

Adecco boosts operating profitability in Q3 2007

Q3 HIGHLIGHTS (Q3 07 vs. Q3 06)

- Revenues of EUR 5.4 billion, up 2% (2% organically¹)
- Reported operating income of EUR 296 million, up 22%
- Reported net income of EUR 230 million, up 40%
- Underlying² gross margin improvement of 80 bps to 18.0%
- Underlying² operating income margin improvement of 50 bps to 5.1%
- Up to EUR 400 million share buy back

Q3 2007 KEY FIGURES (reported vs. underlying²)

In EUR million	Q3 2007 Reported	Q3 2007 underlying ²	Q3 underlying ² organic growth
Revenues	5,442	5,442	2%
Gross profit	1,007	981	6%
EBITA	304	286	11%
Operating income	296	278	11%
Net income	230	218	n.a.

Zurich, Switzerland, November 2, 2007: The Adecco Group, the worldwide leader in Human Resource services, today announced results for the third quarter of 2007. For the third quarter net income increased by 40% to EUR 230 million compared to EUR 164 million a year earlier, positively impacted by EUR 12 million French social charge benefits and EUR 28 million lower income taxes. Revenues were up 2% organically to EUR 5.4 billion compared with EUR 5.3 billion in 2006. Underlying² operating income margin improved 50 bps to 5.1%.

Dieter Scheiff, Chief Executive Officer, Adecco Group said: "I'm pleased with the performance of Adecco in the third quarter. We are focused on shareholder value generation through profitable revenue growth, which has resulted in another strong underlying² operating margin expansion of 50 bps to 5.1%. We maintained good pricing discipline particularly in our main markets, France and the US, while carefully managing cost efficiency. We are well on track to reach over 5% EBITA margin by 2009."

"We continue to see solid growth rates in the European and Asian staffing markets, while demand in the US remains weak. Given our value based management approach we expect to continue to see growth rates below the market in France."

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

² Underlying is a non US GAAP measure and excludes the impact of the modified calculation of French social charges as announced by the French government for the period Q3 2007 of EUR 26 million on gross profit, EUR 18 million on operating income and EUR 12 million on net income.

Q3 2007 FINANCIAL PERFORMANCE**Revenues**

Group revenues for Q3 2007 were EUR 5.4 billion, a 2% increase compared with Q3 2006. On an organic basis, when excluding the impact of currency and acquisitions, Adecco grew revenues by 2%. Permanent placement revenues were EUR 98 million in the quarter, which is an increase of 15% in constant currency compared to the same quarter last year.

Gross Profit

Gross margin improved 130 bps to 18.5% compared to the third quarter of 2006. On an underlying² basis, when excluding the modification of the calculation of French social charges, gross margin improved 80 bps to 18.0% as a result of higher gross margin in the temporary staffing business and the growing contribution of permanent placement. The acquisition of Tuja added 10 bps to the Group's gross margin.

Selling, General and Administrative Expenses (SG&A)

SG&A increased 5% in the period under review. Underlying² organic SG&A grew 4%, reflecting an increase in SG&A as a percentage of revenues of 20 bps to 12.8%. Organically, Adecco grew the office network by 3% (+200 offices) and FTEs by 3% (+900 FTEs) compared to the same quarter last year. At the end of September 2007, Adecco had over 37,000 FTEs and over 7,000 offices.

Amortisation of Intangible Assets

Amortisation increased to EUR 8 million from EUR 4 million in the same quarter last year due to the acquisition of Tuja, which was consolidated as of August 2007. For the fourth quarter the amortisation is expected to be EUR 10 million.

Operating Income

Operating income for the third quarter 2007 was EUR 296 million, an increase of 22% (11% on an underlying² organic basis) compared with Q3 2006. The modification of the calculation of French social charges added EUR 18 million to operating income. Operating margin improved to 5.4% versus 4.6% for the same period last year. Underlying² operating margin increased by 50 bps to 5.1%.

Interest Expense and Other Income / (Expenses), net

Interest expense was EUR 15 million in the period under review, which compares to EUR 14 million in Q3 2006. For the full year 2007, interest expense is expected to be approximately EUR 56 million. Other income / (expense), net was EUR 4 million (Q3 2006 EUR 5 million).

Provision for Income Taxes

The effective tax rate for the third quarter of 2007 was 18% compared with 29% in the same period last year. The current quarter includes a positive impact of EUR 28 million due to the German income tax rate change effective January 1, 2008, which led to a revaluation of the deferred tax liability mainly in connection with the Tuja acquisition. For the fourth quarter Adecco continues to expect an underlying effective tax rate of approximately 29%.

Net Income and EPS

Net income was up 40% to EUR 230 million in the third quarter of 2007 (Q3 2006: EUR 164 million), which represents a net income margin of 4.2%. Basic EPS was EUR 1.24 (EUR 0.88 for Q3 2006). The modified calculation of French social charges had a positive EPS impact of EUR 0.07.

Balance Sheet, Cash-flow, and Net Debt³

The Group generated EUR 766 million of operating cash flow in the first nine months of 2007 and invested EUR 980 million in the acquisition of Tuja and the minority holdings in DIS AG. As a result the net debt position increased to EUR 951 million at the end of September 2007 compared to EUR 556 million at the year end of 2006. In the third quarter of 2007 DSO improved 1 day to 59 days compared with Q3 2006.

Currency Impact

Currency fluctuations had a negative impact of 2% on revenues and 1% on operating income in the third quarter of 2007, mainly due to the weakness of the US dollar and the Japanese yen.

GEOGRAPHICAL PERFORMANCE

In **France**, due to Adecco's focus on value generation revenues decreased by 2% to EUR 1.8 billion in the third quarter of 2007. Operating income grew 30% to EUR 98 million, which reflects an operating margin improvement of 140 bps to 5.5%. Underlying² gross margin improved 60 bps, while underlying² operating margin expanded by 40 bps to 4.5%. Good pricing discipline in temporary staffing is the main reason behind this underlying² improvement.

In **Germany** revenue growth was 54% in the third quarter of 2007 and 14% organically. Tuja has been consolidated as of August 2007. Adecco Germany experienced 17% revenue growth, while DIS grew 12% in the period under review. Operating income grew 51% compared to Q3 2006, corresponding to an operating margin of 13.6% versus 13.9% in the same period last year. Compared to Q3 2006 there were 1% fewer trading days in the period under review, which had a negative impact on profitability.

In **USA & Canada**, Adecco's revenues declined by 8% in constant currency to EUR 0.8 billion in Q3 2007. The decline was most significant in the Industrial business, while only moderate in the Office business. Favourable workers' compensation development, a better customer mix and the recovery of the outplacement business led to a 90 bps improvement in gross margin, which, combined with a decline in SG&A, resulted in an operating income growth of 2% in constant currency. Operating margin increased by 50 bps to 4.9%.

In the **UK & Ireland**, revenues remained flat in constant currency. Rigorous restructuring, particularly in the Industrial and Information Technology business lines, led to a declining business, which was compensated by good revenue growth in Finance & Legal. As expected operating income declined 23% in constant currency mainly due to a EUR 2 million restructuring charge. Operating margin was 2.8%.

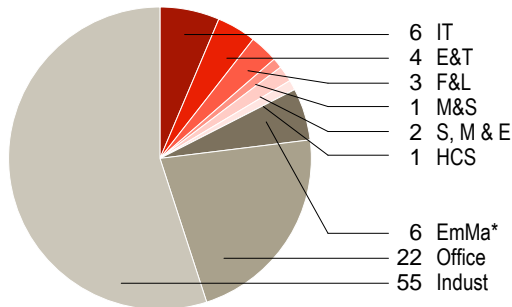
In **Japan**, revenues in constant currency grew 7% in the third quarter of 2007. A more favourable customer mix and a healthy pricing environment led to a 120 bps gross margin improvement, while operating margin expanded to 7.2% from 5.8% in the same period last year.

Nordics' revenues increased by 16% in constant currency. **Italy, Iberia** and **Benelux** grew revenues by 9%, 7% and 1% respectively in Q3 2007. In the **Emerging Markets** revenues increased 20% in constant currency, organically 15%.

³ Net debt is a non-US GAAP measure and comprises short-term and long-term debt less cash and cash equivalents and short-term investments

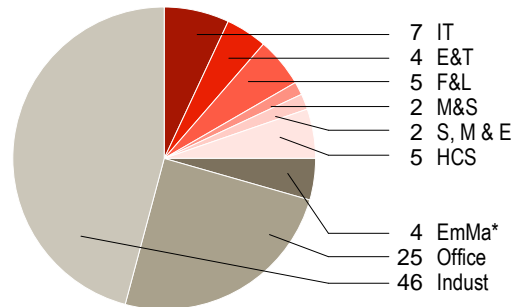
BUSINESS LINE PERFORMANCE

Q3 2007 Revenues in percent



* Emerging Markets excluding professional business lines

Q3 2007 Underlying² gross profit in percent



Adecco grew revenues of the **Office and Industrial** businesses by 3% in constant currency to EUR 4.2 billion in Q3 2007 (0% organically) and increased gross margin by 160 bps to 17.2%. Underlying² gross margin improved 90 bps to 16.5%. The Industrial business increased revenues by 3% in constant currency (0% organically) driven by strong demand in Italy and Germany. France's revenues declined 1%, USA & Canada decreased 15% in constant currency. In the Office business, the increase in revenues was 2% in constant currency with solid revenue additions in Japan and Nordics, while declining in France in the USA & Canada.

In the third quarter of 2007, revenues in the **Professional Business⁴** grew 5% in constant currency and 4% on an organic basis. Gross margin in the Professional Business increased 20 bps to 25.8%.

In **Information Technology (IT)**, Adecco's revenues remained flat in constant currency and declined 2% on an organic basis. Continued focus on value based management led to a sales decrease in the UK & Ireland, while revenues in the USA & Canada further declined due to general market conditions.

Adecco's **Engineering & Technical (E&T)** business grew revenues by 2% in constant currency. In USA & Canada, Adecco increased revenues in single digit growth rates in constant currency, while revenues in the UK & Ireland declined slightly. Demand in Germany continued to be strong.

In **Finance & Legal (F&L)**, Adecco increased revenues by 12% in constant currency in the third quarter of 2007. The declining business in USA & Canada was compensated by strong revenue growth in UK & Ireland.

In the third quarter of 2007, revenues in **Human Capital Solutions (HCS)** increased 12% in constant currency. In **Sales, Marketing & Events (SM&E)** and **Medical & Science (M&S)** revenues grew 11% and 10% (8% organically) in constant currency, respectively.

⁴ Professional business refers to Adecco's Information Technology, Engineering & Technical, Finance & Legal, Medical & Science, Sales, Marketing & Events and Human Capital Solutions businesses.

MANAGEMENT OUTLOOK

The Group remains committed to its objective of revenue growth of at least 7-9% per annum on average for the coming years, providing no material changes to the macroeconomic environment. At the same time management continues to be confident that the focus on value based management and professional and specialized business fields will allow Adecco to continuously improve 2009 operating margin to over 5% and 2009 return on capital employed (ROCE) to above 25%, which compares to 20.3% in 2006.

For the remainder of the year management continues to expect below market growth in France as the focus on shareholder value and profitable growth continues. The market in the USA & Canada is anticipated to remain weak, while solid growth in Europe and ongoing good demand in Japan should continue.

Adecco's Board of Directors decided to purchase Adecco shares for up to EUR 400 million by the end of 2008. The shares are intended to be used for future acquisitions or to minimize potential dilution related to the outstanding convertible bond.

Financial Agenda 2007 and 2008

- | | |
|--------------------------|------------------|
| • Q4 & FY 2007 results | March 4, 2008 |
| • Q1 2008 results | May 5, 2008 |
| • Annual general meeting | May 6, 2008 |
| • Q2 2008 results | August 12, 2008 |
| • Q3 2008 results | November 4, 2008 |

Forward-looking statements

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

About Adecco

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

Adecco S.A. is registered in Switzerland (ISIN: CH001213860) and listed on the Swiss Stock Exchange with trading on Virt-x (SWX/VIRT-X: ADEN) and the Eurolist of Euronext Paris (EURONEXT: ADE).

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There will be an audiocast of the media conference at 9 am CET as well as a webcast of the analyst presentation at 11 am CET, details of which can be found at our Investor Relations section at <http://webcast.adecco.com>.

Consolidated statements of operations

EUR millions, except share and per share amounts	Q3 2007	Q3 2006	Variance %		9M 2007	9M 2006	Variance %	
			EUR	Constant Currency			EUR	Constant Currency
Revenues	5,442	5,327	2%	4%	15,715	15,139	4%	6%
Direct costs of services	(4,435)	(4,409)			(12,746)	(12,525)		
Gross profit	1,007	918	10%	12%	2,969	2,614	14%	17%
<i>Gross margin</i>	18.5%	17.2%			18.9%	17.3%		
Selling, general and administrative expenses	(703)	(671)	5%	7%	(2,145)	(2,012)	7%	10%
<i>As a percentage of revenues</i>	12.9%	12.6%			13.6%	13.3%		
Amortisation of intangible assets	(8)	(4)			(16)	(8)		
Operating income	296	243	22%	23%	808	594	36%	39%
<i>Operating income margin</i>	5.4%	4.6%			5.1%	3.9%		
Interest expense	(15)	(14)			(41)	(38)		
Other income/(expenses), net	4	5			23	12		
Income before income taxes and minority interests	285	234	22%		790	568	39%	
Provision for income taxes	(53)	(68)			(198)	(165)		
Income applicable to minority interests	(2)	(2)			(7)	(4)		
Net income	230	164	40%		585	399	47%	
<i>Net income margin</i>	4.2%	3.1%			3.7%	2.6%		
Basic earnings per share data:								
Basic earnings per share	1.24	0.88			3.16	2.14		
Basic weighted-average shares	185,856,363	186,135,884			185,334,212	186,469,016		
Diluted earnings per share data:								
Diluted earnings per share	1.18	0.84			3.02	2.05		
Diluted weighted-average shares	196,057,131	196,174,279			195,645,574	196,592,919		

Revenues and operating income by geographies

EUR millions	Q3 2007	Q3 2006	Variance %		9M 2007	9M 2006	Variance %	
			EUR	Constant Currency			EUR	Constant Currency
Revenues								
France	1,785	1,819	-2%	-2%	5,170	5,041	3%	3%
USA & Canada ¹	806	926	-13%	-8%	2,447	2,821	-13%	-6%
UK & Ireland ¹	483	477	1%	0%	1,439	1,346	7%	5%
Japan	340	352	-3%	7%	1,034	1,079	-4%	7%
Italy	300	275	9%	9%	919	846	9%	9%
Iberia	309	289	7%	7%	861	804	7%	7%
Benelux	253	251	1%	1%	733	704	4%	4%
Nordics ²	251	217	16%	16%	714	571	25%	26%
Germany ²	362	235	54%	54%	857	543	58%	58%
Australia & New Zealand ²	124	107	16%	10%	352	307	15%	13%
Switzerland ²	120	118	2%	8%	325	304	7%	12%
Emerging Markets ²	309	261	18%	20%	864	773	12%	16%
Adecco Group²	5,442	5,327	2%	4%	15,715	15,139	4%	6%
Operating Income³								
France ⁴	98	75	30%	30%	329	180	83%	83%
USA & Canada ¹	39	41	-4%	2%	112	109	3%	10%
UK & Ireland ¹	14	17	-22%	-23%	41	47	-13%	-14%
Japan	25	20	19%	31%	71	65	9%	22%
Italy	19	18	9%	9%	60	52	17%	17%
Iberia	22	20	16%	16%	55	51	9%	9%
Benelux	19	15	25%	25%	41	32	28%	28%
Nordics	14	17	-13%	-13%	31	38	-17%	-16%
Germany	50	33	51%	51%	101	56	80%	80%
Australia & New Zealand	4	4	10%	5%	9	7	41%	36%
Switzerland	12	11	10%	16%	30	25	17%	23%
Emerging Markets	12	8	48%	53%	28	25	9%	11%
Total Operating Units	328	279	18%	20%	908	687	32%	35%
Corporate Expenses	(24)	(32)			(84)	(85)		
EBITA	304	247			824	602		
Amortisation of intangible assets	(8)	(4)			(16)	(8)		
Adecco Group⁴	296	243	22%	23%	808	594	36%	39%

1) A business previously reported in UK & Ireland is now included in USA & Canada, as in 2007 this business is managed by USA & Canada. The 2006 information has been restated to conform to the current year presentation.

2) Q3 revenues increased organically in Nordics by 16% (9M: 23%); Germany by 14% (9M: 20%); Australia & New Zealand by 6% (9M: 7%); Switzerland by 3% (9M: 10%); Emerging Markets by 15% (9M: 14%) and Adecco Group by 2% (9M: 4%).

3) Contribution (EBITA) on the operating unit level.

4) Underlying operating income increased in France 7% to EUR 80 million (9M: 17% to EUR 210 million) and in the Adecco Group 16% to EUR 278 million (9M: 18% to EUR 689 million) in constant currency.

Revenues breakdown and revenue growth by business line

EUR millions	Q3 2007	Q3 2006	Variance %		Q3 2007	Q3 2006	Variance %	
			EUR	Constant Currency			EUR	Constant Currency
Revenues^{1,2}								
Office	1,187	1,204	-1%	2%	3,533	3,526	0%	4%
Industrial	2,997	2,932	2%	3%	8,481	8,100	5%	6%
Total Office and Industrial	4,184	4,136	1%	3%	12,014	11,626	3%	5%
Information Technology	344	351	-2%	0%	1,051	1,050	0%	3%
Engineering & Technical	233	235	0%	2%	707	662	7%	11%
Finance & Legal	161	149	8%	12%	459	436	5%	10%
Medical & Science	68	62	10%	10%	179	160	12%	13%
Sales, Marketing & Events	88	81	9%	11%	271	252	7%	10%
Human Capital Solutions	58	53	9%	12%	180	181	0%	3%
Total Professional Business Lines	952	931	2%	5%	2,847	2,741	4%	7%
Emerging Markets³	306	260	17%	19%	854	772	11%	15%
Adecco Group	5,442	5,327	2%	4%	15,715	15,139	4%	6%

1) Breakdown of revenues is based on dedicated branches.

The 2007 information includes certain changes in the allocation of branches to business lines, most notably from Office to Finance & Legal and from Sales, Marketing & Events to Industrial. The 2006 information has been restated to conform to the current year presentation.

2) Q3 revenues increased organically in Office by 2% (9M: 4%); Industrial by 0% (9M: 4%); Office & Industrial by 0% (9M: 4%); Information Technology by -2% (9M: 0%); Engineering & Technical by 2% (9M: 4%); Finance & Legal by 12% (9M: 8%); Medical & Science by 8% (9M: 11%); Human Capital Solutions by 12% (9M: 3%); Total Professional Business Lines by 4% (9M: 4%); Emerging Markets by 14% (9M: 13%) and Adecco Group by 2% (9M: 4%).

3) Emerging Markets excluding professional business lines.

Consolidated balance sheets

EUR millions	Sep 30 2007	Dec 31 2006
Assets		
Current assets:		
– Cash and cash equivalents	492	875
– Short-term investments	9	13
– Trade accounts receivable, net	4,092	3,846
– Other current assets ¹	309	311
Total current assets	4,902	5,045
Property, equipment, and leasehold improvements, net	225	229
Other assets ¹	281	357
Intangible assets, net	442	169
Goodwill	2,662	1,882
Total assets	8,512	7,682
Liabilities and shareholders' equity		
Liabilities		
Current liabilities:		
– Accounts payable and accrued expenses ¹	3,700	3,544
– Short-term debt and current maturities of long-term debt	383	38
Total current liabilities	4,083	3,582
Long-term debt, less current maturities	1,069	1,406
Other liabilities ¹	443	187
Total liabilities	5,595	5,175
Minority interests	10	41
Shareholders' equity		
Common shares	118	117
Additional paid-in capital	2,120	2,100
Treasury stock, at cost	(156)	(182)
Retained earnings	915	466
Accumulated other comprehensive income/(loss), net	(90)	(35)
Total shareholders' equity	2,907	2,466
Total liabilities and shareholders' equity	8,512	7,682

1) As a result of the adoption of FIN 48 on January 1, 2007, an amount of EUR 164, EUR 73, and EUR (6) of unrecognised income tax benefits, previously reported in "accounts payable and accrued expenses", have been reclassified to "other liabilities", "other assets" and "other current assets", respectively.

Consolidated statements of cash flows

EUR millions	9M 2007	9M 2006
Cash flows from operating activities		
Net income	585	399
Adjustments to reconcile net income to cash flows from operating activities:		
– Depreciation and amortisation	83	78
– Other charges	44	43
Changes in operating assets and liabilities, net of acquisitions:		
– Trade accounts receivable	(207)	(406)
– Accounts payable and accrued expenses	266	340
– Other assets and liabilities	(5)	26
Cash flows from operating activities	766	480
Cash flows from/(used in) investing activities		
Capital expenditures, net of proceeds	(61)	(58)
Acquisition of Tuja, net of cash acquired	(761)	
Acquisition of DIS, net of cash acquired	(219)	(552)
Purchase of short-term investments	(1)	(44)
Proceeds from sale of short-term investments	5	397
Cash settlements on derivative instruments	(8)	8
Other acquisition and investing activities	(26)	(34)
Cash flows from/(used in) investing activities	(1,071)	(283)
Cash flows from/(used in) financing activities		
Net increase in short-term debt	26	24
Borrowings of long-term debt, net of issuance costs		694
Repayment of long-term debt		(517)
Dividends paid to shareholders	(135)	(120)
Common stock options exercised	40	34
Cash settlements on derivative instruments	2	(20)
Purchase of treasury shares		(43)
Other financing activities	4	(4)
Cash flows from/(used in) financing activities	(63)	48
Effect of exchange rate changes on cash		
	(15)	(9)
Net increase/(decrease) in cash and cash equivalents	(383)	236
Cash and cash equivalents:		
– Beginning of year	875	468
– End of period	492	704

Reconciliation of consolidated statements of operations

EUR millions, except share and per share amounts	Q3 2007 Reported	French social benefit Q3 2007	Q3 2007 Underlying	Q3 2006	Variance %	
					EUR	Constant Currency
Revenues	5,442		5,442	5,327	2%	4%
Direct costs of services	(4,435)	26	(4,461)	(4,409)		
Gross profit	1,007	26	981	918	7%	9%
<i>Gross margin</i>	18.5%		18.0%	17.2%		
Selling, general and administrative expenses	(703)	(8)	(695)	(671)	3%	6%
<i>As a percentage of revenues</i>	12.9%		12.8%	12.6%		
Amortisation of intangible assets	(8)		(8)	(4)		
Operating income	296	18	278	243	14%	16%
<i>Operating income margin</i>	5.4%		5.1%	4.6%		
Interest expense	(15)		(15)	(14)		
Other income/(expenses), net	4		4	5		
Income before income taxes and minority interests	285	18	267	234	14%	
Provision for income taxes	(53)	(6)	(47)	(68)		
Income applicable to minority interests	(2)		(2)	(2)		
Net income	230	12	218	164	33%	
<i>Net income margin</i>	4.2%		4.0%	3.1%		
Basic earnings per share data:						
Basic earnings per share	1.24	0.07	1.17	0.88		
Basic weighted-average shares	185,856,363		185,856,363	186,135,884		