are helped to find a temporary job in the North, and 96% of them receive a permanent job offer within 6 months. Adecco has further helped facilitate this through its 'Adecco House' initiative. The aim is to find, rent and furnish apartments to be used by temporary workers who have transferred from the South of Italy. In the last two years, Adecco has opened over 300 houses in the North, helping Associates settle down in the workforce of Client companies.

Fully integrated branch and back office system

In a system that is unique in the staffing industry and puts Adecco North America ahead of our competition, our 1,700 North American branches are on-line to a real-time client/server system that accesses a centralised nationwide database. This saves Adecco and its Clients time and money, eliminating paperwork and ensuring accurate, easily accessible data.

Providing unparalleled customer service administration, comprehensive skill evaluations, skill enhancement and custom matching of Associates to assignments, Adecco's system facilitates order tracking, time capture and payroll, validates billing and provides a wide array of Client usage reports, with a multitude of sorting options based on Client specifications. It also provides consolidated invoicing for large customers while allowing for complicated contract compliance for multiple entities and locations. The result is that Clients can strategically manage their staffing contracts nationwide.

For Associates, the system ensures that their data are centrally recorded and, as Associates acquire experience, Colleagues can reference previous assignments to further match skill sets with jobs. Associates can also move easily to another branch and be assured of the integrity of their data.

To expand its seamless network, Adecco is implementing a variety of web-enabled system options that integrate Client IT systems with Adecco's. They provide a secure, collaborative platform from which Clients, Associates and Adecco can access all workflow information. The unique feature of Adecco's e-commerce systems is their seamless integration with all other Adecco front and back office systems, eliminating duplicate entry and ensuring accuracy and timeliness in e-commerce transactions.

Lee Hecht Harrison

In June 2001, Lee Hecht Harrison launched the first career transition service for those who prefer to job-search from home. The LHH@HOME software creates a fully interactive research, training and networking community, allowing Candidates to interact with LHH staff as well as other Candidates. It also gives access to company-wide resources, conferences and bulletin boards.

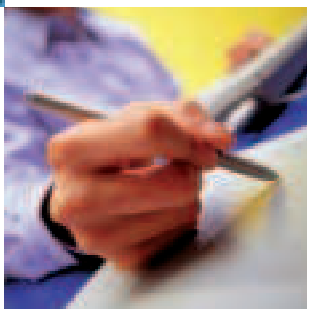
Adecco Spain uses SMS

Adecco Spain uses SMS (Short Messaging Service) technology to instantly inform Candidates across the country about its latest job offers and training opportunities. Together with an SMS provider it developed special tools to send SMS messages to either a single person or a group sorted by fields such as location, personality, education and experience. Currently, well over 100,000 messages are sent each month, and Adecco Spain is looking to market this exciting technology into other countries.

Making the most of the future

The case studies described above are powerful examples of Adecco's integrated *people, bricks* and *clicks* strategy. They show how the Internet enables greater efficiencies and convenience, and how the people and facilities behind the web-enabled systems provide face-to-face added value services.

As Adecco continues to embrace new technology, it continues to build an ever valuable resource of expertise. A resource that will ultimately create a common database structure in all regions, enabling Adecco people to share information seamlessly, at every level, across borders and across specialities, and eventually allowing Clients and Candidates to access and use this information through whichever kind of Internet or wireless device they find most convenient. And, as a truly global and transparent company, Adecco seems destined to continue redefining the staffing industry.



Drivers in Flexible Workforce Solutions

Delivering Global Advantage

Continual development of the range, reach and quality of Adecco's services are the drivers that have enabled Adecco to deliver global competitive advantage to more Clients, in more countries each year.

In a year of great economic uncertainty, the competitive value of flexible workforce became further embedded in the human resources strategies of the world's leading companies – and the people, bricks and clicks of Adecco rose to the challenge.

- Adecco grew its Global Client Database – its on-line tool for global Client development worldwide – by over 25% in 2001.
- Adecco's Global Account Management structure offers one point of entry to the range of Adecco Group Services – almost half of Adecco's largest Clients used the services of two or more Adecco Group companies in 2001.

Almost half of Adecco's largest Clients use the services of two or more Adecco Group companies.

One of the 6,000

The Wilshire Boulevard branch in Los Angeles, headed by Cheryl Bridges, opened a decade ago and now has more than 800 Associates registered and operates with 140 Clients, including EMI Records, Capitol Records, Bank of America, Avon and Wells Fargo.

Hewlett Packard in South Korea – Mobility Pool System, an innovative solution

The striking turnaround of South Korea from one of the worst affected economies during the 1997-1998 Asian financial crisis was due primarily to restructuring of both the private and the public sectors. One of the challenges in the restructuring was to enhance the efficiency in workforces by securing labour flexibility, through realigning employees or outsourcing people or tasks.

Adecco's services to Hewlett Packard Korea include temporary staff dispatching services, marketing and sales personnel and outsourcing services for customer management – a range of services previously provided by several other service firms. Adecco operates a 'Mobility Pool System' which delivers workforce flexibility and reduces labour expenses.

"I judge that we made an excellent decision in having a partnership with Adecco Korea regarding the external temporary workers and outsourcing services."
Kwang-Dong Lim, Human Resources Manager, Hewlett Packard Korea.

Valeo – flexibility for business expansion

Adecco is the preferred supplier for Valeo, the automotive component manufacturer, meeting its temporary staffing needs in 12 countries across the world.

In the Czech Republic, for example, Adecco plays a key role in managing the recruitment and supply of temporary workers on manufacturing and assembly work for Valeo plants in Rakovnik and Zebrak. Adecco's on-site presence helps it fit into Valeo's workforce strategy by supplying difficult-to-find labour, just in time.

Mr J. Doskočil, Valeo Human Resources Manager in the Rakovník plant, said:
"Co-operation between Valeo and Adecco began when our company started to expand. We realized that we are unable to manage all of our recruitment on our own – therefore we found a partner to whom we can outsource the recruitment process. We are now capable of supplying not only existing partners, but also our new customers, which would not be possible without new employees."

Adecco/Prudential strategic relationship

Prudential Financial Inc. entered into a strategic relationship with Adecco as a preferred temporary staffing provider in March 1996, with Adecco being awarded a contract as the primary supplier in Spring 2001. Adecco services Prudential's staffing needs in the USA, with major concentrations of business in New York City, New Jersey, Fort Washington, Pennsylvania, and Jacksonville, Florida.

Through a formalized requisition and approval process, Adecco provides hundreds of Associates daily at Prudential work sites. The ordering and fulfilment processes were further enhanced in October 2001, when Prudential and Adecco combined technologies and implemented a customized end-to-end e-commerce solution, in which transactions between Adecco and Prudential are performed over the web. To Adecco's knowledge, this system is unmatched by any other staffing firm and Client-company relationship.

According to end-user surveys conducted by an independent consulting group, Adecco exceeded Prudential's Customer Satisfaction expectations in 2001.

Bell Canada – one-stop outsourced solution

For Bell Canada, TAD Telecom Canada (or TAD) supplies technicians who both fit telephone and Internet services, install cable in buildings and perform other related tasks to ensure one-stop outsourced service delivery.

Bell Canada is Canada's national leader for communications in the Internet world. The company provides connectivity to residential and business customers through wired and wireless voice and data communications, high speed and wireless Internet access, IP-broadband services, e-business solutions, local and long distance telephone and directory services.

With an increasing requirement for significant flexibility in its field workforce, TAD's business model has enabled Bell Canada to meet its customers' expectations of high value and quality service.

Adecco Sales Activity Systems – one step ahead

Adecco was the first in the industry to launch a global Client database in 1997 and, through steady development, it has continued to be a source of competitive advantage, driving Client service enhancements and new sales opportunities for Adecco. Georg Juelke, Global Sales Information Manager, said:
"On-line access to the database by our global account managers enables us to operate as a truly multinational company – with up-to-the-minute assessments for each Client of countries served and services provided across the Adecco Group. In 2001, we introduced a new Activity System through which our account managers can have a live insight into Client relationships and how they are developing right across the globe. It's just another step that allows us to share best practices for our Clients faster, as well as building our own business."

Drivers in Career Development

Individuals are taking charge of managing their work/life balance as never before – jobs for life and traditional one-company career paths are increasingly outmoded.

Adecco's role goes beyond offering a one-stop job service. Throughout the world, Adecco offers innovative, personalised support programmes so that Associates develop their skills and enhance their employability – enabling them to 'take charge' of their career in times of change; in turn, this builds Adecco's reputation as a supplier of choice. Adecco also supports the development of diversity in the workplace and assists 'outsiders' entering the workforce through the Adecco Foundation.

Adecco offers its Associates personalised support and training programmes. Developing skills into careers.

USA

Renaissance programme supports mature workers

In 2001, Adecco North America rolled out the Renaissance programme, focused on *informing* mature workers about the advantages of flexible work as an alternative to retirement. Vacation pay, prescription coverage, medical benefits and training bring to life the Renaissance promise that 'Working with Adecco has its benefits'. As a result, a growing contingent of retirees return to the workforce on a part-time or flexible schedule to continue their active lifestyle.

Following a successful career as Director of Financial Aid for the Berklee College of Music in Boston and 30 years in the Army Reserves, Joseph Ferrari knew that it would be difficult to adjust to a sedentary retirement. Ferrari's work as an accounting clerk at a major defence and technology company, General Dynamics, earned him one of Adecco North America's coveted awards as a 2001 Staffing Employee of the Year. Ferrari said:

"In more than one way, Adecco has given me an opportunity to write another fulfilling chapter in my life. I work part-time, which keeps me active in the business world, and the hours are flexible, so I can serve as the substitute organist at my church, playing at occasional weekday services. For people who just aren't ready to retire completely, or who can't afford to, the temporary lifestyle is a great solution."

Adecco training centres for Associates are well established in the USA and following the tragic events of 11 September, they were rapidly established in Manhattan. This enabled displaced workers to receive free training, career counselling and job placement, whether or not they were registered with Adecco. One Manhattan centre offers instructor-led courses such as introduction to computers and lessons in Microsoft Excel, Word, Outlook and PowerPoint. Another centre provides computer-based self-paced training in typing, data entry and basic office procedures.

UK

Expanding development programmes

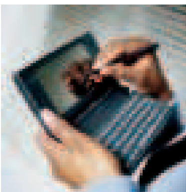
In July 2001, Adecco launched its career management programme that includes a combination of carefully selected and developed career assessment and training services, all offered at highly discounted prices by the UK's foremost providers.

Pathway includes:

Xpert - Adecco's own career evaluation tool
Change Learning - Occupational training, available in a classroom setting at Adecco UK Learning Centres
Learndirect futures - Occupational evaluation available on-line
Pitman Training - Assessment and skills training from basic office to advanced IT, available in an Adecco Learning Centre, workplace or on-line
Skillsoft - General workplace and management skills, available on-line
i.Learn.to - Soft business and IT skills, available on-line

"***Pathway*** looks at what employees do now and how readily their talents can be transferred, perhaps with a little encouragement or training, into a more rewarding position with better job prospects,"
says Fiona Walsh, Adecco's Corporate Training Director. ***Pathway*** is today available to the 100,000 people registered with Adecco in the UK.

One of the 6,000
Christine Brooks and her five Colleagues opened their new branch at Canary Wharf, London, in June 2000. Since then they have registered more than 150 Associates working with prestige Clients such as Chevron Texaco, Edward Jones and the Financial Services Authority.



Adecco Learning Centres

Adecco UK opened further Learning Centres in Manchester, Liverpool, Sunderland and Southend, to add to those already established in Rotherham, Leeds and Glasgow. Adecco UK launched the Learning Centre concept in 2000 and a record number of Associates benefited from skills training in 2001.

Sisters, Sally (aged 26) and Sue (aged 22), were in the first group to undertake the training course in Glasgow. They had both just been made redundant from James Gowan Bookbinders when it closed down. Sally had worked there for 10 years and Sue for 5 years – both having gone there straight from school. The women heard about the course through Branch advertising and worked hard to complete the course, as it was all very new to them. One week after completion, both sisters were employed at an International Bank as Data Entry Agents on temporary contracts.

Germany

Going mobile to reach out to Associates

In Germany, the Adecco Mobile Shop delivers job information and free skills testing directly to prospective Candidates. In 2001, the bus travelled to 80 cities transporting advanced technology that enables prospective Candidates to access job opportunities throughout the country.

Visitors are also invited to take free skills tests that help them determine which skills and software they have mastered, such as MS-Office programs. Also, they can take Adecco's unique Xpert Test. The results help them understand their personal strengths and preferences. This assessment tool can direct people to employment opportunities that are a better 'fit' and are more fulfilling.

Switzerland

Supporting Associate safety

In 2001, Adecco became the first staffing company in Switzerland to launch an industrial injuries prevention programme. In a joint initiative with the Swiss Association of Roof and Wall Constructors, Adecco Associates are invited to attend a free half-day seminar on accident prevention, addressing a key issue in the Swiss industry in which an injury occurs every minute.

Adecco action on diversity

In 2001, Adecco introduced a global 'Diversity Action Plan' for Adecco Colleagues and Clients. First and foremost, the programme aimed to show how best practice recruitment methods focused purely upon Candidate competencies, disregarding racial or ethnic origins or gender and, in fact, resulted in increases in the size and quality of the Candidate pool. In addition, the programme helped Clients to anticipate employment trends and to comply with the relevant legislation.

In France for example, the programme encompassed a series of conferences in all major cities including Paris, Lyon, Strasbourg, Lille, Toulouse and Bordeaux, starting in June 2001. These conferences were organized in partnership with the Fonds d'Action et de Soutien pour l'Intégration et la Lutte contre les Discriminations (FASILD) – a body that reports to the French Ministry of Labour – and covered all aspects of the upcoming social laws. Thousands of Human Resources and General Managers from a diverse range of companies have attended these conferences.

Nourredine Boubaker, Directeur Emploi Formation of the FASILD, said: *"This is a really successful and exemplary partnership to fight effectively against discriminations at work in France."*

In the USA, encouraging diversity is an integral part of Adecco's everyday operations, and there were many prominent examples of success in 2001:

In New York City, Adecco combined forces with Wildcat Services, a federal, state and city-funded welfare-to-work organization, to place graduates of Wildcat's job readiness training. In 2001 alone, Adecco placed more than 300 Wildcat Clients in rewarding positions.

Also, Adecco was awarded the Supplier Diversity/Mentor Program by Georgia Power. Through this programme Adecco mentors and trains minority-owned staffing companies, helping them grow their business. As Georgia Power put it in their employee newsletter, "Adecco has taken Georgia Power's slogan – 'A Citizen Wherever We Serve' – to heart" in spearheading the Supplier Diversity/ Mentor Program.

Adecco Colleague, John Kelly, is on the advisory board of the Massachusetts Rehabilitation Commission (MRC).

As part of his association with this organization, Boston-area Adecco offices interview and place people with disabilities who are referred to them by the MRC. In November 2001, John Kelly received the MRC Partnership Award, citing his 'outstanding leadership and dedication resulting in increased employment opportunities for people with disabilities'.

Foundation

The European Adecco Foundation's objective is to help people at risk of being socially marginalized fit into the labour market. According to the EU this group includes people over 45 years of age, the disabled and also women who wish to re-enter the workforce after raising children.

The Adecco Foundation achieves its objectives through a range of direct and indirect means. Direct support activities include career evaluation services and the setting-up of framework agreements with companies to develop their own social responsibility plans.

For example, in 2001, the Italian Adecco Foundation helped 250 disabled people and over 70 former athletes enter the labour market, while the Spanish Adecco Foundation helped over 120 athletes and over 400 disabled people re-enter the workforce. The athlete support programmes are based upon agreements made with CONI (Italian Olympic Committee) and COE (Spanish Olympic Committee) and National Professional Sports Federations in these markets. In this 9-month 'outplacement' programme, an Adecco consultant analyses the potential and the aptitude of the athletes, develops their interview and work skills and seeks employment opportunities for them through the Adecco branch network.

In addition, the Adecco Foundation conducts research and organizes conferences to foster awareness and debate policy change on key labour market issues. In 2001, such activities included two conferences, one in Milan on social responsibility and the other in Berlin on the subject of collective work agreements.

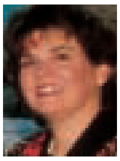
Drivers in Adecco

In a highly decentralised, entrepreneurial organization, Adecco's 30,000 Colleagues operating at all levels can and do make a positive difference both to the company's performance and to their local communities. The very best are nominated by their Colleagues and are recognised annually in the Chairmen's Award

Adecco Chairmen's Award nominees, past and future, exhibit an extraordinary balance between work and community life, and every day make a noteworthy and inspiring contribution to improving both.

Chairmen's Award Criteria

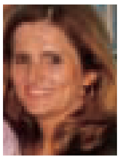
Outstanding Performance Consistently produces excellent business results – brings innovation, creativity and new ideas to developing and growing Adecco's business.
Commitment to Adecco Values Consistently exhibits the following Adecco values at work: customer focus, innovation and creativity, empowerment and entrepreneurial behaviour, open communication and integrity.
Community Involvement Donates personal time to a charity or programme that supports in some way youth, seniors, minorities, the underprivileged, disabled, unemployed or other groups in need.



Judy Cline
Senior VP, General Manager of Lee Hecht Harrison in Nashville, USA

Judy has been with Lee Hecht Harrison since 1995 and has been instrumental in building the Nashville office of seven people that serves over 100 customers. The office recently received the highest scores for customer satisfaction of any LHH office worldwide. The Nashville unit is certified to deliver Lee Hecht Harrison career management programmes and the office has worked with eight of the ten largest employers in the vicinity. Judy is heavily involved in the local business community and has served as Board Chair for both the American Red Cross and the Workforce Investment Board – responsible for the introduction of the 'Middle Tennessee One Stop Career Centre'.

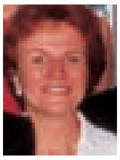
President of Lee Hecht Harrison, Steve Harrison, said:
"LHH is right on the pulse of change in the Nashville business arena - thanks to the drive and energy of Judy and her team."



Gloria Cecilia Jimenez
Southwest Regional Manager of Adecco Colombia

Since Gloria first became branch manager in Cali, the number of Associates increased from below 100 to over 2,200 across a network of seven branches. She is a member of the army and is also the treasurer of the Human Resources Association in Columbia.

Adolfo Quiles, Adecco Columbia Country Manager said:
"Gloria has led a number of outstanding initiatives including: opening innovative operations in the dock of Buenaventura where we have almost 400 people and developing an Adecco Training Programme for Associates. Operating in an ever-changing economic and political environment, Gloria has a real belief in the value of a flexible workforce – this transmits to Clients, Associates and Colleagues alike and the results in terms of business development are there for all to see. She is a professional dedicated to action."

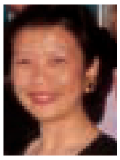


Muriel Busin
Branch Manager, Adecco France

Muriel joined the company in 1979. She manages four branches in the North-east of France, and was instrumental in setting up a specialized branch for the automobile industry. She is a member of the French Employers Association (MEDEF) and part of the Chamber of Commerce of Valanciennes and has been an active member of the Adecco Work Council for over five years.

As well as being a Town Councillor between 1995 and 2001, she is a Member of the Lions Club and is actively involved in a range of charitable initiatives.

Adecco France Country Manager, Philippe Marcel, said:
"Muriel is truly passionate about the company. Her attitude is always positive and constructive, and she has made a huge contribution to the development of Adecco in her Region."



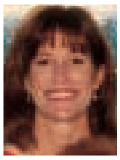
Marie Lam
Adecco Country Manager, Malaysia

Marie joined Adecco as Operations Manager in Malaysia in 1997. In Malaysia, there are now five offices. Turnover and profit have increased year-on-year, through building long-lasting relationships with major global and national companies. Marie also finds the time to contribute personally to the local community – among other activities she regularly teaches English and Mathematics to underprivileged children on a local rubber estate.

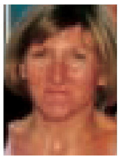
Ray Roe, Adecco Asia Pacific Zone Manager, said:
"Marie epitomizes the best of Adecco – a totally dedicated and selfless professional. Marie always gives 100 per cent of herself in everything she does. While building a successful business she manages to contribute generously to the community."

While space limitations do not allow us to tell all their stories, other Chairmen's Award winners of equal merit in 2001 were:

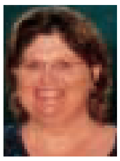
Michael Gould, Senior Account Representative, AOC, Walnut Creek, California, USA



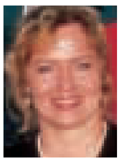
Jean LeMore, Regional Vice President, Adecco, Irving, Texas, USA



Brigitte Desriac, Branch Manager, Adecco, Dinan, France



Kim Clary, Senior Test Consultant, Ajilon, Dallas, Texas, USA



Therese Knoll, Project Manager, Adcom, Frankfurt, Germany

The global market leader – driving global market growth.

Drivers in Emerging Markets

The appetite for workforce flexibility and broader human resources services is growing in the developing as well as developed markets. So too is the concept of temporary work among an increasingly educated, skilled and mobile workforce.

Adecco is at the cutting edge of industry development in the emerging Far East, Asia Pacific and Latin American markets, driving global growth through local entrepreneurial initiative.

Adecco Thailand

Despite the overall economic downturn and the local legislation imposing the registration of a legal entity per branch, Adecco Thailand sustained growth in 2001.

Two milestones were significant in the development of Adecco Thailand:

In 1998, Adecco capitalized on the government modification of the 'Labour Protection Act' that radically changed the definition of 'Employer'. Combined with an aggressive sales activity, this boosted Adecco's temporary Associates' headcount.

In 1999, Adecco Thailand answered a Qantas Airlines request to recruit and employ outstanding Thai customer service professionals to be part of Qantas' first overseas-based long haul cabin crew team. Through dedication and hard work, Adecco Thailand started a long-term business relationship with Qantas and now employs 250 Flight Attendants based in Bangkok.

Building upon this experience, Adecco Thailand secured volume recruitment projects with CP-Orange (a telecom company) for over 800 call centre staff and, in the banking industry, with Citibank for over 100 Direct Sales and Telesales staff.

Shayne Nealon, Qantas General Manager Cabin Crew Long Haul said:
"Qantas has a high regard for the Bangkok base crew, the successful integration of the Bangkok base and the high level of expertise provided by Adecco Bangkok."

Adecco Greater China – Flexible staffing

The demand for flexible staffing in Greater China has increased dramatically in recent years, with both multinational companies and leading local corporations using the service to help manage risk in an ever-changing business climate. Reluctance to implement flexible staffing on the part of local organizations, once fuelled by conservative Human Resources policies and unclear legal liabilities, is waning. Adecco Staffing Director Greater China, Cindy Chen says:
"The concept of introducing flexible staffing by distinguishing between core staff and non-core staff has helped us to land substantial outsourcing contracts with companies like China Trust Bank."

China Trust Bank is Taiwan's largest local commercial bank. Adecco Greater China pioneered the bank's flexible staffing outsourcing plan in 1999. Adecco Staffing now provides over 550 employees including temporary, payroll and contracted staff, in positions that include customer service representatives, collection agents, management assistants and administrators.

Cindy Chen adds:
"With China Trust Bank setting an example in this changing economy, flexible staffing services show great potential for development in Greater China."

In addition to flexible temporary staffing solutions, Adecco Greater China also provides Executive Search and Selection recruitment services through specialty branches in the cities of Beijing, Shanghai, Guangzhou, Hong Kong, Taipei, Hsinchu, Taichung and Kaohsiung. As the three markets of Taiwan, Hong Kong and China become more unified and liberalized, the movement of mid-level professionals and senior executives has risen dramatically, increasing the demand for cross-border placements. Currently, there are nearly 300,000 professionals from Taiwan who work in the greater Shanghai area.

Latin America

Adecco is the No. 1 in Latin America with over 55,000 temporary Associates every day in 2001. This year, Adecco added 20 more branches to make a network of 230 in total in the region across 15 countries comprising Argentina, Brazil, Costa Rica, Guatemala, Uruguay, Chile, Bolivia, Ecuador, Peru, Venezuela, Colombia, Panama, Dominican Republic, Mexico, Puerto Rico.

The labour market in the region has a diverse legal environment. In Colombia, for example, comprehensive temporary work legislation is in place, creating a stable market for Clients and Associates. Here, temporary staffing has thrived and 4.6% of the Columbian working population is engaged in temporary work. However, Chile, Mexico and Bolivia have no temporary work legislation yet.

Ask Me is the on-line Adecco Candidate database that all the branches in each Latin American country share. Launched at the end of 2000, branches use Ask Me to share information about Candidates, and advertising costs have been significantly reduced.

In 2001, Adecco Club was launched, giving Clients an on-line human resources management and consulting program. When Clients buy Adecco services on-line, they win points (miles) that in the future they can change for additional Adecco services.

Adecco Bolivia and Entel

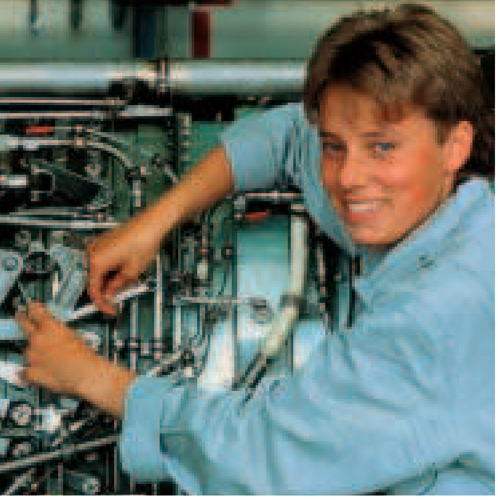
Adecco Bolivia opened its doors in October 2000. Entel, the leading telecommunications company in Bolivia is a key Client. Adecco manages its payroll for 1,000 employees using POTRO software.

According to Entel Human Resources Director, Giacinto Maddalena:
"Adecco's solution has delivered greater efficiency in the payroll management - with fewer problems and happier employees, enabling us to focus our internal effort on activities where we can really add value and build our business further."

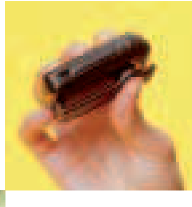
Adecco also supplies permanent placement, temporary work and performance evaluation services to Entel.

Adecco Argentina and Telefónica de Argentina

Adecco Argentina has worked with Telefónica – one of the stars in the national economy – since 1999. After the telecommunications deregulation law was passed, Telefónica could offer their services over all 24 states in Argentina and needed a partner with parallel national reach. Adecco created a special division 'Commercial Target' to recruit and retain Key Account Executives and also Telemarketing personnel for Telefónica's call centres. Adecco also provides Assessment Centre, permanent placement and temporary work services to Telefónica.



Adecco's brand portfolio: engineered to satisfy the evolving needs of 21st century employers.



One of the 6,000
Cynthia Chew, Country Manager of Adecco Singapore, with her Colleagues from the Orchard Road branch: one of the 14 branches in Singapore that serves Clients such as Cisco Systems, Sun Microsystems, Procter & Gamble Asia, DHL International, Pfizer, BT Services, Dell Computer Asia, Merck Sharp & Dohme Corp.

Adecco Staffing Division

The ***Adecco Staffing*** Division is the world's largest Human Resources services company. Each day, across the globe, we connect more than 700,000 people with jobs. From Anchorage to Buenos Aires; Oslo to Johannesburg; Sapporo to Dunedin. We do this thanks to our extensive network of almost 6,000 branches.

Although the Adecco Staffing Division is relatively new, it is built on more than forty years of experience in recruitment, in contracting, training and career management. Forty years of helping people improve their skills and achieve their personal goals in a diverse range of companies such as large multinational firms or family businesses, manufacturing plants or hotels, hospitals or banks.

With its unrivalled international coverage and its commitment to meeting Client and Candidate expectations, optimising management of the flexible workforce with web-enabled tools, such as e-procurement, e-contracting and e-billing, Adecco connects more people to more jobs than any other company in the world.

The Adecco Staffing Division is a worldwide team committed to making people successful in a changing world.
www.adecco.com

Ajilon Staffing & Managed Services Division

Ajilon is the brand name under which are grouped all activities in the Ajilon Staffing & Managed Services Division.

With Sales of CHF 3.3 billion in 2001, Ajilon is clearly one of the top global players in Professional Staffing and is well positioned to take advantage of the fast growing Managed Services market.

Present in 16 countries with more than 400 offices and more than 4,000 highly competent Colleagues, Ajilon operates with dedicated Business Lines specialized by Industry.

Our major focus is on fast growing market segments, Information Technology, Finance and Accounting, Legal, High End Office staff, Telecom and Engineering. Ajilon attracts the best professionals in each market, therefore becoming a key resource provider for local, national and international Clients.

Ajilon Clients in North America, Europe and Asia Pacific are provided with either staffing services or with project-orientated full solutions.
www.ajilon.com

Career Services & e-Business Division

LEE HECHT HARRISON

Established in 1974, ***Lee Hecht Harrison*** is the leading global career services company specializing in providing outplacement, leadership development, coaching and career development services. Lee Hecht Harrison's focus is helping organizations and their employees deal with career transitions, career management and the effect of change on careers, work and employability. With over 170 worldwide office locations, Lee Hecht Harrison's experience includes helping companies of all sizes effectively manage change, downsizing and internal career mobility.
www.lhh.com

Alexandre TIC

Established in 1961, ***Alexandre TIC*** has developed a strong reputation for quality and reliability in Executive Search, coaching and Human Resources consulting. With 50 offices in the major cities around the world, Alexandre TIC focuses on providing national and international companies with a consistent methodology, quality certified processes and highly skilled consultants able to identify, assess and propose the best Candidates for every executive position.
www.alexandretic.com

Launched two years ago in Switzerland, ***IdealJob*** is now amongst the leaders of e-Human Resources Services in a dozen European countries.

IdealJob supplies a unique range of services. As a job-board, IdealJob is used by companies to attract and find the best Candidates, quickly and cost efficiently. As a provider of Hiring Management Systems, IdealJob helps companies implement the best technology to link their human resources departments with the Candidate markets, allowing Clients to develop their own recruiting websites while keeping their own look and feel. IdealJob develops internationally a truly innovative bricks and clicks solution, Assisted Direct Hiring, combining the benefits of the Internet with the reliability of consultants' support to validate the matchings.
www.idealjob.com

Addresses

Registered Office

Adecco SA (Holding)
1275 Chéserex
Switzerland

Contact Details

Adecco management & consulting SA
Hertistrasse 2 E
PO Box 687
8304 Wallisellen
Switzerland
Tel: +41 1 878 88 88
Fax: +41 1 878 87 87

Corporate Communications
Tel: +41 1 878 88 36
Fax: +41 1 878 87 31
press.info@adecco.com

Investor Relations
Tel: +41 1 878 88 84
Fax: +41 1 878 87 84
investor.relations@adecco.com

Adecco on the Internet
http://www.adecco.com

A full office address list can be found on www.adecco.com

Directors, Management and Auditors

Board of Directors *(until 17 April 2002)*

Klaus J. Jacobs	Chairman
Philippe Foriel-Destezet	Vice Chairman
Philippe Beauviala 1)	
Erwin Conradi 2)	
Conrad Meyer 1)	
Stuart Olsten	
Yves Perben 1)	
Andreas Schmid 2)	
Ernst Tanner 2)	

1) Member of the Audit Committee (Chairman: Conrad Meyer)
2) Member of the Compensation Committee (Chairman: Erwin Conradi)
The Chairman and Vice Chairman are ex-officio members of both committees.

Executive Committee *(as per 1 January 2002)*

John Bowmer	Chief Executive Officer
Felix Weber	Chief Financial Officer
Luis Sánchez de León	Chief Sales & Marketing
Jérôme Caille	President Adecco Staffing
Patrick De Maeseneire	President Ajilon Staffing & Managed Services
Bernard Morel	President Career Services & e-Business
Steve Harrison	President Lee Hecht Harrison

Management of Principal Business Units *(as per 1 January 2002)*

Adecco Staffing

Andres Cano	Financial Officer Adecco Staffing
Enrique de la Rubia	Public Affairs Officer/Mediterranean Countries
Sergio Picarelli	Sales & Marketing Officer/Eastern & Nordic Europe
Julio Arrieta	Latin America
Edouard Comment	Switzerland
Mark de Smedt	Benelux
Richard Martin	UK & Republic of Ireland
Debbie Pond-Heide	USA & Canada
Gilles Quinnez	France & Africa
Ray Roe	Asia Pacific
Enrique Sanchez	Spain & Portugal
Carlo Scatturin	Italy & South Eastern Europe
Elmar Hoff	Germany

Ajilon Staffing & Managed Services

Erik van Assche	Financial Officer Ajilon Staffing & Managed Services
Luis-Felipe Campuzano	Ajilon Staffing - European Continent
Neil Lebovits	Ajilon Staffing - USA & Canada
Peter Searle	Ajilon Staffing - UK & Australia
Roy Haggerty	Managed Services - IT Worldwide
Jay Hufnagel	Managed Services - Telecom Worldwide

Career Services

Claude Friederich	Sales & Marketing Development/LHH Europe

e-Business

Davide Villa	e-Recruitment Business Development

Senior Corporate Executive Functions *(as per 1 January 2002)*

Pierre Bouvier	Corporate Marketing & PR
Hans R. Brütsch	Corporate Secretary
Patrick Dobler	Group Treasury
David Forth	Group Controlling
Raymund Gerardu	Group Tax
Franco Gianera	Group CIO
Chris King	Group Communications & Investor Relations
Barbara LaTour	Worldwide Human Resources & Assessment
Marcel Schmocker	Group Legal
Karine Storm	Mergers & Acquisitions
Michel Tcheng	Group Risk Management/Internal Audit

Auditors

Arthur Andersen SA	Lausanne, Switzerland

www.adecco.com

ANNUAL REPORT 2001

Financial Review

Adecco

Making people successful in a changing world

Adecco's Global Advantage:
People, Bricks and Clicks

The ***30,000 employees*** of Adecco Group, operating from almost ***6,000 offices in 58 countries***, harness state-of-the-art technology and the broadest range of Staffing, Human Resources and Business services available, to help make hundreds of thousands of Clients and around four million Temporary Associates successful each year.

Adecco SA is a Forbes Global 500 company and the worldwide industry leader. Adecco is No.1 or No. 2 in 12 of the world's top 13 staffing markets that account for 97% of industry revenues.

The Group ***comprises three Divisions***:
The ***Adecco Staffing Division*** focuses on flexible staffing solutions for global industries, including such sectors as automotive, banking, electronics, logistics and telecommunications;
Ajilon Staffing & Managed Services Division brings together an unrivalled range of specialized professional staffing and managed services businesses;
Career Services & e-Business Division includes our portfolio of e-recruiting, executive search and outplacement businesses.

Table of Contents

In millions, except share and per share amounts

The discussion in this financial review is based on, and should be read in conjunction with the Consolidated Financial Statements and the Notes thereto, which are prepared in accordance with United States Generally Accepted Accounting Principles ("US GAAP") and are included elsewhere in this Annual report.

Overview

During 2001, Adecco faced the most challenging and uncertain economic conditions since the merger of Adia and Ecco in 1996. The second half was particularly tough, as the USA, the world's largest staffing market, slipped into recession. Yet 2001 was also a year of substantial progress. Adecco capitalised upon its global leadership and improved its competitive position, increasing its share in nearly every major market.

Moreover, Adecco continued to invest in industry leading service enhancements that moved it closer to its clients and temporary associates; harnessing the web; extending its branch network and global service capability. Adecco also reorganised its management team in order to increase its customer focus and enter and create new high growth areas of business.

Results for the full year of 2001 showed an increase of consolidated revenue to CHF 27.2 billion or 2%. This led to a decrease in consolidated operating income before amortisation of goodwill, restructuring costs and one-time items of 5% to CHF 1.2 billion. Operating margin dropped 30 basis points to 4.3%. Adecco generated CHF 1.4 billion of cash from operating activities resulting in an improved debt structure.

Results of Operations - Year Ended December 30, 2001 compared to Year Ended December 31, 2000

Currency trends

The average exchange rates for the major currencies used to translate the consolidated statements of operations into Swiss Francs were significantly different in 2001 compared to 2000, except for the US Dollar (USD). The average rate for the Euro (EUR), British Pound (GBP) and the Japanese Yen (JPY) depreciated against the Swiss Franc.

The December 30, 2001 year end currency exchange rates for the major currencies used in translating Adecco's consolidated balance sheet into Swiss Francs depreciated against the Swiss Franc as compared to December 31, 2000.

Revenues increase 2%

Adecco's consolidated net service revenues from temporary and permanent personnel and speciality outplacement and career management services were CHF 27,247 in 2001, representing an increase of 2% or CHF 619 from consolidated net service revenues of CHF 26,628 in 2000. The revenue growth in 2001 is due to the net impact of increased service hours provided to customers, a slight decrease in billing rates and the movement in foreign currencies. After adjusting for the impact of the Olsten acquisition concluded in March 2000, contributing CHF 1.3 billion to the growth in 2001, there was a contraction in existing operations of approximately CHF 700. The strengthening of the Swiss Franc against most currencies during the period had a negative impact on revenue of about 3.0%.

Adecco reorganises along business lines to accelerate its growth by expanding into Human Resources and Business Services.

In October 2001, Adecco announced with immediate effect a change in its organisational and management structure to foster further expansion into human resources and business services. Three operating segments (divisions) have been created: Adecco Staffing, Ajilon Staffing & Managed Services and Career Services & e-Business. Adecco has changed its reporting segments to be in alignment with the new internal reporting and management structure. The revenues by division are summarised as follows:

	2001		2000		1999	
Adecco Staffing	CHF	23,538	CHF	22,768	CHF	15,966
Ajilon Staffing & Managed Services		3,271		3,571		2,285
Career Services & e-Business		438		289		220
Total net service revenues	CHF	27,247	CHF	26,628	CHF	18,471

Most geographical markets add sales

Adecco posted revenue gains in three of its four regions namely in Europe, Asia Pacific and in the Rest of World, as measured in local currency and including the effects of acquisitions. In Europe revenues in local currency increased 8%; in Asia Pacific revenues in local currency increased 19% and in the Rest of World (consisting primarily of Latin America) revenues in local currency increased 30%. In the United States, revenues decreased in local currency by 5%. As measured in Swiss Francs, including the effect of the acquisitions, revenues in Europe grew by 5%, in North America revenues decreased by 5%; in Asia Pacific revenues grew by 6% and revenues grew in Rest of Europe by 22%. During 2001, Adecco generated 60% of its revenues from Europe, 28% in North America (primarily the United States), 9% in Asia Pacific and 3% in Rest of World. For 2000, the comparable percentages were 59%, 30%, 9%, and 2%.

Gross margin remains stable at approximately 18.8%

Consolidated costs of services provided, which consists principally of payroll and payroll-related benefits, increased 2% or CHF 490 to CHF 22,127 in 2001, from CHF 21,637 in 2000. Gross margin in 2001 increased slightly from 18.7% to 18.8 %, as a percentage of consolidated net service revenues, due to a combination of offsetting factors such as lower prices, greater slowdown in the information technology staffing and services businesses which are higher margin specialty services, slightly lower permanent placement and increased revenues from outplacement.

In millions, except share and per share amounts

Consolidated selling, general and administrative expenses increase as Adecco maintains branch network
Selling, general and administrative expenses for the group, which consists principally of personnel costs, office administration, rent and marketing increased 5% or CHF 187 in 2001 to CHF 3,941 from CHF 3,754 in 2000. As a percentage of sales, selling, general and administrative expenses increased to 14.5% in 2001 compared with 14.1% in 2000. In 2001, personnel costs increased by 8%, office administration by 7%, premises expenses by 18%, and marketing was down by 1%. To ensure that Adecco responds to market conditions, management has continued to implement sensible cost control measures. However, management remains committed to maintaining the branch network. This year, Adecco added 12% more branches. Adecco now has nearly 6,000 branches in total, spanning 58 countries.

Amortisation of goodwill for the group remains constant
Goodwill amortisation decreased in 2001 by CHF 3 to CHF 1,106, compared to CHF 1,109 in 2000. The decrease was primarily due to the net impact of 3 additional months of goodwill amortisation resulting from the acquisition of Olsten Corporation, for which the amortisation period began in March 2000 and the fact that the goodwill resulting from the Adia-Ecco merger was fully amortised in June 2001. As of December 30, 2001, the remaining amount of unamortised goodwill was CHF 2,292.

Effective on the first day of fiscal year 2002 Adecco will no longer amortise any goodwill to earnings, but instead will be required to review its recoverability annually for impairment. Other identifiable intangibles will continue to be amortised to earnings over their estimated useful lives. As a result Adecco will no longer amortise goodwill, thereby reducing estimated annual goodwill amortisation before any tax effect by approximately CHF 850 for 2002. Amortisation of goodwill before any tax effect was CHF 1,106. Intangible assets acquired prior to July 1, 2001 that have been reported together with goodwill will be reported separately in 2002, however, the amount presented in the balance sheet and related amortisation is not viewed as material.

Treasury management
Adecco conducts business and funds its subsidiaries in various countries and currencies, and therefore, is exposed to effects of change in foreign currency exchange rates mainly the US Dollar, the Euro, the British Pound and the Japanese Yen. Adecco also issues bonds and short and long-term notes in various currencies. Adecco, in accordance with its written risk management policy, continues to monitor its currency exposures and where appropriate enters into hedging transactions to minimise its overall exposure to volatility in its earnings.

The interest expense line includes mainly interest on external debt, amortisation of capitalised financing costs and hedging costs. Interest expense decreased by CHF 21 in 2001 to CHF 242 compared to CHF 263 in 2000, primarily due to the reduction in net debt of CHF 739 during the year. Adecco recorded an expense of CHF 20 and CHF 26 in 2001 and 2000 respectively as net of foreign exchange gains and losses and net hedging expenses in interest expenses. The increase of other expense of CHF 27 million related mainly to write-downs on investments.

Effective January 1, 2001, Adecco adopted the Financial Standards Board (FASB) Statement of Financial Accounting (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities" and SFAS No. 138," Accounting for certain Derivatives Instruments and Certain Hedging Activities an amendment of FASB Statement No. 133", which replaces existing pronouncements and practices for derivatives and hedging activities with a single, integrated accounting framework. Upon adoption of these statements, Adecco recorded a net transition adjustment after tax of CHF 8 in net earnings.

Effective tax rate
The provision for income taxes decreased by CHF 11 to CHF 254 in 2001 from CHF 265 in 2000. Adecco's income tax provision differs from the expected tax benefit of CHF 119 for 2001 and expected tax benefit of CHF 64 in 2000, calculated by totalling the products of pre-tax income (loss) in each country multiplied by that country's statutory income tax rate, principally as a result of non-deductible goodwill amortisation in certain jurisdictions of CHF 231 in 2001 and CHF 297 in 2000.

Liquidity and Capital Resources
As of December 30, 2001, Adecco had cash and cash equivalents of CHF 552 and short-term and long-term debt totalling CHF 3,042, compared to CHF 487 and CHF 3,736 as of December 31, 2000.

Net cash flow from operating activities in 2001 was CHF 1,390. Net cash expended in investing activities for 2001 was CHF 528, related primarily to the addition to fixed assets of CHF 297 and the purchase of the minority interest of Olsten Norway of CHF 184. Net cash used in financing activities for 2001 was CHF 780, primarily related to changes in debt and the payment of dividends. Net debt decreased primarily due to the free cash flow generated from operations.

In the ordinary course of business, Adecco's principal funding requirements are associated with financing working capital and capital expenditures. Working capital requirements are primarily in the form of accounts receivable and are offset by accounts payable and accrued expenses, all of which increase as revenues increase. Net working capital in 2001, excluding cash and short-term financing, decreased by approximately CHF 702, primarily relating to a greater decrease in receivables than payables. The level of working capital financing is primarily dependent upon accounts receivable turnover, which varies by location, and capital expenditures which primarily relates to new branch openings and expenditures for information systems. Cash disbursement activity is predominantly associated with scheduled payroll payments for its temporary personnel, and Adecco has limited flexibility to adjust its disbursement schedule. Conversely, collection or related accounts receivable from customers may be considerably delayed, resulting in steeply rising working capital requirements during periods of growth. As of December 30, 2001, accounts receivable had been outstanding for an average of 64 compared to 63 days as of December 31, 2000. To finance working capital requirements Adecco uses multicurrency credit facilities, credit line facilities and bank overdrafts. As of December 30, 2001, the consolidated short-term

In millions, except share and per share amounts

debt presented was CHF 995. As of December 30, 2001 there are approximately CHF 1,500 unused short-term credit lines from various financial institutions available. There are approximately CHF 1,500 unused short-term credit lines available for 2002.

Adecco's long-term financing comprises long-term notes, convertible notes and bonds. The borrowings are unsubordinated, unsecured and denominated in Swiss Francs, US Dollar or Euro.

As of December 30, 2001, the carrying amount of long-term debt was CHF 2,047, excluding off balance sheet debt from securitisation of CHF 110 (net of long-term proceeds not yet received).

In March 2001, Adecco Financial Services Ltd, a wholly-owned subsidiary of Adecco concluded an offering of EUR 400 (CHF 608) in total principal amount of its 6.0% guaranteed notes due 2006, which was used to refinance existing indebtedness and for general corporate purposes. The notes are guaranteed on an unsecured and unsubordinated basis.

Adecco's management believes that the ability to generate cash from operations and additional resources of liquidity available are sufficient to support business expansion and to fulfil financial commitments.

Outlook for the future

While the outlook for the business in the first half of 2002 is difficult, Adecco's management remains convinced that the medium- and long-term outlook is positive. Thousands of organisations and the nearly four million individuals placed by Adecco in jobs each year have grown to see the importance of flexible work with Adecco.

Forward looking statements:
This Annual Report contains certain forward-looking statements and information relating to Adecco that are based on the current expectations, estimates and projections of its management and information currently available to Adecco. These statements include, but are not limited to, the statements under Financial Review, and other statements contained in this Annual Report that are not historical facts. These forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause the actual results, performance or achievements of Adecco to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Terms and phrases such as "believe," "expect," "anticipate," "intend," "plan," "predict," "estimate," "project," "may" and "could," and variations of these words and similar expressions, are intended to identify forward-looking statements.
These statements reflect current views of Adecco with respect to future events and are not a guarantee of future performance. Various factors could cause actual results or performance to differ materially from the expectations reflected in these forward-looking statements. These factors include, among others:

- *our ability to successfully implement our growth and operating strategies;*
- *fluctuations in interest rates or foreign currency exchange rates;*
- *changes in economic conditions;*
- *changes in the law or government regulations in the countries in which Adecco operates;*
- *instability in domestic and foreign financial markets;*
- *our ability to obtain commercial credit; and*
- *changes in general political, economic and business conditions in the countries or regions in which Adecco operates.*

Should one or more of these risks or uncertainties occur, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein. Therefore, you should not place any undue reliance on forward-looking statements. Adecco undertakes no obligation to update any forward-looking statement, even if new information, future events or other circumstances have made them incorrect or misleading. All subsequent written and oral forward-looking statements attributable to Adecco are qualified in their entirety by the foregoing factors.

Selected Financial Information - Unaudited

In millions, except share and per share amounts

for the fiscal years ended

Selected Financial Highlights

	5-year Compound Growth Rate	2001	2000	1999	1998	1997
Results of Operations Data						
Net service revenues	33.7%	CHF 27,247	CHF 26,628	CHF 18,471	CHF 15,308	CHF 11,432
Operating income before amortisation of goodwill, restructuring costs, and one-time items	34.2%	1,179	1,237	832	644	486
Income before amortisation of goodwill, restructuring costs, and one-time items[1]	28.3%	702	746	528	403	307
Amortisation		1,106	1,109	699	601	507
Other Key Indicators[3]						
Working capital		383	847	2,085	791	222
Capital expenditures, net		290	347	155	122	76
Additional Statistics						
Number of employees		30,000	30,000	21,000	16,000	15,000

	December 30, 2001			December 31, 2000			January 2, 2000		
	CHF	USD	EUR	CHF	USD	EUR	CHF	USD	EUR
Statements of Operations Data[2]:									
Net service revenues	27,247	16,218	18,410	26,628	15,850	17,992	18,471	10,995	12,480
Operating income	1,179	702	797	1,237	736	836	832	495	562
Income before restructuring costs, amortisation of goodwill and one-time items[1]	702	418	474	746	444	504	528	314	357

	December 30, 2001			December 31, 2000			January 2, 2000		
	CHF	USD	EUR	CHF	USD	EUR	CHF	USD	EUR
Balance Sheet Data[2]:									
Cash and cash equivalents	552	329	373	487	290	329	1,555	926	1,051
Goodwill, net	2,292	1,364	1,549	3,091	1,840	2,089	1,756	1,045	1,186
Trade accounts receivable, net	4,636	2,760	3,132	5,297	3,153	3,579	3,496	2,081	2,362
Total assets	9,323	5,549	6,299	10,653	6,341	7,198	7,938	4,725	5,364
Short-term debt and current maturities of long-term debt	995	592	672	1,188	707	803	435	259	294
Accounts payable and accrued expenses	4,309	2,565	2,911	4,353	2,591	2,941	3,037	1,808	2,052
Long-term debt	2,047	1,218	1,383	2,548	1,517	1,722	1,885	1,122	1,274
Total liabilities	7,534	4,485	5,091	8,252	4,912	5,576	5,536	3,295	3,741
Shareholders' equity	1,787	1,064	1,207	2,390	1,423	1,615	2,400	1,429	1,622

	December 30, 2001			December 31, 2000			January 2, 2000		
	CHF	USD	EUR	CHF	USD	EUR	CHF	USD	EUR
Cash Flow Data[2]:									
Cash flows from operating activities	1,390	827	939	23	14	16	288	171	195
Cash flows used in investing activities	(528)	(314)	(357)	(1,306)	(777)	(882)	(630)	(375)	(426)
Cash flows from / (used in) financing activities	(780)	(464)	(527)	261	155	176	1,519	904	1,026

[1] *Income before amortisation of goodwill, restructuring costs and one-time items is not meant to portray net income or cash flow in accordance with U.S. GAAP or to represent cash available to shareholders. One-time items mainly include investment write-downs and cumulative effect of accounting changes.*

[2] *Adecco is a Swiss corporation and as such presents its financial statements in Swiss Francs (CHF). For convenience, the fiscal years 2001, 2000 and 1999 Statements of Operations Data, Balance Sheet Data and Cash Flow were translated from Swiss Francs into US Dollars (USD) at the December 30, 2001 rate of CHF 1.68 to USD 1 and from Swiss Francs into Euros (EUR) at the December 30, 2001 rate of CHF 1.48 to EUR 1.*

[3] *All per share data are included in the investor information on* *page 33.*

Consolidated Balance Sheets

In millions, except share and per share amounts

	December 30, 2001		December 31, 2000	
Assets				
Current assets				
- Cash and cash equivalents	CHF	552	CHF	487
- Trade accounts receivable, net		4,636		5,297
- Other current assets		499		604
- Total current assets		5,687		6,388
Property, equipment and leasehold improvements, net		735		660
Goodwill, net		2,292		3,091
Other assets		609		514
Total assets	CHF	9,323	CHF	10,653
Liabilities				
Current liabilities				
- Short-term debt and current maturities of long-term debt	CHF	995	CHF	1,188
- Accounts payable and accrued expenses		4,309		4,353
- Total current liabilities		5,304		5,541
Long-term debt		2,047		2,548
Other liabilities		183		163
Total liabilities		7,534		8,252
Minority interests		2		11
Shareholders' Equity				
Common shares and participation certificates[1]		186		186
Additional paid-in capital		3,144		3,113
Accumulated deficit		(1,469)		(857)
Accumulated other comprehensive income		(65)		(43)
		1,796		2,399
Less: Treasury stock, at cost		(9)		(9)
		1,787		2,390
Total liabilities and shareholders' equity	CHF	9,323	CHF	10,653

Commitments and contingencies (see Note 11)

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

[1] *Par value CHF 1 per share and participation certificate*
Authorised shares: 217,781,190 and 197,830,190 as of December 30, 2001 and December 31, 2000 respectively.
Issued shares: 186,298,698 and 185,513,430 as of December 30, 2001 and December 31, 2000 respectively.
Outstanding shares: 186,169,140 and 185,380,020 as of December 30, 2001 and December 31, 2000 respectively.
Authorised and issued participation certificates: 49,000 and 49,000 as of December 30, 2001 and December 31, 2000 respectively.
Outstanding participation certificates: 5,740 and 6,980 as of December 30, 2001 and December 31, 2000 respectively.

Consolidated Statements of Operations

In millions, except share and per share amounts

for the fiscal years ended

	December 30, 2001 (52 weeks)		December 31, 2000 (52 weeks)		January 2, 2000 (52 weeks)	
Net service revenues	CHF	27,247	CHF	26,628	CHF	18,471
Direct costs of services		(22,127)		(21,637)		(15,169)
		5,120		4,991		3,302
Selling, general and administrative expenses		(3,941)		(3,754)		(2,470)
Amortisation of goodwill		(1,106)		(1,109)		(699)
Restructuring costs		-		(65)		(3)
		73		63		130
Interest income		32		43		22
Interest expense		(242)		(263)		(118)
Other expense		(27)		-		(4)
Income (loss) before income taxes and minority interests		(164)		(157)		30
Provision for income taxes		(254)		(265)		(204)
Income applicable to minority interests		(1)		(6)		-
Net loss from operations		(419)		(428)		(174)
Cumulative effect of change in accounting principle		(8)		-		-
Net loss	CHF	(427)	CHF	(428)	CHF	(174)
Basic and diluted net loss per share	CHF	(2.30)	CHF	(2.33)	CHF	(1.01)
Basic and diluted net loss before cumulative effect of change in accounting principle		(2.25)		(2.33)		(1.01)
Basic and diluted weighted average common shares		185,880,663		183,735,340		172,128,580

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

Consolidated Statements of Cash Flows

In millions, except share and per share amounts

for the fiscal years ended

	December 30, 2001 (52 weeks)		December 31, 2000 (52 weeks)		January 2, 2000 (52 weeks)	
Cash flows from operating activities						
Net loss	CHF	(427)	CHF	(428)	CHF	(174)
Adjustments to reconcile net loss to net cash and cash equivalents from operating activities:						
- Depreciation and amortisation		1,300		1,285		801
- Restructuring provision		-		65		3
- Utilisation of restructuring reserve		(73)		(65)		(32)
- Cumulative effect of change in accounting principle		8		-		-
- Investment write-downs		15		-		-
- Deferred income tax		(84)		(201)		15
- Income applicable to minority interests		1		6		-
- Other non-cash operating charges		89		36		26
Changes in operating assets and liabilities, net of acquisitions:						
- Amounts advanced (paid) under securitisation facilities		38		(240)		2
- Trade accounts receivable, including sold receivables		454		(891)		(453)
- Accounts payable and accrued expenses		39		542		217
- Other current assets		37		16		(127)
- Non-current assets and liabilities		(7)		(102)		10
Cash flows from operating activities		1,390		23		288
Cash flows from investing activities						
Capital expenditures		(297)		(351)		(156)
Proceeds from sales of fixed assets		7		4		1
Cash purchase price for acquisitions:						
- Olsten (net of cash acquired of CHF 101 in 2000)		(184)		(800)		-
- Delphi, net of cash acquired of CHF 99		-		-		(296)
- Career Staff, net of cash acquired of CHF 75		-		-		(37)
Other acquisitions and investing activities		(54)		(159)		(142)
Cash flows used in investing activities		(528)		(1,306)		(630)
Cash flows from financing activities						
Net increase (decrease) in short-term debt		(227)		773		7
Increase in long-term debt		1,052		1,051		1,134
Repayment of long-term debt		(1,478)		(1,495)		(30)
Dividends paid to shareholders		(185)		(155)		(120)
Issuance of common stock, net		-		-		516
Common stock options exercised		31		47		42
Other financing activities		27		40		(30)
Cash flows from / (used in) financing activities		(780)		261		1,519
Effect of exchange rate changes on cash		(17)		(46)		(162)
Net increase (decrease) in cash and cash equivalents		65		(1,068)		1,015
Cash and cash equivalents:						
- Beginning of year		487		1,555		540
- End of year	CHF	552	CHF	487	CHF	1,555
Cash paid for interest	CHF	184	CHF	215	CHF	44
Cash paid for taxes	CHF	260	CHF	272	CHF	183
Non-cash investing and financing activities:						
- Issued 6,343,710 shares for the acquisition of Olsten	CHF	-	CHF	591	CHF	-
- Converted Olsten stock option plan to Adecco plan	CHF	-	CHF	17	CHF	-

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

Consolidated Statements of Changes in Shareholders' Equity

In millions, except share and per share amounts

for the fiscal years ended

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Treasury Stock Shares	Treasury Stock Amount	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
January 3, 1999	171,031,840	CHF 171	CHF 1,904	(663,340)	CHF (30)	CHF 20	CHF 3	CHF 2,068
Comprehensive loss:								
- Net loss						(174)		(174)
- Currency translation adjustment							52	52
								(122)
Issuance of common stock	6,000,000	6	510					516
Common stock options exercised	1,326,440	1	41	5,450				42
Participation certificates purchased				(33,354)	(2)			(2)
Common stock issued for participation certificates	139,370	-		(139,370)	(5)			(5)
Participation certificates exchanged for common stock	(139,370)	-	1	139,370	6			7
Common stock sold			(7)	444,600	22			15
Treasury participation certificates exchanged for treasury common stock				28,820	1			1
Cash dividends, CHF 0.70 per share						(120)		(120)
January 2, 2000	178,358,280	178	2,449	(217,824)	(8)	(274)	55	2,400
Comprehensive loss:								
- Net loss						(428)		(428)
- Currency translation adjustment							(101)	(101)
- Unrealised gain on marketable securities							3	3
								(526)
Issuance of common stock	6,343,710	6	585					591
Common stock options exercised	860,440	2	45	42,400				47
Participation certificates purchased				(13,166)	(1)			(1)
Tax benefit from stock transactions			16					16
Treasury participation certificates exchanged for treasury common stock			1	13,160	-			1
Converted Olsten stock options			17					17
Cash dividends, CHF 0.84 per share						(155)		(155)
December 31, 2000	185,562,430	CHF 186	CHF 3,113	(175,430)	CHF (9)	CHF (857)	CHF (43)	CHF 2,390
Comprehensive loss:								
- Net loss						(427)		(427)
- Currency translation adjustment							(29)	(29)
- Change in fair value of cash flow hedges							11	11
- Unrealised loss on marketable securities							(4)	(4)
								(449)
Common stock options exercised	785,268	-	31	2,612				31
Cash dividends, CHF 1.00 per share						(185)		(185)
December 30, 2001	186,347,698	CHF 186	CHF 3,144	(172,818)	CHF (9)	CHF (1,469)	CHF (65)	CHF 1,787

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

Note 1 – The Business and Summary of Significant Accounting Policies

Business

Adecco's principal business is providing personnel services to companies and industry worldwide. Adecco's personnel services include providing temporary personnel, placing permanent employees, training and testing temporary and permanent employees, outsourcing and providing outplacement counselling services. Adecco provides these services by contract to businesses located throughout North America, Europe, Asia Pacific and Latin America.

Basis of presentation

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and the provisions of Swiss law. Adecco's fiscal year ends on the Sunday nearest to December 31. For 2001, 2000 and 1999 the fiscal years contained 52 weeks and ended on December 30, 2001, December 31, 2000 and January 2, 2000 respectively.

Principles of consolidation

The consolidated financial statements include the accounts of Adecco SA, a Swiss corporation, and its majority-owned subsidiaries (collectively, "Adecco"). The equity and net income attributable to minority shareholders' interests are shown separately in the consolidated financial statements. Investments in which Adecco exerts significant influence are accounted for under the equity method. Investments with less than 20% ownership are accounted for under the cost method. All material intercompany accounts and transactions have been eliminated.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported components of results of operations during the reporting period. Actual results could differ from those estimates.

Recognition of revenue

Adecco's temporary personnel services revenues are recognised when the services are rendered. Revenues from permanent placement services are recognised at the time the candidate begins full-time employment and an allowance is established for non-fulfilment of permanent placement obligations. Revenues from outsourcing, outplacement and other personnel services are generally recognised as the services are provided. Adecco presents revenues and direct costs of services in its financial statements in accordance with Emerging Issues Task Force ("EITF") Issue No. 99-19, "Reporting Revenue as a Principal Versus Net as an Agent". The pronouncement requires Adecco to record the gross amounts of its revenues and direct costs of services for arrangements whereby Adecco acts as a principal in the transaction and has risks and rewards of ownership (such as the liability for the cost of temporary personnel and the risk of loss for collection and performance or pricing adjustments). Under arrangements where Adecco acts as an agent and acts principally as a contractor for subcontractors, only the fees are recorded as revenues.

Marketing costs

Advertising and marketing costs totalled CHF 260, CHF 263 and CHF 168 in 2001, 2000 and 1999 respectively. These costs are included in selling, general and administrative expenses and are expensed as incurred.

Foreign currency translation

Adecco's operations are conducted in 58 countries and the financial statements of foreign subsidiaries are reported in the applicable foreign currencies (functional currencies). For inclusion into Adecco's consolidated financial statements, the translation from the applicable functional currency into the reporting currency Swiss francs ("CHF") is performed for assets and liabilities using year end exchange rates and for revenues, expenses and cash flows using weighted average exchange rates. Translation adjustments are included as a component of other comprehensive income in shareholders' equity. Exchange gains and losses on intercompany balances that are considered permanently invested are also included in equity. Business transactions in foreign currencies are recorded in the statement of operations at the approximate rate applicable at the time of the transaction or the weighted average rate.

Cash and cash equivalents

All highly liquid instruments with an original maturity of three months or less are considered to be cash equivalents.

Accounts receivable

Accounts receivable are recorded at their net realisable value after deducting an allowance for doubtful accounts. Such deductions reflect specific cases and estimates based on historical evidence of collectibility. Adecco accounts for the securitisation of trade accounts receivable in accordance with SFAS No. 140 "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities". This statement replaces SFAS No. 125 "Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities" and provides accounting and reporting standards for transfers and servicing of financial assets and extinguishment of liabilities. Those standards are based on consistent application of a financial components approach that focuses on control. Adecco applies the new accounting rules prospectively to transactions after March 31, 2001. The adoption of SFAS No. 140 had no material impact on Adecco's consolidated financial statements.

Capitalised cost for internal use software

Adecco expenses costs incurred in the preliminary project stage. Thereafter, costs incurred in developing or obtaining internal use software are capitalised. Capitalised software costs are amortised on a straight-line basis over their estimated useful lives, typically between 3 and 5 years.

Property, equipment and leasehold improvements

Property and equipment are carried at cost and depreciated on a straight-line basis over their estimated useful lives (three to five years for furniture, computers, software and equipment and twenty to forty years for buildings). Leasehold improvements are stated at cost and amortised over the shorter of the lease term or the useful life of the improvement.

Goodwill and other intangible assets

The excess of the purchase price over the fair value of net assets acquired is shown as goodwill on the accompanying consolidated balance sheets. Adecco amortises goodwill on a straight-line basis over five years and evaluates the recoverability of goodwill based on estimated future undiscounted cash flows. Charges for impairment of goodwill are recorded to the extent that the unamortised book value of such assets exceeds the related future discounted cash flows. Goodwill may change as certain estimates and contingencies are finalised.

Long-lived assets

Adecco reviews, on a periodic basis, the carrying amount of long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For all fiscal years presented, Adecco determined that no material impairment loss had occurred.

Income taxes

Adecco uses the liability method for accounting for income taxes. Deferred tax assets and liabilities are recognised for the expected tax consequences of temporary differences, arising between the tax basis of assets and liabilities and their reported amounts. For measurement purposes, enacted income tax laws are used that will be in effect when the temporary differences are expected to reverse.

Financial instruments

In the first quarter of fiscal year 2001, Adecco adopted Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"). The adoption resulted in a cumulative transition adjustment of CHF 8 million after-tax charge to earnings, which is reported separately as a cumulative effect of change in accounting principle.

In accordance with SFAS No. 133, Adecco records all derivative instruments at fair value as either assets or liabilities on the consolidated balance sheet, regardless of the purpose or intent for holding the derivative.

For derivative financial instruments designated and that qualify as fair value hedges, changes in the fair value of the derivative financial instrument and the hedged item are recognised in earnings. The changes in fair value of the hedged item are recorded as an adjustment to its carrying amount on the balance sheet.

For derivative financial instruments designated and that qualify as cash flow hedges, changes in the fair value of the effective portion of the derivative financial instruments are recorded as a component of accumulated other comprehensive income in shareholders' equity until the hedged item is recognised in earnings. The ineffective portion of the change in fair value of the derivative financial instruments is immediately recognised in earnings.

For derivative financial instruments that are not designated or that do not qualify as accounting hedges, the changes in the fair value of the derivative financial instruments are recognised in earnings.

Adecco has designated certain forward foreign currency contracts related to subsidiary funding as fair value hedges. Any cash flow impact on settlement of these contracts is classified as cash flow from financing activities.

Net loss per share

Adecco computes basic and diluted net loss per share using the number of weighted average common shares, participation certificates and incremental common shares. Incremental common shares consists of the incremental common shares from assumed conversion of convertible notes net of tax (using the if-converted method) and stock issuable upon the exercise of stock options (using the treasury stock method). Incremental common shares of 12,829,700, 12,186,850 and 10,714,912 in fiscal years 2001, 2000 and 1999 respectively were excluded from the computation as the effect was anti-dilutive.

At the General Assembly on May 2, 2001, the Board of Directors approved a 10 for 1 split of the common shares and a 2 for 1 split of the participation certificates. As a consequence the common shares and the participation certificates now have a par value of CHF 1.00. All information regarding numbers of common shares and participation certificates contained in these financial statements, reflect the split of 10 for 1 for common shares and 2 for 1 for participation certificates.

Change in accounting policy and new accounting standards

Accounting for asset retirement obligations

In June 2001, the FASB issued SFAS No. 143 "Accounting for Asset Retirement Obligations" which addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated retirement costs. Adecco is required to adopt this new standard as of January 1, 2003, and currently does not expect the adoption to have a material effect on its consolidated results of operations and financial position.

Business combinations

In July 2001, the FASB issued SFAS No. 141 "Business Combinations". SFAS No. 141 requires that all business combinations completed after June 30, 2001, be accounted for under the purchase method of accounting. The use of the pooling-of-interests method is no longer permitted. The new standard requires the recording, as a separate asset apart from goodwill, of all intangible assets that can be identified and named, if the intangible asset meets the criteria as defined in SFAS No. 141. In addition, the disclosure requirements related to business combinations have been expanded to include, for material business combinations, the disclosure of the reason for the acquisition and the allocation of the purchase price paid to the assets and liabilities assumed by major balance sheet caption. The adoption of this standard did not have any effect on Adecco's 2001 consolidated results of operations and financial positions.

In millions, except share and per share amounts

Goodwill and intangible assets
In July 2001, the FASB issued SFAS No. 142 “Goodwill and Other Intangible Assets”. SFAS No. 142 requires that goodwill no longer be amortised to earnings, but instead be reviewed annually for impairment. Other identifiable intangibles with definite lives will continue to be amortised to earnings over their estimated useful lives. The amortisation of goodwill ceases upon adoption of SFAS No. 142. The standard is required to be adopted as of July 1, 2001, for any goodwill acquired in an acquisition completed after June 30, 2001. For all other existing goodwill, the new standard is required to be adopted as of January 1, 2002. In addition, the disclosure requirements related to goodwill and intangible assets have been expanded to include information about changes in the carrying value of goodwill, the value of intangible assets by major type and the estimated intangible asset amortisation expense for the next five years.

Adecco will adopt SFAS No. 142 as of the first day of the fiscal year 2002, since no acquisitions have been completed between July 1 and December 30, 2001. Upon adoption of SFAS No. 142, Adecco will no longer amortise goodwill, thereby reducing estimated annual goodwill amortisation of approximately CHF 850 (before tax effect) for 2002. For the year ended December 30, 2001, amortisation of goodwill before any tax effect was CHF 1,106. Intangible assets acquired prior to July 1, 2001 that have been reported together with goodwill will be reported separately in 2002, however, this amount is not significant.

Accounting for impairment and disposal of long-lived assets
In October 2001, the FASB issued SFAS No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets,” which is effective for fiscal years beginning after December 15, 2001. SFAS No. 144 supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of", and addresses financial accounting and reporting for the impairment or disposal of long-lived assets. Adecco will adopt SFAS No. 144 as of the first day of fiscal year 2002. Management anticipates that the adoption of the new standard will not have a material impact on Adecco’s consolidated results and financial positions.

Reclassifications

Certain reclassifications have been made to the fiscal years 1999 and 2000 financial statements to conform to the fiscal year 2001 financial statement presentation.

Other disclosures required by Swiss law

Balance sheet data	Dec. 30, 2001	Dec. 31, 2000
Prepayments and accrued income	CHF 70	CHF 63
Total non-current assets	3,636	4,265
Total accruals and deferred income	3,787	3,853
Total pension liabilities, non-current	27	31

Statements of operations data	2001	2000
Personnel expenses	CHF 2,480	CHF 2,289

The fire insurance value of the property, equipment and leasehold improvements amounts to CHF 804 and CHF 532 as of December 30, 2001 and December 31, 2000 respectively.

Note 2 – Acquisitions

Olsten acquisition

In March, 2000, Adecco acquired all of the common stock of Olsten Corporation (“Olsten”), a leading supplier of staffing and information technology services and health services conducting owned, franchised, and licensed operations in North America, Europe, and Latin America. In exchange for all of the common stock of Olsten, Adecco paid approximately CHF 800, net of CHF 101 cash acquired, assumed CHF 1,190 in net debt, and issued to Olsten shareholders CHF 591 in Adecco common stock. Additionally, CHF 17 was recorded as additional purchase price in connection with the conversion of the Olsten stock plan to the Adecco stock plan. The purchase price was partly funded with proceeds from the issuance of EUR 360 (CHF 548) guaranteed convertible notes. The acquisition was accounted for as a purchase and, the assets and liabilities and results of operations of Olsten have been included in Adecco’s consolidated financial statements since the date of acquisition. The excess of the purchase price over the fair value of tangible assets acquired, liabilities assumed and additional liabilities recorded of CHF 2,321 was allocated to goodwill which is amortised over a period of five years. In addition, Olsten had accumulated net operating loss carryforwards of CHF 23 and capital loss carryforwards of CHF 690, the majority of which were utilised in the year 2000.

Under the terms of the purchase agreement, Olsten agreed to split off the company Olsten Health Services to the Olsten shareholders as a separate public traded entity. In the transaction, holders of common stock of Olsten received shares of the new health services company.

The results of operations of Olsten have been included in the financial statements since the date of acquisition. The following unaudited pro forma information shows consolidated operating results as if the acquisition of Olsten had occurred at the beginning of fiscal year 2000 and at the beginning of fiscal year 1999.

	2000	1999
Net service revenues	CHF 27,889	CHF 23,407
Net loss	(575)	(617)
Basic and diluted net loss per share	(3.11)	(3.46)

The pro forma results include adjustments for goodwill, interest expense and income taxes. The pro forma results of operations do not necessarily represent operating results which would have occurred if the acquisition had taken place on the basis assumed above, nor are they indicative of future operating results of the combined companies.

During 2001, tax contingencies of CHF 10 have been resolved and recorded as a reduction of goodwill.
In March 2001, Adecco acquired all the remaining shares of Olsten Norway AS, a subsidiary of Olsten Corporation, that it did not already own. The purchase price was approximately CHF 184 in cash and was funded with existing credit facilities and internal resources. The goodwill recorded on purchase was CHF 194.

Career Staff Co., Ltd.

In May 1999, Adecco acquired Career Staff Co., Ltd (“Career Staff”), a personnel services business in Japan, for approximately CHF 128. The acquisition was financed using existing credit facilities and internal resources and was accounted for as a purchase. The excess of the purchase price over the fair value of the net assets acquired was CHF 127 and was recorded as goodwill. The results of operations of Career Staff have been included in the financial statements beginning May 1999. The following unaudited pro forma information shows consolidated operating results as if the acquisition of Career Staff had occurred at the beginning of fiscal year 1999 and at the beginning of fiscal year 1998.

In millions, except share and per share amounts

	1999	1998
Net service revenues	CHF 18,685	CHF 15,909
- Net loss	(177)	(195)
- Basic and diluted net loss per share	(1.03)	(1.16)

Delphi Group plc

In April 1999, Adecco acquired Delphi Group plc ("Delphi") for approximately CHF 395. Delphi is an information technology service and staffing business with operations in the United Kingdom, the United States and Europe. The acquisition was financed from bank borrowings and was accounted for as a purchase. The excess of the purchase price over the fair value of the net assets acquired was CHF 400 and was recorded as goodwill. The results of the operations of Delphi have been included in the financial statements beginning in April 1999. The following unaudited pro forma information shows consolidated operating results as if the acquisition of Delphi had occurred at the beginning of fiscal year 1999 and at the beginning of year fiscal 1998.

	1999	1998
Net service revenues	CHF 18,681	CHF 16,047
- Net loss	(176)	(221)
- Basic and diluted net loss per share	(1.03)	(1.32)

Note 3 – Trade Accounts Receivable

	Dec. 30, 2001	Dec. 31, 2000
Trade accounts receivable	CHF 4,805	CHF 5,456
Allowance for doubtful accounts	(169)	(159)
Trade accounts receivable, net	CHF 4,636	CHF 5,297

In March 2000, Adecco entered into a securitisation agreement with a multi-seller conduit administered by an independent financial institution. The terms of the agreement allow periodic transfers of undivided percentage ownership interests in a revolving pool of Adecco's United Kingdom trade receivables. The agreement, which expires in March 2002, is subject to renewal annually. Under the terms of the agreement, Adecco may transfer trade receivables to a bankruptcy-remote special purpose entity ("SPE") and the conduit must purchase from the SPE an undivided ownership interest of up to GBP 65 (CHF 158), of those receivables. The SPE has been structured to be separate from Adecco, but is wholly owned and consolidated by Adecco. The percentage ownership interest in receivables purchased by the conduit may increase or decrease over time, depending on the characteristics of the SPE's receivables. Adecco services the receivables transferred to the SPE and receives a servicing fee. Under the terms of the agreement, the conduit pays SPE the face amount of the undivided interest at the time of purchase and on a monthly basis, this sales price is adjusted, resulting in payments by SPE to the conduit of an amount that varies based on the underlying commercial paper rate and the length of time the sold receivables remain outstanding. Adecco accounts for the SPE's sale of undivided interests in SPE's receivables to the conduit, as sales under FASB Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities". Adecco had transferred receivables to SPE of GBP 78 (CHF 189) and GBP 83 (CHF 203) as of December 30, 2001 and December 31, 2000 respectively, in which SPE had sold GBP 65 (CHF 158) and GBP 49 (CHF 120) of undivided interests to the conduit. As of December 30, 2001 and December 31, 2000, Adecco's retained interest in SPE's receivable is classified in trade accounts receivable in Adecco's consolidated financial statements at its face amount of GBP 13 (CHF 31) and GBP 34 (CHF 82) respectively, net of Adecco's allowance for doubtful accounts of GBP 0.6 (CHF 1.5) and GBP 0.5 (CHF 1.2) on the receivables transferred to the conduit. In addition, SPE has a long-term receivable of GBP 20 (CHF 48) and GBP 12 (CHF 30) as of December 30, 2001 and December 31, 2000 respectively from the conduit representing the portion of the sold receivables for which Adecco has not yet received cash. Adecco recorded an expense of GBP 2 (CHF 5) and GBP 2 (CHF 5) on sale of the receivables to the conduit during 2001 and 2000 respectively.

In October 2000, Adecco terminated an agreement to sell an undivided ownership interest in a continuous revolving pool of certain of its United States trade receivables of up to USD 200 (CHF 328), which had been accounted for as a sale of receivables. Concurrently, Adecco entered into a new agreement to borrow, on an ongoing basis, an amount secured by certain receivables of US subsidiaries. The new agreement is accounted for as a secured borrowing with pledge of collateral under the provisions of SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." Unlike Adecco's prior agreement where it sold an undivided interest in certain United States trade receivables thereby removing such receivables from its balance sheet, under the new agreement, the receivables and related debt remain on the balance sheet. In conjunction with the new agreement, Adecco received a loan from a lending institution. The loan amounted to USD 291 (CHF 488) and USD 400 (CHF 655) as of December 30, 2001 and December 31, 2000 respectively. Adecco pledged receivables amounting to USD 435 (CHF 731) and USD 584 (CHF 957) as of December 30, 2001 and December 31, 2000 respectively as security for this loan. Adecco continues to be exposed to a risk of credit loss related to uncollectible accounts receivable and has provided an allowance for doubtful accounts of USD 6 (CHF 10) and USD 5 (CHF 7) as of December 30, 2001 and December 31, 2000 respectively.

As of December 30, 2001, Adecco was in compliance with all financial covenants.

In millions, except share and per share amounts

Note 4 – Property, Equipment and Leasehold Improvements

	Dec. 30, 2001		Dec. 31, 2000	
Land and buildings	CHF	97	CHF	99
Furniture, fixtures and office equipment		230		211
Computer equipment and software		758		633
Leasehold improvements		264		206
		1,349		1,149
Accumulated depreciation		(614)		(489)
	CHF	735	CHF	660

The depreciation expense was CHF 194, CHF 176 and CHF 102 for 2001, 2000 and 1999 respectively. Included in property, equipment and leasehold improvements are assets acquired under capital leases with an original cost of CHF 31 and CHF 32 and accumulated depreciation of CHF 10 and CHF 15 as of December 30, 2001 and December 31, 2000 respectively.

Note 5 – Accounts Payable and Accrued Expenses

	Dec. 30, 2001		Dec. 31, 2000	
Accounts payable	CHF	293	CHF	273
Wages and benefits		1,826		1,849
VAT and sales taxes		653		680
Income and other taxes		615		669
Other		922		882
	CHF	4,309	CHF	4,353

Note 6 - Financing Arrangements

Short-term debt

To support short-term working capital and borrowing requirements, Adecco had in certain countries in which it operates available bank lines of credit of CHF 1,421 and CHF 1,229 and borrowings outstanding of CHF 975 and CHF 1,178 as of December 30, 2001 and December 31, 2000 respectively. The lines of credit are in various currencies and have various interest rates. The average interest rate was 3.4% and 6%, as of December 30, 2001 and December 31, 2000 respectively.

Long-Term Debt

	Principle		Maturity	Interest rate	December 30, 2001		December 31, 2000	
Multicurrency revolving credit facility	CHF	1,500	2002/2003		CHF	-	CHF	1,051
Guaranteed notes	EUR	400	2006	6.0%		608		-
Guaranteed convertible notes	EUR	357	2004	1.5%		529		548
Guaranteed notes	USD	200	2006	7.0%		336		328
Bonds	CHF	300	2005	4.0%		300		300
Guaranteed notes	FRF	800	2008	6.0%		181		184
Guaranteed notes	USD	50		7.1%		88		82
Subordinated notes			undated			-		46
Other						25		19
						2,067		2,558
Less current maturities						(20)		(10)
Long-term portion					CHF	2,047	CHF	2,548

In January 2000, Adecco entered into CHF 1,500 of unsecured multicurrency revolving credit facilities consisting of CHF 1,000 revolving credit facility due in 2003 and a one year CHF 500 revolving credit facility. Interest is at LIBOR plus a maximum margin of 0.375% (including a maximum utilisation fee of 0.025%), with a maximum annual commitment fee of 0.1875% and 0.15% on the 3-½ year and one year facilities, respectively, payable on the undrawn portion of each facility. These funds were used to refinance CHF 842 of Adecco debt maturing in February 2000 and to fund, in part, the cash requirements of the Olsten acquisition. In January 2001, Adecco amended the existing agreement of CHF 500 revolving credit facility for another year to expire in 2002. As of December 30, 2001 Adecco had no amounts drawn down under the credit facility.

In March 2001, Adecco Financial Services Ltd, a wholly-owned subsidiary of Adecco issued notes with a principle amount of EUR 400 (CHF 608), which were used to refinance existing indebtedness and for general corporate purposes. The notes are guaranteed by Adecco SA on an unsecured and unsubordinated basis.

In connection with the March 2000 Olsten acquisition, Adecco assumed Olsten's outstanding USD 200 senior notes. Additionally, Adecco assumed Olsten's outstanding FRF 800 guaranteed notes.

In November 1999, Adecco Finance BV (formely Meridian BV), a wholly-owned subsidiary of Adecco, issued EUR 360 (CHF 576) convertible notes. The notes were redeemable for the principal amount together with accrued interest at the option of the note holder only on November 25, 2001. Certain of the note holders exercised their redemption right on their notes for the principal amount totalling EUR 3. The notes are convertible into Adecco shares assuming a share price of CHF 107.24 and an exchange rate of CHF 1.6084 per Euro. The remaining balance of the notes is convertible into 5,361,150 shares of Adecco SA.

In millions, except share and per share amounts

In connection with the 1999 Delphi acquisition, Adecco assumed Delphi's outstanding USD 50 guaranteed senior note. Interest on the note is payable semi-annually and the principal amount of the note is repayable in six equal annual instalments commencing June 2002.

Upon adoption of SFAS No. 133 as of January 1, 2001 "Accounting for Derivative Instruments and Hedging Activities", subordinated undated notes of CHF 72 have been reclassified from debt to other liabilities. (see Note 13).

Under the terms of the various short and long-term credit agreements, Adecco is subject to covenants requiring, among other things, compliance with certain financial tests and ratios. As of December 30, 2001, Adecco was in compliance with all financial covenants.

Payments of long-term debt are due as follows:

Fiscal year

2002	CHF	20
2003		22
2004		550
2005		654
2006		624
Thereafter		197
	CHF	2,067

Note 7 – Shareholders' Equity

Adecco's shareholders' equity consists of common shares and participation certificates, each with par value CHF 1.00.

Participation certificates entitle the holder to receive dividends, other distributions and liquidation proceeds to the extent such payments are made to the holders of common stock. Participation certificates are non-voting.

Included in treasury stock are common shares of 129,558 and 133,410 and participation certificates of 43,260 and 42,020 as of December 30, 2001 and December 31, 2000 respectively. Treasury stock is generally reserved to support option exercises under stock option plans.

On May 2, 2001, the annual general meeting of shareholders approved the changes of authorised and conditional capital (authorised but not issued shares).

As of December 30, 2001 19,000,000 common shares were reserved for issuance in case of special capital market transactions, such as acquisitions.

Adecco had 7,082,612 and 5,267,760 common shares reserved for issuance of common shares to employees and directors upon the exercise of stock options as of December 30, 2001 and December 31, 2000 respectively. Additionally, 5,399,880 and 7,000,000 common shares were reserved for issuance for financial instruments, such as convertible bonds as of December 30, 2001 and December 31, 2000.

On May 2, 2001, the annual general meeting of shareholders approved the split of all common shares by 10 for 1 and all participation certificates by 2 for 1, effective May 14, 2001. The par value of common shares was reduced from CHF 10.00 to CHF 1.00 and the par value of the participation certificates was reduced from CHF 2.00 to CHF 1.00.

Adecco may only pay dividends out of unappropriated retained earnings disclosed in the annual financial statements of Adecco SA ("Holding Company"), prepared in accordance with Swiss law and as approved at the annual general meeting of shareholders. These Holding Company financial statements present unappropriated retained earnings of CHF 1,433 as of December 31, 2001.

Note 8 – Stock Option Plans

As of December 30, 2001, Adecco had options outstanding relating to its common shares under several existing plans and plans assumed in the Olsten acquisition. Under these plans, options vest and become exercisable in instalments, generally on a ratable basis over two to five years beginning on the day of the grant or one year after the date of grant, and have a contractual life of three to ten years.

Adecco applies APB Opinion No. 25 "Accounting for Stock Issued to Employees" and related interpretations in accounting for its plans.

No compensation cost has been recognised for its stock option plans. Had compensation cost for Adecco's stock-based compensation plans been determined based on the fair value at the grant dates for awards under those plans consistent with SFAS No. 123, "Accounting for Stock-Based Compensation", Adecco's net loss and loss per share would have increased to the pro forma amounts indicated in the following table:

In millions, except share and per share amounts

	2001		2000		1999	
Net loss:						
- As reported	CHF	(427)	CHF	(428)	CHF	(174)
- Pro forma		(479)		(454)		(188)
Basic and diluted loss per share:						
- As reported		(2.30)		(2.33)		(1.01)
- Pro forma		(2.58)		(2.47)		(1.09)

Options outstanding are:

Exercise Price per Share		Number	Weighted Average Remaining Life	Weighted Average Exercise Price per Share	
CHF	8 - 53	2,323,260	4.3	CHF	48
	54 - 99	4,710,480	7.8		85
	100 - 145	4,252,448	5.4		105
	146 - 191	51,288	5.7		174
	192 - 237	41,535	5.6		236
	238 - 298	16,822	3.5		277
CHF	8 - 298	11,395,833	6.1	CHF	86

Options exercisable are:

Number	Weighted Average Exercise Price per Share	
1,664,540	CHF	45
293,210		85
2,322,204		104
51,288		174
41,534		236
16,822		277
4,389,598	CHF	83

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model and the following weighted average assumptions:

	2001		2000		1999	
Expected lives		3.9		3.9		3.7
Risk-free interest rate		3.40%		3.50%		3.40%
Expected volatility		39%		39%		27%
Expected dividend	CHF	1.00	CHF	1.00	CHF	0.84

A summary of the status of Adecco's stock option plans as of the fiscal years ended December 30, 2001, December 31, 2000 and January 2, 2000, and changes during those years are presented below.

	Number of Shares	Exercise Price per Share		Weighted Average Exercise Price per Share	
Balance, January 3, 1999	5,526,170	CHF	1 - 67	CHF	45
Granted	2,971,410		53 - 102		102
Exercised	(1,331,890)		1 - 75		32
Forefeited	(194,960)		17 - 53		38
Balance, January 2, 2000	6,970,730		6 - 102		69
Granted	1,890,092		60 - 315		119
Exercised	(893,900)		6 - 122		53
Forefeited	(291,230)		17 - 298		137
Balance, December 31, 2000	7,675,692		6 - 315		84
Granted	4,693,000		80 - 112		86
Exercised	(786,641)		6 - 315		41
Forefeited	(186,218)		6 - 315		139
Balance, December 30, 2001	11,395,833	CHF	8 - 298	CHF	86
Exercisable, December 30, 2001	4,389,598	CHF	8 - 298	CHF	83

The weighted average fair value per option granted in 2001, 2000 and 1999 was CHF 29 CHF 35 and CHF 24 per share.

In millions, except share and per share amounts

In connection with the acquisition of Olsten in 2000, Adecco converted 3,726,264 shares of outstanding Olsten stock options to an existing Adecco stock option plan. The converted options were adjusted by the exchange ratio of 0.14, which reflected the average closing prices of the Adecco common stock, on the Swiss Stock Exchange for the five days immediately preceding the date of acquisition and the average closing prices of the Olsten common stock, on the New York Stock Exchange for the five days immediately preceding the date of acquisition. Pursuant to the acquisition Agreement and Plan of Merger, the converted Olsten options became 100% vested and exercisable on the acquisition date. The fair value of these vested options has been accounted for as additional purchase price, with the corresponding credit to equity.

Note 9 – Pension Plans

According to local regulations and practices, Adecco has various defined benefit and defined contributions plans to which Adecco and its employees contribute. Certain plans require contributions from employees only and some require contributions from both Adecco and the employees. As of December 30, 2001 and December 31, 2000, there were no significant defined benefit plans. Adecco recorded an expense of CHF 27, CHF 25 and CHF 17 in connection with defined contribution plans in 2001, 2000 and 1999 respectively.

Note 10 – Income Taxes

Adecco SA is incorporated in Switzerland, operates in countries that have differing tax laws and rates and generates income from continuing operations primarily outside of Switzerland. Consequently, the weighted average expected effective tax rate will vary from year to year according to the source of earnings by country. The provision for income taxes on continuing operations consists of the following for the fiscal years:

	2001		2000		1999	
Current provision	CHF	338	CHF	466	CHF	189
Deferred provision (benefit)		(84)		(201)		15
Total	CHF	254	CHF	265	CHF	204

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

	December 30, 2001		December 31, 2000	
Net operating loss carryforward	CHF	134	CHF	41
Tax credits		136		39
Depreciation		62		62
Deferred compensation and accrued employee benefits		83		110
Accrued expenses		108		111
Financial amortisation in excess of tax amortisation		182		129
Other		53		98
Gross deferred tax asset		758		590
Valuation allowance		(159)		(58)
Net deferred tax asset		599		532
Deferred tax liability		3		20
Deferred tax asset net of deferred tax liability	CHF	596	CHF	512

In millions, except share and per share amounts

Adecco's assessment of the realisability of deferred tax assets is made on a country-by-country basis. A valuation allowance is used to reduce deferred tax assets to a level which, more likely than not, will be realised. Other current assets include current deferred tax assets of CHF 205 and CHF 232 as of December 30, 2001 and December 31, 2000 respectively. Other long-term assets include CHF 394 and CHF 280 of net deferred tax assets as of December 30, 2001 and December 31, 2000 respectively.

As of December 30, 2001 and December 31, 2000, Adecco had approximately CHF 355 and CHF 169 in net operating loss and tax credit carryforwards. Some of these losses and credits expire over time and have other restrictions on usage. The largest tax loss is in the United States and equals CHF 276 and CHF 54. Those losses begin to expire in 2004. Additionally, a portion of the net operating loss and tax credit carryforward available is not included in the deferred tax assets disclosed above because management believes the probability of utilisation is remote.

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

	2001		2000		1999	
Expected tax provision (benefit)	CHF	(119)	CHF	(64)	CHF	11
Goodwill amortisation		231		297		199
Adjustment to valuation allowance		50		-		-
Losses not tax benefited		28		24		9
Adjustment to deferred tax assets due to rate changes		49		-		11
Other		15		8		(26)
Total provision for income taxes	CHF	254	CHF	265	CHF	204

The expected tax provision was calculated by aggregating the products of pre-tax income (loss) in each country multiplied by the country's statutory income tax rate. A provision has been made for withholding tax and other taxes on cross-border, intercompany transactions including management fees, royalties, interest and dividends.

Note 11 – Commitments and Contingencies

Commitments

Adecco 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 Adecco's option and usually include escalation clauses linked to inflation.

Future minimum annual lease payments (net of proceeds to be received under subleasing agreements) are as follows :

Fiscal year

2002	CHF	210
2003		178
2004		131
2005		94
2006		64
Thereafter		145
	CHF	822

Total rent expense under operating leases amounted to CHF 214, CHF 149 and CHF 131 during 2001, 2000 and 1999 respectively.

Contingencies

Adecco is involved in various legal actions and claims. In the opinion of management, after taking appropriate legal advice, the future settlements of such actions and claims will not have a material adverse effect on Adecco's financial position or results of operations.

Note 12 – Restructuring

Olsten acquisition

In connection with acquisitions in 2000, primarily Olsten, Adecco committed to restructuring plans which resulted in a pre-tax charge to net income in 2000 of CHF 65. Only CHF 36 of this amount was charged to the restructuring reserve. Additional restructuring reserves of CHF 93 were accrued as part of the purchase price and were allocated to goodwill. The total restructuring reserves of CHF 129 included CHF 57 for employee reductions, CHF 20 for remaining lease commitments on abandoned facilities and CHF 52 for branch closure and other costs. As part of the restructuring plans, Adecco reduced its workforce by approximately 1,100 positions, including approximately 700 positions in North America and 400 positions in the rest of the world, consisting primarily of administrative and sales and marketing personnel. Approximately 160 positions and 860 positions were eliminated during 2001 and 2000 respectively. During 2001, additional restructuring reserves of CHF 28 including CHF 15 for employee termination, CHF 5 for remaining lease commitments and CHF 8 for branch closure and other costs, were accrued as a purchase price adjustment and recorded against goodwill.

Other

In connection with acquisitions in 1999, primarily Delphi and Career Staff, Adecco committed to restructuring plans which resulted in a pre-tax charge to net income in 1999 of CHF 3. Additional restructuring reserves of CHF 24 were accrued as part of the purchase price and allocated to goodwill. The total restructuring reserves of CHF 27 included CHF 8 for employee reductions, CHF 9 for remaining lease commitments on abandoned facilities and CHF 10 for branch closure costs. Restructuring costs of CHF 8 recorded in 1999 in connection with the Delphi acquisition were reversed during the year 2000 and allocated to goodwill.

In millions, except share and per share amounts

	Employee reductions		Remaining lease commitments on abandoned facilities		Branch closure and other costs		Total restructuring reserve	
Restructuring reserve January 2, 2000	CHF	6	CHF	5	CHF	6	CHF	17
Net additions to restructuring reserve charged to net income [1]		19		10		7		36
Net additions to restructuring reserve charged to goodwill [2]		32		9		44		85
Cash payments		(40)		(13)		(12)		(65)
Restructuring reserve December 31, 2000	CHF	17		11		45		73
Net additions to restructuring reserve charged to goodwill		15		5		8		28
Cash payments		(28)		(10)		(35)		(73)
Restructuring reserve December 30, 2001	CHF	4	CHF	6	CHF	18	CHF	28

The components of the remaining restructuring reserve as of December 30, 2001 are as follows:

	Employee reductions		Remaining lease commitments on abandoned facilities		Branch closure and other costs		Total restructuring reserve	
Closing balance Delphi acquisition	CHF	-	CHF	1	CHF	4	CHF	5
Closing balance Olsten acquisition		4		5		14		23
Total closing balance	CHF	4	CHF	6	CHF	18	CHF	28

[1] *In connection with acquisitions in 2000, Adecco committed to restructuring plans which resulted in a pre-tax charge to net income of CHF 65. Of this balance, only CHF 36 was charged to the restructuring reserve. The remaining CHF 29 related to the write-down of software and other fixed assets.*

[2] *In connection with acquisitions in 2000, restructuring costs of CHF 93 were accrued and recorded against goodwill. In addition, restructuring costs of CHF 8 recorded in connection with the 1999 acquisition of Delphi, were reversed during the year, resulting in total net additions to goodwill in 2000 of CHF 85.*

In millions, except share and per share amounts

Note 13 - Financial instruments and derivatives

Risk and use of derivative instruments

Adecco conducts business and funds its subsidiaries in various countries and currencies, and is therefore exposed to the effects of changes in foreign currency exchange rates, mainly the US Dollar, the Euro, the British Pound and the Japanese Yen. Adecco also issues bonds, commercial paper and short, medium and long-term notes in various currencies.

In order to mitigate the impact of currency exchange rate fluctuations, Adecco assesses its exposure to currency risk and hedges certain risks through the use of derivative instruments. In addition, to mitigate interest rate risk, Adecco enters into interest rate swap agreements. The main objective of holding derivative instruments is to minimise volatility of earnings and cash flows. The responsibility of assessing exposure as well as of entering into and managing derivative instruments is centralised in the group treasury department. The activities of the group treasury department are covered by corporate polices and procedures approved by the Board, which specifically prohibit the use of derivative instruments for trading and speculative purposes.
Senior management approves the hedging strategy and monitors the underlying market risks.

Fair value of financial instruments

The following table shows the carrying amount and the fair value of financial instruments:

	December 30, 2001		December 31, 2000	
	Carrying value	Fair value	Carrying value	Fair value
Financial instruments other than derivative instruments				
Assets:				
Cash and cash equivalents	CHF 552	CHF 552	CHF 487	CHF 487
Liabilities:				
Short-term debt	995	995	1,188	1,188
Long-term debt	2,047	2,107	2,548	2,598
Derivative instruments				
Assets:				
Swaps	CHF 8	CHF 8	-	-
Forward foreign currency contracts	-	-	51	51
Liabilities:				
Swaps	57	57	1	9
Forward foreign currency contracts	42	42	-	-
Other	CHF 14	CHF 14	-	-

Adecco uses the following methods and assumptions to estimate the fair value of each class of financial instruments for which it is practical to estimate the value:

Cash and cash equivalents
The carrying amount approximates the fair value because of the short maturity of those instruments.

Short-term debt
The carrying amount approximates the fair value because of the short maturity of those instruments.

Long-term debt
The fair value of Adecco's publicly traded long-term debt is estimated using quoted market prices. The fair value of other long-term debt is estimated by discounting future cash flows using interest rates currently available for similar debt with identical terms, similar credit ratings and remaining maturities. See Note 6 for details on debt instruments.

Interest rate and cross currency interest rate swaps
The fair value for interest rate and cross currency interest rate swaps is calculated by using the present value of future cash obtained upon quoted market information.

Foreign currency and interest swaps
The fair value for instruments to hedge interest rate risk is calculated by using the present value of future cash flows obtained from financial institutions.

Other instruments
The fair value for these derivative instruments is based on information obtained from financial institutions.

Fair value hedges

Adecco has entered into various interest rate swaps and cross-currency interest rate swap agreements to mitigate certain foreign currency and interest rate risks on specific external debt and subsidiary funding. The main currency exposures being hedged are the Euro, the British Pound and the US Dollar.

Cross-currency interest rate swap agreements which contain a receipt of fixed interest rate payments and payment of floating interest rate payments have been designated as fair value hedges. The contracts have original contract periods ranging from one to five years and expire on various dates ending in 2006. Net gains and losses on changes in fair values of hedged assets and liabilities as well as on the derivative instruments designated as fair value hedges are recognised in earnings as interest expense. There was no significant net gain or loss recognised during 2001 in connection with the fair value hedging activities.

Upon adoption of SFAS No. 133, Adecco recognised a gain of CHF 4 after tax as a cumulative effect of change in accounting principle relating to previously unrecognised fair value hedges.

Cash flow hedges

Adecco has entered into cross-currency interest rate swap agreements to mitigate certain foreign currency and interest rate risks on specific external debt and subsidiary funding. The main currency exposures being hedged are the Euro and US Dollar exposures against the Swiss Franc.

Cross-currency interest rate swap agreements which contain receipt of fixed interest payments in one currency and payment of fixed interest rate payments in another currency are designated as cash flow hedges. The contracts outstanding have an original contract period of 5 years and expire in 2006.

Net gains and losses on the revaluation of external debt and internal subsidiary funding, as well as on the derivative instruments that are designated and qualify as cash flow hedges, are reported in a separate component of accumulated other comprehensive income to the extent the hedge is effective. These amounts will subsequently be reclassified into earnings, in the same period as the underlying transaction affects earnings.

In connection with the cash flow hedging activities, Adecco recorded a net gain of CHF 11 in other comprehensive income. There was no significant ineffectiveness relating to cash flow hedges during 2001.

Non-hedge activities

Adecco has entered into certain forward foreign currency contracts and interest rate swap agreements that are not designated as hedges under SFAS No. 133. Specifically, forward foreign currency contracts are used to hedge the net exposure of internal short-term subsidiary funding advanced in the local operations functional currency. These contracts are entered into in accordance with the written treasury policies and procedures and are not entered into for trading or speculative purposes. Gains and losses on these contracts are recognised in earnings.

In 1992, a subsidiary of Adecco issued a perpetual debt that was subsequently restructured under a Structured Finance Agreement ("the arrangement"). To reduce foreign currency exchange and interest rate exposures relating to the payments under the arrangement, various interest rate and cross-currency interest rate swaps were entered into. These swap transactions mature in various years ending in 2007. Prior to the issuance of SFAS No. 133, the arrangement, which calls for periodic variable payments to a third party, was considered as debt and was recorded in long-term debt at the present value of future payments under the arrangement. Upon the adoption of SFAS No. 133, the structure of the arrangement was considered a derivative and as such, the value of the payments under the arrangement and the related swap transactions, have been reclassified to other liabilities and valued at fair value. Changes in the fair value of the derivative instruments are recorded on a periodic basis to earnings, as interest expense. The adoption of SFAS No. 133 resulted in the recognition of a loss of CHF 12 after tax, which was recorded as a cumulative effect of change in accounting principle. The fair value of the arrangement is CHF 72 as of December 30, 2001 and has been reclassified from long-term debt to other liabilities. The arrangement calls for Adecco to repay the original debt principal of USD 100 only in the event of a merger or a liquidation of the subsidiary.

Credit risk concentration

Financial instruments that potentially expose Adecco to concentrations of credit risk consist principally of cash investments, trade accounts receivable and derivative financial instruments. Adecco places its cash investments in major financial institutions throughout the world, which management assesses to be of high credit quality. 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. Adecco'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, Adecco enters into derivative contracts with several large multinational banks and limits the notional amount of exposure with each counterparty.

In millions, except share and per share amounts

Note 14 – Segment Reporting

In October 2001, Adecco announced a change in its organisational and management structure, creating three operating segments (divisions). In accordance with SFAS No. 131, Adecco has changed its reporting segments to be in alignment with its new internal structure. Segment information for prior periods has been restated to conform to the new presentation.
Adecco's three segments are:
Adecco Staffing: Providing mainstream staffing services including temporary staffing and permanent placement.
Ajilon Staffing & Managed Services: Servicing customers with temporary associates and contractors, providing permanent placements in special industries such as finance, information technology as well as providing special expertise including project management and other management consulting services.
Career Services & e-Business: Providing e-recruiting, executive search services and employee out-placement assistance.

Adecco evaluates the performance of its reportable segments based on divisional contribution which is defined as the amount of profit or loss before interest, income taxes, goodwill amortisation, restructuring expense and allocation of certain corporate charges.

Approximately 93.7%, 94.7% and 94.4% of Adecco's net service revenues in 2001, 2000 and 1999 respectively were related to temporary staffing. The remaining portion relates to permanent placements and other services.

	Adecco Staffing	Ajilon Staffing & Managed Services	Career Services & e-Business	Total
1999				
Net service revenues	CHF 15,966	CHF 2,285	CHF 220	CHF 18,471
Contribution	618	180	34	832
Depreciation and amortisation	677	112	12	801
Capital expenditures	120	30	6	156
Segment assets	6,321	1,417	200	7,938
Long-lived assets[1]	472	89	19	580
2000				
Net service revenues	CHF 22,768	CHF 3,571	CHF 289	CHF 26,628
Contribution	918	265	54	1,237
Depreciation and amortisation	1,084	180	21	1,285
Capital expenditures	292	49	10	351
Segment assets	8,996	1,471	186	10,653
Long-lived assets[1]	719	152	23	894
2001				
Net service revenues	CHF 23,538	CHF 3,271	CHF 438	CHF 27,247
Contribution	876	179	124	1,179
Depreciation and amortisation	1,069	207	24	1,300
Capital expenditures	238	46	13	297
Segment assets	7,962	1,143	218	9,323
Long-lived assets[1]	794	118	37	949

Segment information by geographical areas are as follows:

	North America[2]	Europe[3,4]	Asia Pacific	Rest of World[5]	Total
Net service revenues					
1999	CHF 4,885	CHF 11,786	CHF 1,528	CHF 272	CHF 18,471
2000	7,986	15,713	2,282	647	26,628
2001	7,559	16,473	2,424	791	27,247
Long-lived assets[1]					
1999	CHF 205	CHF 306	CHF 64	CHF 5	CHF 580
2000	309	513	60	12	894
2001	322	541	76	10	949

[1] Long-lived assets include all non-current assets except deferred taxes and goodwill, net
[2] Consists primarily of operations in the United States
[3] Consists primarily of operations in France, United Kingdom, Belgium, Germany, Italy, The Netherlands, Spain and Switzerland
[4] Includes France net service revenues of CHF 9,105, CHF 8,959 and CHF 7,000 and long-lived assets of CHF 161, CHF 111 and CHF 88 in 2001, 2000 and 1999 respectively
[5] Consists of operations in Latin America and Other

Report of the Group Auditors to the General Meeting of Adecco SA, Chéserex

As auditors of the group, we have audited the Consolidated Financial Statements, (Consolidated Balance Sheets as of December 30, 2001 and December 31, 2000, Consolidated Statements of Operations, Cash Flows, Changes in Shareholders' Equity and Notes pages 8 to 24) of Adecco SA for the three years ended December 30, 2001.

These Consolidated Financial Statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audits. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audits were conducted in accordance with auditing standards promulgated by the profession in Switzerland and in accordance with auditing standards generally accepted in the United States of America, which require that an audit be planned and performed to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement. We have examined, on a test basis, evidence supporting the amounts and disclosures in the Consolidated Financial Statements. We have also assessed the accounting principles used, significant estimates made and the overall Consolidated Financial Statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the Consolidated Financial Statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with accounting principles generally accepted in the United States of America, and comply with Swiss law.

We recommend that the Consolidated Financial Statements submitted to you be approved.

ARTHUR ANDERSEN SA

M. Sills Jane Moverley

Mike Sills Jane Moverley

Lausanne, February 5, 2002

Balance Sheets (Holding Company)

In millions, except share and per share amounts

as of December 31

	2001		2000	
Assets				
Current assets				
- Cash and cash equivalents	CHF	94	CHF	42
- Amounts due from subsidiaries		25		82
- Amounts due from third parties		1		2
- Withholding taxes, accrued income and prepaid expenses		37		57
		157		183
Non-current assets				
- Investments in subsidiaries		2,450		2,415
- Loans to subsidiaries		4,069		3,701
- Provisions on investments in and loans to subsidiaries		(1,072)		(1,056)
		5,447		5,060
- Investments		-		10
- Treasury shares		9		9
- Other fixed assets		93		107
		5,549		5,186
Total Assets	CHF	5,706	CHF	5,369
Liabilities				
Current liabilities				
- Amounts due to subsidiaries	CHF	28	CHF	27
- Amounts due to third parties		49		-
- Accrued liabilities		49		46
		126		73
Non-current liabilities				
- Long-term debt		300		532
- Long-term debt to subsidiaries		1,552		1,418
- Provisions and non-current liabilities		149		119
		2,001		2,069
Total liabilities		2,127		2,142
Shareholders' Equity				
Share and participation capital		186		186
General reserve		1,951		1,920
Reserve for treasury shares		9		9
Retained earnings		1,433		1,112
Total shareholders' equity		3,579		3,227
Total liabilities and shareholders' equity	CHF	5,706	CHF	5,369

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

Statements of Operations (Holding Company)

In millions, except share and per share amounts

for the years ended December 31

	2001		2000	
Operating income				
- Royalties and fees	CHF	427	CHF	284
- Dividends		89		111
- Gain on sale of investments		35		1
- Interest income from subsidiaries		270		216
- Interest income from third parties		1		3
- Other income		3		-
		825		615
Operating expense				
- Interest expense to subsidiaries		(90)		(42)
- Interest expense to third parties		(41)		(87)
- Provisions on loans to subsidiaries		(11)		(29)
- Taxes		(27)		(18)
- Financial expenses		(72)		(35)
- Other expenses (including depreciation of CHF 28 and CHF 16)		(78)		(41)
		(319)		(252)
Net income for the year		506		363
Retained earnings, beginning of year		1,112		903
Transfer of treasury shares		-		1
Dividend distribution		(185)		(155)
Retained earnings, end of year	CHF	1,433	CHF	1,112

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

In millions, except share and per share amounts

Note 1 – Contingent Liabilities in Favour of Third Parties

	Dec. 31, 2001	Dec. 31, 2000
Guarantees	CHF 2,385	CHF 1,322
Letters of comfort	173	51
	CHF 2,558	CHF 1,373

Adecco SA has unconditionally and irrevocably guaranteed the notes of EUR 400 (CHF 608) issued by Adecco Financial Services ("AFS"), a subsidiary of Adecco SA.

On March 1, 2001, Adecco SA also provided banks with irrevocable and unconditional guarantees of CHF 80 and USD 100 (CHF 164) in respect to derivative financial instrument transactions executed by AFS.

Additionally, approximately CHF 600 of the credit facilities issued to several subsidiaries in Europe, North America and Australia have been guaranteed.

Adecco SA has guaranteed the outstanding notes of USD 200 (CHF 336) and the outstanding notes of FRF 800 (CHF 181) assumed by a subsidiary as part of the Olsten acquisition and notes of USD 50 (CHF 88) issued by Delphi Group Limited.

as of December 31

Adecco SA has unconditionally and irrevocably guaranteed the convertible notes of originally EUR 360 (CHF 576) issued by Adecco Finance BV, a subsidiary of Adecco SA. Adecco SA has also provided Adecco Finance BV (formely Meridian BV) with guarantees for any receivable the subsidiary may have on group companies arising from group financing. In addition, Adecco SA has issued originally 539,988 call options of its registered shares to Adecco Finance BV at an initial strike price of CHF 107.24 at the exchange rate of CHF 1.6084 per Euro which are payable in five annual instalments. The notes were redeemable for the principal amount together with accrued interest at the option of the note holders only on November 25, 2001. Certain of the note holders exercised their redemption right on their notes for the principle amount totalling CHF 3. The remaining balance of the notes is convertible into 6,361,150 shares of Adecco SA. The resulting liability has been included in provisions at the original price per option. Adecco SA has also committed to provide Adecco Finance BV with Euro loans for the exercise price each time Adecco Finance BV exercises an option. Loans bear interest at 5.124% and are repayable in November 2004.

Note 2 – Outstanding Bonds

	December 31, 2001	December 31, 2000
4.0% due July 7, 2005	CHF 300	CHF 300

The convertible notes were redeemable for the principal amount together with accrued interest at the option of the note holder only on November 25, 2001. Certain of the note holders exercised their redemption right on their notes for principal amount totalling EUR 3. The remaining balance of the notes are convertible into 5,361,150 registered shares of Adecco SA.

Note 3 - Treasury Shares and Treasury Participation Certificates

The reserve for treasury shares held by the holding company is transferred to/from retained earnings. All treasury shares held by subsidiary companies have been transferred to Adecco SA as of December 31, 2001.

	Average Cost	Number	Purchase sale price average per share	Highest price per share	Lowest price per share
Registered shares:					
At December 31, 2000	CHF 4	133,410			
Options exercised	-	(2,612)	CHF 44	CHF 50	CHF 40
Shares sold	-	(1,240)	40	40	40
At December 31, 2001	4	129,558			
Participation certificates:					
At December 31, 2000	5	42,020			
Participation certificates purchased	-	1,240	CHF 87	CHF 100	CHF 81
At December 31, 2001	5	43,260			
Total treasury shares and treasury participation certificates	CHF 9				

In millions, except share and per share amounts

Note 4 – Shareholders' equity

as of December 31

	Share capital	Participation certificates	General reserves	Treasury shares	Retained earnings	Total
Balance at						
December 31, 2000	CHF 186	CHF -	CHF 1,920	CHF 9	CHF 1,112	CHF 3,227
Dividend Distribution					(185)	(185)
Share capital increase			31			31
Net income for the year					506	506
Balance at						
December 31, 2001	CHF 186[1]	CHF - [2]	CHF 1,951	CHF 9	CHF 1,433	CHF 3,579

[1] *186,298,698 common shares at CHF 1 par value*
[2] *49,000 participation certificates at CHF 1 par value*

On May 2, 2001, Adecco held its annual general meeting of shareholders in Lausanne, Switzerland. At the meeting, the Adecco shareholders approved the following capital changes:

Conditional shares
Reduction of conditional capital of Art 3sexies from 7,000,000 shares to 5,399,880 shares, or a maximum aggregate amount of CHF 5,399,880, through issuing a maximum of 5,399,880 registered shares, which shall be fully paid up by the exercise of option and conversion rights to be granted in relation with bond issues or other obligations of the corporation or affiliated companies.

Increase of conditional capital of Art 3quinquies from 5,267,760 shares to 7,867,880 shares, or, a maximum aggregate amount of CHF 7,867,880 by issuing a maximum of 7,867,880 registered shares, which shall be fully paid up by the exercise of option rights which the Board of Directors grants to the employees and to the members of the Board of Directors of the corporation or of its affiliated companies.

During 2001, 785,268 shares were issued for stock options for a total value of CHF 31.

Authorised shares
Authorised the issuance of up to 19,000,000 additional Adecco shares to finance possible mergers and acquisitions.

Note 5 – Significant Shareholders

Adecco SA's shares are registered shares. Adecco is not aware of any significant shareholders, other than Akila Finance SA and KJ Jacobs AG, which held interests of 18.33% and 18.49% respectively, as of December 31, 2001.

Note 6 – Restriction Regarding the Distribution of Dividends

Under Swiss law, a minimum of 5% of the net income for the year must be transferred to a general reserve until this reserve equals 20% of the issued share capital. Other allocations to this reserve are also mandatory. The general reserve is an appropriation of retained earnings and is not available for distribution.

Proposed appropriation of retained earnings

	2001
Dividend	
CHF 1.00 per registered share	217,651,632[1]
CHF 1.00 per participation certificate	5,740
To be carried forward	1,215,306,885
	1,432,964,257

[1] *This amount represents the maximum amount of dividends payable based on the total number of shares issued (excluding treasury shares) of 186,169,140, conditional shares of 12,482,492 and authorised shares of 19,000,000 as of December 31, 2001. Included in this total number of shares are 31,482,492 authorised and conditional shares, which were not in circulation as of December 31, 2001.*

Report of the Statutory Auditors to the General Meeting of Adecco SA, Chéserex

As Statutory Auditors, we have audited the accounting records and the Financial Statements, (Balance Sheet, Statements of Operations and Notes, pages 26 to 29) of Adecco SA for the year ended December 31, 2001.

These Financial Statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these Financial Statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the profession in Switzerland which require that an audit be planned and performed to obtain reasonable assurance about whether the Financial Statements are free from material misstatement. We have examined, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and Financial Statements (and the proposed allocation of available earnings) comply with Swiss law and the company's Articles of Incorporation.

We recommend that the Financial Statements submitted to you be approved.

ARTHUR ANDERSEN SA

M. Sills Jane Moverley

Mike Sills Jane Moverley

Lausanne, February 5, 2002

Major Consolidated Subsidiaries

Europe

	Group holding %	F/H/O/S*
Austria		
Adecco Gesellschaft MBH	100	O
Belgium		
Ficomexa Coordination Center NV	100	F
Adecco Personnel Services NV	100	O
AOC NV	100	O
Lee Hecht Harrison Belgium BV	100	O
Channel Islands		
Ashridge Ltd	100	F
Croatia		
Ljudski Potencijali D.o.o.	100	O
Czech Republic		
Adecco SPOL S.R.O.	100	O
Denmark		
Adecco A/S	100	O
Computer People APS	100	O
Finland		
Adecco Finland OY	100	O
France		
Adecco IT Services SA	100	S
Ecco SA	100	H
Computer People SA	100	O
Adia Holding SA	100	O/H
Adecco Travail Temporaire SA	100	O
Adecco Consulting SA	100	O
Lee Hecht Harrison France SA	100	O
Alexandre Tic SA	100	O
Germany		
Verwaltungsgesellschaft Adecco MBH	100	H
Adecco Personaldienstleistungen GmbH	100	O
Computer People GmbH	100	O
Lee Hecht Harrison GmbH	100	O
Great Britain		
Adecco Holdings (UK) Ltd	100	H
Office Angels Ltd	100	O
Adecco UK Ltd	100	O
Accountants on Call Ltd	100	O
Tad Telecom Limited	100	O
Jonathan Wren& Co Ltd	100	O
Lee Hecht Harrison Ltd	100	O
Roevin Managements Services Ltd	100	O
Computer People Ltd	100	O
Greece		
Adecco HR AE	100	O
Hungary		
Adecco Magyarorszagi Szemelyzeti Kozvetito Kft	100	O
Ireland		
Adecco Ireland Ltd	100	O
Italy		
Adecco Societa di Fornitura di Lavoro Temporaneo SpA	100	O
Carrer SRL	100	O
Lee Hecht Harrison SRL	100	O
Computer People SRL	100	O
Luxembourg		
Adecco Services Financiers (Luxembourg) SA	100	F
Adecco Luxembourg SA	100	O

	Group holding %	F/H/O/S*
Monaco		
Adecco Monaco SAM	100	O
Netherlands		
Adecco Finance BV	100	F
Adecco Olsten Holding BV	100	H
Adecco Nederland Holding BV	100	H
Adecco Holding Europe BV	100	H
Adecco Personneels Diensten BV	100	O
Computer People BV	100	O
Norway		
Adecco Norge AS	100	O
Poland		
Adecco Poland SP Z.O.O.	100	O
Portugal		
Adecco Recursos Humanos Ltda	100	O
Romania		
Adecco Romania SRL	100	O
Slovenia		
Adecco RH D.O.O	100	O
Spain		
Adecco Iberia SA	100	H
Delphi IT SA	100	O
Adecco TT SA Empresa de Trabajo Temporal SA	100	O
Accountants SA Empresa de Trabajo Temporal SA	100	O
Sweden		
Adecco Sweden AB	100	O
Switzerland		
Adecco management and consulting SA	100	S
Adecco Ressources Humaines SA	100	O
Ideal Job Internet SA	100	O
Lee Hecht Harrison AG	100	O
Alexandre TIC SA	100	O
Adecco Special Financing AG	100	F
Computer People Sarl	100	O
Turkey		
Adecco Hizmet Ve Danismanlik AS SA	51	O

*** Represents:**

F - Financial
H - Holding
O - Operating
S - Group Services

Major Consolidated Subsidiaries

North America

	Group holding %	F/H/O/S*
Canada		
Accountants on Call of Canada Ltd	100	O
Adecco Employment Services Ltd	100	O/H
Ajilon Canada Inc	100	O
Tad Telecom Canada Inc	100	O
Roevin Technical People Ltd	100	O
USA		
Adecco Inc	100	H
TAD PGS, Inc.	100	O
ADO Staffing Inc	100	O/H
Adecco Employment Services Inc	100	O
Olsten Staffing Services Corp	100	O
Lee Hecht Harrison LLC	100	O
Tad Telecom LLC	100	O
Paywise Inc	100	O
Adecco North America LLC	100	O
Ajilon LLC	100	O

Asia Pacific

	Group holding %	F/H/O/S*
Australia		
Adecco Australia Pty Ltd	100	O/H
Adecco Holdings Pty Ltd	100	H
Lee Hecht Harrison Pty Ltd	100	O
TAD Pty Ltd	100	O
Ajilon Australia Pty Ltd	100	O
Jonathan Wren Australia Pty Ltd	100	O
Icon Recruitment Pty Ltd	100	O
	100	O
China		
Guangdong Adia Personel Services Ltd	100	O
Hong Kong		
Lee Hecht Harrison Pty Ltd	100	O
Templar International Consultants Ltd	100	O
Adecco Personnel Ltd	100	O
Indonesia		
Templar International Consultants Pte Ltd	100	O
Japan		
Adecco Career Staff Ltd	100	O
Malaysia		
Agensi Perkerjaan Templar Search & Selection Sdn Bhd	100	O
Agensi Perkerjaan Personnel Sdn Bhd	100	O
New Zealand		
Adecco New Zealand Ltd	100	O/H
Icon Recruitment Ltd	100	O
Philippines		
Add Force Personnel Services Inc	100	O
Singapore		
Lee Hecht Harrison Pte Ltd	100	O
Adecco Personnel Pte Ltd	100	O
South Korea		
Adecco Korea Inc	100	O
Taiwan		
Adecco Personnel Company Ltd	100	O
Adia Taiwan Ltd	100	O
Adia L&M Personnel Consultants Ltd	100	O
Thailand		
Adecco Consulting Ltd	100	O

Latin America

	Group holding %	F/H/O/S*
Argentina		
Adecco Argentina SA	100	O
Bolivia		
Adecco Bolivia SA	100	O
Brazil		
Adecco Top Services R.H. Ltda	100	O
Chile		
Adecco Recursos Humanos SA	100	O
Colombia		
Adecco Colombia SA	100	O
Costa Rica		
Adecco de Costa Rica Recursos Humanos SA	100	O
Dominican Republic		
Adecco Dominicana SA	100	O
Ecuador		
Adeccoiberia SA	100	O
Guatemala		
Adecco Guatemala Recursos Humanos SA	100	O
Mexico		
Olsten de Mexico SA de CV	100	O
Panama		
Adecco Panama SA	100	O
Peru		
Adecco Peru SA	100	O
Puerto Rico		
Adecco de Puerto Rico Inc	100	O
Adecco Personnel Services Inc	100	O
Uruguay		
Adecco Uruguay SA	100	O
Venezuela		
Adecco Servicios C.A.	100	O

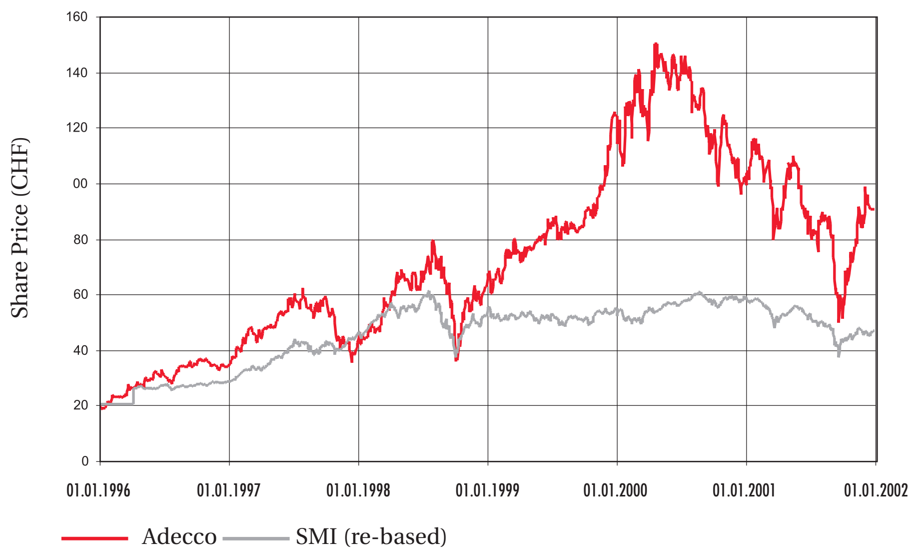
Other

	Group holding %	F/H/O/S*
Bermuda		
Adecco Financial Services Ltd	100	F
Adecco Reinsurance Company Ltd	100	F
South Africa		
Technihire Ltd	100	O
Morocco		
Adecco Maroc SA	100	O
Israel		
Adecco Israel Staffing Services Ltd	100	O

*** Represents:**

F - Financial
H - Holding
O - Operating
S - Group Services

Stock Price Performance



Share information[2]

	5-year Compound Growth Rate	2001	2000	1999	1998	1997	1996
Basic and diluted net loss per share (CHF)		(2.30)	(2.33)	(1.01)	(1.16)	(1.52)	(0.12)
Basic and diluted net loss before cumulative effect of change in accounting principle (CHF)		(2.25)	(2.33)	(1.01)	(1.16)	(1.52)	(0.12)
Income per share before amortisation of goodwill, restructuring costs and one-time items (basic)[1] (CHF)	25.5%	3.77	4.06	3.07	2.4	1.87	1.21
Income per share before amortisation of goodwill, restructuring costs and one-time items (fully diluted)[1] (CHF)	18.6%	3.68	3.92	2.92	2.39	1.83	1.21
Cash dividends per share (CHF)	6.8%	1.00	0.84	0.70	0.55	0.50	0.72
Basic and diluted weighted average common shares	7.6%	185,880,663	183,735,340	172,128,580	167,900,250	164,594,310	128,611,650
Fully diluted shares	3.0%	192,832,231	192,269,392	180,553,760	168,938,020	167,799,390	166,636,720
Outstanding shares	2.5%	186,174,880	185,387,000	178,140,456	170,368,500	164,110,790	164,430,440

[1] *Income before amortisation of goodwill, restructuring costs and one-time items is not meant to portray net income or cash flow in accordance with U.S. GAAP or to represent cash available to shareholders. One-time items include investment write-downs and cumulative effect of accounting changes.*
[2] *All share and earnings per share figures have been adjusted for the 10 for 1 share split which took place in May 2001.*

Listing of shares
Adecco is registered in Switzerland and is listed on the Swiss Exchange (ADEN / trading on Virt-x: 1213860), NYSE (ADO), Euronext Premier Marché (12819).

Market capitalisation
As of December 30, 2001, Adecco's management capitalisation based on outstanding shares was approximately CHF 16.8 Billion (approximately USD 10.0 Billion), based at the year end rate of CHF 1.68 to USD 1.

Shareholders
As of December 31, 2001, the total number of shareholders directly registered with Adecco SA was 12,338. Adecco additionally had 372 registered ADR holders as of December 31, 2001.

Adecco is not aware of any significant shareholders, other than AKILA FINANCE SA and KJ Jacobs AG, which held interests of 18.33% and 18.49%, at December 31, 2001.

Dividends
For 2001, Adecco's board of directors proposed a dividend of CHF 1.00 per registered share, CHF 1.00 per participation certificate (and the proportional amount translated into US Dollars for registered ADR holders). The dividend will be paid out for registered shares and participation certificates, on April 29, 2002 and for registered ADR's, on May 29, 2002.

Adecco SA annual general meeting of shareholders
The 2001 annual general meeting of shareholders will be held on April 17, 2002 at 1400 hrs in the Hotel Lausanne Palace & Spa, Switzerland.

Calendar of events

Date	Event
February 6, 2002	FY 2001 Earnings Release
April 17, 2002	Annual General Meeting of Shareholders
April 17, 2002	Q1 2002 Earnings Release
July 24, 2002	Q2 2002 Earnings Release
October 23, 2002	Q3 2002 Earnings Release
February 5, 2003	FY 2002 Earnings Release

Contacts

Registered Office
Adecco SA (Holding)
1275 Chéserex
Switzerland

Contact Details
Adecco management & consulting SA
Hertistrasse 2 E
PO Box 687
8304 Wallisellen
Switzerland
Tel: +41 1 878 88 88
Fax: +41 1 878 87 87

Corporate Communications
Tel: +41 1 878 88 36
Fax: +41 1 878 87 31
press.info@adecco.com

Investor Relations
Tel: +41 1 878 88 84
Fax: +41 1 878 87 84
investor.relations@adecco.com

Adecco on the Internet
http://www.adecco.com

A full office address list can be found on www.adecco.com

Directors, Management and Auditors

Board of Directors *(until 17 April 2002)*

Klaus J. Jacobs	Chairman
Philippe Foriel-Destezet	Vice Chairman
Philippe Beauviala 1)	
Erwin Conradi 2)	
Conrad Meyer 1)	
Stuart Olsten	
Yves Perben 1)	
Andreas Schmid 2)	
Ernst Tanner 2)	

1) Member of the Audit Committee (Chairman: Conrad Meyer)
2) Member of the Compensation Committee (Chairman: Erwin Conradi)
The Chairman and Vice Chairman are ex-officio members of both committees.

Executive Committee *(as per 1 January 2002)*

John Bowmer	Chief Executive Officer
Felix Weber	Chief Financial Officer
Luis Sánchez de León	Chief Sales & Marketing
Jérôme Caille	President Adecco Staffing
Patrick De Maeseneire	President Ajilon Staffing & Managed Services
Bernard Morel	President Career Services & e-Business
Steve Harrison	President Lee Hecht Harrison

Management of Principal Business Units *(as per 1 January 2002)*

Adecco Staffing

Andres Cano	Financial Officer Adecco Staffing
Enrique de la Rubia	Public Affairs Officer/Mediterranean Countries
Sergio Picarelli	Sales & Marketing Officer/Eastern & Nordic Europe
Julio Arrieta	Latin America
Edouard Comment	Switzerland
Mark de Smedt	Benelux
Richard Martin	UK & Republic of Ireland
Debbie Pond-Heide	USA & Canada
Gilles Quinnez	France & Africa
Ray Roe	Asia Pacific
Enrique Sanchez	Spain & Portugal
Carlo Scatturin	Italy & South Eastern Europe
Elmar Hoff	Germany

Ajilon Staffing & Managed Services

Erik van Assche	Financial Officer Ajilon Staffing & Managed Services
Luis-Felipe Campuzano	Ajilon Staffing - European Continent
Neil Lebovits	Ajilon Staffing - USA & Canada
Peter Searle	Ajilon Staffing - UK & Australia
Roy Haggerty	Managed Services - IT Worldwide
Jay Hufnagel	Managed Services - Telecom Worldwide

Career Services

Claude Friederich	Sales & Marketing Development/LHH Europe

e-Business

Davide Villa	e-Recruitment Business Development

Senior Corporate Executive Functions *(as per 1 January 2002)*

Pierre Bouvier	Corporate Marketing & PR
Hans R. Brütsch	Corporate Secretary
Patrick Dobler	Group Treasury
David Forth	Group Controlling
Raymund Gerardu	Group Tax
Franco Gianera	Group CIO
Chris King	Group Communications & Investor Relations
Barbara LaTour	Worldwide Human Resources & Assessment
Marcel Schmocker	Group Legal
Karine Storm	Mergers & Acquisitions
Michel Tcheng	Group Risk Management/Internal Audit

Auditors

Arthur Andersen SA	Lausanne, Switzerland