Adecco Group

HALF YEAR REPORT 2013

Contents

Adecco Group – Selected financial information (unaudited)

in millions, except share and per share information

For the six months ended June 30 (in EUR)	2013	2012
Statements of operations		
Revenues	9,487	10,230
Amortisation of intangible assets	(21)	(27)
Operating income	306	340
Net income attributable to Adecco shareholders	193	224

As of (in EUR)	30.06.2013	31.12.2012
Balance sheets		
Cash and cash equivalents and short-term investments	373	1,105
Trade accounts receivable, net	3,671	3,492
Goodwill	3,484	3,517
Total assets	9,023	9,614
Short-term debt and current maturities of long-term debt	689	541
Accounts payable and accrued expenses	3,300	3,332
Long-term debt, less current maturities	1,166	1,536
Total liabilities	5,645	5,915
Total shareholders' equity	3,378	3,699

For the six months ended June 30 (in EUR)	2013	2012
Cash flows from operations		
Cash flows from/(used in) operating activities	(11)	81
Cash used in investing activities	(8)	(174)
Cash used in financing activities	(693)	(11)
Other indicators		
Capital expenditures	36	48

As of	30.06.2013	31.12.2012
Other indicators		
Net debt (in EUR) [1]	1,482	972
Additional statistics		
Number of FTE employees at end of period (approximate)	31,000	32,000

1 Net debt is a non-U.S. GAAP measure and comprises short-term and long-term debt, less cash and cash equivalents and short-term investments.

Adecco Group – Operating and financial review and prospects

in millions, except share and per share information

1. Operational results

1.1 Overview

Statements throughout this discussion and analysis using the term "the Company" refer to the Adecco Group, which comprises Adecco S.A., a Swiss corporation, its consolidated subsidiaries, as well as variable interest entities for which Adecco is considered the primary beneficiary.

Revenues for the first six months of 2013 amounted to EUR 9,487. Compared to the same period last year, revenues decreased by 7% or decreased by 6% in constant currency (decreased by 5% organically). This was mainly due to a decrease of 7% in the temporary staffing volume as temporary hours sold decreased to 553 million. Furthermore, in the first six months of 2013, permanent placement revenues totalled EUR 167, a decrease of 8% or 6% in constant currency, and outplacement revenues amounted to EUR 141, an increase of 4% or 5% in constant currency.

Gross margin was 18.0%, up 10 basis points ("bps") compared to the first six months of 2012 mainly due to the higher contribution of outplacement.

Selling, general, and administrative expenses ("SG&A") decreased by 6% or 4% in constant currency. SG&A as a percentage of revenues increased by 20 bps to 14.5% in the first six months of 2013. Included in the first six months of 2013 are restructuring expenses of EUR 13 mainly related to France and the consolidation of several data centres in North America. In 2012, restructuring expenses in the first six months were EUR 15 mainly related to various European countries. Organically, SG&A decreased by 3%. The branch network decreased by 5%, and full-time equivalent ("FTE") employees decreased by 6% or by 5% organically. As of the end of June 2013, the Company had approximately 31,000 FTE employees and operated a network of around 5,200 branches.

Amortisation of intangible assets amounted to EUR 21 in the first six months of 2013, compared to EUR 27 in the same period in 2012.

Operating income. In the first six months of 2013, the operating income amounted to EUR 306 compared to EUR 340 in the same period of 2012. The operating income margin was 3.2% for the first six months of 2013, a decrease of 10 bps when compared to the same period of 2012.

Interest expense was EUR 38 compared to EUR 37 in the first six months of 2012. **Other income/(expenses), net,** amounted to a loss of EUR 2 compared to a loss of EUR 11 in the first six months of 2012. The 2012 loss includes the loss of EUR 15 on the sale of a business in North America at the end of June 2012.

In the first six months of 2013, the Company recorded an income tax expense of EUR 73 compared to EUR 67 in the same period of 2012. The **effective tax rate** in the first six months of 2013 was 27% compared to 23% in the same period of 2012. The income tax rate in the first six months of 2013 and in the first six months of 2012 includes the positive impact of EUR 11 and EUR 37, respectively from the successful resolution of prior years' audits and tax disputes, the expiration of the statute of limitations in several jurisdictions, and other discrete events.

Net income attributable to Adecco shareholders amounted to EUR 193 in the first six months of 2013, compared to EUR 224 in the same period of 2012. Basic earnings per share ("EPS") was EUR 1.06 in the first six months of 2013 compared to EUR 1.19 in the first six months of 2012.

Adecco Group – Operating and financial review and prospects

in millions, except share and per share information

1.2 Segment performance

The segment breakdown of revenues and operating income for the six months ended June 30, 2013 and June 30, 2012 is presented in the following table:

			Variance %	
in EUR	2013	2012	EUR	Constant currency
Revenues				
France [1]	2,255	2,636	(14)	(14)
North America [2]	1,848	1,876	(2)	(1)
UK & Ireland	925	929	0	2
Germany & Austria [2]	760	786	(3)	(3)
Japan	575	810	(29)	(15)
Italy	463	477	(3)	(3)
Benelux	426	452	(6)	(6)
Nordics	405	408	(1)	(3)
Iberia	312	331	(6)	(6)
Australia & New Zealand	235	266	(12)	(10)
Switzerland	192	208	(8)	(6)
Emerging Markets [1]	929	894	4	6
LHH	162	157	3	4
Adecco Group [2]	**9,487**	**10,230**	**(7)**	**(6)**
Operating income				
France [1]	68	67	0	0
North America	81	83	(1)	(1)
UK & Ireland	16	14	15	17
Germany & Austria	33	43	(25)	(25)
Japan	31	48	(35)	(22)
Italy	27	26	5	5
Benelux	9	15	(38)	(38)
Nordics	8	13	(41)	(42)
Iberia	8	10	(25)	(25)
Australia & New Zealand	5	10	(48)	(47)
Switzerland	14	16	(12)	(11)
Emerging Markets [1]	28	29	(3)	(1)
LHH	45	42	6	7
Corporate	(46)	(49)		
Operating income before amortisation of intangible assets	**327**	**367**	**(11)**	**(9)**
Amortisation of intangible assets	(21)	(27)		
Adecco Group	**306**	**340**	**(10)**	**(8)**

1 As of January 2013, Morocco and Tunisia, previously within France, are reported under Emerging Markets. The 2012 information has been restated to conform to the current year presentation.

2 In the first six months of 2013, revenues changed organically in North America by 2%, Germany & Austria by -4%, and Adecco Group by -5%.

France
In the first six months of 2013, revenues in France decreased by 14% and operating income amounted to EUR 68 compared to EUR 67 in the first six months of 2012. Restructuring expenses were EUR 8 in the first six months of 2013, the same as in 2012. In the first six months of 2013, the operating income margin was 3.0%, up 40 bps when compared to the same period in 2012, helped by the impact of CICE (the tax credit for competitiveness and employment). This tax credit is based on a percentage of total salaries up to 2.5 times the minimum wage. The purpose of this tax credit is to finance improvements in business competitiveness and create employment.

North America
In North America, revenues decreased by 2% or by 1% in constant currency, or increased by 2% organically, compared to the first six months of 2012. Operating income in the first six months of 2013 was EUR 81, a decrease of 1% in constant currency. Included in the first six months of 2013 are restructuring costs of EUR 4 for the consolidation of several data centres. The operating income margin in the first six months of 2013 was 4.4%, unchanged when compared to the same period in prior year.

UK & Ireland
In the first six months of 2013, revenues in the UK & Ireland were flat or increased by 2% in constant currency. Operating income amounted to EUR 16 compared to EUR 14 in the first six months of 2012. The operating income margin was 1.8% in the first six months of 2013 compared to 1.5% in the first six months of 2012.

Germany & Austria
In Germany & Austria, revenues decreased by 3% or by 4% organically compared to the first six months of 2012. Operating income amounted to EUR 33 compared to EUR 43 in the same period of 2012. The operating income margin was 4.3% in the first six months of 2013 compared to 5.5% in the first six months of 2012.

Japan
In Japan, revenues decreased by 29% or by 15% in constant currency, compared to the first six months of 2012. Operating income was EUR 31 in the first six months of 2013 compared to EUR 48 in the first six months of 2012. The operating income margin for the first six months of 2013 was 5.4% compared to 5.9% in the first six months of 2012.

Italy
Revenues in Italy decreased by 3% compared to the first six months of 2012. The operating income margin was up 50 bps to 5.9% in the first six months of 2013 compared to the same period of 2012.

Benelux
In the first six months of 2013, revenues in Benelux decreased by 6%. The operating income margin was 2.2% in the first six months of 2013 compared to 3.3% in the first six months of 2012.

Other
Revenues in the Nordics decreased by 1% or by 3% in constant currency, in Iberia by 6%, in Australia & New Zealand by 12% or by 10% in constant currency, and in Switzerland by 8% or by 6% in constant currency in the first six months of 2013 compared to the same period in 2012.

Emerging Markets continued to do well in the first six months of 2013 with revenues up 6% in constant currency.

In the first six months of 2013, revenues of Lee Hecht Harrison ("LHH"), Adecco's Career Transition and Talent Development business, amounted to EUR 162, an increase of 3% or 4% in constant currency. Operating income amounted to EUR 45 and the operating income margin was 27.6%.

in millions, except share and per share information

1.3 Business line performance

The business line breakdown of revenues for the six months ended June 30, 2013 and June 30, 2012 is presented below:

			Variance %	
in EUR	2013	2012	EUR	Constant currency
Revenues [1]				
Office [2]	2,464	2,722	(9)	(6)
Industrial	4,567	4,959	(8)	(8)
General Staffing	**7,031**	**7,681**	**(8)**	**(7)**
Information Technology [2]	1,111	1,196	(7)	(4)
Engineering & Technical	572	576	(1)	1
Finance & Legal	373	378	(1)	0
Medical & Science	189	200	(5)	(5)
Professional Staffing [2]	**2,245**	**2,350**	**(4)**	**(3)**
Solutions	**211**	**199**	**6**	**7**
Adecco Group [2]	**9,487**	**10,230**	**(7)**	**(6)**

1 Breakdown of staffing revenues into Office, Industrial, Information Technology, Engineering & Technical, Finance & Legal, and Medical & Science is based on dedicated branches. Solutions include revenues from Career Transition & Talent Development ("CTTD"), Managed Service Programmes ("MSP"), Recruitment Process Outsourcing ("RPO"), and Vendor Management System ("VMS").

2 In the first six months of 2013, revenues changed organically in Office by -5%; Information Technology by 0%; Professional Staffing by 0%; and Adecco Group by -5%.

General Staffing

The Company's Office and Industrial businesses which represented 74% of total revenues in the first six months of 2013 amounted to EUR 7,031, a decrease of 8% or 7% in constant currency compared to the first six months of 2012.

In the Office business, revenues decreased by 9% or decreased by 5% organically. In constant currency, revenues in UK & Ireland increased by 2%, whereas revenues in North America decreased by 1%. In Japan, revenues decreased by 19% and in the Nordics, revenues decreased by 9%, both in constant currency. The combined revenues from these four segments represented over 50% of the Office business revenues.

In the Industrial business, revenues decreased by 8%. In France, revenues decreased by 15%. In North America, revenues increased by 3% in constant currency, whereas in Germany & Austria, revenues decreased by 5% and in Italy revenues decreased by 3%. Revenues in France, Germany & Austria, North America, and Italy comprised over 70% of the Industrial business.

Information Technology

In Information Technology, revenues decreased by 7% or were flat organically. Revenues in North America increased by 6% organically, and in UK & Ireland revenues increased by 2% in constant currency. The UK & Ireland and North America comprised more than 70% of the Information Technology business line's revenues. Information Technology represented 12% of the Company's revenues in the first six months of 2013.

Engineering & Technical

In the first six months of 2013, revenues in the Engineering & Technical business decreased by 1% or increased by 1% in constant currency. In North America, revenues increased by 2% in constant currency, while revenues in Germany & Austria were flat. North America and Germany & Austria comprised over 70% of Engineering & Technical revenues. Engineering & Technical represented 6% of the Company's revenues in the first six months of 2013.

Finance & Legal

In Finance & Legal, revenues decreased by 1% or were flat in constant currency in the first six months of 2013 compared to the same period in 2012. The Finance & Legal businesses in North America and the UK & Ireland comprised over 75% of the business line's revenues. The Finance & Legal business line contributed 4% to the Company's revenues in the first six months of 2013.

Medical & Science

In the first six months of 2013, revenues in Medical & Science decreased by 5%.

Solutions

In Solutions, revenues increased by 6% or by 7% in constant currency, in the first six months of 2013 compared to the same period last year.

2. Non-U.S. GAAP information and financial measures

The Company uses non-U.S. GAAP financial measures for management purposes. The principal non-U.S. GAAP financial measures discussed herein are net debt, constant currency, and organic growth comparisons, which are used in addition to, and in conjunction with results presented in accordance with U.S. GAAP.

Net debt, constant currency, and organic growth comparisons should not be relied upon to the exclusion of U.S. GAAP financial measures, but rather reflect additional measures of comparability and means of viewing aspects of the Company's operations that, when viewed together with the U.S. GAAP results, provide a more complete understanding of factors and trends affecting the Company's business.

Because net debt, constant currency, and organic growth comparisons are not standardised, it may not be possible to compare the Company's measures with other companies' non-U.S. GAAP financial measures having the same or a similar name. Management encourages investors to review the Company's financial statements and publicly filed reports in their entirety and not to rely on any single financial measure.

Management monitors outstanding debt obligations by calculating net debt. Net debt comprises short-term and long-term debt less cash and cash equivalents and short-term investments.

Constant currency comparisons are calculated by multiplying the prior year functional currency amount by the current year foreign currency exchange rate. Management believes that constant currency comparisons are important supplemental information for investors because these comparisons exclude the impact of changes in foreign currency exchange rates, which are outside the Company's control, and focus on the underlying growth and performance.

Organic growth figures exclude the impact of currency, acquisitions, and divestitures. Management believes that organic growth comparisons are important supplemental information because these comparisons exclude the impact of changes resulting from foreign currency exchange rates fluctuations, acquisitions, and divestitures.

3. Cash flow, net debt and Days Sales Outstanding ("DSO")

Cash used in operating activities amounted to EUR 11 in the first six months of 2013, compared to cash flows from operating activities of EUR 81 in the same period of 2012. Cash used in investing activities amounted to EUR 8 in the first six months of 2013 including EUR 36 capital expenditures. This compared to cash used in investing activities of EUR 174 in the first six months of 2012 which included EUR 87 net cash paid for VSN Inc. and EUR 48 capital expenditures. Cash used in financing activities totalled EUR 693 in the first six months of 2013 and included payment of dividends of EUR 266, the repayment of long-term debt of EUR 345, and the purchase of treasury shares of EUR 218, partly offset by a net increase in short-term debt of EUR 137. In the first six months of 2012, cash used in financing activities amounted to EUR 11 and included payment of dividends of EUR 256, as well as net inflows of EUR 260 related to the net increase of short- and long-term debt.

Net debt increased by EUR 510 to EUR 1,482 at the end of June 2013 compared to December 2012, mainly due to the payment of dividends (EUR 266) and the purchase of treasury shares (EUR 218) primarily related to the share buyback programme announced in July 2012.

DSO was 54 days in the first six months of 2013, unchanged compared to the first six months of 2012.

4. Outlook

Labour markets are starting to stabilise around Europe and the Company sees some more positive signs in its business. In France the gap to the market has been narrowing since the beginning of the year, and elsewhere in continental Europe rates of decline eased further. North America continues to perform well and Emerging Markets delivered high-single-digit growth with a strong acceleration in Eastern Europe. The Company exited the quarter with revenues in June down 2%, organically and adjusted for trading days. July showed a similar development and the steady improvement so far this year is encouraging for the second half outlook.

Given these trends, the Company maintains its price discipline and cost control. At the same time, the Company continues to invest in organic growth opportunities and the consolidation of its IT platforms, whilst focusing on its strategic priorities. SG&A in Q3 2013 is expected to be similar to Q2 2013 on a constant currency basis and before one-off costs. As announced in March this year, the Company plans to invest a total of EUR 30 in 2013 to further optimise the cost base, of which EUR 13 were invested in H1 2013.

The Company continues to be very focused on reaching its mid-term EBITA[1] margin target of above 5.5%. Given recent trends and more favourable economic conditions expected towards the end of 2013, the Company is convinced it will achieve this target by 2015.

1 EBITA is a non-U.S. GAAP measure and refers to operating income before amortisation of intangible assets.

5. Forward-looking statements

Information in this Half Year Report may involve guidance, expectations, beliefs, plans, intentions or strategies regarding the future. These forward-looking statements involve risks and uncertainties. All forward-looking statements included in this Half Year Report are based on information available to the Company as of August 7, 2013, and the Company assumes no duty to update any such forward-looking statements. The forward-looking statements in this Half Year Report are not guarantees of future performance and actual results could differ materially from the Company's current expectations. Numerous factors could cause or contribute to such differences. Factors that could affect the Company's forward-looking statements include, among other things:

- global GDP trends and the demand for temporary work;
- changes in regulation of temporary work;
- intense competition in the markets in which the Company operates;
- integration of acquired companies;
- changes in the Company's ability to attract and retain qualified internal and external personnel or clients;
- the potential impact of disruptions related to IT; and
- any adverse developments in existing commercial relationships, disputes or legal and tax proceedings.

Adecco Group – Consolidated balance sheets

in millions, except share and per share information

As of (in EUR)	Note	30.06.2013 (unaudited)	31.12.2012
Assets			
Current assets:			
• Cash and cash equivalents		373	1,103
• Short-term investments			2
• Trade accounts receivable, net		3,671	3,492
• Other current assets		278	308
Total current assets		**4,322**	**4,905**
Property, equipment, and leasehold improvements, net		268	291
Other assets		407	331
Intangible assets, net		542	570
Goodwill		3,484	3,517
Total assets		**9,023**	**9,614**
Liabilities and shareholders' equity			
Liabilities			
Current liabilities:			
• Accounts payable and accrued expenses	2	3,300	3,332
• Short-term debt and current maturities of long-term debt	3	689	541
Total current liabilities		**3,989**	**3,873**
Long-term debt, less current maturities	3	1,166	1,536
Other liabilities		490	506
Total liabilities		**5,645**	**5,915**
Shareholders' equity			
Adecco shareholders' equity:			
• Common shares		118	118
• Additional paid-in capital	4	1,345	1,616
• Treasury shares, at cost	4	(389)	(175)
• Retained earnings		2,487	2,294
• Accumulated other comprehensive income/(loss), net	4	(186)	(157)
Total Adecco shareholders' equity		**3,375**	**3,696**
Noncontrolling interests		3	3
Total shareholders' equity		**3,378**	**3,699**
Total liabilities and shareholders' equity		**9,023**	**9,614**

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

Adecco Group –
Consolidated statements of operations (unaudited)

in millions, except share and per share information

For the six months ended June 30 (in EUR)	Note	2013	2012
Revenues	11	9,487	10,230
Direct costs of services		(7,782)	(8,397)
Gross profit		**1,705**	**1,833**
Selling, general, and administrative expenses	2	(1,378)	(1,466)
Amortisation of intangible assets		(21)	(27)
Operating income	11	**306**	**340**
Interest expense		(38)	(37)
Other income/(expenses), net	8	(2)	(11)
Income before income taxes		**266**	**292**
Provision for income taxes	9	(73)	(67)
Net income		**193**	**225**
Net income attributable to noncontrolling interests			(1)
Net income attributable to Adecco shareholders		**193**	**224**
Basic earnings per share	10	**1.06**	**1.19**
Basic weighted-average shares	10	182,336,252	189,146,648
Diluted earnings per share	10	**1.06**	**1.19**
Diluted weighted-average shares	10	182,539,130	189,249,654

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

Adecco Group – Consolidated statements of comprehensive income (unaudited)

in millions, except share and per share information

For the six months ended June 30 (in EUR)	**2013**	**2012**
Net income	193	225
Other comprehensive income/(loss), net of tax:		
• Currency translation adjustment (net of tax of, 2013: less than EUR 1, 2012: EUR 1)	(31)	44
• Change in net (gain)/loss on pensions (net of tax of less than EUR 1 in both 2013 and 2012)	2	1
Total other comprehensive income/(loss)	(29)	45
Total comprehensive income	**164**	**270**
Less comprehensive income attributable to noncontrolling interests		(1)
Comprehensive income attributable to Adecco shareholders	**164**	**269**

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

Adecco Group – Consolidated statements of cash flows (unaudited)

in millions, except share and per share information

For the six months ended June 30 (in EUR)	2013	2012
Cash flows from operating activities		
Net income	193	225
Adjustments to reconcile net income to cash flows from operating activities:		
• Depreciation and amortisation	72	81
• Other charges	8	13
Changes in operating assets and liabilities, net of acquisitions:		
• Trade accounts receivable	(239)	(155)
• Accounts payable and accrued expenses	24	(27)
• Other assets and liabilities	(69)	(56)
Cash flows from/(used in) operating activities	**(11)**	**81**
Cash flows from investing activities		
Capital expenditures	(36)	(48)
Acquisition of VSN, net of cash acquired		(87)
Cash settlements on derivative instruments	25	(12)
Other acquisition and investing activities	3	(27)
Cash used in investing activities	**(8)**	**(174)**
Cash flows from financing activities		
Net increase in short-term debt	137	21
Repayment of long-term debt	(345)	(49)
Borrowings of long-term debt, net of issuance costs		288
Dividends paid to shareholders	(266)	(256)
Purchase of treasury shares, net of disposals	(218)	(12)
Cash settlements on derivative instruments		(3)
Other financing activities	(1)	
Cash used in financing activities	**(693)**	**(11)**
Effect of exchange rate changes on cash	**(18)**	**19**
Net decrease in cash and cash equivalents	**(730)**	**(85)**
Cash and cash equivalents:		
• Beginning of year	1,103	532
• End of period	373	447

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

Adecco Group –
Consolidated statements of changes in shareholders' equity (unaudited)

in millions, except share and per share information

in EUR	Common shares	Additional paid-in capital	Treasury shares, at cost	Retained earnings	Accumulated other comprehensive income/(loss), net	Non-controlling interests	Total shareholders' equity
January 1, 2013	**118**	**1,616**	**(175)**	**2,294**	**(157)**	**3**	**3,699**
Comprehensive income:							
Net income				193			193
Other comprehensive income/(loss)					(29)		(29)
Total comprehensive income							**164**
Stock-based compensation		7					7
Vesting of share awards		(12)	11				(1)
Treasury shares purchased on second trading line			(207)				(207)
Other treasury share transactions			(18)				(18)
Cash dividends, CHF 1.80 per share		(266)					(266)
June 30, 2013	**118**	**1,345**	**(389)**	**2,487**	**(186)**	**3**	**3,378**

in EUR	Common shares	Additional paid-in capital	Treasury shares, at cost	Retained earnings	Accumulated other comprehensive income/(loss), net	Non-controlling interests	Total shareholders' equity
January 1, 2012	**118**	**2,459**	**(706)**	**2,080**	**(143)**	**3**	**3,811**
Comprehensive income:							
Net income				224		1	225
Other comprehensive income/(loss)					45		45
Total comprehensive income							**270**
Stock-based compensation		7					7
Vesting of share awards		(14)	11				(3)
Other treasury share transactions			(11)	(3)			(14)
Cash dividends, CHF 1.80 per share		(256)					(256)
Acquisition of noncontrolling interests						(1)	(1)
June 30, 2012	**118**	**2,196**	**(706)**	**2,301**	**(98)**	**3**	**3,814**

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

Adecco Group – Notes to consolidated financial statements (unaudited)

in millions, except share and per share information

Note 1 • Summary of significant accounting policies

Basis of presentation and principles of consolidation
The consolidated half year financial statements include Adecco S.A., a Swiss corporation, its consolidated subsidiaries as well as variable interest entities in which Adecco is considered the primary beneficiary (collectively, the "Company").

The Company prepares its consolidated half year financial statements using the same accounting principles and methods of computation that were applied in the audited consolidated financial statements as of December 31, 2012 and for the year then ended (except as noted below under "New accounting guidance").

Certain information and footnote disclosures included in the audited consolidated financial statements as of December 31, 2012 have been condensed or omitted. As a result, the financial information in the condensed consolidated financial statements should be read in conjunction with the Company's Annual Report including the Financial Review, the Corporate Governance, and the Remuneration Report for the fiscal year ended December 31, 2012.

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

In the opinion of management, the consolidated half year financial statements reflect all adjustments necessary to present fairly the consolidated balance sheets, the consolidated statements of operations, the consolidated statements of comprehensive income, the consolidated statements of cash flows, the consolidated statements of changes in shareholders' equity, and the accompanying notes.

Use of estimates
The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("U.S. GAAP") requires management to make judgements, assumptions, and estimates that affect the amounts reported in the consolidated half year financial statements and accompanying notes. The results of these estimates form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates.

New accounting guidance
In February 2013, the Financial Accounting Standards Board ("FASB") issued ASU 2013-02, "Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income" ("ASU 2013-02"). The amendments under ASU 2013-02 require an entity to provide additional disclosures about amounts reclassified out of accumulated other comprehensive income. This guidance is effective for fiscal years beginning after December 15, 2012. The Company adopted this guidance on January 1, 2013 and it did not have a significant impact on the consolidated financial statements.

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

In July 2013, the FASB issued ASU 2013-11, "Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists" ("ASC 2013-11"). The amendments under ASC 2013-11 requires entities to present unrecognized tax benefits as a reduction of the deferred tax asset rather than as a liability when uncertain tax positions would reduce the deferred tax asset available under the tax law. This guidance requires prospective adoption, is effective for fiscal years and interim periods within those years beginning after December 15, 2013 however, early adoption is permitted. The Company is currently assessing the impact on the consolidated financial statements.

in millions, except share and per share information

Note 2 • Restructuring

In 2012, the Company launched restructuring measures in France to merge the networks of Adecco and Adia under the single Adecco brand in order to further strengthen its position in France and to ensure sustainable profitability. In addition, the Company incurred restructuring costs in 2012 in Japan and various other European countries in connection with headcount reductions and branch optimisation as well as for the data centre consolidation in North America.

Total restructuring costs incurred by the Company in the first six months of 2013 and in 2012 amounted to EUR 13 and EUR 15, respectively. Restructuring expenses are recorded in SG&A and mainly represent costs related to headcount reductions and branch optimisation. The Company expects to incur approximately EUR 17 of additional restructuring costs in the last six months of 2013.

The following table shows the costs incurred in the first six months of 2013 and the cumulative costs incurred to June 30, 2013 by segment in connection with these restructuring programmes:

in EUR	Costs incurred in the first six months of 2013	Cumulative costs incurred to June 30, 2013
Restructuring costs		
France	8	68
North America	4	10
Germany & Austria		10
Japan		1
Italy		3
Benelux		1
Other	1	3
Total restructuring costs	**13**	**96**

The changes in restructuring liabilities in connection with the 2012 plans for the period ended June 30, 2013 are as follows:

in EUR	Restructuring liabilities
January 1, 2013	**50**
Restructuring costs	13
Cash payments	(39)
Write-off of fixed assets and other	(2)
June 30, 2013	**22**

As of June 30, 2013 restructuring liabilities in connection with these plans of EUR 22 were recorded in accounts payable and accrued expenses.

in millions, except share and per share information

Note 3 • Financing arrangements

The Company's long-term and short-term debt as of June 30, 2013, amounted to EUR 1,855 compared to EUR 2,077 as of December 31, 2012. Short-term debt as of June 30, 2013 amounted to EUR 342 and consisted of borrowings under the French commercial paper programme (EUR 283) and under other lines of credit (EUR 59). Short-term debt as of December 31, 2012 amounted to EUR 205.

Long-term debt

The Company's long-term debt as of June 30, 2013 and December 31, 2012 consists of the following:

in EUR	Principal at maturity	Maturity	Fixed interest rate	30.06.2013	31.12.2012
8-year Swiss Franc fixed rate notes	CHF 125	2020	2.625%	102	104
7-year guaranteed Euro medium-term notes	EUR 500	2018	4.75%	493	493
5-year Swiss Franc fixed rate notes	CHF 350	2017	1.875%	286	291
4-year Swiss Franc fixed rate notes	CHF 350	2016	2.125%	284	289
5-year guaranteed Euro medium-term notes	EUR 346	2014	7.625%	347	358
7-year Euro fixed rate guaranteed notes	EUR 333	2013	4.5%		336
Other				1	1
				1,513	**1,872**
Less current maturities				(347)	(336)
Long-term debt, less current maturities				**1,166**	**1,536**

5-year guaranteed Euro medium-term notes

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

In April 2011, EUR 71 nominal value of outstanding 2014 notes were exchanged for the 2018 notes and EUR 73 nominal value of outstanding 2014 notes were tendered for cash. Additionally, in 2013, the Company purchased EUR 10 nominal value of the outstanding 2014 notes and incurred a loss of EUR 1 on the purchase. Both transactions reduced the nominal value of the outstanding principal of the 2014 notes to EUR 346 as of June 30, 2013.

7-year Euro fixed rate guaranteed notes

On April 25, 2006, Adecco International Financial Services BV, a wholly owned subsidiary of the Company, issued EUR 500 fixed rate notes guaranteed by Adecco S.A. due April 25, 2013 ("2013 notes"). The proceeds were used to refinance the DIS acquisition and for general corporate purposes. Interest was paid annually in arrears at a fixed annual rate of 4.5%.

In April 2011, EUR 84 nominal value of the outstanding 2013 notes were exchanged for the 2018 notes and EUR 83 nominal value of the outstanding 2013 notes were tendered for cash. This transaction reduced the nominal value of the outstanding principal of the 2013 notes to EUR 333. In April 2013, the Company settled the remaining outstanding 2013 notes at maturity.

in millions, except share and per share information

Note 4 • Shareholders' equity

Authorised shares and appropriation of available earnings
As of June 30, 2013 and December 31, 2012, Adecco S.A. had 4,166,804 shares of conditional capital reserved for issuance of common shares to employees and members of the Board of Directors upon the exercise of stock options. In addition, as of June 30, 2013 and December 31, 2012, Adecco S.A. was authorised by its shareholders to issue up to 15,400,000 shares of conditional capital in connection with the issuance of financial instruments, principally convertible bonds. The shares represent conditional capital authorised without time limitation and remain available for share issuance upon conversion of financial instruments issued or to be issued in the future.

In the first six months of 2013 and the first six months of 2012, the number of treasury shares acquired on the regular trading line, net of disposals, amounted to 428,473 and 396,324, respectively, and the net consideration paid amounted to EUR 18 and EUR 11, respectively.

During the six months ended June 30, 2013 and the six months ended June 30, 2012, the Company awarded 6,009 and 6,555, respectively to the Chairman of the Board of Directors as part of his compensation package. In addition, in the first six months of 2013 and the first six months of 2012, 295,305 and 280,169 treasury shares, respectively, were used to settle share awards under the long-term incentive plan.

In June 2012, the Company launched a share buyback programme of up to EUR 400 on a second trading line with the aim of subsequently cancelling the shares and reducing share capital. The share buyback commenced in mid-July 2012. In the first six months of 2013, the Company has acquired 4,905,804 shares under this programme for EUR 207. As of August 7, 2013, the Company has acquired 8,935,391 shares for a total consideration of EUR 361.

The Annual General Meeting of Shareholders of Adecco S.A. was held on April 18, 2013. The shareholders approved a dividend of CHF 1.80 per share in respect of the fiscal year 2012. The entire dividends of EUR 266 were allocated from Adecco S.A.'s reserve from capital contributions (subaccount of general reserves) to free reserves and subsequently distributed to shareholders in the second quarter of 2013. The statutory reserve from capital contributions is classified as additional paid-in capital in the consolidated balance sheet.

After completion of the current programme, the Company intends to launch a new share buyback programme of up to EUR 250 also on a second trading line with the aim of subsequently cancelling the shares and reducing the share capital.

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

in EUR	**30.06.2013**	**31.12.2012**
Currency translation adjustment	(153)	(122)
Unrealised gain on cash flow hedging activities	2	2
Pension-related adjustments	(35)	(37)
Accumulated other comprehensive income/(loss), net	**(186)**	**(157)**

In the first six months of 2013 an amount of EUR 2 (net of tax of less than EUR 1) was reclassified from accumulated other comprehensive income/(loss), net to SG&A in the statement of operations in connection with pension-related adjustments.

in millions, except share and per share information

Note 5 • Employee benefit plans

For the six months ended June 30, 2013 and June 30, 2012, estimated net pension expense for the defined benefit plans is as follows:

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

Note 6 • Financial instruments

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

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

Risk and use of derivative instruments

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

in millions, except share and per share information

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

Fair value of non-derivative financial instruments

The following table shows the carrying value and the fair value of non-derivative financial instruments as of June 30, 2013 and December 31, 2012:

	30.06.2013		31.12.2012	
in EUR	Carrying value	Fair value	Carrying value	Fair value
Non-derivative financial instruments				
Current assets:				
• Cash and cash equivalents	373	373	1,103	1,103
• Short-term investments			2	2
• Trade accounts receivable, net	3,671	3,671	3,492	3,492
Current liabilities:				
• Accounts payable	585	585	575	575
• Short-term debt	342	342	205	205
• Current maturities of long-term debt	347	367	336	340
Non-current liabilities:				
• Long-term debt	1,166	1,251	1,536	1,661

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

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

in millions, except share and per share information

Fair value of derivative financial instruments

The following table shows the notional amount and the fair value of derivative financial instruments as of June 30, 2013 and December 31, 2012:

		Notional amount		Fair value	
in EUR	Balance sheet location	30.06.2013	31.12.2012	30.06.2013	31.12.2012
Derivative assets					
Derivatives designated as hedging instruments under ASC 815:					
• Interest rate swaps	Other current assets		150		2
• Interest rate swaps	Other assets	50	175	1	6
Derivatives not designated as hedging instruments under ASC 815:					
• Foreign currency contracts	Other current assets	607	1,437	14	21
• Cross-currency interest rate swaps	Other current assets		42		4
• Interest rate swaps	Other current assets	125	150	2	2
Derivative liabilities					
Derivatives not designated as hedging instruments under ASC 815:					
• Foreign currency contracts	Accounts payable and accrued expenses	533	582	(6)	(24)
• Interest rate swaps	Accounts payable and accrued expenses		150		(1)
Total net derivatives				**11**	**10**

In addition, accrued interest receivable on interest rate swaps of below EUR 1 and EUR 11 was recorded in other current assets as of June 30, 2013 and as of December 31, 2012, respectively. There was no accrued interest payable on cross-currency interest rate swaps and interest rate swaps recorded as of June 30, 2013, whereas EUR 2 was recorded in accounts payable and accrued expenses as of December 31, 2012.

The fair value of interest rate swaps, foreign currency contracts, and cross-currency interest rate swaps is calculated by using the present value of future cash flows based on observable market inputs. The Company adds an adjustment for non-performance risk in the recognised measure of fair value of derivative instruments as well as a liquidity charge represented by the bid-ask spread of the outstanding derivatives. The non-performance adjustment reflects the Credit Default Swap ("CDS") applied to the exposure of each transaction. The Company uses the counterparty CDS spread in case of an asset position and its own CDS spread in case of a liability position. As of June 30, 2013 and December 31, 2012, the total impact of non-performance risk and liquidity risk was a loss of less than EUR 1 and EUR 2, respectively.

in millions, except share and per share information

Fair value hedges

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

For the six months of 2013 and the six months of 2012, the gain and loss on the hedged fixed rate notes attributable to the hedged benchmark interest rate risk and the offsetting loss and gain on the related interest rate swaps, both reported as interest expense, are as follows:

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

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

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

Cash flow hedges

There was no effective portion of gains or loss on cash flow hedges recognised in other comprehensive income/(loss), net, as of June 30, 2013 and June 30, 2012. As of June 30, 2013 and December 31, 2012, gains relating to cash flow hedges included as a component of accumulated other comprehensive income/(loss), net, amounted to EUR 2 in both periods. No significant gains or losses were recorded in the first six months of 2013 or the first six months of 2012, due to ineffectiveness in cash flow hedge relationships. In the first six months of 2013 and the first six months of 2012, no significant gains or losses were excluded from the assessment of hedge effectiveness of the cash flow hedges. No significant reclassifications into earnings of gains and losses that are reported in accumulated other comprehensive income/(loss), net, are expected within the next 12 months.

Net investment hedges

As of June 30, 2013 and December 31, 2012, the net loss relating to net investment hedges included as a component of accumulated other comprehensive income/(loss), net, amounted to EUR 67 (net of tax of EUR 6) and EUR 69 (net of tax of EUR 6), respectively, resulting from net investment hedges terminated in 2005. No reclassifications of losses reported in accumulated other comprehensive income/(loss), net, into earnings are expected within the next 12 months.

Other hedge activities

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

in millions, except share and per share information

In connection with these activities, the Company recorded a net loss of EUR 3 and EUR 1 in the six months ended June 30, 2013 and the six months ended June 30, 2012, respectively, as follows:

in EUR Derivative	Location of gain/(loss) on derivative recognised in earnings	Gain/(loss) on derivative recognised in earnings 2013	2012	Hedged item	Location of gain/(loss) on related hedged item recognised in earnings	Gain/(loss) on related hedged item recognised in earnings 2013	2012
Foreign currency contracts	Other income/ (expenses), net	27	(20)	Cash, loans, and receivables to/ from subsidiaries	Other income/ (expenses), net	(30)	19

No significant amounts were recorded in other income/(expenses), net, related to interest rate swaps not designated as hedging instruments under ASC 815 in the first six months of 2013 and 2012. In the first six months of 2012, an expense of EUR 1 was recorded in other income/(expenses), net, related to swaption not designated as hedging instruments under ASC 815. The swaption was closed in December 2012.

Credit risk concentration

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

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

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

Note 7 • Fair value measurement

The following table represents the Company's assets and liabilities that are measured at fair value on a recurring basis as of June 30, 2013 and December 31, 2012, consistent with the fair value hierarchy provisions of ASC 820 "Fair Value Measurements and Disclosures":

in EUR	Level 1	Level 2	Level 3	Total
June 30, 2013				
Assets				
Derivative assets		17		17
Liabilities				
Derivative liabilities		6		6
December 31, 2012				
Assets				
Available-for-sale securities	2			2
Derivative assets		45		45
Liabilities				
Derivative liabilities		26		26

in millions, except share and per share information

Note 8 • Other income/(expenses), net

For the first six months of 2013 and the first six months of 2012, other income/(expenses), net, consist of the following:

in EUR	2013	2012
Foreign exchange gain/(loss), net	(3)	(1)
Interest income	2	3
Proportionate net income of investee companies	1	1
Other non-operating income/(expenses), net	(2)	(14)
Total other income/(expenses), net	**(2)**	**(11)**

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

Note 9 • Income taxes

Adecco S.A. is incorporated in Switzerland and the Company operates in various countries with different tax laws and rates. A substantial portion of the Company's operations are outside of Switzerland. Since the Company operates worldwide, the weighted-average effective tax rate will vary from year to year depending on the earnings mix by country. Income taxes for the first six months of 2013 were provided at a rate of 27%, based on the Company's current estimate of the annual effective tax rate. For the six months ended June 30, 2012, the tax rate was 23%.

The income tax rate in the first six months of 2013 and in the first six months of 2012 includes the positive impact of EUR 11 and EUR 37, respectively, from the successful resolution of prior years' audits and tax disputes, the expiration of the statute of limitations in several jurisdictions, and other discrete events.

As of June 30, 2013, the total amount of unrecognised tax benefits recorded decreased by EUR 15 when compared to December 31, 2012 as a result of the settlement of tax audits, fluctuations in exchange rates, and the application of the statute of limitations in several jurisdictions. This was partly offset by current year additions. As of June 30, 2012, the total amount of unrecognised tax benefits recorded decreased by EUR 23 compared to December 31, 2011 as a result of the settlement of tax audits and tax disputes, and the application of the statute of limitations in several jurisdictions. This was partly offset by 2012 additions and exchange rate fluctuations.

The Company and its subsidiaries file income tax returns in multiple jurisdictions with varying statutes of limitations. Based on the outcome of examinations, or as a result of the expiration of the statute of limitations for specific jurisdictions, it is reasonably possible that the related unrecognised tax benefits for tax positions taken regarding previously filed tax returns could materially change from those recorded as liabilities for uncertain tax positions in the Company's financial statements. An estimate of the range of the possible change cannot be made until issues are further developed or examinations close.

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

in millions, except share and per share information

Note 10 • Earnings per share

The following table sets forth the computation of basic and diluted earnings per share for the six months ended June 30, 2013 and June 30, 2012:

	2013		2012	
in EUR (except number of shares)	Basic	Diluted	Basic	Diluted
Numerator				
Net income attributable to Adecco shareholders	193	193	224	224
Net income available for earnings per share calculation	**193**	**193**	**224**	**224**
Denominator				
Weighted-average outstanding shares	182,336,252	182,336,252	170,512,725	170,512,725
Weighted-average shares deliverable under prepaid forward			18,633,923	18,633,923
Weighted-average shares	**182,336,252**	**182,336,252**	**189,146,648**	**189,146,648**
Incremental shares for assumed conversions:				
• Employee stock-based compensation		202,878		103,006
Total average equivalent shares	**182,336,252**	**182,539,130**	**189,146,648**	**189,249,654**
Per share amounts				
Net earnings per share	**1.06**	**1.06**	**1.19**	**1.19**

As of June 30, 2012, the weighted-average shares include 18,633,923 deliverable under the prepaid forward with Adecco Investment (Bermuda) Ltd which was settled in November 2012.

Stock options of 8,300 and 102,040 as of June 30, 2013 and June 30, 2012 were excluded from the computation of diluted net income per share as the effect would have been anti-dilutive.

Note 11 • Segment reporting

The Company is organised in a geographical structure plus the global business Lee Hecht Harrison ("LHH"), which corresponds to the primary segments. This structure is complemented by business lines. The segments consist of France, North America, UK & Ireland, Germany & Austria, Japan, Italy, Benelux, Nordics, Iberia, Australia & New Zealand, Switzerland, Emerging Markets, and LHH. The business lines consist of Office, Industrial, Information Technology, Engineering & Technical, Finance & Legal, Medical & Science, and Solutions. The classification of a specific branch into a business line is determined by the business line generating the largest revenue share in that specific branch.

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

Adecco Group –
Notes to consolidated financial statements (unaudited)

in millions, except share and per share information

in EUR	France [1]	North America	UK & Ireland	Germany & Austria	Japan	Italy	Benelux	LHH	Other [1]	Corporate	Total
Six months ended June 30, 2013											
Revenues	2,255	1,848	925	760	575	463	426	162	2,073		9,487
Depreciation	(13)	(7)	(3)	(4)	(3)	(1)	(3)	(2)	(11)	(4)	(51)
Operating income before amortisation of intangible assets	68	81	16	33	31	27	9	45	63	(46)	327
Amortisation of intangible assets											(21)
Operating income											306
Interest expense, and other income/(expenses), net											(40)
Provision for income taxes											(73)
Net income											**193**
Segment assets	1,503	2,133	670	1,790	299	221	303	442	1,452	210	9,023

in EUR	France [1]	North America	UK & Ireland	Germany & Austria	Japan	Italy	Benelux	LHH	Other [1]	Corporate	Total
Six months ended June 30, 2012											
Revenues	2,636	1,876	929	786	810	477	452	157	2,107		10,230
Depreciation	(10)	(8)	(3)	(4)	(9)	(2)	(3)	(2)	(9)	(4)	(54)
Operating income before amortisation of intangible assets	67	83	14	43	48	26	15	42	78	(49)	367
Amortisation of intangible assets											(27)
Operating income											340
Interest expense, and other income/(expenses), net											(48)
Provision for income taxes											(67)
Net income											**225**
Segment assets	1,667	2,203	771	1,858	423	216	303	459	1,455	228	9,583

1 As of January 2013, Morocco and Tunisia, previously within France, are reported under Other. The 2012 information has been restated to conform to the current year presentation.

Note 12 • Commitments and contingencies

Guarantees

The Company has entered into certain guarantee contracts and standby letters of credit that total EUR 754, including those letters of credit issued under the multicurrency revolving credit facility (EUR 72). The guarantees primarily relate to government requirements for operating a temporary staffing business in certain countries and are generally renewed annually. Other guarantees relate to operating leases and credit lines. The standby letters of credit mainly relate to workers' compensation in the USA. If the Company is not able to obtain and maintain letters of credit and/or guarantees from third parties, then the Company would be required to collateralise its obligations with cash. Due to the nature of these arrangements and historical experience, the Company does not expect to be required to collateralise its obligations with cash.

Contingencies

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

Note 13 • Subsequent events

On July 10, 2013, the French competition authority commenced an investigation of the Company and certain of its competitors with regards to alleged anti-competitive practices in France. The Company is fully co-operating with the French competition authority. Up to the date of this report, the Company has not received any statement of objections by the French competition authorities and is unable to predict whether the outcome of this matter will have a material adverse effect on the Company's consolidated financial position, results of operations, or cash flows.

On July 16, 2013, Adecco International Financial Services BV, a wholly owned subsidiary of the Company, issued EUR 400 long-term 6-year notes with a coupon of 2.750%, guaranteed by Adecco S.A., due on November 15, 2019. The notes were issued within the framework of the Euro Medium-Term Note Programme and trade on the London Stock Exchange. The proceeds will be used for general corporate purposes including the refinancing of the existing 5-year guaranteed Euro medium-term notes due April 28, 2014.

After completion of the current share buyback programme, the Company intends to launch a new share buyback programme of up to EUR 250. The new programme will also be executed on a second trading line with the aim of subsequent cancellation of the shares and reduction of the share capital, after formal shareholder approval.

The Company has evaluated subsequent events through August 7, 2013, the date the financial statements were available to be issued. No other significant events occurred subsequent to the balance sheet date but prior to August 7, 2013 that would have a material impact on the consolidated financial statements.

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