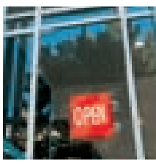
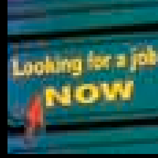
ANNUAL REPORT 2002

Operational Review



Adecco

Making people successful in a changing world



Every 24 hours

the Adecco Group's network
connects
650,000 Associates with
100,000 business Clients
through its network of
29,000 employees and
5,800 offices in
63* countries around the world.

The following pages show a glimpse
of one such day for some of those people.

Adecco S.A. is a Forbes 500 company and the global leader in HR Solutions and is No. 1 or 2 in 12 of the world's top 13 staffing markets that account for 95% of the industry revenues. Managed by a multinational team with expertise in markets spanning the globe, the Adecco Group delivers an unparalleled range of flexible staffing and career resources to corporate Clients and qualified Associates.

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

*As of February 1, 2003

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12.15 pm Paris

Kim Lee is shown around her new workplace by one of her colleagues. As a temporary PA to a new marketing executive arriving from Japan, she's got one week to familiarize herself with the routine. With the training that Adecco has provided, she'll soon be in top gear.

To protect privacy and confidentiality, the photo examples on pages 3, 7, 9, 11, 15, 21, 23, 25 and 27 in this publication are purely representative, reflecting typical scenarios.

Adecco at a Glance

- CHF 25.1 billion net service revenues
- CHF 362 million income before amortisation
- 29,000 Colleagues
- 650,000 Associates placed on assignment each day
- 250,000 Clients worldwide
- 100,000 Clients served on each day
- 5,800 offices in 63 countries

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

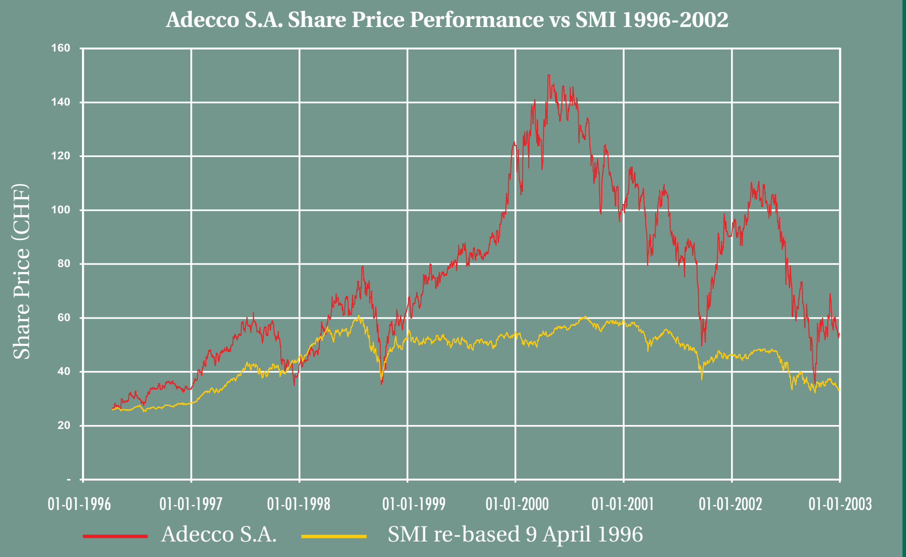
Market Leader demonstrates resilience

During 2002, the Adecco Group faced the most challenging and uncertain economic conditions since the merger of Adia and Ecco in 1996.

The Adecco Group revenues decreased to CHF 25,086 million in 2002, from CHF 27,247 million in 2001. The decrease of 8% in Swiss francs or 3% in local currency indicates the strong negative currency impact on the Adecco Group's 2002 financial statements. Operating income before amortisation decreased to CHF 662 million in 2002, from CHF 1,179 million mainly due to a decline in gross margin as a result of lower prices and greater slowdown of high margin professional services and permanent placement as well as an increase of consolidated selling, general and administrative expenses. The Adecco Group reported a decrease of income before amortisation to CHF 362 million in 2002.

In 2002, the Adecco Group generated strong positive cash flows from operating activities of CHF 647 million which enabled a further reduction in net debt (including off balance sheet items of CHF 85 million) by CHF 553 million to CHF 2,047 million. The cash flows used in investing activities in 2002 of CHF 265 million included the purchase of jobpilot AG in May 2002 for a purchase price of CHF 89 million, net of cash acquired.

Trade accounts receivables net decreased as the net result of an increase of business in the last two months of 2002 compared with 2001, an improvement of collectability and the impact of change in foreign currency rates. The strong focus on working capital management decreased the average days outstanding of accounts receivables by four days.



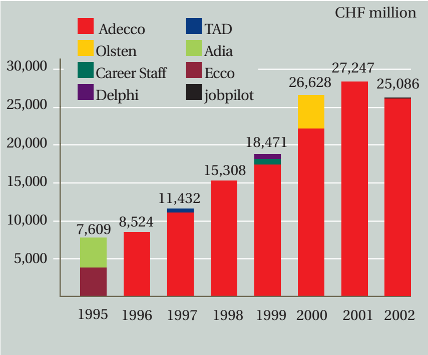
Selected Financial Highlights *CHF in millions except share and per share amounts*		Year Ended December 29, 2002	December 30, 2001
Statement of Operations Data:			
Net service revenues		25,086	27,247
Operating income before amortisation		662	1,179
Income before amortisation[1]		362	702
Net income / (loss) [2]		354	(427)
Per Share Data:			
Net income / (loss) per share [2]	Basic	1.90	(2.30)
	Diluted	1.88	(2.30)
Income per share before amortisation	Basic	1.94	3.77
	Diluted	1.91	3.68
Weighted average shares		186,527,178	185,880,663
Diluted shares		193,469,123	192,832,231
Cash Flow Data:			
Cash flow from operating activities		647	1,390
Cash flow from investing activities		(265)	(528)
Cash flow from financing activities		(585)	(780)
Balance Sheet Data:			
Trade accounts receivables, net		4,225	4,636
Goodwill and other intangibles, net		2,147	2,292
Accounts payable and accrued expenses		4,093	4,309
Net debt (incl. off balance sheet financing)		2,047	2,600
Shareholders' equity		1,947	1,787

[1] *2001 Income before amortisation does include tax benefits associated with the amortisation of goodwill.*

[2] *For the twelve months ended December 30, 2001, net income / (loss) and net income / (loss) per share include goodwill amortisation. For the twelve months ended December 30, 2001, the adjusted net income (under SFAS No. 142) is CHF 559 million; the adjusted basic EPS is CHF 3.01 and the adjusted diluted EPS is CHF 2.94.*

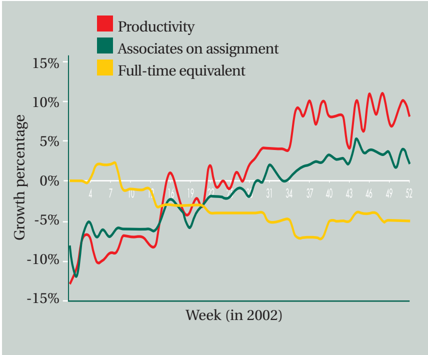
Income before amortisation is not meant to portray net income or cash flow in accordance with U.S. generally accepted accounting principles. Amortisation is a non-cash charge to operating income; however, income before amortisation of goodwill and other intangibles and restructuring costs does not represent cash available to shareholders. This may not be comparable to similarly entitled items reported by other companies. Up to December 30, 2001, Adecco amortised goodwill over its estimated life of five years. In fiscal year 2002, goodwill is no longer amortised.

Revenues



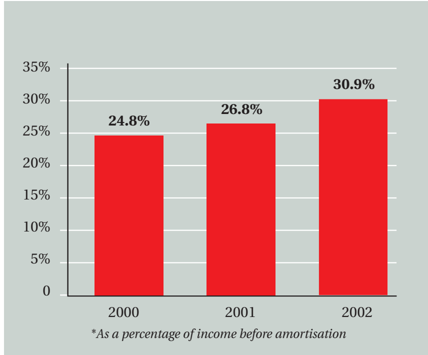
Added sales efforts, client-base focus and penetration into new segments were key elements in the Adecco Group's strategy to reduce the sales gap between 2002 and 2001, despite challenging global economic conditions in 2002.

Productivity



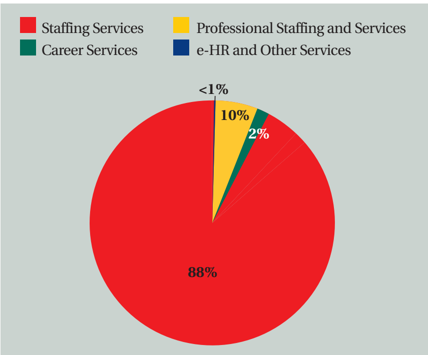
A continuing focus on cost management and the on-going deployment of the Adecco Group's IT field platform that have contributed to enhance workforce efficiency led to the achievement of record productivity levels in 2002, comparable to the post-merger levels of 2000.

Dividend Payout Ratio*



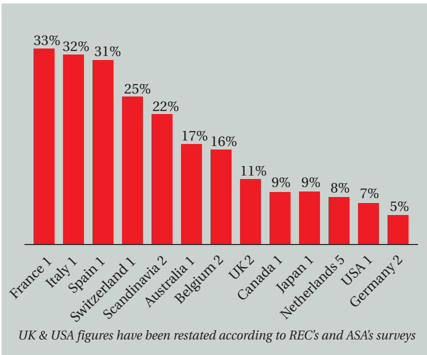
The underlying strength of the business - in spite of the difficult business environment - has enabled Adecco S.A. to consistently increase the dividend payout ratio for the past three years.

Activity Distribution



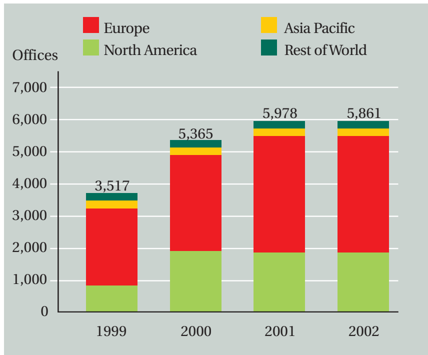
While Staffing Services still accounts for the Adecco Group's main stream of revenues, Professional Staffing and Services, Career Services and e-HR Services made a valuable contribution and combined to create an optimized business mix for long-term growth in size and profitability.

Market Share



Adecco retained its position as No. 1 or 2 in 12 of the 13 largest staffing markets, retaining its focus upon its long-term target of reaching 20% share in each.

Branch Network



In 2002, management focused upon individual branch profitability, but was able to seize opportunities to penetrate new territories and vertical segments. The current office network strongly positions the Adecco Group to benefit disproportionately from any market upturn.

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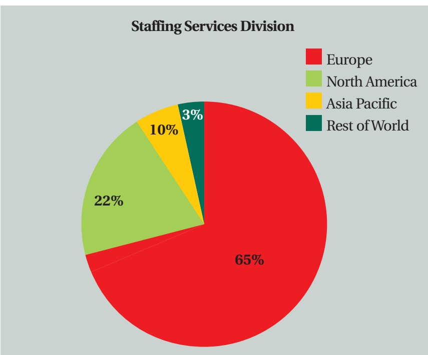
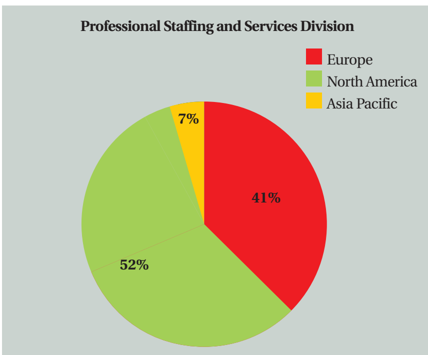
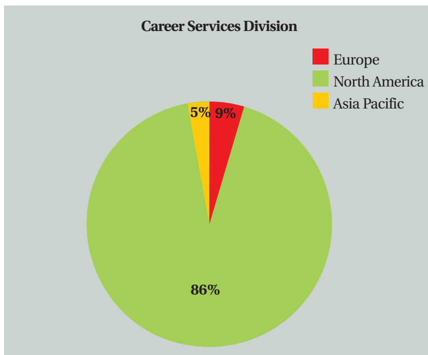
Geographical Distribution of Revenues by Division







While the Staffing Services Division is well established in most regions, Professional Staffing and Career Services are predominantly concentrated in North America, and e-HR Services operates 100% in Europe.

John Bowmer
Chairman

Dear Colleagues, Clients, Associates and Shareholders,

The last two years have been arduous for our industry and for the Adecco Group, with the most difficult and challenging business conditions in the last quarter century. Previous downturns affecting the temporary staffing business have typically lasted no more than nine months; this cycle has been prolonged for over two years.

While I do not wish to minimize how disappointing this past couple of years has been, I am pleased to see how the Adecco Group has been able to adapt its organization to the environment, in order to be even stronger in the future.

The Adecco Group has a unique scope that offers total HR solutions, addressing the evolving needs of individuals and companies in a fast changing world of work.

Favourable trends in society

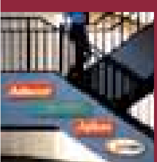
Over the long-term, I am as confident as ever in the future of our industry and of the Adecco Group's pre-eminent role within it. Rapid technological change, globalization and an increasingly turbulent world economy all highlight the need for corporations and nations to strive for more flexible and innovative ways of working. These changes have emphasized how outstanding people can drive competitiveness, among even the most capital-intensive businesses. It is no longer just a truism that any company's most important asset is people.

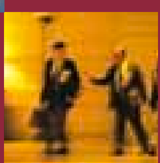
Many individuals also have less loyalty to their employers as they realize that they must take charge of their own careers in the face of corporate down-sizing. Combine this with a growing preference, particularly among younger and older workers, for more flexible means of work than that offered by the typical job, and there is a strong undercurrent for long-term growth in flexible work.

Nations are also recognizing the benefits that more flexible labour regulations can have for improving unemployment and global competitiveness. During 2002, particularly in Europe, there was much debate about, and some steps taken to remove, regulations adversely affecting our industry. In our view, the ever-improving ability of our industry to increase the responsiveness of the labour market will win the day and barriers will be progressively removed. In countries where the deregulation process is under-way at various levels, such as Spain, Italy, Japan and Germany, the market for temporary work could grow rapidly in the next few years.

9.30 am Sao Paulo

Jose Emanuel, Operations Director of a leading telecoms company, meets with the Adecco Group account team. Their mission: to optimize the evaluation and filtering processes of the company's e-recruitment initiative. This type of strategic workforce planning is part of the total HR solution that Jose requested from the Adecco Group. A solution that includes all the recruitment, training and payroll functions for the entire 7,000+ workforce, which includes line managers, technicians and shop floor workers.





In Germany in 2002, the Hartz Commission affirmed that temporary work could create jobs and improve productivity and competitiveness, setting the agenda for the removal of a raft of unjustified restrictions and creating a very exciting environment for growth.

The general trend in favour of our industry has been played out over the last several decades, where despite the recent downturn, we have seen a huge increase in the use and acceptance of temporary work. In fact, the use of temporary staffing has basically doubled since the late 1980s, with over 2% of the workforce in major markets employed by temporary staffing firms. This growth has been substantial and the temporary staffing industry now generates approximately US$ 140 billion in annual revenues worldwide. There is also great opportunity for further expansion to serve the remaining 98% of the workforce that could benefit from more flexible working arrangements and a variety of additional Human Resources services.

Meeting the challenge

During these difficult times the people of the Adecco Group have been working energetically to further develop an organization that will outdistance our competitors in both the short- and long-term. We believe that difficult times separate the strong from the weaker organizations and that over the long-term, companies with competitive fitness will thrive and prosper. Recognizing the potential to develop our business beyond our core temporary staffing expertise, we introduced a new divisional structure. This structure aligns our business units to allow for focus on our core general staffing business, specialized staffing, career services and the emerging HR services/e-business market. By creating this divisional structure, we are able to focus on current core strengths in staffing and career services, while also building modular HR services capabilities that will accelerate future growth.

Along with building an organization that is designed to position the Adecco Group for growth, we have also maintained our network to maximize gains in market share when economic growth takes hold. It has been our experience that growth comes quite quickly after a downturn and those with the branch network and infrastructure in place benefit significantly.

The Internet is vital

The Adecco Group continues to strive to be the most innovative company in the industry with the lowest cost structure. Technology remains critical in this pursuit and we have invested heavily to ensure that we have the best systems in the industry. Internet technology is more important than ever in both reducing costs and driving innovation for our business and we have made substantial progress in moving toward our goal of doing all our "business on a browser".

Using the Internet to reduce internal costs enables us to defend our business and remain competitive as a low cost provider. We have seen significant improvement in our processes through Internet use, with shorter cycle times, lower costs and higher levels of quality in everything from Benefits administration to Financial reporting. While internal improvements have been significant, the most important benefit of Internet technology has been in building links between Adecco's massive database and our Clients and Associates. This has huge potential for growth in revenue, as both Clients and Candidates are tied ever more closely to the Adecco Group with an instantaneous exchange of information.

Future prospects

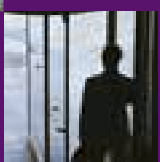
I remain firmly optimistic about the future of the Adecco Group. Underlying business, economic and societal trends are all pointing towards renewed and vigorous growth in the use of temporary staffing and HR services. We are ideally positioned as leader in the largest and most important markets. The Group is also the lowest cost provider and has the most innovative and efficient technology in the industry.

Time and again the people of the Adecco Group have risen to the strategic and operational challenges of the moment. We have an organization of outstanding and innovative entrepreneurs who are constantly searching for ways to improve our business. Certainly, as stated previously, people are the critical asset in any company. That goes doubly in our industry, which is after all, all about people. Our new management team has met the challenges of the past year and has the dynamism to lead the business and our industry into a new era of growth.

As I look forward to this exciting journey, I again want to extend my appreciation to all our Colleagues, Associates, Clients and Shareholders for their continued trust and loyalty.

John Bowmer
Chairman

12.57 pm Singapore



Suzy Li takes lunch with her new friends from work. She started as a summer-season hotel receptionist two days ago, but she already knows that when her work is done here, she will take up a new position with a publishing company – also arranged by the Adecco Group.

The job-for-life notion is 'out'. Growing through diverse consecutive positions is 'in'.

Jérôme Caille
Chief Executive Officer

To our Shareholders, Clients, Colleagues, Associates

Strong strategy helps face short-term challenges

The year of 2002 was both challenging and inspiring. On the one hand, we faced a second consecutive year of economic uncertainty and restraint; and on the other, the role of our industry in the changing world of work evolved apace. We rose to the challenges on both fronts; clearly defining ourselves as the world's leading HR Solutions provider with an unrivalled portfolio of services, while strengthening our position for the future.

Focus across the Group upon branch profitability, targeted cost reductions and synergy opportunities – without compromising service delivery or market share – characterized a strong, disciplined response to market conditions. Concurrently, we maintained an entrepreneurial, growth-orientated mindset, that has enabled us to build our Divisional brands, enter new markets and invest further in Web-centric IT systems that enhance Client and Associate services and create new cross-selling opportunities.

Whatever the economic environment, we focus on achieving ambitious targets, in line with our strategy centred upon market leadership and an optimized business mix.

Underpinning these initiatives has been a consistent strategy, established when Adecco was formed in 1996 and now 'owned' by a 'home-grown' committed management team. We continue to leverage our position as market leader in temporary staffing, consolidating our position as No. 1 or 2 in 12 of the 13 largest staffing markets in the world – giving us excellent positioning to retain and capture major contracts and realize superior economies of scale, not least in technology investments. Our commitment to optimize our business mix was evidenced by the acquisition of jobpilot – currently the No. 2 job board in Europe – and validated by the soaring performance of Lee Hecht Harrison Career Services, proving itself an ally to companies and individuals in a change-orientated environment.

Resilience in a tough environment

Group revenues for the full year were CHF 25.1 billion, down 8% in Swiss francs and down 3% in local currency. Operating income before amortisation for the full year was CHF 662 million, a decrease of 44% in Swiss francs and of 40% in local currency compared to the same period a year ago. Income before amortisation amounted to CHF 362 million, a decline of 48% in Swiss francs and of 44% in local currency over the same period last year. The Group generated cash flow from operations of CHF 647 million. Net debt was reduced by CHF 553 million.

In the first half, it became clear that the market recovery would be delayed and we began to execute a plan to reduce our operating costs and protect our margin without affecting capacity. We strategically adjusted our branch network, resulting in a net decrease of 40 units during the year, monitoring precisely where to open and when to close branches. In fact during 2002, we opened 200 new branches either in promising countries where our market penetration could be significantly increased – such as the UK or USA – or because we wanted a greater presence on specific vertical segments. Simultaneously, we closed 240 branches which were not in line with profitability expectations.

6.43 am Milan

Aldo Scalari is already at work during his train journey to Milan – where the Adecco Group has placed him on assignment for the next three months. As a specialist in bank credit systems, this is his ninth project in the past four years, working at banking installations across Italy. He already knows what his tenth project is, which was also arranged by the Adecco Group.

Adecco Branch team, Pisa, Italy: one of the 5,278 Adecco Branches worldwide.

We adjusted our employee base accordingly and have today approximately 1,000 fewer people than a year ago, despite the addition through acquisition of jobpilot. We increased our productivity, measured as placement of temporary employees and permanent placements per full-time employee. We are today close to our all-time high level achieved in 2000. We concentrated on reducing our IT investments, working towards the deployment of standard front and back office packages. Despite Adecco France, which invested heavily in its new, unique Web-based front office, we reduced our investment into fixed assets by nearly CHF 100 million compared to the peak in 2000, without damaging our capacity for innovation. In 2003, we shall equip another 28 business units with our Adecco Web technology and the Peoplesoft back office systems. We made substantial savings in marketing costs, spending 40% less than in 2001, a saving of roughly CHF 100 million. Our purchasing project efforts produced annualized savings of CHF 10 million.

The IT solutions introduced over the last two years helped us to reduce Days Sales Outstanding by another four days, equivalent to CHF 200 million, in addition to measurable additional sales we could achieve thanks to these systems.

In the second half of the year, as there were still no signs of strong economic upturn and as uncertainties around the Iraq crisis rose, we tightened our risk management procedures, increased our bad debt provisions and further aligned our structures to the operating environment. This resulted in additional charges which were necessary to position our Group in the best possible situation to start 2003.

Staffing Services – Recovery underway

Staffing Services sales volumes recovered promisingly after a difficult first half, establishing an upward trend in the third quarter that gathered pace in the fourth. Annual sales fell by 1% in local currency. However, in the fourth quarter, sales were 5% higher in local currency compared to the previous year. In local currency, sales in the USA increased 12% in the fourth quarter over the previous year. Adecco Staffing France, one of our major business units, outperformed the market, winning close to one point of market share over last year.

Flexible staffing is now a central HR strategy for many companies to manage business fluctuations and retain competitiveness. We reacted quickly on the ground to market conditions, opening new branches to seize industry sector or local growth opportunities while closing unprofitable branches. The net effect is that we maintained our overall branch capacity, while many competitors have reduced theirs. We opened our first branches in Russia, Slovakia, El Salvador and Tunisia, markets with excellent potential thus expanding our unmatched global service capability.

Professional Staffing and Services - Regaining ground

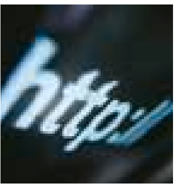
Ajilon fought back against the continued slump in IT temporary and, particularly, permanent placement and was regaining ground by the second half in a competitive market. Overall sales improved from –26% in the first quarter to –13% in the fourth quarter, in local currency. Ajilon Professional gross margin showed a positive trend throughout the year. We do not yet see an acceleration of permanent placement; that should come later in the business cycle.

We have capacity reserved to participate in the upturn, we have a stronger organization, brand and leadership than a year ago, and a team highly motivated by a better performance than most competitors.

Career Services - Sustained growth

Lee Hecht Harrison Career Services operated at a high level throughout the year, building solidly upon a fabulous 2001. Revenues increased by 15% in local currency. It is our conviction that outplacement services are not only a profitable business in times of recession but also when economies recover. Whilst staff reduction in difficult economic times leads to business for Lee Hecht Harrison, increase in merger activities in good times can create similarly attractive opportunities and we were awarded major outplacement projects related to mergers in 2002. In the third quarter, we purchased and integrated resume.com, specializing in the professional writing of resumés for the increasing number of people applying via job boards. This is another example of the Group expanding its HR services and career management capabilities.

Jacques Bussy, CEO Lee Hecht Harrison Switzerland, with team members in Zurich.



e-HR – Strengthening the portfolio

Our fourth division, e-HR has been successfully established and linked to the Adecco Group, after the purchase of jobpilot in the second quarter. This acquisition gives us the No. 2 position in the European job board market with e-HR operations in 14 countries. In particular, it has given us a new raft of opportunities for cross-selling and innovative service development in partnership with the Group.

HR Support Services – A pilot investment

We also started to build our payroll activities, running pilot operations in Spain and Italy, serving 70 Clients and processing 5,000 payroll individuals per month. As a major employer, payroll is one of our core competencies and a natural addition to our portfolio of HR services.

Seven drivers for growth

Of equal merit to the discipline we demonstrated in managing the bottom line, is the energy and vision we applied to seize the new opportunities created by the seven fundamental key drivers we identify:

- There is ever greater demand for corporate flexibility, as the pace of business change accelerates.
- Individuals are increasingly taking charge of their careers, seeking a new kind of career partner as relationships with employers change.
- Labour mobility is increasing as a borderless world emerges.
- The population is ageing, creating greater competition for younger workers and new opportunities for older workers.
- More workers seek a work life balance.
- Companies are increasingly seeking global HR solutions and a service provider to match.
- The Web is changing the way the world works.

The Group's businesses have kept in step with all of these 'macro-fundamentals', initiating change and setting the standard for the industry. In particular, as the webified world emerges, we have invested further in our AdeccoWeb concept. This revolves around a central database, accessible to various levels via the Web to Colleagues, Clients and Candidates, increasing the speed and reach of candidate or assignment searches.
Already established by Adecco Staffing in Italy and Spain by the end of 2001, over 1 million French Candidates joined the central database in 2002. This created a total of three million when including those registered in Italy and Spain. Web access will be introduced in France by the second quarter of 2003, when all 1,500 branches join the central database. With additional investments in 2002, it is on the threshold of full roll-out to France in early 2003 and the remaining main European markets by early 2004.

Chris Funk, Country Manager Germany, with jobpilot Colleagues in Bad Homburg (Frankfurt).

In 2003, Adecco Staffing USA will introduce widespread Web access for Candidates and Clients to its central database in addition to its existing Workcard programme that allows Client management of the staffing process on-line.

In addition, Adecco Staffing and Ajilon were linked via AdeccoWeb in Italy in 2002, demonstrating our intention to develop it as a Group-wide platform that will simultaneously improve services, reduce costs and increase cross-selling opportunities without diluting individual divisional Brand identities.

In 2002, we did not only improve the 'bricks' of our branch network and the 'clicks' of technology – our 'people' embraced the Group culture with great effectiveness. Collectively, we aim to embrace a learning, entrepreneurial and success-driven culture, in which we can share best practice.

There were further changes in the regulatory environment that enhance our prospects in the medium-term. On November 15, 2002, the German Parliament approved a new law governing our activities. This law considerably improves our situation by removing synchronization prohibition, eliminating rehiring limitations, lifting duration restrictions, opening the primary construction sector and introducing the 'equal pay' principle. Although this new law is effective as of January 1, 2004, we have the opportunity to eliminate all those prohibitions already in 2003, if we sign collective wage agreements with trade unions.

Alicia Izquierdo, Ajilon Branch Manager, with team members in Neuchâtel, Switzerland.

Here again, these are still to be negotiated, but we can foresee for the coming years market potential doubled or tripled, in the most populous European country. Our overall belief is that regulatory trends in major markets will increasingly look to facilitate rather than restrain our positive contribution to companies, individuals and economies.

Outlook

The Adecco Group is poised to succeed, whatever the market conditions in 2003. If the market accelerates, we will increase sales without material additional costs and have the capacity to outstrip the growth of our competitors. If the recovery takes time to take hold, we have plans in place to further reduce costs. Even so, we will be able to increase our market share at an accelerated rate due to the consolidation of the market and our low cost base that will enable us to maintain excellent service levels.

Over the next few years we believe we will benefit from strong market fundamentals and superior marketplace positioning. The market segments we are in are expected to grow by an average of 15-20% per year. Our market positions are uniquely strong across the spectrum of HR services. We are No. 1 in Staffing Services, No. 2 in Career Services, No. 3 in Professional Staffing and Services and No. 2 in Europe in Internet recruitment. Our Web-centric technology platform, shows clear productivity enhancement and can be deployed at low costs.

Our financial position is strong, this will allow us to make acquisitions when the times and prices are right. We have consistent strategic objectives and are clearly building a bolder HR services company, shaping the future of the industry.

I am tremendously grateful for the energy and commitment of my 29,000 Colleagues and the hundreds of thousands of Associates who represent the Adecco difference in workplaces far and wide. Equally, thank you to Clients and Shareholders for trust and confidence throughout the year.

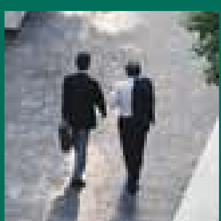
Jérôme Caille
Chief Executive Officer

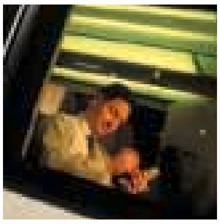
The Senior Management and Chairman of the Adecco Group: From left to right: Luis Sánchez de León, Steve Harrison, Jérôme Caille, John Bowmer, Felix Weber, Ray Roe. A full list of the Adecco Group's Directors and Management can be found on page 31.

4.15 pm Seattle

Brad Johnson wanted to spend more time with his family, so he contacted the Adecco Group and asked if they could put his 12 years accountancy experience to work – for just three days a week.
Now, every Wednesday you can find him in the park… with his kids.

> Flexible work is now seen by many national governments as an essential strategy for global competitiveness and social progress.





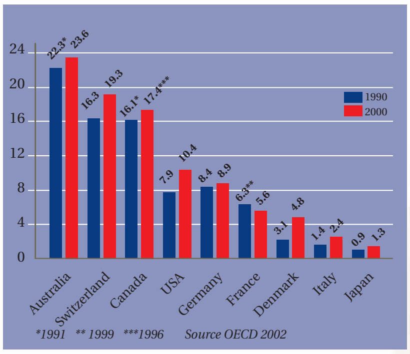
International Labour Mobility

In an increasingly borderless world, the Adecco Group integrates workers 'on the move', providing good conditions of employment and avoiding exploitation.

Labour migration is on the increase: HR Solutions providers, such as the Adecco Group, are already playing a vital role in enabling their economic and social integration – identifying suitable job opportunities, providing work-related training, ensuring migrant workers' pay and conditions meet national standards, limiting the development of damaging 'black market' labour conditions.

The expansion of the European Union will encourage labour mobility – 10 new countries are joining on May 1, 2004: Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovak Republic and Slovenia.

Foreign-born population, % selected countries



Fundamentals at Work

In a rapidly globalizing world, fundamental demographic, economic, social trends are now at work, creating an era of challenge and opportunity for the Adecco Group to shape the role and growth of the HR Solutions Industry.

Changing Demographics

While most Associates are aged in their mid-twenties, the Adecco Group is also forging opportunities for the growing number of mature workers, a group set to grow fast in the future as the multi-generational workforce develops.

"There is a silver rebellion going on… People are living and working longer… Indeed, there are many retirees, even those with adequate financial resources, who choose to work beyond retirement age. They are in good health and have bundles of energy and the experience to use both wisely."

*"The Career Adventurer's Fieldbook" **

"Nearly 30 percent of all over 65s in the United States work in a paid job or part-time."

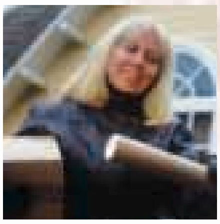
*"Successful Ageing" **

"European Work Organisation Network: Over the next 30 years people aged 60 will grow by 50% and the number of adults between 20-59 will fall by 6%. In particular, the numbers of those aged 20-29 will fall by 9 million."

*"Integration of the Ageing Workforce" **

"Retirement at some pre-determined age, a relatively new phenomenon in our society, will fade in importance and use, as people choose to continue to work. The jobs will be there, income will be available to supplement savings, and people will have the opportunity to remain active, productive members of society."

*"Impending Crisis: Too Many Jobs, Too Few People" **



Worker Autonomy

'Knowledge' is increasingly important as the nature of work and employer and employee relations changes. As workers of all levels increasingly take charge of their work and career paths, the Adecco Group is expanding its partnership approach, from job specific assistance to longer-term career management.

"On average most people have been with their current employer for just 3.5 years; between the ages of 18 and 32, the average worker has 8.6 different jobs; 50% of us will be self-employed by the year 2010."

*"The Career Adventurer's Fieldbook" **

"Projections suggest a billion graduates in 2020, compared with a few million in 1920."

*"Everybody's Business" **

"The new career design means doing whatever it takes on a personal level to achieve one's established goals. If that means changing jobs or careers, so be it. Climbing the proverbial ladder is no longer the right thing to do for everyone. There are alternative ways to manage one's career. The new freedoms create new paths; you can blaze your own trail."

*"Impending Crisis: Too Many Jobs, Too Few People" **

Employment by occupation, USA (%)

	1988	1998	2008*
Executive and managerial	10.3	10.5	10.7
Professional	12.5	14.1	15.6
Technicians	3.2	3.5	3.8
Marketing/sales	10.3	10.9	11.0
Administrative support	18.5	17.4	16.6
Services	15.5	16.0	16.4
Agriculture	3.5	3.2	2.8
Production, craft and repair	11.9	11.1	10.5
Operators, fabricators and labourers	14.2	13.2	12.7

Source : US Bureau of Labor Statistics ** Forecast*

A Desire for Work Life Balance

The Adecco Group recognizes peoples' aspirations not only to work hard but 'play hard' - helping work fit around life for modern lifestyles.

"The non-stop 24x7x365 world, which technology makes possible and which globalisation requires, intensifies a long hours culture that puts added pressure on business employees, and creates new management challenges to respond to employee stress and concerns for work/life balance."

*"Everybody's Business" **

"The younger generation within today's workforce have a clearer aspiration to achieve work/life balance. A total of 80 per cent of respondents to an ICM poll in the UK (March 2001) said they would be more likely to stay in their jobs if their employers allowed for work/life balance – a figure rising to 93 per cent amongst 18-25 year old Britons."

*"Everybody's Business" **

"The proportion of women returning to work within a year after childbirth has increased dramatically – 67% in 1996 compared to 45% in 1988."

*"Women's incomes over the lifetime – the mother gap" **

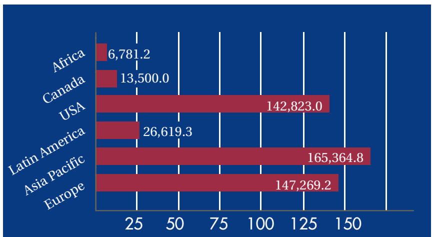
Increasingly Webified World

The Adecco Group is harmonizing the established benefits of People and Bricks with those of Clicks, increasing opportunity and speed for Candidates and Clients, and continually enhancing operating efficiency.

The worldwide Web is reducing the cost of doing business, increasing speed, reach and choice – creating an information-rich age. In less than a generation, the Internet has established itself as a vital communications medium for people and business, right across the globe, reflected in the enormous penetration of Internet users.

Number of Internet users (in '000')

World total: 502,357,600



Source : International Telecommunications Union (2001)

The Changing Global Corporation

The Adecco Group's network is meeting the need for 'Glocal' service delivery across the HR Solutions spectrum, from flexible workforce solutions to outplacement.

"Of the world's largest entities, 51 are now corporations and 49 are countries.

*"Everybody's Business" **

"According to the United Nations, there were 7,000 trans-national companies in 1975. In 2000, the figure had risen to 60,000."

*"Everybody's Business" **

Sustained social and economic trends are creating a new era of challenge and opportunity for the emerging HR Solutions industry as it responds to the changing demands of corporations and individual citizens.

Growing Value of Workforce Flexibility

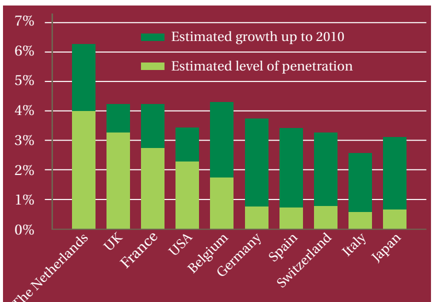
Flexibility is an increasingly valuable business asset as operating environments accelerate rapidly. The Adecco Group provides flexibility and capability for companies, seeking to align human resources to ever-changing operational requirements to maintain productivity and competitiveness. Governments are beginning to realize the value of a flexible labour market and are deregulating.

"Most companies have made the leap from 'personnel' to 'human resources', though some are still bewildered and unable to discern the difference. The concept of 'human resources' acknowledges that people are a vital resource to the success of the enterprise, just like capital equipment, buildings, power, materials and financial resources. In fact, there's increasing movement toward recognising workers as human capital."

*"Impending Crisis: Too Many Jobs, Too Few People" **

As evidenced by the current debate about the Draft EU Directive on Temporary Work, governments too are beginning to recognize the value of temporary work to job creation and competitiveness and step by step removing unwarranted restrictions, creating an environment in which the proportion of the workforce engaged in temporary work will increase.

Demand sustained into the future



Source: Eurostat, CIETT, SETT, Adecco

Staffing Services Division

InformationWeek 500
The influential US-based *InformationWeek* magazine ranked Adecco No. 54 in its 14th annual *InformationWeek* 500, the primary indicator of the nation's most innovative users of information technology. Adecco's high ranking, the best in the staffing industry, is largely due to its advances in e-business, for which it also won awards in 2002 from General Electric Medical Systems and Prudential Financial, Inc.

Innovative training support
In France, Adecco has been a pioneer in the launch of a system to certify skills learnt 'on the job', so the employability of Associates can be enhanced and Clients can be assured of their capabilities. In a pilot scheme in the central region of France, 100 CFPs (Certificat de Formation Professionnelle) were awarded to Adecco Associates in the fields of construction, manufacturing and logistics.

Adecco Career Accelerator
In 2002, Adecco in the USA partnered with the Department of the Navy to design and introduce a unique programme called *Adecco Career Accelerator*. The Department of the Navy has identified spouse employment as a major factor in the retention of Navy and Marine Corps personnel – since the necessary, frequent moves from one base to another present great challenges to spouses trying to build a career. Spouses who "enlist" with *Adecco Career Accelerator* take command of their careers, receiving career counselling and training from Adecco recruiters who place them in positions at Client locations. *Adecco Career Accelerator* is a built-in support system that military spouses carry with them from base to base, and they even retain vacation and other benefits as long as they are Adecco Associates. All this is at no cost to either the military or the spouses.

e-HR Services Division

Career Coaching
In the autumn of 2002, jobpilot launched its Career Coaching product, combining its own expertise with the 'on-' and 'off-line' career management expertise of Lee Hecht Harrison. Job seekers can access three levels of Career Coaching: written examination of the application documents by experts within 48 hours; assistance with career and life planning in a group seminar with professional advisors; or, analysis and definition of the present and future career situations with personal coaching. There is also an option to have consultation discussions by telephone.

Professional Staffing and Services Division

Supercomputing effort
Ajilon Consulting Associates in North America helped get one of the world's fastest and biggest supercomputers up-and-running. The Client, Compaq, also retained Ajilon Consulting to provide additional development and testing services for enhancements. The Terascale Computing System, or TCS for short, was a technological breakthrough for the computer industry as well as for Ajilon Consulting. "We helped ensure this massive system could be deployed ahead of schedule and under budget," said Bob Burley, who leads Ajilon Consulting's software quality assurance marketing initiatives.

Reaching out through Ajilon's Virtual University
In 2002, Ajilon's Virtual University offered approximately 120 different courses – to almost 2,000 enrolled 'students' – in a variety of competencies, including: Business Skills, Management Skills, Professional Development and Technical. The University is an Internet-based continuing education resource available free of charge to all US-salaried employees, hourly employees with two years' service and Canadian employees who meet certain eligibility requirements.

Age Positive
Office Angels, representing part of the Ajilon operations in the UK, received a UK Government Age Positive Recruitment Award of Excellence in January 2002. This was in recognition of their progressive approach to age diversity in placing in work both over 45s and the younger generation of school and college leavers.

Career Services Division

Leadership development/coaching
In any economic environment, organizations realize that their future growth depends on leaders who are in top performance at every level in the organization. As a result, companies are investing in developing their leaders to create even higher levels of productivity and performance in every aspect of their operations, while increasing employee retention and job satisfaction.

In 2002, Lee Hecht Harrison's more than 100 certified staff Coaches and Leadership Consultants delivered customized Leadership Development/Coaching services to executives and line managers in over 200 well respected companies worldwide, including Playtex, Time, Inc., Duke Energy, Toyota, Kaiser Permanente, Catholic Health Initiatives, Deloitte and Touche, Cox Communications, to develop leaders who can drive company initiatives that create business results.

Personal and Corporate Flexibility, Efficiency and Productivity

Mission

To be the leading, most efficient provider of administrative, technical and industrial staff in the world; offering Clients flexible staffing solutions that build efficiency and productivity, and providing Associates with rewarding temporary assignments or careers.

Strategic Objective

Consolidate the No. 1 position in the world through growth beyond the market and provision of staff-related services.

Reach 20% market share in all key markets.

Products and Services

Client Sectors: global industries in transition, including automotive, banking, electronics, logistics and telecommunications, as well as local customers of all sizes and sectors looking for flexible staffing solutions.

Temporary Recruitment
Temporary to Permanent Recruitment
Permanent Recruitment
Staff-related Services

Associate Services: Staffing Services' core offering is fast and efficient placement of Associates in temporary assignments, ensuring they are fairly paid and their rights are protected. Some Associates go from temporary to permanent status with Client firms. Other Associates choose multiple assignments and benefit from tailored training and career advice, improving their long-term employability and establishing Adecco as their employer of choice. A proportion of candidates first and foremost seek a permanent position.

Note: Staffing Services Division operates primarily under the Adecco brand name. In selected markets the brand name Adia is also used.

Client Services: Central to Staffing Services is its ability to deliver a ***just in time, just in skills***, service providing a fast response to Clients' business fluctuations or skill shortages. Increasingly, Staffing Services' partnership with Clients extends to anticipating and planning workforce needs, reflecting production cycles and workflows. This can develop into multi-site and global servicing.

Resources and Places

24,292 Colleagues
5,278 branches
62 countries (as of December 2002)
Europe, Middle East, Africa, Asia Pacific, North and South America

In France, Staffing Services operates under Adecco and Adia brand names and networks.

Market Position and Dynamics

Staffing Services is No. 1 or 2 in 12 of the world's top 13 staffing markets that account for 95% of industry revenues.

- In an environment of ever-accelerating economic change, integrating temporary workers into HR strategies is increasingly recognized for its ability to ensure a flexible response to changes in demand, contributing to corporate competitiveness and productivity.

- Individuals are increasingly recognizing the value of temporary work as a means to sustain employability in a changing economic environment, to gain a variety of work experience and new training, to achieve a work life balance or to act as a stepping stone into a 'permanent position'.

STAFFING SOLUTIONS

France: A Challenge of Trust
Client: Experian, a leader in 'information solutions' services; 12,000 employees in 18 countries

Project Challenge: Recruit, train and manage 1,000 temporary staff on an eight-month project to build the database of nearly 17 million electors for Election Prud'homales, which elects 15,000 employees and employers responsible for solving workplace Social Conflicts. Using the Xpert® method, Adecco's 90 branches in the Paris Region, co-ordinated by an on-site branch, selected Associates for roles such as data processing and logistics operators, quality verifiers and supervisors, 250 of whom were trained by Adecco.
Experian **Project Director, Prud'homales 2002**,
Mrs Maryse Boutibonnes said, "When, in 1997, we had answered an invitation from the Ministry of Employment to take on the management of the Prud'homales Elections, we asked Adecco to act as the sole contractor for the whole operation, which meant we won the project contract ahead of our competitors. Thanks to the huge work of selecting candidates and project follow-up by a dedicated team from Adecco, it was a real success. We have met the deadlines imposed by the Ministry and our partnership with Adecco has been renewed."

Czech Republic: Leveraging Global Connections
Client: Black & Decker

Project Challenge: When Black & Decker set up its new manufacturing plant, Adecco helped fill more than 500 production and technical vacancies and has implemented the entire methodology to maintain flexibility, in order to meet the day-to-day changes in production requirements.
Mrs Dana Popíková, HR Manager of Black & Decker pointed out: "Adecco has helped deliver a quality workforce that we know has been professionally evaluated by the Adecco Group's Xpert® programme, ensuring our Associates have adapted well to the advanced working practices deployed in our factory."

3.52 pm Copenhagen

When grandmother Girte Stroohiene told her local Adecco branch that she was bored at home and wanted to return to work, they never imagined that life as a motorcycle courier was what she had in mind. But it was, and this afternoon – just like the past 432 working afternoons, she is off to pick up post and parcels from local businesses in her hometown.

The demographic time bomb is a reality – people are living longer, and the Adecco Group is creating opportunities for individuals to extend their active and productive working life while companies benefit from their experience.

Attract and Retain the Best Top Talent

Mission
To be the world leader in providing highly qualified specialized, professional staff – temporary, permanent and contractors – and become a top ten consulting solutions company.

Strategic Objective
To become, before the end of 2005, the No. 1 global professional staffing company.

Products and Services
Professional Staffing
Highly qualified specialized temporary (including independent contractors and interim executives) and permanent placement focused primarily on the information technology, finance and accounting, legal, high-end administrative, telecom, sales and marketing and engineering market segments. Ajilon's staffing companies connect specialized professionals with Clients who demand the 'best of the best' top talent and expertise.

Managed Services
Under Managed Services, Ajilon provides customers with solutions, which include specialized staffing and the expertise of mainly full-time hired employees. Ajilon's Managed Services group takes responsibility for the recruitment, motivation and training of these highly qualified professionals. Ajilon's Managed Services also develops, implements and manages projects for customers – taking full or part responsibility for the end result and maintenance of the projects. This group is focused primarily upon serving information technology managed staffing and services, communications managed staffing, engineering, and sales and marketing segments.

Note: Professional Staffing and Services Division operates primarily under the Ajilon brand name worldwide. In selected markets, the Division's businesses also include Computer People, Office Angels and Icon.

Resources and Places
3,481 Colleagues
440 offices
18 countries
North America, Europe, Australia
25,000 Associates placed daily
More than 10,000 Clients served daily

Market Position and Dynamics
2002 sales: CHF 2,500 million

Professional Staffing
Market ranking: No. 3 worldwide

The competition for talent will continue to increase in both permanent and temporary segments. Increasingly, professionals are taking charge of their careers and short-term or temporary assignments will become increasingly accepted as the 'norm'.

Managed Services
Market ranking: top ten in IT and Telecom markets

Recruiting, motivating and managing people is increasingly recognized as a specialist function, that in many cases is best outsourced while business owners focus upon their own core competencies.

PROFESSIONAL SOLUTIONS

UK: Integrating People
Client: Computacenter, a leading European provider of IT infrastructure services

Computacenter's Customer Engineering Division provides technical resource for major Computacenter projects and managed client sites. Computer People is the sole supplier for all levels of permanent staff – having created a national account team able to provide local support for each of Computacenter's six regional sites. By working directly with Computacenter's management team, Computer People developed an intimate knowledge of the company's requirements, as well as the business drivers behind the need, enabling them to deliver the services that Computacenter required.

Andy Moffitt, Computacenter, **Divisional Head of Customer Engineering** says, "Computer People invests the time to understand what makes a successful Computacenter candidate. Their recommendations go beyond a simple skills match to address our cultural requirements and needs as a business. We can be confident that each engineer we interview is a potential hire. It's an approach that allows us to meet the demands of our own projects, while Computer People focuses on delivering the people.

USA: A Personal Career Fit
Garland Carter, Ajilon Finance Consultant, part-time temporary tax account at Capitol One, "I had been a Branch Chief of the IRS and retired after 35 years of service. My goal was to be able to use my knowledge and skills in a position that had more flexibility. Ajilon Finance was able to find me a long-term part-time temporary position as a tax accountant at Capitol One. The Client has been quite pleased to get someone with my skill set and extended the 3-month project to over a year now."

7.01 am Zurich

Senior electronics engineer Heiner Müller briefs his team on the challenges ahead: two days ago, a major call centre's electronic infrastructure was damaged when the building's basement flooded. Within hours of the calamity, Ajilon had contacted Heiner and assembled the rest of the team. The next day they were on site and on course to getting the call centre back in business.

Increasingly, expert teams must be assembled at a moment's notice – to seize new opportunities and attack specific problems.

Leaders in Career Management Services

Mission

To be the pre-eminent global career management services company, the world leader in optimizing workforce potential and individual employability.
For Companies: provide integrated workforce solutions through strategic workforce planning, management and development.
For Employees: ensure lifelong career success by enabling individuals to adapt to change, sustain their employability and connect to work opportunities.

Strategic Objective

To develop and deliver the highest quality outplacement, leadership development/coaching and career services in our industry.

Products and Services

Career Services presents unique opportunities to support the Adecco Group's positioning as the leading global HR Solutions company, with service offerings that round out the 'employment cycle', from recruiting/hiring and retention (coaching, career development and leadership development), to separation (outplacement and career transition services).

With the Career Services business, the notion of workplace flexibility takes on a richer texture – a catalyst – a 'lubricant' to help organizations become more agile, mobile, productive and competitive.

As the Career Services Division flagship, Lee Hecht Harrison is the leading global career management services company specializing in providing outplacement, leadership development/coaching and career development services.

Established in 1974, its focus is helping individuals, organizations and their employees deal with career transitions, career management, leadership development and the effect of change on careers, work and employability. With over 180* worldwide office locations, Lee Hecht Harrison's experience includes helping organizations of all sizes effectively manage change, downsizing and internal career mobility.

Resume.com is one of the USA's leading providers of career services directly to the individual consumer, offering customized resumé writing and distribution, interview preparation and career counselling. Its services, which may be delivered over the telephone or Internet, are highly personalized for job seekers of all professional levels and backgrounds.

ExecuPlanet delivers career services to consumers through affinity groups including universities, professional societies, industry associations and Web-based career portals. Through ExecuPlanet's job search and career management Web resource called CareerTools™ affinity groups provide their members with customized sites including free on-line tools as well as access to fee-based professional career consulting services.

Resources and Places

Over 180* office locations worldwide, with at least 50 active Career Resource Centres at any given time as required.
More than 2,000 full and part-time employees worldwide.

Market Position and Dynamics

Industry information indicates a global outplacement business at approximately US$ 2.5 billion. In an industry populated primarily by local and regional players, Lee Hecht Harrison is one of the three largest and truly global career services organizations.

**Lee Hecht Harrison and global partners*

CAREER SOLUTIONS

Lee Hecht Harrison and Hewlett-Packard: A Global Partnership

When HP wanted a first class, global organization to partner with them on something they had never done before, Lee Hecht Harrison proudly fit the bill. They helped design, plan, implement and manage career transition services required due to the unprecedented organizational restructuring in 2001 and merger with Compaq in 2002.

To date, Lee Hecht Harrison has deployed over 500 of its Career Consultants to deliver orientations, training and career services at 200 different locations in 64 countries.
Lee Hecht Harrison has opened 31 Career Centres worldwide over 17 months for Hewlett-Packard.

Coaching: A Business Imperative at Playtex

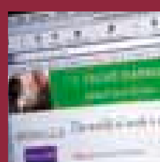
Leadership coaching for top performing employees is becoming more prevalent as companies look for ways to improve business results. CEO Michael Gallagher of Playtex Products, Inc., felt his profitable, high energy company could become even stronger if his leaders were able to coach those below them to work as a team to reach their full potential. As a measure of his commitment, he and his top nine executives were the first to participate in Lee Hecht Harrison's Coach the Coach programme that was customized for them and their 200 leaders from all Playtex facilities.

"Managers are meeting the goals of providing constructive feed-back to employees, getting more people involved and having them see the bigger picture," explained **Vincent Viviani,** Playtex Products' **Vice President, Quality Systems**. "Furthermore, employees are getting more honest information. There's real two-way communication, and people up and down the organization have more of an idea of what's going on," says Viviani.

11.23 am Philadelphia

Bob Brushkin, CEO of a multinational fine chemicals company, listens appreciatively to the outplacement plans formulated by Lee Hecht Harrison. The chemicals company must restructure subsidiaries on 3 continents and 15 countries following a major merger. This inevitably means rationalizing the senior management team. Now, thanks to the outplacement plans, he knows that his managers (and his friends) will get the career advice, training and assistance they need to continue their careers.

Today's corporations must initiate and manage change at the highest of levels... faster than ever before. Success depends on it.



jobpilot – European e-HR Services Leader

Mission
To be a leading career portal in Europe, while interlinking with off-line services provided by the Adecco Group companies.

Strategic Objective
Expand the position in Europe.

Products and Services
jobpilot's portfolio of services encompasses a range of recruitment and HR solutions:

Job Ad Posting is central to jobpilot's offer and is one of the frequently visited providers on the Web. Clients can use strictly defined criteria to search for their ideal candidate in the ***CV-Database***.
jobpilot workflow is a flexible candidate management system that ensures optimal co-ordination among recruiters and line managers and maximum success for all personnel management tasks.
With ***jobpilot Direct-Selection***, experienced recruiters help Clients select Candidates to make the recruiting process simpler and easier.
jobpilot HR Consulting and ***jobpilot Individual HR Systems*** are additional services that can be combined to meet individual recruitment needs.

Resources and Places
Headquarters: Bad Homburg (Frankfurt), Germany
Offices and affiliates in 14 European countries
300 Colleagues
Over 2 million registered users and over 10,000 corporate Clients

Market Dynamics
The speed and reach of e-HR will continue to be increasingly valued by both individuals and companies, building upon an already substantial user base. jobpilot will be a leading force in developing the career management as well as recruitment product arenas, leveraging the synergy potential of the Adecco Group.

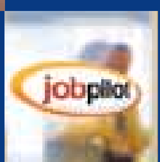
Throughout the world Adecco Group's Colleagues harness technology to make people successful.

e-SOLUTIONS

UK: Best Practice On-line
Client: Vodafone UK
Project Challenge: Revolutionize the recruitment function of Vodafone that involves some 75 recruiters, 200 HR users, 500 line managers and 50 suppliers, handling roughly 1,000 candidate applications every month. Reduce the cost of the recruitment process, increase its speed and efficiency and increase success in attracting the 'best'.

Client contact, **Lainey Hart, HR Director** at Vodafone UK: "The versatility and adaptability of *workflow pro* ensures that everyone – from line managers and recruiters to HR and suppliers – now has direct, single point access. With jobpilot *workflow pro* interfacing with Oracle and other corporate systems such as Outlook, vital changes in the recruitment process are now automatically updated and communicated seamlessly. At the front-end, vacancies at Vodafone now enjoy far greater exposure to candidates of the *right* calibre. For candidates, the recruitment website has become simpler and more user-friendly, disguising its complex functionality. Just one hire per month is sufficient to recoup the system rental."

2.13 am Marseilles



For the past 6 months Laurent Dubois has been backpacking across Asia. Now, after a 13-hour flight from Bangkok, he arrives back in France. As a qualified quality development manager he's also back in the job market. That's why last week, at an Internet café in Hong Kong, he submitted his CV to jobpilot's French website, which indicated that professional training was available. The SMS from jobpilot is obviously good news.

Working to Make a Positive Difference

The Adecco Group's range of human resources expertise and geographic reach, make it uniquely placed to assist in the positive development of the labour market. In particular, it is able to help people – some of who may be disadvantaged or perceived to be disadvantaged – overcome barriers to entering the workforce and integrate fully into society.

Increasingly the Adecco Group, its companies and Colleagues are helping enable people to overcome the challenges they face: people who are disabled, but 'able' and willing to work, younger workers with limited opportunities, older workers needing to adapt to the modern workplace, workplaces needing to adapt to the ageing workforce, workers facing discrimination. These are just some of the aspects in which Adecco demonstrates its commitment to ***making people successful in a changing world.***

		Number of Votes				% of votes
		ONGs	Corporations	Experts	Total	
1.	MRW	7	12	10	29	**19%**
2.	Vips	6	7	12	25	**17%**
3.	Eroski	6	5	12	23	**15%**
4.	Adecco	6	7	9	22	**15%**
5.	Carrefour	6	6	6	18	**12%**
6.	Telefónica	1	3	12	16	**11%**
7.	Grupo Eulen	6	5	4	15	**10%**
8.	Mc Donalds	2	6	3	11	**7%**
	DKV Seguros	2	6	3	11	**7%**
10.	Manpower	0	6	3	9	**6%**
	Mapfre	5	2	2	9	**6%**

Adecco Spain is ranked in 4th place amongst companies helping disadvantaged people.

Source:
Boletín Informativo, Fundación Empresa y Sociedad, Spain, 6 Nov 2002

Highlights 2002

Strengthening the Adecco Foundations

In September 2002, Adecco and Alexandre Tic in France created the fourth Adecco Foundation in Europe, alongside those already in existence in Germany, Spain and Italy. Collectively, through either independent initiatives or through support of third parties, the Foundations aim to help young and disadvantaged people to enter or re-enter the labour market.

In 2002, the Spanish National Employment Institute (INEM) collaborated with the Adecco Foundation in an experimental employment programme to train and insert several defined focus groups of unemployed people. This first step in a joint approach by public and private sectors succeeded and the Foundation managed to fulfil its commitment, which was to insert 40% of all job seekers who participated in this programme.

French diversity breakthrough

In March, the European Union's Directorate General V gave three years' funding to support the development and roll-out to other companies of Adecco's successful diversity programme in France. In the same month, based upon the success of its Diversity programme, Adecco in France signed an agreement with FASILD (Fonds d'Action et de Soutien pour l'intégration et la lutte contre les discriminations) and the French Labour Ministry to work together with companies to support the spread of diversity 'best practice' to other sectors. This involves providing expertise for activities such as staff meetings focused upon discrimination issues, implementing task forces to identify and address possible discrimination risks, sensitize companies and colleague training. This was the first ever agreement of this kind between a private sector company and the French government.

Adecco people actively and responsibly participate in, and support the cultures and societies in which they operate.

Enabling the disabled

Between 2000 and 2002, the Adecco Foundation Spain together with Adecco Spain, helped over 1,000 disabled people enter the labour market.

Since 1986 the Adecco Group, through the Staffing Services Division's Adecco and Adia brands, have been engaged in a policy to favour employment for handicapped people through temporary work.

In 2002, they found employment for more handicapped people in France than any other commercial company (Adecco 5,000 and Adia 2,000). Around 70% of all Adia branches have placed at least one handicapped person in a job in the last two years. Adia is collaborating with organizations such as the ADAPT, the largest training centre in France for handicapped people, and Adecco signed a national agreement in 2002 with AGEFIPH (Association de Gestion de Fonds pour l'Insertion Professionnelle des Personnes Handicapées).

In 2002, the Adecco Foundation Italy with the help of Adecco Italy continued to build a database of several hundred disabled job seekers, provided job skill training to 215 disabled people and placed 617 in companies.

For 2003, the Adecco Group, together with ten of Europe's biggest employers, commits to playing a leading role in EYPD2003, the European Year of People with Disabilities.

Making a real contribution: Javier Aguado, an Adecco Colleague who works as an administrative assistant in Adecco Spain's headquarters.

Opportunity for youth

Lee Hecht Harrison continued its support for Jobs for America's Graduates (JAG), America's largest and most successful school-to-career transition and drop-out prevention programme for at-risk and disadvantaged youth. JAG is implemented in hundreds of high schools around the United States and the United Kingdom. LHH and Adecco North America play a key role in JAG's efforts, contributing by direct donation and fundraising and also investing time and expertise in activities such as providing training sessions for JAG Job Specialists at the National Training Seminar and in cities around the USA and participating in local JAG Boards.

Leonardo Caserta was a World Champion sabre fencer. When his sporting career came to an end, he looked for support and Adecco helped him start a new professional life.

Former athletes 'On the Move'

In Spain, Italy and Norway, Adecco and the Adecco Foundations co-operate with National Olympic Committees and various sports associations to provide direct support to enable former athletes to either re-enter the workforce or in many cases make their first move into a conventional career. Outplacement services and access to training and advice have all proved effective. For many, the first step is temporary or part-time work and 40% of the ex-athletes placed by Adecco obtain a permanent employment contract. In Spain, during 2001 and 2002, Adecco and the Adecco Foundation could successfully finalize their outplacement services for 170 former sportsmen who started a new professional career. This is a success rate of 92%. In Italy, in 2002, Adecco and the Adecco Foundation helped 211 former sportsmen to start a new career (success rate: 98%).

Leonardo Caserta is one of the ex-athletes who has established a new career with the help of Adecco. "The sabre has been my master: I have learnt the art of concentration from this master." Leonardo Caserta

An age of change

In September 2002, Adecco USA was honoured by AARP, a non-profit, non-partisan membership organization for people 50 and over, by being named to its annual list of Best Companies for Workers Over 50. The AARP list cites companies that distinguish themselves through their innovative practices and policies, progressive attitudes and leadership in offering mature workers flexible career options. Julio Arrieta, CEO of Adecco USA, said, "Strong, seasoned employees are an asset for any organization. We appreciate the valuable contributions of our 50+ workers and recognize the importance of providing strong opportunities and support for these individuals."

People Make the Difference

As well as the diverse range of corporate social responsibility activities supported by the Adecco Group companies, many Colleagues take the initiative themselves to support the communities they live and work in. This is one of the criteria that helps identify winners of the annual Chairman's Award.

The Chairman's Award recognizes Colleagues who show extraordinary commitment to the Adecco Group values. Amongst those, the selection criteria include special weight on the nominees' contributions to the company, innovative performance at work and, in particular, how they conform to the Group's values in their personal lives through contributions to local communities. This may be by donating personal time to a charity or programme that in some way supports youth, seniors, minorities, the under-privileged, disabled, unemployed or other groups in need.

In short, Chairman's Award nominees, are expected to exhibit an extraordinary balance between work and community, and every day make a noteworthy and inspiring contribution to improving both.

Richard Ramsey
Senior Vice President,
Lee Hecht Harrison,
USA

Carol Yong May yoke
Branch Manager
Adecco,
Malaysia

Ou Michibayashi
Area Manager
Adecco,
Japan

Allison Skeggs
Senior Account Manager
Computer People,
UK

György Györfi
Country Manager
Adecco,
Hungary

Jessica Augustin
Chief Recruiter
Adecco,
The Netherlands

Bob Vogel
Regional Vice President
Adecco,
USA

Roselyne Garnier
Branch Manager
Adecco,
France

Uwe Beyer
Area Manager
Adecco,
Germany

From left to right:
Enrique de la Rubia,
Ray Roe,
Franco Gianera,
Andres Cano,
Francesca Tornaghi,
Marcel Schmocker,
Sergio Picarelli,
Steve Harrison,
Jérôme Caille,
Mark DuRee,
Michel Tcheng,
Felix Weber,
Hans R. Brütsch,
Gilles Quinnez,
Luis Sánchez de León,
François Vassard,
Julio Arrieta,
Richard MacMillan,
Enrique Sanchez.

Directors, Management and Auditors

Board of Directors

John Bowmer	Chairman
Miguel Alfageme	
Philippe Foriel-Destezet [1]	
Christian Jacobs [2]	
Philippe Marcel	
Conrad Meyer [1]	
Yves Perben [2]	
Andreas Schmid [1]	
Ernst Tanner [2]	

[1] Member of the Audit & Finance Committee (Chairman: Conrad Meyer)
[2] Member of the Nomination & Compensation Committee (Chairman: Yves Perben)

Senior Management *(as per February 1, 2003)*

Jérôme Caille	Chief Executive Officer & President Staffing Services Division
Felix Weber	Chief Financial Officer & President e-HR Services Division
Steve Harrison	CEO Career Services Division & Group Chief HR Officer
Ray Roe	CEO Professional Staffing and Services Division
Luis Sánchez de León	Chief Sales, Marketing and Business Development Officer & President HR Support Services Division

Staffing Services Division

Michael Agoras	Switzerland
Julio Arrieta	NAFTA (USA-Canada-Mexico)
Ulf Bergström	Sweden
Andres Cano	Divisional Finance
Jo Collier	Australia
Mark Du Ree	Asia Pacific
Gitte Elling	Denmark
Per-Arne Gulbrandsen	Norway
Elmar Hoff	Germany
Jean Louis Joly	Adia France
Richard MacMillan	United Kingdom & Republic of Ireland
Sergio Picarelli	Central Europe
Gilles Quinnez	France & North Africa
Enrique Sanchez	Iberia & Latin America
Carlo Scatturin	Italy & South Eastern Europe
Mark de Smedt	Benelux

Professional Staffing and Services Division

Luis-Felipe Campuzano	Continental Europe
Ray Dixon	Asia Pacific
Roy Haggerty	Consulting and Communications North America
Paul Jacobs	Ajilon Office Angels United Kingdom
Neil Lebovitz	Finance, Office and Legal North America
Peter Searle	United Kingdom
Karine Storm	Divisional Controller
Lionel Terral	France

Career Services

Peter Alcide	Divisional Finance
Edouard Comment	Lee Hecht Harrison Europe
China Gorman	Lee Hecht Harrison Worldwide

e-HR Services Division

Chris Funk	Germany
Davide Villa	Europe (except Germany)

Senior Corporate Executives

Hans R. Brütsch	Corporate Secretary
Patrick Dobler	Treasury
Mark Eaton	Controlling
Raymund Gerardu	Tax
Franco Gianera	IT
Helena Rasetti	Investor Relations
Enrique de la Rubia	Regulations, Public Affairs & CSR
Marcel Schmocker	Legal
Michel Tcheng	Audit & Risk
François Vassard	Marketing & Communications

Auditors

Ernst & Young Ltd.	Zurich, Switzerland

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Adecco
www.adecco.com

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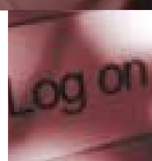
Financial Review and Corporate Governance



Making people successful in a changing world

Every 24 hours

the Adecco Group's network
connects
650,000 Associates with
100,000 business Clients
through its network of
29,000 employees and
5,800 offices in
63* countries around the world.

Adecco S.A. is a Forbes 500 company and the global leader in HR Solutions and is No. 1 or 2 in 12 of the world's top 13 staffing markets that account for 95% of the industry revenues. Managed by a multinational team with expertise in markets spanning the globe, the Adecco Group delivers an unparalleled range of flexible staffing and career resources to corporate Clients and qualified Associates.

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

**As of February 1, 2003*

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In millions, except share and per share amounts

The information 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 accounting principles generally accepted in the United States ("U.S. GAAP") and are included elsewhere in this Annual Report.

Overview

During 2002, the Adecco Group faced the most challenging and uncertain economic conditions since the merger of Adia and Ecco in 1996. The broad-based economic recovery that had been hoped for at the beginning of the year did not take hold, with conditions in the United States, the world's largest staffing market, being particularly tough. Despite this challenging economic backdrop, the Adecco Group made significant progress internally through the establishment of a new divisional organisation under the leadership of a new CEO. As many of our largest clients grappled with the need to retrench, the value afforded by a flexible approach to workforce management provided by the Adecco Group became even more apparent. The Career Services Division again benefited strongly from this environment. This period has also enabled us to refocus on organic growth through serving the needs of smaller and mid-sized clients and strengthening the retail sales focus of the branch network. As necessary, the cost structure has been adapted to the ongoing lower level of activities. Despite the closing of branches, the Adecco Group's market share was expanded or sustained in nearly every major market and division during the year.

The Adecco Group is one of the global leaders in providing human resources solutions. This position has enabled us to continue to invest in technology in support of operations and to expand the branch network. One significant acquisition was completed during the year. We welcomed jobpilot, one of the leading Internet job boards in Europe, as an Adecco Group company within the e-HR Services Division.

Results for the full year of 2002 showed a decrease in consolidated revenue to CHF 25,086, a reduction of 8%. This led to a decrease in consolidated operating income before amortisation of goodwill and other intangibles of 44% to CHF 662. Operating margin dropped 170 basis points to 2.6%. The Adecco Group generated CHF 647 of cash from operating activities resulting in an improved debt structure. Net debt (including off balance sheet debt net of long-term proceeds not yet received of CHF 85) was reduced by CHF 553 to CHF 2,047.

Results of Operations – Year Ended December 29, 2002 compared to Year Ended December 30, 2001

Currency trends

The average exchange rates for all of the major currencies that are translated in the consolidated statements of operations reported in Swiss francs were significantly weaker in 2002 compared to 2001. This reduced the amount of consolidated revenues by 5% and reduced the amount of consolidated operating income by 4%. The December 29, 2002, year-end currency exchange rates for all of the major currencies translated in the Adecco Group's consolidated balance sheet that are reported in Swiss francs also depreciated against the Swiss Franc as compared to December 30, 2001.

Beginning in 2003 the Adecco Group will change its reporting currency from the Swiss Franc to the euro. This change is expected to reduce, but not eliminate, the effects of fluctuations in exchange rates on the consolidated financial statements.

Exchange rate movements exaggerate revenue decrease in local currency of 3%

The Adecco Group's net service revenues derived from temporary and permanent personnel placement, career management and outplacement services and e-HR services were CHF 25,086 in 2002, representing a decrease of CHF 2,161 or 8% from consolidated net service revenues of CHF 27,247 in 2001. The revenue reduction is mainly due to the decrease in service hours provided to customers and the weakening of foreign currencies offset by growth in the Career Services Division. The addition of jobpilot added approximately CHF 20 to net service revenues. On a constant currency basis, revenues declined by 3%.

The Adecco Group saw revenue decline in its two largest regions namely Europe and North America. In Europe revenues measured in local currency declined by 4%, in North America revenues in local currency declined by 5%. In the Asia Pacific region revenues in local currency increased by 8% and in the Rest of the World (consisting principally of Latin America) revenues in local currency increased by 10%. As measured in Swiss francs, revenues in all regions decreased. In Europe revenues decreased by 7%; in North America revenues decreased by 12%; in Asia Pacific revenues decreased by 1% and in the Rest of the World revenues decreased by 14%. During 2002, the Adecco Group generated 61% of its revenues from Europe, 26% in North America, 10% in Asia Pacific and 3% in the Rest of the World. For 2001, the comparable percentages were 60%, 28%, 9% and 3%.

	2002		2001		2000	
Staffing Services Division	CHF	22,119	CHF	23,538	CHF	22,768
Professional Staffing and Services Division		2,510		3,271		3,571
Career Services Division		436		438		289
e-HR Services Division		21		-		-
	CHF	25,086	CHF	27,247	CHF	26,628

Gross margin declines by 100 basis points

Consolidated costs of services provided, which consist principally of payroll and payroll-related benefits, decreased by 7% or CHF 1,516 to CHF 20,611 in 2002 from CHF 22,127 in 2001. Gross margin in 2002 decreased by 13% or CHF 645 to CHF 4,475 from CHF 5,120 in 2001. Gross margin as a percentage of consolidated net service revenues decreased from 18.8% in 2001 to 17.8% in 2002, a reduction of 100 basis points due to a combination of lower prices, greater slowdown in the higher margin professional services and lower revenues from permanent placement activities offset by the growth in the Career Services Division. In local currency gross margin declined by 8%.

Consolidated selling, general and administrative expenses decrease by 3%

Selling, general and administrative expenses for the Adecco Group, which consists primarily of personnel costs, office administration, rent, marketing and the allowance for doubtful accounts decreased in 2002 by CHF 128 or 3% to CHF 3,813 from CHF 3,941 in 2001. When measured in local currency these expenses increased by 2%. As a percentage of sales, selling, general and administrative expenses increased to 15.2% in 2002 from 14.5% in 2001. In 2002, personnel expenses as a percentage of sales were 9.8% compared with 9.7% in 2001; office administration was 1.5% compared with 1.4%; premises was 1.3% compared with 1.1%; marketing was 0.6% compared with 1.0% and bad debts were 0.5% compared with 0.2%. These increases in expenses as a percentage of sales were mostly due to the semi-fixed nature of the branch and overhead cost structure which do not vary directly in proportion to the decline in revenues. In addition, the allowance for doubtful accounts increased towards the end of the year in response to the deteriorating economic conditions and a number of bankruptcies, particularly in the United States.

Other non-operating expense

In 2002, other net non-operating expense of CHF 12 mainly comprises a write-down of an investment, the settlement relating to a litigation in a formerly discontinued operation of CHF 13 and other non-operating items of CHF 15. Off-setting these expenses was a gain from recovery of a previously written down investment of CHF 16. In 2001, other expense included mainly write-down of investments of CHF 15 and other non-operating items of CHF 12.

Interest Expense

The interest expense line includes mainly interest on external debt, amortisation of capitalised financing costs and net hedging costs. Interest expense decreased by CHF 78 to CHF 164 in 2002 compared to CHF 242 in 2001, primarily due to the reduction in net debt of CHF 553 during the year and a decrease of interest rates globally. Net foreign exchange gains and losses and net hedging cost of CHF 17 and CHF 20 in 2002 and 2001, respectively, have been recorded.

Effective Tax Rate

The provision for income taxes decreased by CHF 113 to CHF 141 in 2002 from CHF 254 in 2001, mainly due to lower taxable income. The effective tax rate for 2002 was 28%. Adecco's income tax provision may differ from the expected tax rate due to changes of earnings by country, the impact of non-deductible goodwill amortisation and other non tax-deductible items.

Liquidity and Capital Resources

As of December 29, 2002, the Adecco Group had cash and cash equivalents of CHF 309 and short and long-term debt totaling CHF 2,271, compared to CHF 552 and CHF 3,042, respectively, as of December 30, 2001.

The decrease of net cash flow from operating activities of CHF 743 to CHF 647 in 2002 from CHF 1,390 in 2001 reflects principally the decrease of business and profit in 2002. Additionally, in 2002 the operating assets and liabilities generated a cash outflow of CHF 21 while in 2001 they generated an inflow of CHF 561 resulting mainly from the increase of business in the fourth quarter 2002 compared with the fourth quarter 2001.

Net cash expended in investing activities for 2002 was CHF 265, related primarily to fixed assets additions of CHF 154 and the acquisition of jobpilot AG, for a purchase price of CHF 89 net of cash acquired. Net cash used in financing activities for 2002 was CHF 585, primarily related to changes in short-term debt and the payment of dividends. Net debt (including off balance sheet debt net of long-term proceeds not yet received of CHF 85) was reduced by CHF 553 to CHF 2,047, primarily due to the cash flow generated from operations.

In the ordinary course of business, the Adecco Group'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 partially offset by accounts payable and accrued expenses, all of which generally increase as revenues increase. Net working capital in 2002, excluding cash and short-term financing, decreased by approximately CHF 235, primarily relating to currency impact. The level of working capital and capital expenditure financing is also 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 the Adecco Group 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 29, 2002, accounts receivable had been outstanding for an average of 59 days compared to 63 days as of December 30, 2001. To finance working capital requirements, the Adecco Group uses multicurrency credit facilities, credit line facilities and bank overdrafts. As of December 29, 2002, the consolidated short-term debt presented was CHF 331. As of December 29, 2002 there are approximately CHF 1,565 unused short and long-term credit lines from various financial institutions available. There are approximately CHF 1,565 unused credit lines available for 2003.

The Adecco Group's long-term financing comprises long-term notes, convertible notes and bonds. The borrowings are un-subordinated, unsecured and denominated in Swiss francs, the US dollar or the euro.

As of December 29, 2002, the carrying amount of long-term debt was CHF 1,940, excluding off balance sheet debt from securitisation of CHF 85 (net of long-term proceeds not yet received).

In millions, except share and per share amounts

Contractual cash obligations are as follows:

	Long term debt	Operating leases	Total
2003	CHF 21	238	CHF 259
2004	541	192	733
2005	319	149	468
2006	890	119	1,009
2007	13	96	109
Thereafter	177	134	311
Total	CHF 1,961	928	CHF 2,889

The Adecco Group'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.

Financial Risk Management

Foreign currency and derivative financial instruments
The Adecco Group conducts business and funds its subsidiaries in various countries and currencies, and therefore, is exposed to effects of change in foreign currency exchange rates. In 2002, significant trends were the weakening of the US dollar, the euro and the British pound. The Adecco Group also issues bonds, short and long-term notes in various currencies. In accordance with its written risk policy, management continues to monitor its currency exposures and where appropriate, enters into hedging transactions to minimise its overall exposure to earnings and cash flow volatility.

Critical Accounting Policies and Estimates
The preparation of the financial statements in accordance with U.S. GAAP requires management to adopt accounting policies and make significant judgements and estimates. There may be alternative policies and estimation techniques that could be applied. The Adecco Group has set up a review process to monitor the application of new accounting policies and the appropriateness of estimates. Change in estimates may result in adjustments based on change of circumstances and availability of new information. Therefore, actual results could differ materially from estimates. The policies and estimates discussed below either involve significant estimates or judgements or are material to the Adecco Group's financial statements. The selection of critical accounting policies and estimates has been discussed with the Board of Directors, the Audit and Finance Committee and the independent auditors. The Adecco Group's significant accounting policies are disclosed in Note 1 to the Consolidated Financial Statements.

Allowance for doubtful accounts
The allowance for doubtful accounts is based on management's assessment of the collectability and aging of accounts receivable and considers local market conditions. If credit worthiness is worsening or recovery is higher than estimated, the allowance for doubtful accounts may require adjustment.

Accruals and provisions
Various business accruals and provisions are set up for sales and business taxes, pension and health liabilities, workers' compensation and profit sharing, taking into account local legal and industry requirements and best practice. The estimates to establish accruals and provisions are based on historical experience, information from external professionals such as actuaries and other facts and reasonable assumptions under the circumstances.

Impairment of goodwill
Effective on the first day of fiscal year 2002, the Adecco Group no longer amortises goodwill to earnings, but instead reviews its carrying value annually for impairment. In 2001, amortisation of goodwill before any tax effect was CHF 1,096.

The Adecco Group performs goodwill impairment testing on an annual basis for each reporting unit. To determine the amount of impairment and the fair value of assets and liabilities, judgements and estimates are based on external market and industry data, and forecasts of operational performance. In 2002, no impairment loss has been recognised. Market and industry developments as well as changes in the business strategy may lead to the reorganisation of internal structures or resources and the disposal of business and could result in an impairment of goodwill.

Contingencies
In the ordinary course of business conducted around the world, the Adecco Group faces loss contingencies that may result in the recognition of a liability or the write-down of an asset. Management periodically assesses the risks based on information available and assessment from external professionals.

Income taxes
Accounting for income taxes and the calculation of the income tax provision requires significant management judgement and estimates to determine the appropriate valuation allowance against deferred tax assets and the provision for tax risks. Changes in the operating results, changes in enacted tax rates and results of tax audits could result in recording a change in the valuation allowance for deferred tax assets or a change in the provision for income tax. These change could significantly affect the income tax provision recorded and affect the reported earnings.

Outlook
The Adecco Group's management does not expect significant changes in the short-term development of the world economy. In this uncertain and challenging market environment the focus remains on growing the client base and the strategy of strengthening the market positions. Additional goals are the increase of gross margin, especially in countries with market share higher than 20%, continuing the increase of productivity and improvement of risk management.

In millions, except share and per share amounts

Forward-looking statements:

This Financial Review contains certain forward-looking statements and information relating to the Adecco Group that are based on the current expectations, estimates and projections of its management and information currently available to the Adecco Group. These statements include, but are not limited to, the statements under Financial Review, Corporate Governance 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 the Adecco Group 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 the Adecco Group 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 the Adecco Group 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 the Adecco Group 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. The Adecco Group 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 the Adecco Group 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	2002	2001	2000	1999	1998
Results of Operations Data						
Net service revenues	17.0%	CHF 25,086	CHF 27,247	CHF 26,628	CHF 18,471	CHF 15,308
Operating income before amortisation of goodwill and other intangibles and restructuring costs	6.4%	662	1,179	1,237	832	644
Income before amortisation of goodwill and other intangibles and restructuring costs[1]	3.4%	362	702	746	528	403
Amortisation of goodwill and other intangibles		8	1,106	1,109	699	601
Other Key Indicators						
Working capital		594	383	847	2,085	791
Capital expenditures, net		148	290	347	155	122
Additional Statistics						
Number of employees		29,000	30,000	30,000	21,000	16,000

	December 29, 2002			December 30, 2001			December 31, 2000		
	CHF	USD	EUR	CHF	USD	EUR	CHF	USD	EUR
Statements of Operations Data[2]:									
Net service revenues	25,086	17,919	17,301	27,247	19,462	18,791	26,628	19,020	18,364
Operating income before amortisation of goodwill and other intangibles and restructuring costs	662	473	457	1,179	842	813	1,237	884	853
Income before amortisation of goodwill and other intangibles and restructuring costs[1]	362	259	250	702	501	484	746	533	514

	December 29, 2002			December 30, 2001			December 31, 2000		
	CHF	USD	EUR	CHF	USD	EUR	CHF	USD	EUR
Balance Sheet Data[2]:									
Cash and cash equivalents	309	221	213	552	394	381	487	348	336
Goodwill, net	2,125	1,518	1,466	2,292	1,637	1,581	3,091	2,208	2,132
Trade accounts receivable, net	4,225	3,018	2,914	4,636	3,311	3,197	5,297	3,784	3,653
Total assets	8,460	6,043	5,834	9,323	6,659	6,430	10,653	7,609	7,347
Short-term debt and current maturities of long-term debt	331	236	228	995	711	686	1,188	849	819
Accounts payable and accrued expenses	4,093	2,924	2,823	4,309	3,078	2,972	4,353	3,109	3,002
Long-term debt	1,940	1,386	1,338	2,047	1,462	1,412	2,548	1,820	1,757
Total liabilities	6,513	4,652	4,492	7,534	5,381	5,196	8,252	5,894	5,691
Shareholders' equity	1,947	1,391	1,343	1,787	1,276	1,232	2,390	1,707	1,648

	December 29, 2002			December 30, 2001			December 31, 2000		
	CHF	USD	EUR	CHF	USD	EUR	CHF	USD	EUR
Cash Flow Data[2]:									
Cash flows from operating activities	647	462	446	1,390	993	959	23	16	16
Cash flows used in investing activities	(265)	(189)	(183)	(528)	(377)	(364)	(1,306)	(933)	(901)
Cash flows from / (used in) financing activities	(585)	(418)	(403)	(780)	(557)	(538)	261	186	180

[1] *These figures are not meant to portray net income or cash flow in accordance with U.S. GAAP or to represent cash available to shareholders. Prior to 2002, income before amortisation of goodwill and other intangibles and restructuring costs does include tax benefits associated with the amortisation of goodwill.*

[2] *The Adecco Group is a Swiss corporation and as such presents its financial statements in Swiss francs (CHF). For convenience, the fiscal years 2002, 2001 and 2000 Statements of Operations Data, Balance Sheet Data and Cash Flow were translated from Swiss francs into US dollars (USD) at the December 29, 2002 rate of CHF 1.40 to USD 1 and from Swiss francs into euros (EUR) at the December 29, 2002 rate of CHF 1.45 to EUR 1.*

Consolidated Balance Sheets

In millions, except share and per share amounts

	December 29, 2002		December 30, 2001	
Assets				
Current assets:				
- Cash and cash equivalents	CHF	309	CHF	552
- Trade accounts receivable, net		4,225		4,636
- Other current assets		484		499
Total current assets		5,018		5,687
Property, equipment and leasehold improvements, net		632		735
Other assets		663		609
Other intangibles, net		22		7
Goodwill net		2,125		2,285
Total assets	CHF	8,460	CHF	9,323
Liabilities				
Current liabilities:				
- Short-term debt and current maturities of long-term debt	CHF	331	CHF	995
- Accounts payable and accrued expenses		4,093		4,309
- Total current liabilities		4,424		5,304
Long-term debt		1,940		2,047
Other liabilities		149		183
Total liabilities		6,513		7,534
Minority interests		-		2
Shareholders' Equity				
Common shares and participation certificates[1]		187		186
Additional paid-in capital		3,172		3,144
Accumulated deficit		(1,302)		(1,469)
Accumulated other comprehensive loss		(101)		(65)
		1,956		1,796
Less: Treasury stock, at cost		(9)		(9)
		1,947		1,787
Total liabilities and shareholders' equity	CHF	8,460	CHF	9,323

[1] *Par value CHF 1 per share and participation certificate*
Authorised shares: 227,830,310 and 217,781,190 as of December 29, 2002 and December 30, 2001 respectively.
Issued shares: 186,869,980 and 186,298,698 as of December 29, 2002 and December 30, 2001 respectively.
Outstanding shares: 186,697,162 and 186,169,140 as of December 29, 2002 and December 30, 2001 respectively.
Authorised and issued participation certificates: 0 and 49,000 as of December 29, 2002 and December 30, 2001 respectively.
Outstanding participation certificates: 0 and 5,740 as of December 29, 2002 and December 30, 2001 respectively.

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

Consolidated Statements of Operations

In millions, except share and per share amounts

for the fiscal years ended

	December 29, 2002		December 30, 2001		December 30, 2000	
Net service revenues	CHF	25,086	CHF	27,247	CHF	26,628
Direct costs of services		(20,611)		(22,127)		(21,637)
		4,475		5,120		4,991
Selling, general and administrative expenses		(3,682)		(3,883)		(3,717)
Allowance for doubtful accounts		(131)		(58)		(37)
Amortisation of goodwill and other intangibles		(8)		(1,106)		(1,109)
Restructuring costs		-		-		(65)
		654		73		63
Interest income		17		32		43
Interest expense		(164)		(242)		(263)
Other non-operating expense, net		(12)		(27)		-
Income / (loss) before income taxes and minority interests		495		(164)		(157)
Provision for income taxes		(141)		(254)		(265)
Income applicable to minority interests		-		(1)		(6)
Net income / (loss) from operations		354		(419)		(428)
Cumulative effect of change in accounting principle		-		(8)		-
Net income / (loss)[1]	CHF	354	CHF	(427)	CHF	(428)
Net income / (loss) per share						
- Basic	CHF	1.90	CHF	(2.30)	CHF	(2.33)
- Diluted		1.88		(2.30)		(2.33)
Net income / (loss) per share before cumulative effect of change in accounting principle						
- Basic		1.90		(2.25)		(2.33)
- Diluted		1.88		(2.25)		(2.33)
Adjusted net income per share						
- Basic		1.90		3.01		3.08
- Diluted		1.88		2.94		2.99
Weighted-average common shares						
- Basic		186,527,178		185,880,663		183,735,340
- Diluted		193,469,123		185,880,663		183,735,340

[1] As of fiscal year 2002 the Adecco Group adopted SFAS No. 142,"Goodwill and Other Intangible Assets". Amortisation of intangibles included amortisation of goodwill of CHF 1,096 and 1,102 CHF in 2001 and 2000 respectively. The adjusted net income was 559 CHF and 566 CHF in 2001 and 2000 respectively (see note 1).

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 29, 2002 (52 weeks)		December 30, 2001 (52 weeks)		December 31, 2000 (52 weeks)	
Cash flows from operating activities						
Net income / (loss)	CHF	354	CHF	(427)	CHF	(428)
Adjustments to reconcile net income / (loss) to net cash and cash equivalents from operating activities:						
- Depreciation		213		194		176
- Amortisation		8		1,106		1,109
- Allowance for doubtful accounts		131		58		37
- Stock compensation		7		-		-
- Restructuring provision		-		-		65
- Utilisation of restructuring reserve		(11)		(73)		(65)
- Investment write-downs		8		15		-
- Deferred income tax		(49)		(84)		(201)
- Other charges		7		40		5
Changes in operating assets and liabilities, net of acquisitions:						
- Amounts advanced / (paid) under securitisation facilities		(28)		38		(240)
- Trade accounts receivable, including sold receivables		35		454		(891)
- Accounts payable and accrued expenses		3		39		542
- Other current assets		2		37		16
- Non-current assets and liabilities		(33)		(7)		(102)
Cash flows from operating activities		647		1,390		23
Cash flows from investing activities						
Capital expenditures		(154)		(297)		(351)
Proceeds from sale of property, equipment and leasehold improvements		6		7		4
Cash purchase price for acquisitions:						
- jobpilot (net of cash acquired of CHF 17)		(89)		-		-
- Olsten (net of cash acquired of CHF 101 in 2000)		-		(184)		(800)
Other acquisitions and investing activities		(28)		(54)		(159)
Cash flows used in investing activities		(265)		(528)		(1,306)
Cash flows from financing activities						
Net increase / (decrease) in short-term debt		(626)		(227)		773
Increase in long-term debt		576		1,052		1,051
Repayment of long-term debt		(535)		(1,478)		(1,495)
Dividends paid to shareholders		(187)		(185)		(155)
Common stock options exercised		22		31		47
Other financing activities		165		27		40
Cash flows from / (used in) financing activities		(585)		(780)		261
Effect of exchange rate changes on cash		(40)		(17)		(46)
Net increase / (decrease) in cash and cash equivalents		(243)		65		(1,068)
Cash and cash equivalents:						
- Beginning of year		552		487		1,555
- End of year	CHF	309	CHF	552	CHF	487
Cash paid for interest	CHF	114	CHF	184	CHF	215
Cash paid for taxes	CHF	243	CHF	260	CHF	272
Non-cash investing and financing activities:						
- Issued 6,343,710 shares for the acquisition of Olsten	CHF	-	CHF	-	CHF	591
- Converted Olsten stock option plan to the Adecco Group plan	CHF	-	CHF	-	CHF	17

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 Shares and Participation Certificates Shares	Amount	Additional Paid-in Capital	Treasury Stock Shares	Amount	Accumulated (Deficit)	Accumulated Other Comprehensive Income / (Loss)	Total Shareholders' Equity
January 2, 2000	178,358,280	CHF 178	CHF 2,449	(217,824)	CHF (8)	CHF (274)	CHF 55	CHF 2,400
Comprehensive loss:								
Net loss						(428)		(428)
Currency translation adjustment							(101)	(101)
Other							3	3
								(526)
Issuance of common stock (to acquire Olsten)	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)
Unrealised gain on cash flow hedging activities							11	11
Other							(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
Comprehensive income:								
Net income						354		354
Currency translation adjustment							(7)	(7)
Unrealised loss on cash flow hedging activities							(18)	(18)
Minimum pension liability adjustment							(11)	(11)
								318
Stock compensation			7					7
Common stock options exercised	522,282	1	21					22
Cash dividends, CHF 1.00 per share						(187)		(187)
December 29, 2002	186,869,980	CHF 187	CHF 3,172	(172,818)	CHF (9)	CHF (1,302)	CHF (101)	CHF 1,947

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

In millions, except share and per share amounts

Note 1 – The Business and Summary of Significant Accounting Policies

Business

The Adecco Group's principal business is providing personnel services to companies and industry worldwide. The Adecco Group provides its services through its four Divisions: Staffing Services, Professional Staffing and Services, Career Services and e-HR Services. Staffing Services provides mainstream staffing services including temporary staffing and permanent placement. Professional Staffing and Services provides highly qualified specialised temporary and permanent placement focused primarily on the finance and accounting, and information technology segments. Career Services provide outplacement and coaching. e-HR Services provide on-line recruitment activities. The Adecco Group 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 ("U.S. GAAP") and the provisions of Swiss law. The Adecco Group's fiscal year ends on the Sunday nearest to December 31. For 2002, 2001 and 2000, the fiscal years contained 52 weeks and ended on December 29, 2002, December 30, 2001 and December 31, 2000, respectively.

Principles of consolidation

The consolidated financial statements include the accounts of Adecco S.A., a Swiss corporation, and its majority-owned subsidiaries (collectively, "the Adecco Group"). The equity and net income attributable to minority shareholders' interests are shown separately in the consolidated financial statements. Investments in which the Adecco Group 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 amounts reported in the consolidated financial statements and accompanying notes. Actual results could materially differ from these estimates.

Recognition of revenue

The Adecco Group'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 recognised as the services are provided. The Adecco Group 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 the Adecco Group to record the gross amounts of its revenues and direct costs of services for arrangements whereby the Adecco Group 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 the Adecco Group acts as an agent and acts principally as a contractor for subcontractors, only the net fees are recorded as revenues.

Marketing costs

Advertising and marketing costs totalled CHF 154, CHF 260 and CHF 263, in 2002, 2001 and 2000, respectively. These costs are included in selling, general and administrative expenses and are expensed as incurred.

Stock based compensation

The Adecco Group applies APB Opinion No. 25 "Accounting for Stock Issued to Employees" and its related interpretations in accounting for its stock options plans. The Adecco Group has not recorded any compensation expense for its options except for circumstances when a modification to the outstanding options was made which required a new measurement date.

Had compensation cost for the Adecco Group's stock-based compensation plans been determined based on the fair value at the grant dates for awards under those plans consistent with Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation", the Adecco Group's net income / (loss) and loss per share would have changed to the pro forma amounts indicated in the following table:

	2002		2001		2000	
Net income / (loss):						
- As reported	CHF	354	CHF	(427)	CHF	(428)
Reversal of stock compensation under APB No. 25		7		-		-
Stock compensation (net of tax benefit) under SFAS No. 123		(93)		(52)		(26)
- Pro forma		268		(479)		(454)
Basic net income / (loss) per share:						
- As reported		1.90		(2.30)		(2.33)
- Pro forma		1.44		(2.58)		(2.47)
Diluted net income / (loss) per share:						
- As reported		1.88		(2.30)		(2.33)
- Pro forma		1.43		(2.58)		(2.47)

In millions, except share and per share amounts

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:

	2002		2001		2000	
Expected lives		3.9		3.9		3.9
Risk-free interest rate		1.72%		3.40%		3.50%
Expected volatility		59%		39%		39%
Expected dividend	CHF	1.00	CHF	1.00	CHF	1.00

The weighted-average fair value per option granted in 2002, 2001, and 2000 was CHF 26, CHF 29 and CHF 35 per share, respectively.

Foreign currency translation

The Adecco Group's operations are conducted in various countries around the world and the financial statements of foreign subsidiaries are reported in the applicable foreign currencies (functional currencies). For inclusion into the Adecco Group's consolidated financial statements, the financial information of the Adecco Group's operations outside of Switzerland are translated from their functional currency to Swiss francs ('CHF'), the reporting currency. Income, expenses and cash flows are translated at average exchange rates during the period and assets and liabilities are translated at period-end exchange rates. Translation adjustments are included as a component of accumulated other comprehensive income / (loss) 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. Net foreign exchange gains and losses and net hedging expenses of CHF 17, CHF 20 and CHF 27 in 2002, 2001 and 2000 respectively have been recorded.

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. The Adecco Group 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" ("SFAS No. 140"). 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. The Adecco Group applied the new accounting rules prospectively to transactions entered into after March 31, 2001. The adoption of SFAS No. 140 did not have a material impact on the Adecco Group's consolidated financial statements. The gross amount of accounts receivables sold was CHF 119 and CHF 158 as of December 29, 2002 and December 30, 2001, respectively.

Capitalised cost for internal use software

The Adecco Group expenses the costs of software development for internal use software in the preliminary project stage. Thereafter, direct 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

In June 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 142, "Goodwill and Other Intangible Assets" ("SFAS No. 142"). 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 Adecco Group has adopted SFAS No. 142 as of the first day of the fiscal year 2002 and ceased amortisation of goodwill.

An initial impairment test of goodwill as of December 31, 2001 was required. The Adecco Group performed the initial impairment test and no impairment charge was required.

The carrying value of goodwill is reviewed annually for impairment on a reporting unit level using a two-step impairment test. In the first step, the carrying value of the net assets (all assets including goodwill and other intangibles less current liabilities) of the reporting unit is compared with the fair value of the reporting unit. If the fair value of net assets exceeds their carrying value, goodwill is not deemed to be impaired and step two of the impairment test is not required. If the fair value of the reporting unit is lower than the carrying value of its net assets, step two needs to be performed to measure the amount of impairment. In step two, the fair value of all assets and liabilities of the reporting unit needs to be determined, as if the reporting unit had been acquired on a stand-alone basis. The fair value of the reporting unit's assets and liabilities is compared with the fair value of the reporting unit with the excess, if any, considered to be the implied goodwill value of the reporting unit. If the carrying value of the reporting unit's goodwill exceeds this implied goodwill value, that excess is recorded as an impairment loss in operating income. During 2002, the Adecco Group performed the annual impairment test and no impairment charge was required.

In millions, except share and per share amounts

Actual results of operations for reporting periods had the Adecco Group applied the non-amortisation provisions of SFAS No. 142 in those periods are as follows:

	2002	2001	2000
Net income / (loss) as reported	CHF 354	CHF (427)	CHF (428)
Goodwill amortisation	-	1,096	1,102
Income tax effect	-	(110)	(108)
Net income as adjusted	CHF 354	CHF 559	CHF 566

Goodwill that had been acquired prior to June 2001 as excess of the purchase price over the fair value of net assets acquired had been amortised on a straight-line basis over five years. The impairment of goodwill was assessed periodically and was based on estimated future undiscounted cash flows. Impairment of goodwill would have been recorded to the extent that the unamortised carrying value of such goodwill exceeded the related future discounted cash flows.

In accordance with SFAS No. 142, purchased identifiable intangible assets are capitalised at acquisition cost. Other intangible assets with a finite life are amortised on a straight-line basis over the estimated periods to be benefited, which is the period that the intangible asset can contribute to the cash flow of the Adecco Group as determined at the date of acquisition of the intangible asset. Other intangible assets are amortised on a straight-line basis, generally over a period of five years.

The Adecco Group assess other intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. If the sum of the expected future undiscounted cash flows is less than the book value of the other intangible asset, a loss is recognised for the difference between the fair value and book value of the other intangible asset.

Accounting for impairment and disposal of long-lived assets

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", 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. The Adecco Group adopted SFAS No. 144 as of the first day of fiscal year 2002. The adoption of the new standard had no material impact on the Adecco Group's consolidated results and financial position. For all fiscal years presented, the Adecco Group determined that no impairment loss had occurred.

Income taxes

The Adecco Group 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.

Earnings per share

Basic earnings per share is computed by dividing net income / (loss) available to common shareholders by the weighted-average common shares outstanding for the period. Diluted earnings per share reflects the maximum potential dilution that could occur if dilutive securities such as stock options or convertible debt were exercised or converted into common shares or resulted in issuance of common shares and would then share in the net income.

Financial instruments

In the first quarter of the fiscal year 2001, the Adecco Group adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities". The adoption resulted in a cumulative transition adjustment of a CHF 8 after-tax charge to earnings, which was reported separately as a cumulative effect of change in accounting principle. The adoption did not have any effect on accumulated other comprehensive income / (loss).

In accordance with SFAS No. 133, the Adecco Group 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 qualifying as fair value hedges, changes in the fair value of the derivative financial instrument as well as the changes in the fair value of the hedged item attributable to the hedged risk, 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 qualifying 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 and are reclassified into earnings in the same periods as the hedged items affect 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 hedges under SFAS No. 133, the changes in the fair value of the derivative financial instruments are recognised in earnings. The Adecco Group has designated certain foreign currency contracts related to subsidiary funding as cash flow hedges. Any cash flow impact on settlement of these contracts is classified as cash flow from financing activities.

Prior to the first quarter of 2001, gains and losses on foreign currency swaps were recognised in earnings.

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. The adoption of this standard by the Adecco Group as of January 1, 2003 is not expected to have a material impact on the consolidated results of operations and financial position.

Accounting for Costs Associated with Exit or Disposal Activities

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs

In millions, except share and per share amounts

Associated with Exit or Disposal Activities", effective for exit or disposal activities initiated after December 31, 2002. SFAS No. 146 requires that a liability for costs associated with an exit or disposal activity be recognised and measured initially at fair value only when the liability is incurred. Furthermore, SFAS No. 146 requires that if a benefit arrangement requires employees render future services beyond a minimum retention period, a liability should be recognised as employees render service over the future service period. The Adecco Group will adopt SFAS No. 146 as of the first day of the fiscal year 2003. Management anticipates that the adoption of the new standard will not have a material impact on the Adecco Group's consolidated results and financial positions.

Reclassifications

The amounts reported in the fiscal years 2000 and 2001 consolidated financial statements have been reclassified to conform to the fiscal year 2002 financial statement presentation.

In accordance with SFAS No. 142, the Adecco Group is required to separately present goodwill net and other intangibles net in the balance sheet as of December 29, 2002. Additionally, in 2002, the non cash adjustments for cumulative effect of change in accounting principle and income applicable to minority interest are included in other charges under adjustments to the cash flow from operating activities. In the statement of operations, bad debt expense has been separately disclosed, while in previous years it was included in selling, general and administrative expenses.

Other disclosures required by Swiss law

Balance sheet data	Dec. 29, 2002		Dec. 30, 2001	
Prepayments and accrued income	CHF	66	CHF	70
Total non-current assets		3,442		3,636
Total accruals and deferred income		3,778		3,787
Total pension liabilities, non-current		37		27

Statements of operations data	2002		2001	
Personnel expenses	CHF	2,332	CHF	2,480

The fire insurance value of the property, equipment and leasehold improvements amounts to CHF 1,310 and CHF 1,142 as of December 29, 2002 and December 30, 2001, respectively.

Note 2 – Acquisitions

jobpilot acquisition

In May 2002, the Adecco Group acquired 92.9% of the outstanding voting common shares of jobpilot AG ("jobpilot"), a leading supplier of on-line staffing recruitment services in Europe, for approximately CHF 85 in cash, net of CHF 17 cash acquired. The remaining outstanding voting common shares were acquired in October 2002 for approximately CHF 4, following the approval of a mandatory sale at the jobpilot Annual General Meeting in August 2002. The purchase price was funded with existing credit facilities and internal resources.

jobpilot provides an internet platform for on-line staffing and recruiting services. The acquisition was accounted for as a purchase and the assets, liabilities and results of operations of jobpilot have been included in the Adecco Group's consolidated financial statements since the date of acquisition. Marketing, IT and customer-related intangibles have been valued at an estimated fair value of CHF 17. The excess of the purchase price over the fair value of assets acquired and liabilities assumed of CHF 61 at the date of acquisition was allocated to goodwill and is not tax deductible.

Goodwill represents the Adecco Group's cost to access the market, aquire industry expertise and to rapidly establish its e-HR Services Division. The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition:

	2002		
Cash acquired	CHF		17
Current assets			16
Long term assets			1
Tangible assets			19
Other intangible assets:			
- Marketing (Trademarks)		4	
- Customer base		12	
- Technology base		1	
			17
Goodwill			61
Liabilities			(25)
Total	CHF		106

Amortisable intangible assets acquired have estimated useful lives as follows: Trademarks five years, customer contracts five years, systems technology five years.

The results of operations of jobpilot 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 jobpilot had occurred at the beginning of the fiscal year 2002 and at the beginning of the fiscal year 2001:

	2002	2001
Net service revenues	CHF 25,104	27,300
Net income / (loss) from operations	342	(479)
Cumulative effect of change in accounting principle	-	(8)
Net income / (loss)	342	(487)
Basic net income / (loss) per share	1.83	(2.62)
Diluted net income / (loss) per share	1.82	(2.62)
Basic net income / (loss) per share before effect of change in accounting principle	1.83	(2.58)
Diluted net income / (loss) per share before cumulative effect of change in accounting principle	1.82	(2.58)

The pro forma results include adjustments for deferred revenue, amortisation of goodwill and intangibles and interest expense. 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.

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 millions, except share and per share amounts

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 the Adecco Group'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 was amortised over a period of five years until December 30, 2001. In addition, Olsten had accumulated net operating loss carry forwards of CHF 23 and capital loss carry forwards 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:

	2000
Net service revenues	CHF 27,889
Net loss	(575)
Basic and diluted net loss per share	(3.11)

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 were resolved and recorded as a reduction of goodwill.

In March 2001, the Adecco Group acquired all the remaining shares of Olsten Personal Norden 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.

Note 3 – Goodwill and Intangibles

The Adecco Group has adopted SFAS No. 142 as of the fiscal year 2002 and therefore goodwill is no longer amortised. Based on the impairment test performed in accordance with the new standard, no write-down to the carrying value of goodwill was required.

	Staffing Services		Professional Staffing and Services		Career Services		e-HR Services		Total	
Balance, December 30, 2001	CHF	1,523	CHF	730	CHF	32	CHF	-	CHF	2,285
Goodwill acquired during year		17		7		3		61		88
Reclassifications		17		-		-		-		17
Currency translation adjustment		(222)		(38)		(5)		-		(265)
Balance, December 29, 2002	CHF	1,335	CHF	699	CHF	30	CHF	61	CHF	2,125

The carrying amount of other intangible assets for the year ended December 29, 2002 and December 30, 2001 are:

	December 29, 2002			December 30, 2001	
	Gross Carrying Amount		Accumulated Amortisation	Gross Carrying Amount	Accumulated Amortisation
Other intangible assets:					
Marketing	CHF	23	(16)	19	(15)
Customer base		20	(10)	8	(7)
Contract base		-	-	-	-
Technology base		1	-	-	-
Other		10	(6)	7	(5)
Total other intangible assets	CHF	54	(32)	34	(27)

None of the intangible assets have a residual value. The weighted-average amortisation period is between 2 and 5 years for each class of other intangibles.

The estimated aggregate amortisation expense for the following five years are as follows:

Fiscal year

2003	CHF	7
2004		5
2005		5
2006		4
2007		1

In millions, except share and per share amounts

Note 4 – Trade Accounts Receivable

	Dec. 29, 2002	Dec. 30, 2001
Trade accounts receivable	CHF 4,389	CHF 4,805
Allowance for doubtful accounts	(165)	(169)
Trade accounts receivable, net	CHF 4,225	CHF 4,636

In March 2000, the Adecco Group 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 the Adecco Group's United Kingdom trade receivables. The agreement, which expired in March 2002, has been renewed for another year. Under the terms of the agreement, the Adecco Group 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 146), of those receivables. The SPE has been structured to be separate from the Adecco Group, but is wholly owned and consolidated by the Adecco Group. 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. The Adecco Group 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.

The Adecco Group 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". The Adecco Group had transferred receivables to SPE of GBP 71 (CHF 159) and GBP 78 (CHF 189) as of December 29, 2002 and December 30, 2001, respectively, in which SPE had sold GBP 53 (CHF 119) and GBP 65 (CHF 158) of undivided interests to the conduit. As of December 29, 2002 and December 30, 2001, the Adecco Group's retained interest in SPE's receivable is classified in trade accounts receivable in the Adecco Group's consolidated financial statements at its face amount of GBP 18 (CHF 40) and GBP 13 (CHF 31) respectively, net of the Adecco Group's allowance for doubtful accounts of GBP 0.7 (CHF 1.6) and GBP 0.6 (CHF 1.5) on the receivables transferred to the conduit. In addition, SPE has a long-term receivable of GBP 15 (CHF 34) and GBP 20 (CHF 48) as of December 29, 2002 and December 30, 2001, respectively, from the conduit representing the portion of the sold receivables for which the Adecco Group has not yet received cash. The Adecco Group recorded an expense of GBP 2 (CHF 4) and GBP 2 (CHF 5) on sale of the receivables to the conduit during 2002 and 2001 respectively. As of December 29, 2002, the Adecco Group was in compliance with all financial covenants concerning the UK securitisation.

In October 2000, the Adecco Group 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, the Adecco Group entered into a new agreement to borrow from external sources, on an ongoing basis, an amount secured by certain receivables of US subsidiaries. The new agreement was amended as of the end of March 2002 to replace the external financing by group internal financing. During the period of October 2000 to March 2002, the new agreement was 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." Under the new agreement, the receivables and related debt remained and the Adecco Group received a loan from a lending institution. As of December 30, 2001, the loan amounted to USD 291 (CHF 488) and the pledged receivables as security for the related loan amounted to USD 435 (CHF 731). During the period of the new agreement the Adecco Group was 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) as of December 30, 2001. Subsequent to the termination of the agreement, the credit risk is covered in the general allowance for doubtful accounts.

Note 5 – Property, Equipment and Leasehold Improvements

	Dec. 29, 2002	Dec. 30, 2001
Land and buildings	CHF 86	CHF 97
Furniture, fixtures and office equipment	216	230
Computer equipment and software	785	758
Leasehold improvements	259	264
	1,346	1,349
Accumulated depreciation	(714)	(614)
	CHF 632	CHF 735

The depreciation expense was CHF 213, CHF 194 and CHF 176 for 2002, 2001 and 2000 respectively.

Note 6 – Accounts Payable and Accrued Expenses

	Dec. 29, 2002	Dec. 30, 2001
Accounts payable	CHF 189	CHF 293
Wages and benefits	1,805	1,826
VAT and sales taxes	604	653
Income and other taxes	565	615
Deferred revenue	54	39
Derivatives	8	64
Other	868	819
	CHF 4,093	CHF 4,309

In millions, except share and per share amounts

Note 7 - Financing Arrangements

Short-term Debt

To support short-term working capital and borrowing requirements, the Adecco Group had available in certain countries in which it operates bank lines of credit of CHF 1,009 and CHF 1,421 and borrowings outstanding of CHF 310 and CHF 975 as of December 29, 2002 and December 30, 2001, respectively. The lines of credit are in various currencies and have various interest rates. The average interest rate of the available lines of credit was 3.0% and 3.4%, as of December 29, 2002 and December 30, 2001, respectively.

Long-term Debt

	Principal		Maturity	Fixed interest rate	December 29, 2002		December 30, 2001	
Multicurrency revolving credit facility	CHF	1,500	2002/2003		CHF	-	CHF	-
Guaranteed notes	EUR	400	2006	6.0%		594		608
Guaranteed convertible notes	EUR	357	2004	1.5%		519		529
Guaranteed notes	USD	200	2006	7.0%		282		336
Bonds	CHF	300	2005	4.0%		300		300
Guaranteed notes	EUR	122	2008	6.0%		177		181
Guaranteed notes	USD	41	2002-2007	7.1%		58		88
Other						31		25
						1,961		2,067
Less current maturities						(21)		(20)
Long-term portion					CHF	1,940	CHF	2,047

In January 2000, the Adecco Group 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 3-1/2 year and one-year facilities, respectively, payable on the undrawn portion of each facility. These funds were used to refinance CHF 842 of the Adecco Group debt maturing in February 2000 and to fund, in part, the cash requirements of the Olsten acquisition. In January 2001, the Adecco Group amended the existing agreement of CHF 500 revolving credit facility for another year to expire in 2002. As of December 29, 2002, the Adecco Group had drawn down CHF 134 of the credit line facility in the form of letters of credit.

In March 2001, the Adecco Group Financial Services Ltd, a wholly-owned subsidiary of the Adecco Group issued notes with a principal amount of EUR 400, which were used to refinance existing indebtedness and for general corporate purposes. The notes are guaranteed by the Adecco Group S.A. on an unsecured and unsubordinated basis.

In connection with the March 2000 Olsten acquisition, the Adecco Group assumed Olsten's outstanding USD 200 senior notes. Additionally, the Adecco Group assumed Olsten's outstanding EUR 122 guaranteed notes.

In November 1999, the Adecco Group Finance BV (formerly Meridian BV), a wholly-owned subsidiary of the Adecco Group, issued EUR 360 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 the Adecco Group 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 S.A.

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

Under the terms of the various short and long-term credit agreements, the Adecco Group is subject to covenants requiring, among other things, compliance with certain financial tests and ratios. As of December 29, 2002, the Adecco Group was in compliance with all financial covenants.

Payments of long-term debt are due as follows:

Fiscal year

2003	CHF	21
2004		541
2005		319
2006		890
2007		13
Thereafter		177
	CHF	1,961

In millions, except share and per share amounts

Note 8 – Shareholders' Equity

Share capital and appropriation of retained earnings

Until April 25, 2002 the Adecco Group's shareholders' equity consisted of common shares and participation certificates, each with par value CHF 1.00. Participation certificates entitled the holder to receive dividends, other distributions and liquidation proceeds to the extent such payments were made to the holders of common stock, and were non-voting. As of April 25, 2002, all participation certificates have been converted into common shares on a one-to-one basis.

Included in treasury stock are common shares of 172,818 as of December 29, 2002 and December 30, 2001. Treasury stock is generally reserved to support option exercises under stock option plans.

As of December 29, 2002, 19,000,000 common shares were reserved for issuance in case of special capital market transactions, such as acquisitions.

The Adecco Group had 6,560,330 and 7,082,612 common shares reserved for issuance of common shares to employees and directors upon the exercise of stock options as of December 29, 2002 and December 30, 2001 respectively. Additionally, 15,400,000 and 5,399,880 common shares were reserved for issuance for financial instruments, such as convertible bonds as of December 29, 2002 and December 30, 2001, respectively.

In May 2002, cash dividends for 2001 of CHF 1.00 per share, totalling CHF 187, were paid. The Adecco Group may only pay dividends out of unappropriated retained earnings disclosed in the annual financial statements of Adecco S.A. ("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 1,544 as of December 31, 2002.

For 2002, the Board of Directors of Adecco S.A. will propose a dividend of CHF 0.60 per share for the approval of shareholders at the Annual General Meeting of Shareholders.

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.

Other comprehensive income / (loss)

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

	December 29, 2002		December 30, 2001		December 31, 2000	
Currency translation adjustment	CHF	(82)	CHF	(75)	CHF	(46)
Unrealised gain / (loss) on cash flow hedging activities		(7)		11		-
Minimum pension liability adjustment		(11)		-		-
Other		(1)		(1)		3
Total	CHF	(101)	CHF	(65)	CHF	(43)

Note 9 – Stock Option Plans

As of December 29, 2002, the Adecco Group had options and tradable 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 rateable basis over one 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 .

Certain options granted under the plans are tradable on the SWX Swiss Exchange (virt-x). The options are granted to employees or directors of the Adecco Group and give the optionee a choice of selling the option on the public market or exercising the option to receive an Adecco S.A. share. If the option holder choses to sell the option on the open market, the options may be held by a non-employee or director of the Adecco Group. The trading and valuation of the tradable options is managed by a Swiss bank.

During 2002, certain employees had the terms of their options modified to allow them to continue to vest and exercise options in the event that their employment is terminated. During 2002, 1,004,916 options were modified and a compensation cost of CHF 7 was recorded in selling, general and administrative expenses.

Options outstanding are:

Exercise Price per Share		Number	Weighted-Average Remaining Life (in years)	Weighted-Average Exercise Price per Share	
CHF	17 - 53	1,757,610	3.6	CHF	50
	54 - 99	8,144,819	6.6		74
	100 - 145	4,111,955	4.4		105
	146 - 191	34,446	4.8		175
	192 - 237	20,767	4.6		236
	238 - 298	4,971	2.7		285
CHF	17 - 298	14,074,568	5.6	CHF	80

Options exercisable are:

Number	Weighted-Average Exercise Price per Share	
1,507,640	CHF	50
1,742,417		82
3,158,535		104
34,446		174
20,767		236
4,971		285
6,468,776	CHF	87

Options exercisable were 4,389,598 and 3,168,500 as of December 30, 2001 and December 31, 2000 respectively.

In millions, except share and per share amounts

A summary of the status of the Adecco Group's stock option plans as of the fiscal years ended December 29, 2002, December 30, 2001 and December 31, 2000, and changes during those years are presented below.

	Number of Shares	Exercise Price per Share		Weighted-Average Exercise Price per Share	
Balance, January 2, 2000	6,970,730	CHF	6 - 102	CHF	69
Granted	1,890,092		60 - 315		119
Exercised	(893,900)		6 - 122		53
Forfeited	(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
Forfeited	(186,218)		6 - 315		139
Balance, December 30, 2001	11,395,833	CHF	8 - 298	CHF	86
Granted	4,041,250		60-110		65
Exercised	(522,282)		8-102		41
Forfeited	(736,126)		17-298		101
Expired	(104,107)		21-102		101
Balance, December 29, 2002	14,074,568	CHF	17-298	CHF	80
Exercisable, December 29, 2002	6,468,776	CHF	17-298	CHF	87

In connection with the acquisition of Olsten in 2000, the Adecco Group converted 3,726,264 shares of outstanding Olsten stock options to an existing Adecco Group stock option plan. The converted options were adjusted by the exchange ratio of 0.14, which reflected the average closing prices of the Adecco Group 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 10 – Pension Plans

According to local regulations and practices, the Adecco Group has various pension plans, including defined contribution and both contributory and non-contributory defined benefit plans. In previous years, defined benefit plans were not sigificant and have not been disclosed.

Defined contribution plans

The Adecco Group recorded an expense of CHF 31, CHF 27 and CHF 25 in connection with defined contribution plans in 2002, 2001 and 2000, respectively.

Defined benefit plans

The Adecco Group sponsors four major defined benefit plans, in Japan, the Netherlands, Norway and the United Kingdom. These plans provide benefits primarily based on years of service, level of compensation and are maintained in accordance with local regulations and practices. Plan assets consist primarily of marketable equity securities and fixed income instruments.

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

	2002
Service cost	6
Interest cost	4
Actual return on plan assets	(1)
Amortisation and deferral	(1)
Net periodic benefit cost (major plans)	8
Other plans	1
Net periodic benefit cost	9

In millions, except share and per share amounts

For all major defined benefit plans the following table provides a reconciliation of the changes in the benefit obligations, the change in fair value of assets and the funded status as of December 29, 2002:

	Dec. 29, 2002
Projected benefit obligation, beginning of year	76
Service cost	6
Interest cost	4
Actuarial (gain)/loss	1
Plan amendements	1
Benefits paid	(1)
Foreign currency translation	(4)
Projected benefit obligation, end of year	83
Plan assets, beginning of year	63
Actual return of assets	1
Employer contribution	8
Benefits paid	(1)
Foreign currency translation	(3)
Plan assets, end of year	68
Funded status of the plan	(15)
Unrecognised actuarial loss	10
Unamortised prior service cost	(1)
Unrecognised transition amount	(1)
Net amount recognised	(7)

The projected benefit obligation ("PBO") is the actuarial present value of benefits attributable to employee service rendered to date, including the effects of estimated future pay increases.

The total PBO for plans with a PBO in excess of the fair value of plans assets as of December 29, 2002 was CHF 36, the fair value of the plan assets were CHF 16.

The measure of whether a pension plan is under funded for financial accounting purposes is based on a comparison of the accumulated benefit obligation ("ABO") to the fair value of plan assets and amounts accrued for such benefits in the balance sheet. The ABO is the actuarial present value of benefits attributable to employee service rendered to date, but excluding the effects of the estimated future pay increases. Certain of the Adecco Group's pension plans have ABO's that exceed the fair value of plan assets. The aggregated ABO of those plans are CHF 36 and the fair value of the plan assets of those plans is CHF 16.

The amounts recognised in the consolidated balance sheet as of December 29, 2002, are:

	Dec. 29, 2002
Prepaid benefit cost	5
Accrued benefit liability	(12)
Accumulated other comprehensive loss	11
Minimum pension liability	(11)
Total net amount recognised	(7)

The assumption used for the defined benefit plans refelct the different economic requirements in the various countries.

The weighted-average actuarial assumptions are:

	2002
Discount rate	5.7%
Rate of increase in compensation levels	4.4%
Expected long-term rate of return on plan assets	6.6%

Note 11 – Income Taxes

The Adecco Group is incorporated in Switzerland but operates in various countries with differing tax laws and rates. A substantial portion of the Adecco Group's income from continuing operations and its provision for income taxes are generated primarily outside of Switzerland. Since the Adecco Group operates worldwide, the weighted-average effective tax rate will vary from year to year according to the source of earnings by country. In 2002, net income before income tax in Switzerland totalled CHF 461 and foreign source income amounted to CHF 34.The provision for income taxes on continuing operations consists of the following for the fiscal years:

	2002		2001		2000	
Current provision						
- Domestic	CHF	23	CHF	24	CHF	26
- Foreign		167		314		440
	CHF	190	CHF	338	CHF	466
Deferred provision / (benefit)						
- Domestic	CHF	5	CHF	11	CHF	(8)
- Foreign		(54)		(95)		(193)
	CHF	(49)	CHF	(84)	CHF	(201)
Total	CHF	141	CHF	254	CHF	265

The deferred tax benefit includes the tax effected benefit of current period losses of CHF 75, CHF 41 and CHF 0 in 2002, 2001 and 2000, respectively.

In millions, except share and per share amounts

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

	December 29, 2002		December 30, 2001	
Net operating loss carry forward	CHF	302	CHF	134
Tax credits		165		136
Depreciation		15		62
Deferred compensation and accrued employee benefits		68		83
Accrued expenses		120		108
Financial amortisation in excess of tax amortisation		155		182
Other		87		53
Gross deferred tax assets		912		758
Valuation allowance		(265)		(159)
Deferred tax assets	CHF	647	CHF	599
Depreciation		(40)		-
Deferred compensation and accrued employee benefits		(7)		-
Accrued expenses		(7)		-
Financial amortisation in excess of tax amortisation		(15)		-
Other		(20)		(3)
Deferred tax liabilities		(89)		(3)
Deferred tax assets net of deferred tax liabilities	CHF	558	CHF	596

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

The valuation allowances on deferred tax assets of foreign and domestic operations increased by CHF 106. The increase in 2002 is attributable to current year losses of CHF 59, losses and assets acquired with jobpilot of CHF 43, and prior years' losses and assets recorded for the first time of CHF 29, offset by a decrease of CHF 25 as a result of fluctuations in exchange rates. In future periods, depending on financial statement results, management's estimate of the amount of the deferred tax assets considered realisable may change, and hence the valuation allowances may increase or decrease.

As of December 29, 2002 and December 30, 2001 the valuation allowance related to deferred tax assets acquired in business combinations were CHF 107 and CHF 77 respectively. In the event that a change in circumstance supported the reversal of that portion of the valuation allowance, the goodwill recorded at the time of the acquisitions would be reduced.

Other current assets include current deferred tax assets of CHF 161 and CHF 205 as of December 29, 2002 and December 30, 2001 respectively. Other long-term assets include CHF 425 and CHF 394 of net deferred tax assets as of December 29, 2002 and December 30, 2001 respectively.

As of December 29, 2002 and December 30, 2001, the Adecco Group had approximately CHF 854 and CHF 355 in net operating loss carry forwards. Some of these losses expire over time and have other restrictions on usage. The largest tax losses are in the United States and Germany and equal CHF 551 and CHF 334 as of December 29, 2002 and December 30, 2001 respectively. Those losses begin to expire in 2012. Tax credits are predominately related to the United States operations and begin to expire in 2004.

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

	2002		2001		2000	
Income at weighted-average rate	CHF	171	CHF	(62)	CHF	(64)
Items taxed at other than weighted-average rate		(102)		(57)		-
Non-deductible goodwill amortisation		-		231		297
Non-deductible expenses		19		3		4
Valuation allowance change		59		78		24
Adjustment to deferred tax assets due to rate changes		(6)		49		-
Other		-		12		4
Total provision for income taxes	CHF	141	CHF	254	CHF	265

The weighted-average tax rate was calculated by aggregating the products of pre-tax operating income / (loss) in each country in which the Adecco Group operates multiplied by the country's statutory income tax rate. The current year tax provision includes non-refundable withholding taxes on cross-border intercompany transactions such as management fees, royalties, interest and dividends. Deferred income tax liabilities have not been recorded for the withholding tax and other taxes that would be payable on the un-remitted earnings of certain subsidiaries, as such amounts are considered to be permanently reinvested. It is not practicable to estimate the amount of unrecognised deferred tax liabilities for these undistributed foreign earnings. Due to the introduction of SFAS No. 142 in 2002, the tax expense in the years presented are not comparable.

In millions, except share and per share amounts

Note 12 – Commitments and Contingencies

Commitments

The Adecco Group leases facilities under operating leases, certain of which require payment of property taxes, insurance and maintenance costs. Operating leases for facilities are usually renewable at the Adecco Group's option and usually include escalation clauses linked to inflation.

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

Fiscal year

2003	CHF	238
2004		192
2005		149
2006		119
2007		96
Thereafter		134
	CHF	928

Total rent expense under operating leases amounted to CHF 256, CHF 231, and CHF 149 during 2002, 2001, and 2000, respectively.

Contingencies

The Adecco Group 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 the Adecco Group's financial position or results of operations.

Note 13 – Restructuring

Olsten acquisition

In connection with acquisitions in 2000, primarily Olsten, the Adecco Group 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, the Adecco Group 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 60, 160 and 860 positions were eliminated during 2002, 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.

	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	CHF	11	CHF	45	CHF	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
Cash payments		(3)		(4)		(4)		(11)
Restructuring reserve December 29, 2002	CHF	1	CHF	2	CHF	14	CHF	17

In millions, except share and per share amounts

The components of the remaining restructuring reserve as of December 29, 2002 are as follows:

	Employee reductions		Remaining lease commitments on abandoned facilities		Branch closure and other costs		Total restructuring reserve	
Closing balance Olsten acquisition	CHF	-	CHF	1	CHF	11	CHF	12
Closing balance other acquisitions		1		1		3		5
Total closing balance	CHF	1	CHF	2	CHF	14	CHF	17

[1] *In connection with acquisitions in 2000, the Adecco Group 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.*

Note 14 - Financial Instruments and Derivatives

Risk and use of derivative instruments

The Adecco Group 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. The Adecco Group 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, the Adecco Group assesses its exposure to currency risk and hedges certain risks through the use of derivative instruments. In connection with interest rate management, the Adecco Group 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 exposures 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 prohibits 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 29, 2002				December 30, 2001			
	Carrying value		Fair value		Carrying value		Fair value	
Financial instruments other than derivative instruments								
Assets:								
Cash and cash equivalents	CHF	309	CHF	309	CHF	552	CHF	552
Current liabilities:								
Short-term debt		331		331		995		995
Non-current liabilities:								
Long-term debt		1,940		1,969		2,047		2,107
Derivative instruments								
Current assets:								
Foreign currency contracts	CHF	60	CHF	60	CHF	-	CHF	-
Non-current assets:								
Swaps (interest rate and cross currency interest rate)		67		67		8		8
Current liabilities:								
Foreign currency contracts		-		-		42		42
Other		5		5		14		14
Non-current liabilities:								
Swaps (interest rate and cross currency interest rate)		51		51		57		57

The Adecco Group 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 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 the Adecco Group'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 7 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 contracts
The fair value for these derivative instruments is based on information obtained from financial institutions.

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

Fair value hedges

The Adecco Group 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. The main currency exposures being hedged are the euro 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 ten years and expire on various dates ending in 2007. Net gains and losses on changes in fair values of hedged assets and liabilities attributable to the hedged risk 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 2002 or 2001 respectively in connection with the fair value hedging activities.

There was no significant gain or loss excluded from the assessment of hedge effectiveness of the fair value hedges.

Upon adoption of SFAS No. 133 in 2001, the Adecco Group 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

The Adecco Group has entered into cross-currency interest rate swap agreements and foreign currency contracts 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, as well as certain foreign currency contracts in place to hedge the funding of foreign subsidiaries, are designated as cash flow hedges. The contracts outstanding have an original contract period of up to 5 years and expire by 2006.

Net gains and losses on the derivative instruments that are designated and qualifying as cash flow hedges, are reported in a separate component of accumulated other comprehensive income / (loss) to the extent the hedge is effective. These amounts will subsequently be reclassified into earnings, in the same period as the hedged items affect earnings.

In connection with the cash flow hedging activities, during 2002 the Adecco Group recorded a net loss of CHF 18 and in 2001 a net gain of CHF 11 in other comprehensive income. There was no significant ineffectiveness relating to cash flow hedges during 2002 and 2001.

Non-hedge activities

The Adecco Group has entered into certain forward foreign currency contracts and interest rate swap agreements that are not designated or do not qualify as hedges under SFAS No. 133. Specifically, forward foreign currency contracts are used to hedge the net exposure of 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, as interest expense.

In 1992, a subsidiary of the Adecco Group 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 in 2001 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 as of December 29, 2002 is CHF 51. The fair value as of December 30, 2001 was CHF 72 and was reclassified from long-term debt to other liabilities. The arrangement calls for the Adecco Group to repay the original debt principal of USD 100 only in the event of a merger or a liquidation of the subsidiary.

In millions, except share and per share amounts

Credit risk concentration

Financial instruments that potentially expose the Adecco Group to concentrations of credit risk consist principally of cash investments, trade accounts receivable and derivative financial instruments. The Adecco Group 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. The Adecco Group's receivables are well diversified and management performs credit evaluations of its customers and, where available and cost effective, utilises credit insurance. To minimise counterparty exposure on derivative instruments, the Adecco Group enters into derivative contracts with several large multinational banks and limits the notional amount of exposure with each counterparty.

Note 15 – Earnings per Share

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

	Net Income / (Loss)	Weighted-average Shares	Earnings Per Share
2002:			
Basic	354	186,527,178	1.90
Convertible debt interest (net of tax)	9	5,361,150	
Effect of dilutive options	-	1,580,795	
Diluted	363	193,469,123	1.88
2001:			
Basic and Diluted	(427)	185,880,663	(2.30)
2000:			
Basic and Diluted	(428)	183,735,340	(2.33)

In 2001 and 2000 there was no differences between the basic and diluted weighted-average number of common shares as Adecco had a net loss and all potentially dilutive securities were anti-dilutive. Incremental shares of 8,607,016, 12,829,700 and 12,186,850 in 2002, 2001 and 2000, respectively were excluded from the computation of diluted net income per share as the effect was anti-dilutive.

Note 16 – Segment Reporting

In October 2001, the Adecco Group announced a change in its organisational and management structure, creating three operating segments (divisions). Subsequently during 2002, management decided to present four divisions. In accordance with SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information", the Adecco Group 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.

The Adecco Group's four segments are:

Staffing Services Division: Providing mainstream staffing services including temporary staffing and permanent placement.

Professional Staffing and Services Division: Providing highly qualified specialised temporary and permanent placement focused primarily on the finance and accounting, and information technology segments. Additionally, providing special expertise including project management and other management consulting services.

Career Services Division: Providing executive search services and employee out-placement assistance.

e-HR Services Division: Providing on-line recruitment services.

The Adecco Group evaluates the performance of its reportable segments based on adjusted operating income ("operating income") which is defined as the amount of net income / (loss) before cumulative effect of change in accounting principle, interest, income taxes, amortisation of goodwill and other intangibles, restructuring and other non-operating expenses, net. Certain corporate costs are allocated based on gross margin.

Approximately 93.8%, 93.7% and 94.7% of the Adecco Group's net service revenues in 2002, 2001 and 2000, respectively were related to temporary staffing. The remaining portion relates to permanent placements and other services.

The accounting principles used by the segments are those used by the Adecco Group.

In millions, except share and per share amounts

Segment information by operating division are as follows:

	Staffing Services		Professional Staffing and Services		Career Services		e-HR Services[1]		Total	
2000										
Net service revenues	CHF	22,768	CHF	3,571	CHF	289	CHF	-	CHF	26,628
Operating income		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[2]		719		152		23		-		894
2001										
Net service revenues	CHF	23,538	CHF	3,271	CHF	438	CHF	-	CHF	27,247
Operating income		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[2]		794		118		37		-		949
2002										
Net service revenues	CHF	22,119	CHF	2,510	CHF	436	CHF	21	CHF	25,086
Operating income		509		37		125		(9)		662
Depreciation and amortisation		180		29		7		5		221
Capital expenditures		122		18		6		8		154
Segment assets		6,985		985		389		101		8,460
Long-lived assets[2]		665		80		47		15		807

Reconciliation to net income / (loss):

	2002		2001		2000	
Operating income	CHF	662	CHF	1,179	CHF	1,237
Interest expense, net		(147)		(210)		(220)
Other non-operating expense, net		(12)		(27)		-
Provision for income taxes		(141)		(254)		(265)
Income applicable to minority interest		-		(1)		(6)
Restructuring costs		-		-		(65)
Amortisation of goodwill and other intangibles		(8)		(1,106)		(1,109)
Cumulative effect of change in accounting principle		-		(8)		-
Net income / (loss)	CHF	354	CHF	(427)	CHF	(428)

Segment information by geographical areas are as follows:

	North America[3]		Europe[4,5]		Asia Pacific		Rest of World[6]		Total	
Net service revenues										
2000	CHF	7,986	CHF	15,713	CHF	2,282	CHF	647	CHF	26,628
2001		7,559		16,473		2,424		791		27,247
2002		6,652		15,364		2,391		679		25,086
Long-lived assets[2]										
2000	CHF	309	CHF	513	CHF	60	CHF	12	CHF	894
2001		322		541		76		10		949
2002		225		498		78		7		807

[1] Prior to the acquisition of jobpilot AG, there were only three operational segments presented.
[2] Long-lived assets include all non-current assets except deferred taxes and goodwill, net.
[3] Consists primarily of operations in the United States.
[4] Consists primarily of operations in France, United Kingdom, Belgium, Germany, Italy, The Netherlands, Spain and Switzerland.
[5] Includes France net service revenues of CHF 8,424, CHF 9,105 and CHF 8,959 and long-lived assets of CHF 174, CHF 161 and CHF 111 in 2002, 2001 and 2000 respectively.
[6] Consists of operations in Latin America and Other.

Report of the Group Auditors to the General Meeting of Adecco S.A., Chéserex

As auditors of the Group, we have audited the consolidated financial statements (consolidated balance sheet, consolidated statement of operations, consolidated statement of cash flows, consolidated statement of changes in shareholders' equity and notes presented on pages 13 to 28) of Adecco S.A. and its subsidiaries for the year ended December 29, 2002. The prior year corresponding figures were audited by another auditing firm.

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 audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards generally accepted in the United States and in accordance with audit standards promulgated by the Swiss profession, 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 audit provides 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 generally accepted accounting principles in the United States and comply with Swiss law.

We recommend that the consolidated financial statements submitted to you be approved.

ERNST & YOUNG Ltd

M. Sills

Mike Sills
Chartered Accountant
in charge of the audit

Darren Downs
Chartered Accountant

Zurich, February 4, 2003

Balance Sheets (Holding Company)

In millions, except share and per share amounts

as of December 31

	2002		2001	
Assets				
Current assets:				
- Cash and cash equivalents	CHF	4	CHF	94
- Amounts due from subsidiaries		30		25
- Amounts due from third parties		1		1
- Withholding taxes, accrued income and prepaid expenses		29		37
Total current assets		64		157
Non-current assets:				
- Investments in subsidiaries		2,591		2,450
- Loans to subsidiaries		3,756		4,069
- Provisions on investments in and loans to subsidiaries		(1,265)		(1,072)
		5,082		5,447
- Treasury shares		9		9
- Other fixed assets		89		93
Total non-current assets		5,180		5,549
Total Assets	CHF	5,244	CHF	5,706
Liabilities				
Current liabilities:				
- Amounts due to subsidiaries	CHF	42	CHF	28
- Amounts due to third parties		36		49
- Accrued liabilities		36		49
Total current liabilities		114		126
Non-current liabilities:				
- Long-term debt		300		300
- Long-term debt to subsidiaries		908		1,552
- Provisions and non-current liabilities		210		149
Total non-current liabilities		1,418		2,001
Total liabilities		1,532		2,127
Shareholders' Equity				
Share capital		187		186
General reserve		1,972		1,951
Reserve for treasury shares		9		9
Retained earnings		1,544		1,433
Total shareholders' equity		3,712		3,579
Total liabilities and shareholders' equity	CHF	5,244	CHF	5,706

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 fiscal years ended December 31

	2002		2001	
Operating income				
- Royalties and license fees	CHF	357	CHF	427
- Dividends		119		89
- Gain on sale of investments		13		35
- Interest income from subsidiaries		173		270
- Other income		14		4
		676		825
Operating expense				
- Interest expense to subsidiaries		(70)		(90)
- Interest expense to third parties		(14)		(41)
- Provisions on loans to subsidiaries		(193)		(11)
- Taxes		(25)		(27)
- Financial expenses		(18)		(72)
- Other expenses (including depreciation of CHF 39 in 2002 and CHF 28 in 2001)		(58)		(78)
		(378)		(319)
Net income for the year		298		506
Retained earnings, beginning of year		1,433		1,112
Dividend distribution		(187)		(185)
Retained earnings, end of year	CHF	1,544	CHF	1,433

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

In millions, except share and per share amounts

as of December 31

Note 1 – Contingent Liabilities in Favour of Third Parties

	Dec. 31, 2002		Dec. 31, 2001	
Guarantees	CHF	2,460	CHF	2,385
Letters of comfort		163		173
	CHF	2,623	CHF	2,558

Adecco S.A. has unconditionally and irrevocably guaranteed the notes of EUR 400 (CHF 581) issued by Adecco Financial Services ("AFS"), a subsidiary of Adecco S.A..

On March 1, 2001, Adecco S.A. also provided banks with irrevocable and unconditional guarantees of CHF 80 and USD 100 (CHF 140) in respect to derivative financial instrument transactions executed by AFS.

Additionally, approximately CHF 623 of the credit facilities issued to several subsidiaries in Europe, North America, South America, Asia and Australia have been guaranteed.

Adecco S.A. has guaranteed the outstanding notes of USD 200 (CHF 280) and the outstanding notes of euro 122 (CHF 177) assumed by a subsidiary as part of the Olsten acquisition and notes of USD 41 (CHF 58) issued by Delphi Group Limited.

Adecco S.A. has unconditionally and irrevocably guaranteed the convertible notes of originally EUR 360 (CHF 576) issued by Adecco Finance BV, a subsidiary of Adecco S.A. Adecco S.A. has also provided Adecco Finance BV (formerly Meridian BV) with guarantees for any receivable the subsidiary may have on group companies arising from group financing. In addition, Adecco S.A. 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 principal amount totalling CHF 3. The remaining balance of the notes is convertible into 6,361,150 shares of Adecco S.A. The resulting liability has been included in provisions at the original price per option. Adecco S.A. 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, 2002		December 31, 2001	
4.0% due July 7, 2005	CHF	300	CHF	300

Note 3 - Treasury Shares

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 S.A. as of December 31, 2002.

	Total Cost		Number	Purchase sale price average per share		Highest price per share		Lowest price per share	
Registered shares:									
At December 31, 2001	CHF	4	129,558						
Participation certificates exchanged for common stock		5	43,260	CHF	89	CHF	89	CHF	89
At December 31, 2002		9	172,818						
Participation certificates:									
At December 31, 2001		5	43,260						
Participation certificates exchanged for common stock		(5)	(43,260)	CHF	89	CHF	89	CHF	89
At December 31, 2002		0	0						
Total treasury shares	CHF	9							

In millions, except share and per share amounts

Note 4 – Shareholders' Equity

as of December 31

	Share capital	General reserves	Reserve for treasury shares	Retained earnings	Total
Balance at					
December 31, 2001	CHF 186	CHF 1,951	CHF 9	CHF 1,433	CHF 3,579
Dividend distribution				(187)	(187)
Share capital increase	1	21			22
Net income for the year				298	298
Balance at					
December 31, 2002	CHF 187[1]	CHF 1,972	CHF 9	CHF 1,544	CHF 3,712

[1] *186,869,980 common shares at CHF 1 par value.*

On April 17, 2002, Adecco S.A. held its annual general meeting of shareholders in Lausanne, Switzerland. At the meeting, Adecco S.A. Shareholders approved the following capital changes:

Conditional shares

Increase of conditional capital of Art 3quater from 5,399,880 shares to 15,400,000 shares, or, a maximum aggregate amount of CHF 15,400,000, through issuing a maximum of 15,400,000 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.

Reduction of conditional capital of Art 3ter from 7,867,880 shares to 7,082,612 shares, or, a maximum aggregate amount of CHF 7,082,612 by issuing a maximum of 7,082,612 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 2002, 522,282 shares were issued for stock options for a total value of CHF 22.

Adecco S.A. had 6,560,330 and 7,082,612 common shares reserved for issuance of common shares to employees and directors upon the exercise of stock options as of December 29, 2002 and December 30, 2001 respectively.

Authorised shares

Issuance of up to 19,000,000 additional Adecco S.A. shares is authorised under Art 3bis to finance possible mergers and acquisitions.

Note 5 – Significant Shareholders

Adecco S.A.'s shares are registered shares. Management is not aware of any significant shareholders, other than Akila Finance S.A. and the Jacobs Group (consisting of KJ Jacobs AG, Zurich, Switzerland and members of the family of Klaus J. Jacobs) which held interests of 18.3% and 16.3% respectively, as of December 31, 2002.

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

	2002
Dividend	
CHF 0.60 per registered share	136,594,495[1]
To be carried forward	1,407,048,057
	1,543,642,552

[1] *This amount represents the maximum amount of dividends payable based on the total number of shares issued (excluding treasury shares) of 186,697,162 conditional shares of 21,960,330 and authorised shares of 19,000,000 as of December 31, 2002. Included in the aforementioned number of shares are 40,960,330 authorised and conditional shares, which were not in circulation as of December 31, 2002.*

Report of the Statutory Auditors to the General Meeting of Adecco S.A., Chéserex

As Statutory Auditors, we have audited the accounting records and the financial statements, (balance sheet, statements of operations and notes, pages 32 to 33) of Adecco S.A. for the year ended December 31, 2002. The prior year corresponding figures were audited by another auditing firm.

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 Swiss profession, 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.

ERNST & YOUNG Ltd

M. Sills

Mike Sills	Darren Downs
Chartered Accountant	Chartered Accountant
in charge of the audit	

Lausanne, February 4, 2003

Major Consolidated Subsidiaries

Europe

	Group holding %	F/H/O/S*
Austria		
Adecco Gesellschaft M.B.H.	100	O
jobpilot Austria GmbH	100	O
Belgium		
Adecco Construct NV	100	O
Adecco Coordination Center S.A.	100	F
Adecco Personnel Services NV	100	O
Ajilon Engineer NV	100	O
Ajilon Finance BV	100	O
Ajilon It NV	100	O
jobpilot SPRL	100	O
Lee Hecht Harrison Belgium NV	100	O
Croatia		
Adecco Croatia D.O.O.	100	O
Czech Republic		
Adecco Spol. S. R.O.	100	O
jobpilot Cz S.R.O	100	O
Denmark		
Adecco A/S	100	O
Ajilon Denmark APS	100	O
Finland		
Adecco Finland OY	100	O
Ajilon Finland OY	100	O
France		
Adecco Consulting S.A.	95	H/O
Adecco Holding France SAS	100	H
Adecco It Services SASU	100	S
Adecco Travail Temporaire SASU	100	O
Adia SASU	100	O
Ajilon Engineering S.A.	100	O
Ajilon It Consulting S.A.	95	O
Ajilon Sales and Marketing - Department Telemarketing SARL	100	O
Ajilon Sales and Marketing S.A.	100	O
Ajilon Technologie S.A.	90	O
Ecco SAS	100	H
jobpilot France SARL	100	O
Lee Hecht Harrison France S.A.	100	O
Germany		
Adecco Beteiligungsges MBH	100	O
Adecco Outsourcing GmbH	100	O
Adecco Personaldienstleistungen GmbH	100	O
Ajilon GmbH	100	O
jobpilot AG	100	O
Jobs & Adverts GmbH	100	O
Lee Hecht Harrison GmbH	100	O
Verwaltungsgesellschaft Adecco MBH	100	H
Greece		
Adecco HR AE	100	O
Hungary		
Adecco Magyarorszagi Szemelyzeti Kozvetito Kft	100	O
jobpilot Hungary Magyaroszag	100	O
Ireland		
Adecco Ireland Ltd	100	O
Italy		
Adecco Italia Holding di Partecipazione e Servizi SPA	100	H
Adecco Paywise Systems SRL	100	O
Adecco Societa di Fornitura di Lavoro Temporaneo SPA	100	O
Ajilon SRL	100	O
jobpilot Italia SRL	100	O
Lee Hecht Harrison SRL	100	O
Luxembourg		
Adecco Services Financiers (Luxembourg) S.A.	100	F
Adecco Luxembourg S.A.	100	O
Monaco		
Adecco Monaco SAM	100	O

	Group holding %	F/H/O/S*
Netherlands		
Adecco Computer People Holdings BV	100	H
Adecco Finance BV	100	F
Adecco Holding Europe BV	100	H
Adecco Interecco Holding BV	100	H
Adecco Latam Holding BV	100	H
Adecco Nederland Beheer BV	100	H
Adecco Nederland Holding BV	100	H
Adecco Olsten Finance BV	100	F
Adecco Olsten Holding BV	100	H
Adecco Overseas Holding BV	100	H
Adecco Paywise Systems Aps BV	100	H
Adecco Personeelsdiensten BV	100	O
Adia International Investeringen BV	100	H
Ajilon Holding Europe BV	100	H
Ajilon Managed Services BV	100	O
Ajilon Professional Staffing BV	100	O
jobpilot Nl BV	100	O
Lee Hecht Harrison BV	100	O
Norway		
Adecco Airport Security AS	15	O
Adecco Marine Weld AS	100	O
Adecco Norge AS	100	O
Adecco Security AS	100	O
Ajilon Norway AS	100	O
jobpilot Norway AS	100	O
Olsten Norway AS	100	H
Poland		
Adecco Poland SP Z.O.O.	100	O
jobpilot Polska SP Z.O.O.	100	O
Portugal		
Adecco Formacao e Consultadoria Ltda	100	O
Adecco Marketing Services Ltda	100	O
Adecco Recursos Humanos Ltda	100	O
Romania		
Adecco Romania SRL	100	O
Russia		
OOO Adecco	100	O
Slovenia		
Adecco RH D.O.O	100	O
Spain		
Adecco Formacion S.A.	100	O
Adecco Iberia S.A.	100	H
Adecco Paywise Systems Aps Spain S.A.	100	O
Adecco TT S.A., Empresa De Trabajo Temporal	100	O
Ajilon S.A.	100	O
Horecca Staffing Services Empresa De Trabajo Temporal S.A.	100	O
Ole Staffing S.A.	100	S
Sweden		
Adecco HR AB	100	O
Adecco Sweden AB	100	O
Ajilon Sweden AB	100	O

*** Represents:**

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

	Group holding %	F/H/O/S*
Switzerland		
Adecco management & consulting S.A.	100	S
Adecco Ressources Humaines S.A.	100	O
Adecco S.A.	100	H
Adecco Special Financing AG	100	F
Adiainvest S.A.	100	F
Ajilon SARL	100	O
jobpilot Switzerland S.A.	100	O
Lee Hecht Harrison AG	100	O
Turkey		
Adecco Hizmet Ve Danismanlik AS S.A. (Fka Ecco Hizmet Ve Danismanlik AS S.A.)	51	O
United Kingdom		
Accountants on Call Ltd	100	O
Adecco UK IT Holdings	100	H
Adecco UK Ltd	100	O
Ajilon Communications Ltd	100	O
Ajilon Group Ltd	100	O
Ajilon Plc	100	O
Ajilon Services Ltd	100	O
Computer People Ltd	100	O
jobpilot UK Ltd	100	O
Jonathan Wren & Co Ltd	100	O
Jonathan Wren Search & Selection Ltd	100	O
Lee Hecht Harrison Ltd	100	O
Office Angels Ltd	100	O
Olsten UK Holdings Ltd	100	H
Olsten UK Ltd	100	O/H
Roevin Management Services Ltd	100	O

North America

	Group holding %	F/H/O/S*
Canada		
Adecco Employment Services Ltd	100	H/O
Adecco Quebec, Inc	100	O
Ajilon Canada Inc	100	O
Ajilon Communications Inc	100	O
Ajilon Staffing Of Canada Ltd	100	O
USA		
Adecco Employment Services, Inc.	100	O
Adecco North America, LLC	100	H/O
Adecco USA, Inc	100	O
Adecco, Inc	100	H
Ado Staffing, Inc	100	H
Ajilon Communications LLC	100	O
Ajilon Holdings LLC	100	O
Ajilon Professional Staffing LLC	100	O
Asi Staffing, Inc	100	H
Lee Hecht Harrison LLC	100	O
Paywise, Inc	100	O
The Workcard Company	100	O

Asia Pacific

	Group holding %	F/H/O/S*
Australia		
Adecco Australia Pty Ltd	100	H/O
Adecco Holdings Pty Ltd	100	H
Ajilon Australia Pty Ltd	100	O
Icon Recruitment Pty Ltd	100	O
Jonathan Wren Australia Pty Ltd	100	O
Lee Hecht Harrison Pty Ltd	100	O
China		
Guangdong Adecco Personnel Services Ltd (Fka Guangdong Adia Personnel Services Ltd)	75	O
Templar International Consultants (Shang Hai) Ltd	100	O
Hong Kong		
Ecco Services (Asia) Ltd	100	H/O
Adecco Personnel Ltd	100	O
Lee Hecht Harrison Pty Ltd	100	O
Templar International Consultants Ltd	100	O
Indonesia		
PT Templar International Consultants	100	O
Japan		
Adecco Career Staff Ltd	100	O
Malaysia		
Agensi Perkerjaan Adecco Personnel SDN BHD	100	O
New Zealand		
Adecco New Zealand Ltd	100	O
Adecco Personnel Ltd	100	O
Ajilon Ltd	100	O
Philippines		
Add-Force Personnel Services, Inc	25	O
Add International Services, Inc	25	O
Singapore		
Adecco Personnel Pte Ltd	100	O
Lee Hecht Harrison Pte Ltd	100	O
South Korea		
Adecco Korea Inc	100	O
Taiwan		
Adecco Personnel Company Ltd	100	O
Adia L&M Personnel Consultants Ltd	100	O
Adia Taiwan Ltd	100	O
Thailand		
Adecco Consulting Ltd	100	O
Adecco Eastern Seaboard Ltd	100	O
Adecco New Petchburi Recruitment Ltd	100	O
Adecco Phaholyothin Recruitment Ltd	100	O
Adecco Rama 4 Recruitment Ltd	100	O
Templar International Consultants Ltd	100	O

Latin America

	Group holding %	F/H/O/S*
Argentina		
Adecco Argentina S.A.	100	O
Bolivia		
Adecco Bolivia S.A.	100	O
Brazil		
Adecco Top Services Recursos Humanos S.A.	100	O
Chile		
Adecco Servicios Empresariales S.A.	100	O
Adecco Recursos Humanos S.A.	100	O
Colombia		
Adecco Colombia S.A.	100	O
Costa Rica		
Adecco de Costa Rica Recursos Humanos S.A.	100	O
Dominican Republic		
Adecco Dominicana C.Por A	100	O
Ecuador		
Adeccoiberia S.A.	100	O
El Salvador		
Adecco El Salvador S.A.	100	O
Guatemala		
Adecco Guatemala Sociedad Anonima	100	O

*** Represents:**

F - Financial
H - Holding
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S - Group Services

	Group holding %	F/H/O/S*
Mexico		
Ecco Servicios de Personal S.A. de CV	100	O/H
Entreprise Adecco S.A. de CV	100	O
Excellance Adecco S.A. de CV	100	O
Interim Adecco S.A. de CV	100	O
Performance Adecco S.A. de CV	100	O
Reussite Adecco S.A. de CV	100	O
Servicios Administratives Adecco S.A. de CV	100	O
Servicios Especializados Adecco S.A. de CV	100	O
Servicios Integrales Adecco S.A. de CV	100	O
Panama		
Adecco Panama S.A.	100	O
Peru		
Adecco Peru S.A.	100	O
Adecco Peru Servicios Temporales S.A.	100	O
Puerto Rico		
Adecco Personnalservices, Inc	100	O
Adecco Speciality Brands Inc	100	O
Uruguay		
Adecco Uruguay S.A.	100	O
Venezuela		
Adecco Empresa de Trabajo Temporal C.A.	100	O

Other

	Group holding %	F/H/O/S*
Bermuda		
Adecco Financial Services (Bermuda) Ltd	100	F
Adecco Reinsurance Company Ltd	100	F
Adia Funding Ltd	100	F
Secad Ltd	100	F
Israel		
Adecco Israel Staffing Services Ltd	100	O
Morocco		
Adecco Maroc S.A.	100	O
Nigeria		
Adecco Nigeria Limited	100	O
South Africa		
Technihire Ltd	100	O
Inkomba Recruitment Services PTY Ltd	90	O
Tunisia		
Adecco Tunisie SARL	100	O

*** Represents:**

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

This Corporate Governance disclosure reflects the requirements of the Directive on Information Relating to Corporate Governance, issued by the Swiss Stock Exchange and entered into force on July 1, 2002. The principles and the more detailed rules of the Adecco Group's Corporate Governance are defined in Adecco S.A.'s Articles of Incorporation, the Internal Policies and in the Charters of the Committees of the Board of Directors. The Adecco Group's principles take into account the recommendations set out in the Swiss Code of Best Practice for Corporate Governance of March 2002.

In this report the Adecco Group discloses its Corporate Governance information as of December 31, 2002 and prior years. However, all financial information of the Adecco Group's Consolidated Financial Statements is presented for the years ended December 29, 2002, December 30, 2001 and December 31, 2000.

1. Structure and Shareholders of the Adecco Group

Legal and management structure

Adecco S.A. is a limited liability company (*société anonyme*) organised under the laws of Switzerland, with its registered office at Chéserex, Switzerland. The Adecco Group's principal corporate office is the office of its management company Adecco management & consulting S.A. at Sägereistrasse 10, Glattbrugg, Switzerland.

Adecco S.A. is listed at the SWX Swiss Exchange (shares ADEN / trading on Virt-x: 1213860), at the New York Stock Exchange NYSE (ADRs ADO), and at Euronext Premier Marché (shares 12819). As of December 31, 2002, the market capitalisation of Adecco S.A., based on outstanding shares, amounted to approximately CHF 10.13 billion.

The Adecco Group's principal business is providing personnel services to companies and industry worldwide. The Adecco Group provides its services through its four divisions: Staffing Services Division, Professional Staffing and Services Division, Career Services Division and e-HR Services Division. Staffing Services Division provides mainstream staffing services including temporary staffing and permanent placement. Professional Staffing and Services Division provides specialist temporary and permanent placement including finance and information technology. Career Services Division provides outplacement and coaching. e-HR Services Division provides on-line recruitment activities. The Adecco Group provides these services by contract to businesses located throughout North America, Europe, Asia Pacific and Latin America.

The Adecco Group's management structure is as follows:

- Jérôme Caille, Chief Executive Officer of the Adecco Group, President of the Staffing Services Division;
- Felix Weber, Chief Financial Officer of the Adecco Group, President of the e-HR Services Division;
- Ray Roe, President of the Professional Staffing and Services Division;
- Luis Sánchez de León, Chief Sales, Marketing and Business Development Officer, President of the HR Support Services Division;
- Stephen G. Harrison, Chief Group Human Resources Officer, CEO of the Career Services Division.

The Adecco Group comprises numerous legal entities around the world, mainly organised along the divisional structure. The major consolidated subsidiaries are listed on pages 35 to 37 in this report.

Shareholders

As of December 31, 2002, the total number of shareholders directly registered with Adecco S.A. was 12,584.

As of December 31, 2002, 34,163,580 shares or 18.3% of the issued shares were held by Akila Finance S.A., which is owned and controlled by Philippe Foriel-Destezet. No change in the shareholding of Akila Finance S.A. has been reported to Adecco S.A. in the year under review.

As of December 31, 2002, 30,505,280 Adecco S.A.'s shares or 16.3% of the issued shares were held by the Jacobs Group, consisting of KJ Jacobs AG, Zurich, Switzerland, and members of the family of Klaus J. Jacobs. Beneficial owners of the shares held by KJ Jacobs AG are the charitable foundation "Jacobs Stiftung" (Zurich) and an association named "Jacobs Familienrat" (composed of Klaus J. Jacobs and family members). In June 2002, KJ Jacobs AG sold 5.8 million shares of Adecco S.A..

In connection with the Adia-Ecco merger, the Akila Group and KJ Jacobs AG entered into a shareholders' agreement on minimum holding of Adecco S.A.'s shares by the parties and on joint voting instructions. The agreement expired on May 8, 2002.

Adecco S.A. is not aware of any person or entity other than those stated above owning more than 5% of Adecco S.A. shares.

At present, there are no cross-shareholdings exceeding 5% of a party's share capital and Adecco S.A. is not a major shareholder to any listed company.

Any investor who directly, indirectly or together with another person, acquires, holds or disposes of Adecco S.A. shares, for his own account, and thereby attains, falls below or exceeds the thresholds of 5, 10, 20, 33 $\frac{1}{3}$, 50 or 66 $\frac{2}{3}$% of the voting rights, whether or not such rights may be exercised, must notify Adecco S.A. and the Disclosure Office of the SWX Swiss Exchange. Such notification must be made no later than four trading days after the obligation to disclose arises. Adecco S.A.'s management is also under an obligation to publish the disclosure no later than two trading days after receipt.

2. Capital Structure

Capital and change of capital

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

	Issued Shares		Issued Participation Certificates		Authorised Capital		Conditional Capital	
	Shares	Amount	Cerificates	Amount	Shares	Amount	Shares	Amount
January 2, 2000	178,358,280	CHF 178.4	49,000	CHF -	6,562,900	CHF 6.6	19,471,910	CHF 19.5
Changes	7,155,150	7.2	-	-	(6,562,900)	(6.6)	(7,204,150)	(7.2)
December 31, 2000	185,513,430	CHF 185.5	49,000	CHF -	-	CHF -	12,267,760	CHF 12.3
Changes	785,268	0.8	-	-	19,000,000	19.0	214,732	0.2
December 30, 2001	186,298,698	CHF 186.3	49,000	CHF -	19,000,000	CHF 19.0	12,482,492	CHF 12.5
Changes	571,282	0.6	(49,000)	-	-	-	9,477,838	9.5
December 29, 2002	186,869,980	CHF 186.9	-	CHF -	19,000,000	CHF 19.0	21,960,330	CHF 22.0

On April 17, 2002, the Annual General Meeting of Shareholders approved the changes of authorised and conditional capital as described below.

Details of Adecco S.A.'s legal reserves and retained earnings are included in Note 4 to the Financial Statements of the Holding Company.

Additional information and exact wording can be found in the Articles of Incorporation of Adecco S.A. (Internet: <http://aoi.adecco.com>).

Authorised capital

The Board of Directors is authorised until May 2, 2003 to increase the share capital in one or more steps by up to 19,000,000 shares (CHF 19 million) in connection with special capital market transactions, such as acquisitions. The Board of Directors is authorised to withdraw the subscription rights of the shareholders under certain conditions as stated in the Articles of Incorporation.

Conditional capital

Conditional capital of up to 6,560,330 shares (CHF 6,560,330) is reserved for the exercise of option rights granted to employees and members of the Board of Directors of Adecco S.A. or of its affiliated companies. The subscription rights of shareholders as well as the option subscription rights of the shareholders are excluded.

Conditional capital of up to 15,400,000 shares (CHF 15.4 million) is reserved for the exercise of option or conversion rights granted in relation to financial instruments such as bonds or similar debt instruments of Adecco S.A. or of its affiliates. The subscription rights of the shareholders regarding the subscription of the shares are excluded. The shareholders' bond subscription rights in the issue of the bonds or similar debt instruments may be limited or excluded by the Board of Directors.

Shares and participation certificates

In May 2001, there was a share split by 10 to 1 and participation certificates by 2 to 1. All shares are fully paid-up registered shares with a par value of CHF 1. All shares bear the same dividend and voting rights.

On April 17, 2002, the Annual General Meeting of Shareholders approved the conversion of all participation certificates into registered shares, hence increasing the registered share capital by CHF 49,000 to CHF 186,347,698. As of April 17, 2002 all participation certificates have legally ceased to exist.

Bonus certificates

The Company has not issued bonus certificates ("Genussscheine").

Limitations on registration, nominee registration and transferability

Each Adecco S.A. share represents one vote.

Acquirers of registered shares are registered in the share register as shareholders with the right to vote upon request, provided that they declare explicitly to have acquired the registered shares in their own name and for their own account. Since April 1999 any person or entity shall be registered with the right to vote for no more than 5% of the registered share capital as set forth in the commercial register. The registration restriction also applies to persons who hold some or all of their shares through nominees. See art. 4 sec. 2 of the Articles of Incorporation (Internet: <http://aoi.adecco.com>).

The Board of Directors may register nominees with the right to vote in the share register to the extent of up to 5% of the registered share capital as set forth in the commercial register. Registered shares held by a nominee that exceed this limit may be registered in the share register if the nominee discloses the names, addresses and the number of shares of the persons for whose account it holds 0.5% or more of the registered share capital as set forth in the commercial register. Nominees are persons who do not explicitly declare in the request for registration to hold the shares for their own account or with whom the Board of Directors has entered into a corresponding agreement (see art. 4 sec. 3 of the Articles of Incorporation (Internet: http://aoi.adecco.com).

Corporate bodies and partnerships or other groups of persons or joint owners who are interrelated to one another through capital ownership, voting rights, uniform management or otherwise linked as well as individuals or corporate bodies and partnerships who act in concert to circumvent the regulations concerning the limitation of participation or the nominees (especially as syndicates), are treated as one single person or nominee with regard to the registration restriction and the nominee registration.

In 2002 the Board of Directors has approved to register the shares transferred from Akila S.A. to Akila Finance S.A. in the Company's share register. The ultimate beneficial owner of the Adecco S.A.'s shares held by the Akila Group remained unchanged. No further exception on limitations on registration and nominee registrations has been made in the year under review.

Convertible notes

In November 1999, Adecco Finance BV (formerly Meridian BV), a wholly owned subsidiary of Adecco S.A., issued EUR 360 million (CHF 576 million) convertible notes. The notes were redeemable for the principal amount together with accrued interest at the option of the note holder on November 25, 2001. Certain note holders exercised their redemption right on their notes for the principal amount totalling EUR 3 million. The notes are convertible into Adecco S.A. 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 S.A.

Adecco S.A. has unconditionally and irrevocably guaranteed the convertible notes of EUR 360 million (CHF 576 million) originally issued by Adecco Finance BV. See also Note 7 "Financing Arrangements" in the Notes to Consolidated Financial Statements – as of December 29, 2002.

Options issued

The Adecco Group has several stock option plans whereby employees and directors receive the option to purchase shares. There are global and country specific plans in place.

Certain options granted under the plans are tradeable at the SWX Swiss Exchange (virt-x). The options are granted to employees or directors of the Adecco Group and give the optionee a choice of selling the option on the public market or exercising the option to receive an Adecco S.A.'s share. If the option holder chooses to sell the option on the open market, options may be held by a non-emploee or director of the Adecco Group. The trading of the tradable options is managed by a Swiss bank.

The purpose of the plans is to furnish incentives to selected employees and directors, to encourage employees to continue employment with the Adecco Group and to encourage selected employees and directors to own shares and to align with shareholder interests. Upon exercise of options, conditional capital of up to 6,560,330 shares is reserved for the purpose of granting options or shares bought back in the open market may be used.

The Board of Directors shall determine who shall be granted options and the size of the option grant for each optionee, the conditions, the exercise price and the date of granting. The exercise price for one share is fixed at the fair market value at the date of grant. Depending on the conditions of the plans, options vest with certain waiting periods of usually up to five years and are subsequently exercisable over five years. Options may be exercised at any time within the exercise period except for limitations set forth in the Adecco Group Insider Trading Statement of Policy.

Except under certain circumstances, un-vested options granted under the plan lapse upon termination of employment or Board membership. The Board of Directors may modify, amend, suspend or discontinue the plans.

Options outstanding as of December 31, 2002 were:

Exercise Price per Share		Number	Weighted Average Remaining Life	Weighted Average Exercise Price per Share	
CHF	17 - 53	1,757,610	3.6	CHF	50
	54 - 99	8,144,819	6.6		74
	100 - 145	4,111,955	4.4		105
	146 - 191	34,446	4.8		175
	192 - 237	20,767	4.6		236
	238 - 298	4,971	2.7		285
CHF	17 - 298	14,074,568	5.6	CHF	80

For further details, see Note 9 "Stock Option Plans" in the Notes to Consolidated Financial Statements – as of December 29, 2002.

3. Board of Directors

Areas of responsibility of the Board of Directors and of Management are defined by law and by the Articles of Incorporation of Adecco S.A. (Internet: <http://aoi.adecco.com>).

The Board of Directors of Adecco S.A. currently consists of nine members.

Under Swiss law, a majority of the members of the Board of Directors of a Swiss company must be citizens of Switzerland and be domiciled in Switzerland. Adecco S.A. is exempt from this requirement.

The following table sets forth the name, entry date and terms of office, nationality, professional education and principal positions of those individuals who currently serve as members of the Board of Directors:

John Bowmer [1]	• Chairman of the Board of Directors; member of the Board of Directors since April 2002; term of office ends April 16, 2003. • British nationality. • Studied at Keele University, England, and graduated with a degree in Economics and Politics; holds a Masters degree from the London School of Business Studies. • Chief Executive Officer of the Adecco Group from August 1996 to April 2002, when he became Chairman of the Board. Chief Executive Officer of Adia from January 1992 to August 1996. Zone Manager for Adia's Asia Pacific operations from 1989 to 1991. • Board memberships: CP Ships, Canada (Member)[3]. • Other functions: Regional Advisory Board of London Business School (Member).
Miguel Alfageme [1]	• Member of the Board of Directors since April 2002; term of office ends April 16, 2003. • Spanish nationality. • Degree in Business Administration from ICADE (Universidad Pontificia Comillas), Spain. • Until his Board appointment in 2002, Mr Alfageme had been member of the Executive Committee for the Adecco Group since 1998 as General Manager Southern Europe and Latin America. Before he had been General Manager Spain since 1990. Mr Alfageme was previously with the BNP Group. • Board memberships: Adecco Foundation for Labour Integration (Member); Adecco Iberia S.A. (Chairman).
Philippe Foriel-Destezet [2]	• Member of the Board of Directors since August 1996; term of office ends April 16, 2003. • French nationality. • Graduated from HEC Paris; Honorary Chevalier of the Légion d'Honneur. • Founder of Ecco S.A. in France in 1964. Joint Chairman of the Board of Directors of Adecco S.A. from August 1996 to April 2002. • Board memberships: Akila Finance S.A Luxembourg (Chairman); Securitas AB, Sweden (Member)[3], Carrefour S.A. France (Member)[3].
Christian Jacobs [2]	• Member of the Board of Directors since April 2002; term of office ends April 16, 2003. • German nationality. • PhD in Law; Completed studies in Law and Business Administration at the Universities of Freiburg in Breisgau and Munich, Germany and Aix-en-Provence, France. • Partner in the law firm White & Case, Feddersen, Hamburg; previously a partner with attorneys Huth Dietrich Hahn in Hamburg. Practised corporate, capital markets, antitrust and European law with Büsing, Müffelmann & Theye in Bremen. • Board memberships: KJ Jacobs AG, Zurich (Chairman); Barry Callebaut AG, Zurich (Vice Chairman)[3]; Stollwerck AG, Germany, (Chairman)[3]; Boards & More AG, Zurich (Member); Stiftung der Deutschen Kakao- und Schokoladenwirtschaft, Germany (Member); Jacobs Foundation, Zurich (Member).

[1] *Executive member of the Board of Directors.*
[2] *Non-executive member of the Board of Directors; has not been a member of the management of the Adecco Group in the three financial years preceeding fiscal year 2002 and does not have important business connections with Adecco S.A. or with any of the Adecco Group companies.*
[3] *Listed Company.*

Philippe Marcel [1]	• Member of the Board of Directors since April 2002; term of office ends April 16, 2003. • French nationality. • Graduated from the Ecole Supérieure de Commerce, Lyon, France. • Until his Board appointment in 2002, Mr Marcel was a member of the Senior Management team of the Adecco Group. In the Executive Committee, he was Zone Manager for France, Morocco, and South Africa. He was Chairman of Adecco South Africa and Adecco Morocco and CEO of Adecco France. • Board memberships: Adecco France (Chairman); Adecco Germany (Chairman); April Group France (Member)[3].
Conrad Meyer [2]	• Member of the Board of Directors since May 2001; term of office ends April 16, 2003. • Swiss nationality. • Graduated in Business Administration from the University of Zurich. Full Professor of Accounting, Control and Risk Management and Director of the Institute of Accounting and Control at the University of Zurich. • Board memberships: Neue Zürcher Zeitung AG, Zurich (Chairman); ATAG Asset Management, Basel (Chairman); KJ Jacobs AG, Zurich (Member); BDO Visura, Solothurn (Member); Akademie für Wirtschaftsprüfung, Zurich (Member); Board of the Prince of Liechtenstein Foundation, Liechtenstein (Member). • Other functions: President of the Commission of the Swiss Accounting and Reporting Recommendations (ARR); President of the Panel of Experts for Reporting Requirements at SWX Swiss Exchange.
Yves Perben [2]	• Member of the Board of Directors since August 1996; term of office ends April 16, 2003. • Swiss and French nationality. • Graduated in Business Administration from the HEC, Paris (MBA). Graduated in Political Sciences and International Relations at the IEP Paris (MA). Qualified as a Chartered Public Accountant at the D.E.C.S. • Chairman and CEO of Corpofina-Geneva. Previously Mr Perben worked with Corpofina-Paris, Indosuez (Corporate Banking), Paribas (Corporate Banking) and Unilever Group. • Board memberships: UEB - United European Bank (Switzerland), Geneva (Member of the Board and Member of the Audit Committee); Qualis SCA, Paris (Member of the Board and Chairman of the Audit Committee).
Andreas Schmid [2]	• Member of the Board of Directors since April 1999; term of office ends April 16, 2003. • Swiss nationality. • Masters degree in Law from the University of Zurich, Switzerland. • CEO of Barry Callebaut AG from 1999 to 2002, having previously been CEO of Jacobs AG and before that the CEO of the Mövenpick Consumer Goods Division. • Board memberships: Barry Callebaut AG, Zurich (Chairman)[3]; Kuoni Reisen Holding AG, Zurich (Chairman)[3]; Unique Flughafen Zurich AG (Chairman)[3].
Ernst Tanner [2]	• Member of the Board of Directors since April 2000; term of office ends April 16, 2003. • Swiss nationality. • Graduated from business school in Switzerland; completed studies at Columbia University, New York, and Harvard University, Cambridge, USA. • Since 1993, CEO of Chocoladefabriken Lindt & Sprüngli AG, Kilchberg, Switzerland, and since 1994 Chairman of the Board and CEO of Lindt & Sprüngli[3]. Before 1993 Mr Tanner was with Johnson & Johnson for 25 years. • Board memberships: The Swatch Group AG, Biel (Member)[3]; Credit Suisse Group, Zurich (Member)[3]; Zürcher Handelskammer, Zurich (Member).

[1] *Executive member of the Board of Directors.*
[2] *Non-executive member of the Board of Directors; has not been a member of the management of the Adecco Group in the three financial years preceeding fiscal year 2002 and does not have important business connections with Adecco S.A. or with any of the Adecco Group companies.*
[3] *Listed Company.*

Cross-involvements at the level of the Board of Directors of Adecco S.A. and other listed companies exist according to the information provided in the above table.

Members of the Board of Directors are elected for the term of office of one year, until the date of the next ordinary General Meeting of Shareholders; and may be re-elected for successive terms. Adecco S.A.'s Articles of Incorporation do not limit the number of terms a member may be re-elected to the Board of Directors. Candidates to be elected or re-elected to the Board of Directors are proposed by the Board by means of co-optation to the General Meeting of Shareholders. The Board of Directors operates under the direction of the Chairman who is appointed by the Board of Directors. As of December 31, 2002, neither a Vice Chairman nor a Delegate of the Board of Directors has been appointed. The Board holds four to six meetings per year. Each board meeting usually lasts for approximately six hours. For specific subjects, members of the Senior Management are present and for specific matters and on a case-by-case basis, the Board of Directors consults external advisors. The following Board Committees also assist the Board of Directors: the Audit and Finance Committee (AFC) and the Nomination and Compensation Committee (NCC).

Audit and Finance Committee (AFC)

The Audit and Finance Committee's primary responsibility is to assist the Board in carrying out its responsibilities as they relate to the organisation's accounting policies, internal controls and financial reporting practice. The committee is primarily responsible for the adequacy of the following functions:

- timely financial reporting and fair presentation of the Company's financial condition, results of operations, cash flows as well as future commitments
- compliance with pertinent laws and regulations and internal policies
- active oversight role with respect to the internal audit function
- monitoring the corporate control processes through internal auditing
- liaising authority on behalf of the Board of Directors with the external auditors
- financial planning, including finance strategy and treasury policy.

The AFC holds approximately five meetings per year. For specific subjects, members of the Senior Management are present, in particular the CEO and the CFO. The head of Internal Audit and the lead partner of the external auditors usually participate in the meetings.

As of December 31, 2002, the members of the AFC were:

Name	**Position**
Conrad Meyer	Chairman of the AFC
Philippe Foriel-Destezet	Member
Andreas Schmid	Member

Nomination and Compensation Committee (NCC)

The Nomination and Compensation Committee is primarily responsible for the adequacy of the following functions:

- establishing a compensation policy for the Adecco Group
- reviewing and approving the goals and objectives relevant to Senior Executives' compensation
- evaluating Senior Executives' performance
- providing recommendations to the Board of Directors with respect to incentive compensation plans and equity based plans
- establishing principles for the selection of candidates for election or re-election to the Board of Directors of Adecco S.A.

The NCC holds approximately three to five meetings per year. For specific subjects, members of the Senior Management are present, in particular the CEO and the CFO.
As of December 31, 2002, the members of the NCC were:

Name	**Position**
Yves Perben	Chairman of the NCC
Christian Jacobs	Member
Ernst Tanner	Member

The Board of Directors has delegated the day-to-day management of the Company to the Senior Management of the Adecco Group, except for specific items, such as acquisitions, long term financial commitments, management structure, budget approval, compensation policy, corporate identity policy, guidelines and policy statements.
The Board of Directors' instruments of information and control towards the Management consist of the following main elements:

- Management Information Systems which include the monthly reporting on performance, budget and the assessment of extraordinary events
- Internal Audit, reporting to the Chairman of the Audit and Finance Committee, which includes regular reporting on risk management matters.

4. Senior Management

The following table sets forth the name, year of entry to the Adecco Group, nationality, professional education and principal positions of those individuals who served as members of the Senior Management of the Adecco Group as of December 2002:

Jérôme Caille	• French nationality. • Holds an MBA from the Ecole Supérieure de Commerce, Lyon, France. • CEO of the Adecco Group since April 2002 and President of the Staffing Services Division since October 2001. General Manager of Adecco Italy and Adecco Greece from 1997 to October 2001. Management positions with Adecco Spain from 1991 to 1997.

Felix A. Weber	• Swiss nationality. • Graduated from the University of St Gallen in Switzerland in Finance and with a PhD in Marketing. • Chief Financial Officer of the Adecco Group since February 1998, President of the e-HR Services Division since December 2002. Mr Weber held Associate and Partner positions with McKinsey & Company, Switzerland from 1986 to 1998. Before 1986 CEO Swiss Aluminium South Africa and previously head of Sales and Marketing with Swiss Aluminium Limited. Mr Weber commenced his career with Asea Brown Boveri AG. • Board membership: Syngenta AG, Basel (Member) since November 2000.
Stephen G. Harrison	• American nationality. • MBA with honours from the University of Cincinnati, USA. • Group Chief Human Resources Officer and CEO of the Career Services Division of the Adecco Group since November 2001, president of Lee Hecht Harrison since 1986. Previously, Mr Harrison was a partner with the Center for Diagnostic Medicine in New York and spent 14 years at Tenneco, specialising in labour relations and HR management. • Board membership: Jobs for America's Graduates (Member Executive Committee).
Luis Sánchez de León	• Spanish nationality. • Graduated in Economic Science from the University Complutense, Madrid. • Chief Sales, Marketing and Business Development Officer of the Adecco Group since November 2001. Sales and Marketing Director of Southern Europe and Latin America from 1995 to 2001 and President of the HR Support Services Division since December 2002. Sales and Marketing Director of Adecco Spain from 1993 to 1995. Regional Manager of Adecco Spain from 1990 to 1993. • Prior to 1990, Mr Sánchez de León was a Regional Controller for Southern Europe and Latin America with Rhône-Poulenc, Paris.
Ray Roe	• American nationality. • Bachelor of Science from United States Military Academy, West Point, and a Masters of Science in Systems Management from the University of Southern California, USA. • Chief Executive Officer of the Professional Staffing and Services Division since May 2002. Chief Executive Officer Adecco Asia Pacific from July 1998 to May 2002. Chief Operating Officer Lee Hecht Harrison USA from 1993 to July 1998. • Mr Roe commenced his career with the US Army, retiring as a Brigadier General in 1993 after 26 years.

There are no significant management contracts between the Adecco Group and external providers of services.

5. Compensation, Shareholdings and Loans

The Adecco Group's compensation philosophy

The Adecco Group's compensation philosophy is based on pay for performance. Accordingly, individual and business unit contributions to the Company's success are overriding considerations. The Adecco Group's compensations programmes are designed to attract, retain, motivate and reward employees to achieve the Company's financial and strategic objectives while ensuring the total compensation opportunity is internally equitable and externally competitive.

The Adecco Group's compensation programme for Senior Management includes the following five key components:

- Base Salary
- Short-term Incentive (Bonus)
- Long-term Incentive (The Adecco Group Stock Option Programme)
- Fringe Benefits and Social Charges
- Transitional Arrangements (special conditions for assignments abroad).

Base salary/fringe benefits: Annual base salary and fringe benefits are payments for doing the job. Both are determined based on local market conditions and the practices of the industry. It is the intention to pay a base salary which is in line with the market.

Bonus: It is through the bonus system that managers can maximise their short-term earning potential. Only through increasing Company profits and growth can managers maximise earning potential and therefore earn substantially more than their base compensation.

Stock Option Plan: Stock options are considered the long-term element to maintaining loyalty over an extended period. In addition, they encourage plan participants to increase shareholder value.

Market forces

In order to pay competitively, the Adecco Group reviews market conditions on a continuing basis. Numerous conditions impact on how employees are paid, including geographic location, industry, competition and general business climate. Pay conditions vary from country to country as business climate, cost of living, competition for jobs and local industries vary. In order to pay competitively, the Adecco Group's country organisations conduct annual local salary surveys and review country specific economic data to determine their merit increase guidelines.

Compensation for acting and former members of governing bodies

The total of all compensation conferred during the fiscal year 2002 to the executive members of the Board of Directors and to the Senior Management amounted to CHF 10.9 million. This amount includes honorariums, salaries, credits, bonuses and benefits in kind. It also includes payments conferred to members of governing bodies who gave up their function during the fiscal year 2002. The respective sum conferred to the non-executive members of the Board of Directors amounted to CHF 0.8 million. The above figures do not include bonus payments effectuated in 2002 for the fiscal year 2001, whilst bonus payments due in 2003 for the fiscal year 2002 are included.

No additional payments were conferred during the fiscal year 2002 to members of the Board of Directors or to members of the Senior Management who gave up their function during the fiscal year 2002 or before.

Shares allocated

No shares were allocated during the fiscal year 2002 to acting members of governing bodies.

Shares held

As of December 31, 2002, the members of the Senior Management and the executive members of the Board of Directors (including closely linked parties) held 110,064 shares of Adecco S.A. The non-executive members of the Board of Directors held 6 shares of Adecco S.A. Not included in these amounts are the 34,163,580 shares held by Akila Finance S.A., which is owned and controlled by Philippe Foriel-Destezet, and the 28,427,880 shares held by KJ Jacobs AG to which Christian Jacobs (Chairman) and Conrad Meyer are members of the Board of Directors.

Stock options held

Total of stock options granted and exercised since the merger of Adia and Ecco in 1996 and held as of December 31, 2002:

Year of grant/ Last year of expiry/	1997/ 2006		1998/ 2008			1999/ 2008	2000/ 2011	2001/ 2011		2002/ 2010			Total
Strike price CHF	48.40	43.00	45.85	53.50	66.70	102.20	108.00	85.27	107.30	109.50	88.20	60.00	
A. Executive members of the Board of Directors and Senior Management													
Options granted	700,000	33,750	65,000	795,000	10,000	1,397,300	27,500	1,755,000	0	200,000	100,000	1,152,500	6,236,050
Options exercised	(220,000)	(27,300)	(40,000)	(197,000)	(8,000)	0	0	(83,334)	0	0	0	0	(575,634)
Options held	480,000	6,450	25,000	598,000	2,000	1,397,300	27,500	1,671,666	0	200,000	100,000	1,152,500	5,660,416
B. Non-executive members of the Board of Directors and Senior Management[1]													
Subtotal per plan	0	0	0	0	0	0	30,000	0	10,000	0	0	0	40,000

[1] *No options exercised.*

The figures indicated are net of options lapsed. One option entitles to the purchase of one Adecco S.A.'s share under the conditions as outlined in the respective plan.

For additional information on stock options, see chapter 2 "Capital Structure".

Additional honorariums and remunerations

Additional honorariums (including consultancy honorariums, other contracts/agreements) and other remunerations were conferred by the Adecco Group for services performed during 2002 to members of the Board of Directors and closely linked parties: under an Executive Services Fee agreement, the Adecco Group paid for the period January 1, 2002 to April 16, 2002 fees of CHF 1.5 million each both to the Akila Group which is owned and controlled by Philippe Foriel-Destezet, and to KJ Jacobs AG, of which Christian Jacobs (Chairman) and Conrad Meyer are members of the Board of Directors. No additional honorariums and remunerations were conferred to members of the Senior Management and closely linked parties.

Highest total sum of compensations and stock option allotments conferred to a member of the Board of Directors during 2002

The highest total sum of compensation and stock option allotments conferred to a member of the Board of Directors during 2002 amounted to CHF 2.2 million and to 500,000 stock options.

Loans granted by governing bodies

The Adecco Group, for the fiscal year 2002, has no guarantees and loans outstanding, advances or credits granted to members of the Board of Directors or to members of the Senior Management, including to parties closely linked to such persons.

6. Shareholders' Rights

See also the Articles of Incorporation of Adecco S.A. (Internet: <http://aoi.adecco.com>).

Information Rights

Swiss law allows any shareholder to seek information from the Board of Directors during the General Meeting of Shareholders provided no preponderant interests of the Company including business secrets, are at stake and the information requested is required for the exercise of shareholders rights. Shareholders may only obtain access to the books and records of the Company if authorised by the Board of Directors or the General Meeting of Shareholders. Should the Company refuse to provide the information requested, shareholders may seek a court order to gain access to such information. In addition, if the shareholder's inspection and information rights prove to be insufficient, each shareholder may petition the General Meeting to appoint a special commissioner who shall examine certain specific transactions or any other facts in a so-called special inspection. If the General Meeting approves such a request, the Company or any shareholder may ask the court of competent jurisdiction at the Company's registered office to appoint a special commissioner within 30 days. Should the General Meeting deny such a request, one or more shareholders who hold at least 10% of the equity capital, or shares with an aggregate nominal value of at least CHF 2 million, may petition a court of competent jurisdiction to order the appointment of a special commissioner. Such request must be granted and a special commissioner appointed if such court finds prima facie evidence that the Board of Directors breached the law or did not act in accordance with the Company's Articles of Incorporation. The costs of the investigation are generally allocated to the Company and only in exceptional cases to the petitioner(s).

General Meeting of Shareholders: agenda, notice, registration

Under Swiss corporate law, an ordinary General Meeting of Shareholders must be held within six months after the end of each fiscal year. Extraordinary General Meetings of Shareholders may be called by the Board of Directors or, if necessary, by the Adecco Group statutory auditors. In addition, an extraordinary General Meeting of Shareholders may be called by a resolution of the shareholders adopted during any prior General Meeting of Shareholders or, at any time, by holders of shares representing at least 10% of the share capital.

The Swiss Code of Obligations is applicable to the right to request that a specific item be put on the agenda of the General Meeting of Shareholders and discussed and voted upon. Holders of Adecco S.A. shares with a nominal value of at least CHF 1 million have the right to request that a specific proposal be discussed and voted upon at the next General Meeting.

Notice of a General Meeting must be provided to the shareholders by publishing a notice of such meeting in the Swiss Commercial Gazette (Schweizerisches Handelsamtsblatt) at least 20 days before the meeting. The notice must state the items on the agenda and the proposals of the Board of Directors and the shareholders who demanded that a general meeting be called. Admission to the General Meeting is granted to any shareholder being registered in the Company's share register.

Shareholders will be registered in the share register of Adecco S.A. according to the invitation to a General Meeting of Shareholders, to be published in the Swiss Commercial Gazette (Schweizerisches Handelsamtsblatt). Only registered shareholders are entitled to vote.

Voting rights

Adecco S.A.'s Articles of Incorporation limit the voting rights of shareholders (including nominees) to no more than 5% of Adecco S.A. shares. (See art. 4 sec. 3 of the Articles of Incorporation). The limitation may be abolished by resolution of the shareholders' meeting with at least two-thirds of the votes represented and the absolute majority of the represented par value of the shares. Corporate bodies and partnerships or other groups of persons or joint owners who are interrelated to one another through capital ownership, voting rights, uniform management or otherwise linked as well as individuals or corporate bodies and partnerships who act in concert to circumvent the regulations concerning the limitation of participation or the nominees (especially as syndicates), are treated as one single person or nominee with regard to the voting limitation. See art. 4 sec. 4 of the Articles of Incorporation.

Representation of shareholders

A shareholder may only be represented by (i) the shareholder's legal representative, (ii) another shareholder with the right to vote, (iii) a corporate body of Adecco S.A., (iv) an independent proxy or (v) a depository. See art. 17 sec. 2 of the Articles of Incorporation. At a General Meeting of Shareholders, votes are taken on a show of hands unless a ballot is ordered by the Chairman of the meeting or requested by holders of Adecco S.A. shares representing at least 5% of Adecco S.A.'s share capital.

Legal and statutory quorums

There is no provision in the Articles of Incorporation or under Swiss law requiring a quorum for the holding of the General Meeting of Shareholders. Holders of at least a majority of Adecco S.A. shares represented in the General Meeting must vote in favour of a resolution in order for such a resolution to be adopted. In addition, in order to adopt resolutions regarding:

- changes to Adecco S.A.'s corporate purposes;
- the creation or rescission of provisions in the Articles of Incorporation of Adecco S.A. requiring a qualified quorum or majority for resolutions at the General Meeting;
- the creation of shares with privileged voting rates;
- restrictions on the transferability of registered shares;
- an authorised or conditional increase in Adecco S.A.'s equity capital;
- an increase in Adecco S.A.'s equity capital by recourse to equity, against contribution in kind, or for the acquisition of assets and the granting of special benefits;
- restriction or elimination of subscription rights;
- relocation of Adecco S.A.'s domicile; or
- dissolution of Adecco S.A. without liquidation,

holders of at least two-thirds of Adecco S.A.'s shares represented at such General Meeting must vote in favour of such resolutions.

In addition to the powers described above, the General Meeting has the power to vote on amendments to Adecco S.A.'s Articles of Incorporation (including the conversion of registered shares to bearer shares), to elect the directors, the statutory auditors and any special auditor for capital increases, to approve the annual report, including the statutory financial statements and the annual group accounts, and to set the annual dividend. In addition, the General Meeting has competence in connection with the special inspection and the liquidation of Adecco S.A.

The rights of shareholders may only be changed by a resolution of a General Meeting, which in certain cases must be passed with a supermajority of at least two-thirds of Adecco S.A. shares being represented at such General Meeting.

There are no statutory quorums with a greater majority than that set out by applicable law with the following exception: at least a two thirds majority of the votes represented and an absolute majority of the nominal values of the shares represented is required for the adoption of a resolution concerning the removal of restrictions on transfer of registered shares. See sec. 3 of the Articles of Incorporation.

Dividend payment

Swiss law requires that Adecco S.A. retains at least 5% of its annual net profits as general reserves as long as such reserves amount to less than twenty percent of Adecco S.A.'s nominal paid-in share capital. Any remaining net profits may be distributed as dividends, pursuant to a shareholders resolution. A claim for payment of dividends declared is time-barred after a period of five years. Pursuant to Swiss law, Adecco S.A. is permitted to make only one dividend payment, if any, per fiscal year. Interim dividends may only be paid with shareholder approval.

The payment and amount of dividends on Adecco S.A. shares are subject to the recommendation of Adecco S.A.'s Board of Directors and to the approval of holders of Adecco S.A. shares at the General Meeting of Shareholders. The amounts of capital, reserves, and retained earnings for purposes of determining allowable dividend or retention of reserves are fixed in accordance with Swiss law.

Dividends paid to holders of ADRs who are U.S. holders generally will be subject to Swiss withholding tax. These holders may be entitled to a refund of a portion of these taxes from Swiss taxing authorities, as well as a tax credit for United States income tax liability.

Liquidation and dissolution

The Articles of Incorporation do not limit the Company's duration. Swiss law requires that any proceeds from a liquidation of Adecco S.A., after all obligations to its creditors have been satisfied, be used first to repay the nominal equity capital of Adecco S.A. Thereafter, any remaining proceeds are to be distributed to holders of Adecco S.A. shares in proportion to the nominal value of those Adecco S.A. shares.

Adecco S.A. may be dissolved at any time by a resolution of a General Meeting taken by at least two-thirds of the votes represented and the absolute majority of the par value of Adecco S.A. shares represented. Under Swiss law, Adecco S.A. may also be dissolved by a court order upon the request of holders of Adecco S.A. shares representing at least 10% of Adecco S.A.'s share capital who assert significant grounds for the dissolution of Adecco S.A., such as the misuse of a shareholder's majority position. The court may also grant other relief such as a forced acquisition at fair market value of all Adecco S.A. shares held by minority shareholders of Adecco S.A. The court may at all times request that a shareholder or obligee decree the dissolution of Adecco S.A. if the required corporate bodies are missing. If the rules regarding the nationality and domicile of the members of the Board of Directors are no longer fulfilled, the Commercial Register Registrar shall set a time limit for Adecco S.A. to regularise the situation and may, after expiration without compliance, declare Adecco S.A. dissolved. Adecco S.A. may also be dissolved by adjudication of bankruptcy.

Further capital calls by the company

Adecco S.A.'s share capital is fully paid up. Hence, the shareholders have no liability to provide further capital to the Company.

Pre-emptive rights

Under Swiss law, holders of Adecco S.A. shares have pre-emptive rights to subscribe for any issuance of new Adecco S.A. shares in proportion to the nominal amount of Adecco S.A. shares held by that holder. Any new issuance of Adecco S.A. shares, whether for a cash or non-cash consideration, must be approved by the shareholders in a General Meeting. A resolution adopted at a General Meeting with a supermajority may suspend these pre-emptive rights for significant and material reasons only.

7. Changes of Control and Defence Measures

Mandatory Bid Rules: Pursuant to the applicable provisions of the SWX Swiss Exchange Act, if any person acquires shares of Adecco S.A., whether directly or indirectly or together with another person, which exceed the threshold of 33 1/3% of the voting rights of Adecco S.A., irrespective of whether the voting rights are exercisable or not, that person must make a bid to acquire all of the listed shares of Adecco S.A. There is no obligation to make a bid under the foregoing rules if the voting rights in question are acquired as a result of a gift, succession or partition of an estate, a transfer based upon matrimonial property law or execution proceedings.

The Articles of Incorporation of Adecco S.A. do not define opting-up or opting-out clauses in the sense of art. 32 of the Swiss Stock Exchange Law, in connection with a shareholder's obligation to present a bid.

Adecco S.A.'s Articles of Incorporation do not contain any provision other than the ones mentioned in this disclosure report (see section "Limitations on registration, nominee registration and transferability") that would have an effect of delaying, deferring or preventing a change in control of the Company.

8. Auditors

The Annual General Meeting of Shareholders of Adecco S.A. elects the auditors and the group auditors each year. On April 17, 2002, the General Meeting re-elected Arthur Andersen AG, Zurich as auditors and group auditors of the Adecco Group for the financial year ending December 31, 2002.

However, as Arthur Andersen AG's operations ceased, and in accordance with the decision of the Annual General Meeting of Shareholders of April 17, 2002, Ernst & Young AG, Zurich were registered on August 15, 2002 as auditors for the fiscal year ending December 31, 2002.

Ernst & Young AG's lead auditor, Mike Sills, who was formerly with Arthur Andersen AG, has supervised the audit of Adecco S.A.'s statutory financial statements and the Adecco Group's consolidated financial statements since 1999 and 2000 respectively.

For the fiscal year 2002, the total fee for the Group audit of Adecco S.A. and for the statutory audits of the Adecco Group companies amounted to CHF 4.7 million.
For the fiscal year 2002, additional fees of CHF 1.6 million were charged for:

- audit related services (CHF 0.8 million) such as consultation on accounting issues and quarterly reviews;
- tax consultations (CHF 0.3 million);
- other services (CHF 0.5 million) such as financial due diligence on potential acquisitions.

The Audit Committee oversees the Company's financial reporting process on behalf of the Board of Directors. In this capacity, the Committee reviewed with the independent auditors, who are responsible for expressing an opinion on the conformity of those audited financial statements with accounting principles generally accepted in the United States, their judgments as to the quality, not just the acceptability, of the Company's accounting principles and such other matters as are required to be discussed with the committee under auditing standards generally accepted in the United States. In addition, the Committee has discussed with the independent auditors the auditors' independence from management and the Company, including the matters in the written disclosures required by the Independence Standards Board and considered the compatibility of non-audit services with the auditors' independence.

The Committee discussed with the Company's independent auditors the overall scope and plans for its audit. The Committee also had meetings with the independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of the Company's internal control, and the overall quality of the Company's financial reporting.

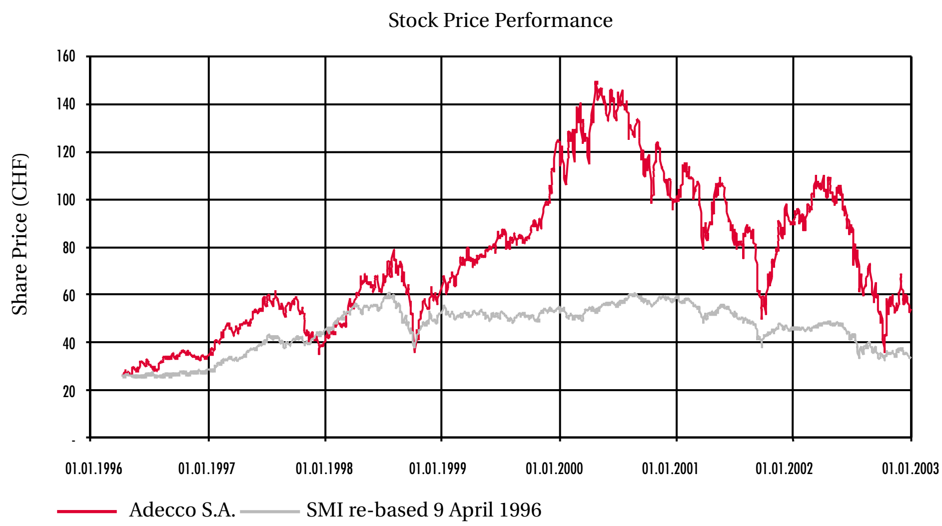
9. Information Policy

Adecco S.A. Annual General Meeting of Shareholders

The Annual General Meeting of Shareholders for the fiscal year 2002 will be held on April 16, 2003 at Hotel Beau-Rivage Palace in Lausanne-Ouchy, Switzerland.

Calendar of events may be found in Investor Information section on page 50. For further information, see the contact addresses as listed in the Operational Review section of the Annual Report (Internet: <http://contacts.adecco.com>).

Adecco S.A. is subject to the informational requirements of the US Exchange Act. In accordance with these requirements, Adecco S.A. files reports and other information with the Securities and Exchange Commission (SEC). These materials, including this Annual Report, may be inspected and copied at the public reference facilities the SEC maintains at 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of all or any part of these materials can be obtained from the SEC upon the payment of certain fees prescribed by the SEC. For further information, see <http://www.sec.gov>, a website maintained by the SEC.



Share information[1]

	5-year Compound Growth Rate	2002	2001	2000	1999	1998	1997
Basic net income / (loss) per share (CHF)		1.90	(2.30)	(2.33)	(1.01)	(1.16)	(1.52)
Diluted net income / (loss) per share (CHF)		1.88	(2.30)	(2.33)	(1.01)	(1.16)	(1.52)
Basic net income / (loss) before cumulative effect of change in accounting principle (CHF)		1.90	(2.25)	(2.33)	(1.01)	(1.16)	(1.52)
Diluted net income / (loss) before cumulative effect of change in accounting principle (CHF)		1.88	(2.25)	(2.33)	(1.01)	(1.16)	(1.52)
Income per share before amortisation of goodwill and other intangibles and restructuring costs (basic)[2] (CHF)	0.7%	1.94	3.77	4.06	3.07	2.4	1.87
Income per share before amortisation of goodwill and other intangibles and restructuring costs (fully diluted)[2] (CHF)	0.9%	1.91	3.68	3.92	2.92	2.39	1.83
Cash dividends paid per share (CHF)		1.00	1.00	0.84	0.70	0.55	0.50
Basic weighted average common shares	2.5%	186,527,178	185,880,663	183,735,340	172,128,580	167,900,250	164,594,310
Fully diluted shares	2.9%	193,469,123	192,832,231	192,269,392	180,553,760	168,938,020	167,799,390
Outstanding shares	2.6%	186,697,162	186,174,880	185,387,000	178,140,456	170,368,500	164,110,790

[1] *All share and earnings per share figures have been adjusted for the 10 for 1 share split which took place in May 2001.*
[2] *These figures are not meant to portray net income or cash flow in accordance with U.S. GAAP or to represent cash available to shareholders. Prior to 2002, income before amortisation of goodwill and other intangibles and restructuring costs does include tax benefits associated with the amortisation of goodwill.*

Listing of shares
See Chapter 1 "Structure and Shareholders of the Adecco Group" of the Corporate Governance section.

Market capitalisation
As of December 31, 2002, the market capitalisation of Adecco S.A., based on outstanding shares, amounted to approximately CHF 10.13 billion.

Shareholders
See Chapter 1 "Structure and Shareholders of the Adecco Group" of the Corporate Governance section.

Dividends
For the fiscal year 2002, Adecco S.A.'s Board of Directors proposes a dividend of CHF 0.60 per registered share (and the proportional amount translated into US dollars for registered ADR holders). The dividend will be paid out for registered shares on April 28, 2003 and for registered ADR on May 29, 2003.

Adecco S.A. Annual General Meeting of Shareholders
The Annual General Meeting of Shareholders for the fiscal year 2002 will be held on April 16, 2003 at 14.00 hrs at Hotel Beau-Rivage Palace in Lausanne-Ouchy, Switzerland.

Calendar of events

Date	*Event*
April 16, 2003	Annual General Meeting of Shareholders
April 16, 2003	Q1 2003 Earnings Release
July 23, 2003	Q2 2003 Earnings Release
October 22, 2003	Q3 2003 Earnings Release
February 4, 2004	FY 2003 Earnings Release

Directors, Management and Auditors

Board of Directors

John Bowmer	Chairman
Miguel Alfageme	
Philippe Foriel-Destezet [1]	
Christian Jacobs [2]	
Philippe Marcel	
Conrad Meyer [1]	
Yves Perben [2]	
Andreas Schmid [1]	
Ernst Tanner [2]	

[1] *Member of the Audit & Finance Committee (Chairman: Conrad Meyer)*
[2] *Member of the Nomination & Compensation Committee (Chairman: Yves Perben)*

Senior Management *(as per February 1, 2003)*

Jérôme Caille	Chief Executive Officer & President Staffing Services Division
Felix Weber	Chief Financial Officer & President e-HR Services Division
Steve Harrison	CEO Career Services Division & Group Chief HR Officer
Ray Roe	CEO Professional Staffing and Services Division
Luis Sánchez de León	Chief Sales, Marketing and Business Development Officer & President HR Support Services Division

Staffing Services Division

Michael Agoras	Switzerland
Julio Arrieta	NAFTA (USA-Canada-Mexico)
Ulf Bergström	Sweden
Andres Cano	Divisional Finance
Jo Collier	Australia
Mark Du Ree	Asia Pacific
Gitte Elling	Denmark
Per-Arne Gulbrandsen	Norway
Elmar Hoff	Germany
Jean Louis Joly	Adia France
Richard MacMillan	United Kingdom & Republic of Ireland
Sergio Picarelli	Central Europe
Gilles Quinnez	France & North Africa
Enrique Sanchez	Iberia & Latin America
Carlo Scatturin	Italy & South Eastern Europe
Mark de Smedt	Benelux

Professional Staffing and Services Division

Luis-Felipe Campuzano	Continental Europe
Ray Dixon	Asia Pacific
Roy Haggerty	Consulting and Communications North America
Paul Jacobs	Ajilon Office Angels United Kingdom
Neil Lebovitz	Finance, Office and Legal North America
Peter Searle	United Kingdom
Karine Storm	Divisional Controller
Lionel Terral	France

Career Services

Peter Alcide	Divisional Finance
Edouard Comment	Lee Hecht Harrison Europe
China Gorman	Lee Hecht Harrison Worldwide

e-HR Services Division

Chris Funk	Germany
Davide Villa	Europe (except Germany)

Senior Corporate Executives

Hans R. Brütsch	Corporate Secretary
Patrick Dobler	Treasury
Mark Eaton	Controlling
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