

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK**

JACK MUND, individually and On Behalf of All Others Similarly Situated,)	
)	CIVIL ACTION NO.
Plaintiff,)	
)	
vs.)	CLASS ACTION COMPLAINT
)	
ADECCO SA, JOHN BOWMER, JÉRÔME CAILLE, and FELIX A. WEBER,)	
Defendants.)	<u>JURY TRIAL DEMANDED</u>
)	

Plaintiff, Jack Mund (“Plaintiff”), individually and on behalf of all other persons similarly situated, by his undersigned attorneys, for his complaint against defendants, alleges the following based upon personal knowledge as to himself and his own acts, and information and belief as to all other matters, based upon, *inter alia*, the investigation conducted by and through his attorneys, which included, among other things, a review of the public documents and announcements concerning Adecco SA and its subsidiaries (“Adecco” or the “Company”), United States Securities and Exchange Commission (“SEC”) filings, wire and press releases published by and regarding the Company, and information readily obtainable on the Internet. Plaintiff believes that substantial evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This is a federal Class Action brought by the Plaintiff on behalf of himself and a Class consisting of all other persons who purchased the publicly traded securities of Adecco, between March 16, 2000 and January 9, 2004, inclusive (the “Class Period”), seeking to recover damages

caused by Defendants' violations of federal securities laws and pursue remedies under the Securities Exchange Act of 1934 (the "Exchange Act").

JURISDICTION AND VENUE

2. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act, (15 U.S.C. §§ 78j(b) and 78t(a)), and Rule 10b-5 promulgated thereunder (17 C.F.R. §240.10b-5).

3. This Court has jurisdiction over the subject matter of this action pursuant to §27 of the Exchange Act (15 U.S.C. §78aa) and 28 U.S.C. § 1331.

4. Venue is proper in this Judicial District pursuant to Section 27 of the Exchange Act and 28 U.S.C. § 1391(b). Many of the acts and transactions alleged herein, including the preparation and dissemination to the investing public of false and misleading information, occurred in substantial part in this Judicial District.

5. Adecco is a Swiss company that operates around the world. Pursuant to 28 U.S.C. §1391(d), as an alien corporation, Adecco may properly be sued in any District in the United States, including the Eastern District of New York. Thus, venue is proper in this District.

6. In connection with the acts alleged in this complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications, and the facilities of the national securities markets.

THE PARTIES

7. Plaintiff, Jack Mund, purchased Adecco securities, as set forth in the accompanying certification attached hereto and incorporated herein by reference, and has suffered damages as a

result of the wrongful acts of defendants as alleged herein.

8. Defendant Adecco is a Swiss company that primarily engages in providing personnel services to companies and industry worldwide. The Company maintains offices in this judicial district at 175 Broadhollow Rd., Melville, New York.

9. Defendant Jérôme Caille (“Caille”) has served as the Chief Executive Officer of Adecco since March 2002.

10. Defendant Felix A. Weber (“Weber”) was, during the Class Period, the Chief Financial Officer and Senior Vice President of Adecco.

11. Defendant John Bowmer (“Bowmer”) was the Chief Executive Officer of Adecco until March 2002. Now, defendant Bowmer holds the title of Chairman of Adecco.

12. Defendants Bowmer, Caille, and Weber are collectively referred to hereafter as the “Individual Defendants.” Because of the Individual Defendants’ positions with the Company, they had access to the adverse undisclosed information about the Company’s business, operations, operational trends, financial statements, markets and present and future business prospects via access to internal corporate documents (including the Company’s operating plans, budgets and forecasts and reports of actual operations compared thereto), conversations and connections with other corporate officers and employees, attendance at management and Board of Directors meetings and committees thereof and via reports and other information provided to them in connection therewith.

13. It is appropriate to treat the Individual Defendants as a group for pleading purposes and to presume that the false, misleading and incomplete information conveyed in the Company’s public filings, press releases and other publications as alleged herein are the collective actions of the narrowly defined group of defendants identified above. Each of the above officers of Adecco, by

virtue of their high-level positions with the Company, directly participated in the management of the Company, was directly involved in the day-to-day operations of the Company at the highest levels and was privy to confidential proprietary information concerning the Company and its business, operations, growth, financial statements, and financial condition, as alleged herein. Said defendants were involved in drafting, producing, reviewing and/or disseminating the false and misleading statements and information alleged herein, were aware, or recklessly disregarded, that the false and misleading statements were being issued regarding the Company, and approved or ratified these statements, in violation of the federal securities laws.

14. As officers and controlling persons of a publicly-held company whose securities was, and is, registered with the SEC pursuant to the Exchange Act, and was, and is, traded on the NYSE, and governed by the provisions of the federal securities laws, the Individual Defendants each had a duty to disseminate promptly, accurate and truthful information with respect to the Company's financial condition and performance, growth, operations, financial statements, business, markets, management, earnings and present and future business prospects, and to correct any previously-issued statements that had become materially misleading or untrue, so that the market price of the Company's publicly-traded securities would be based upon truthful and accurate information. The Individual Defendants' misrepresentations and omissions during the Class Period violated these specific requirements and obligations.

15. The Individual Defendants participated in the drafting, preparation, and/or approval of the various public and shareholder and investor reports and other communications complained of herein and were aware of, or recklessly disregarded, the misstatements contained therein and omissions therefrom, and were aware of their materially false and misleading nature. Because of

their Board membership and/or executive and managerial positions with Adecco, each of the Individual Defendants had access to the adverse undisclosed information about Adecco's business prospects and financial condition and performance as particularized herein and knew (or recklessly disregarded) that these adverse facts rendered the positive representations made by or about Adecco and its business issued or adopted by the Company materially false and misleading.

16. The Individual Defendants, because of their positions of control and authority as officers and/or directors of the Company, were able to and did control the content of the various SEC filings, press releases and other public statements pertaining to the Company during the Class Period. Each Individual Defendant was provided with copies of the documents alleged herein to be misleading prior to or shortly after their issuance and/or had the ability and/or opportunity to prevent their issuance or cause them to be corrected. Accordingly, each of the Individual Defendants is responsible for the accuracy of the public reports and releases detailed herein and is therefore primarily liable for the representations contained therein.

17. Each of the defendants is liable as a participant in a fraudulent scheme and course of business that operated as a fraud or deceit on purchasers of Adecco securities by disseminating materially false and misleading statements and/or concealing material adverse facts.

CLASS ACTION ALLEGATIONS

18. Plaintiff brings this action as a federal class action pursuant to Federal Rules of Civil Procedure 23(a) and (b)(3) on behalf of a class (the "Class"), consisting of all those who purchased the publicly traded securities between March 16, 2000 and January 9, 2004, inclusive, (the "Class Period") and who were damaged thereby. Excluded from the Class are defendants, the officers and directors of the Company, members of their immediate families and their legal representatives, heirs,

successors or assigns and any entity in which defendants have or had a controlling interest.

19. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Adecco securities were actively traded on an efficient market. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class.

20. Plaintiff's claims are typical of the claims of the members of the Class, because plaintiffs and all of the Class members sustained damages arising out of defendants' wrongful conduct complained of herein.

21. Plaintiff will fairly and adequately protect the interests of the Class members and has retained counsel who are experienced and competent in class actions and securities litigation.

22. A Class Action is superior to all other available methods for the fair and efficient adjudication of this controversy, since joinder of all members is impracticable. Furthermore, as the damages suffered by individual members of the Class may be relatively small, the expense and burden of individual litigation make it impossible for the members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

23. Questions of law and fact common to the members of the Class predominate over any questions that may affect only individual members, in that defendants have acted on grounds generally applicable to the entire Class. Among the questions of law and fact common to the Class are:

- (a) Whether the federal securities laws were violated by Defendants' acts as

alleged herein;

(b) Whether the Company's publicly disseminated press releases and statements during the Class Period omitted and/or misrepresented material facts;

(c) Whether defendants breached any duty to convey material facts or to correct material acts previously disseminated;

(d) Whether the defendants acted willfully, with knowledge or recklessly, in omitting and/or misrepresenting material facts; and

(e) Whether the members of the Class have sustained damages and, if so, what is the appropriate measure of damages.

SUBSTANTIVE ALLEGATIONS

Background

24. Adecco is primarily engaged in providing personnel services to companies and industry worldwide. The Company 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.

25. Professional Staffing and Services provides highly qualified specialized temporary and permanent placement focused primarily on the finance and accounting, as well as information technology (IT) segments. Career Services provide outplacement and coaching. e-HR Services provide online recruitment activities.

26. The Company provides these services by contract to businesses located throughout North America, Europe, Asia Pacific and Latin America.

27. On March 15, 2000, Adecco announced the completion of the merger of Olsten with

a wholly-owned subsidiary of Adecco, and the split-off of Gentiva Health Services, which conducts Olsten's home health care services business. The Company also stated that Olsten stockholders overwhelmingly approved the merger, with more than 85% of all votes being cast in favor. In the merger, for each share of Olsten Common Stock, holders would receive .25 of a share of Gentiva Health Services Common Stock and either cash in the amount of \$8.75 per share or a combination of cash and Adecco ADSs, depending upon the holders' election. Adecco would pay \$8.75 per share for half of the Olsten Common Stock and .12472 of an Adecco ADS per share for the remainder; more than 86% of Olsten shares elected to receive Adecco ADSs, and as a result holders so electing would receive per share a combination of cash and Adecco ADSs, the proration factor being preliminarily calculated at .5688.

28. The Class Period commences on March 16, 2000. At that time, Adecco announced that the American Depository Receipt shares (“ADRs”) of “Adecco SA (NYSE Listed-ADO) . . . began trading this morning on the New York Stock Exchange.”

Materially False and Misleading Statements Made During the Class Period

29. On April 19, 2000, Adecco announced another set of excellent results for its first quarter 2000, which highlighted the continuing success of its global growth strategy. More specifically, the Company reported net service revenues of CHF 5.1 billion, a 38% increase over the CHF 3.7 billion reported in the first quarter of 1999. Apart from a strong organic growth, the first quarter 2000 results benefited from an 8% currency translation impact in revenues, as a result of the appreciation of the US dollar, the British pound, and the Australian dollar against the Swiss franc. At constant rates, first quarter revenues increased 30% compared to last year's first quarter. Adecco posted strong operating income growth of 49% rising from CHF 134 million in the first quarter last

year to CHF 200 million during the same period this year. Operating margins increased substantially by approximately 30 basis points from 3.6% in the first quarter of 1999 to 3.9% in 2000. Income before amortization of goodwill for the quarter was CHF 124 million, a 54% improvement over the CHF 80 million earned in first quarter of 1999.

30. Commenting on these results, defendant Bowmer stated:

"We have started the year 2000 with an extremely strong performance[.]" . . . "This result was not only due to the contribution of our 1999 acquisitions, which are now fully integrated adding about 11% to our top line growth and 15% to the operating profit growth, but also as a result of substantial organic growth in this first quarter."

31. With respect to the Olston merger, the Company and defendant Bowmer stated:

"The integration of Olsten will be our greatest challenge in the year 2000. I truly believe our management team is very well prepared to succeed using the experience of our earlier major successful integrations. The management teams are in place and our plans are well advanced. As in the Adia/ECCO and TAD mergers, we will incur integration costs and some synergies this year. The full benefits will thus be seen in the year 2001."

32. The Company also stated:

For the quarter ended April 2, 2000 Adecco reported under US Generally Accepted Accounting Principles (GAAP) revenues of CHF 5.1 billion and a net loss of CHF 68 million after charging goodwill amortization of CHF 192 million.

According to Chief Financial Officer, Felix Weber, "This net result reflects the accounting principles of US GAAP and Adecco's chosen goodwill amortization schedule of five years. Adecco considers operating income and income before amortization of goodwill to be the most relevant benchmarks of the company's financial performance, as they measure our operational performance and our ability to fund growth and to distribute dividends. It is important to note that the acquisitions integrated last year have created a positive operating income, thus having contributed positively already in the first year."

33. On July 31, 2000, Adecco announced its results for the half-year ended July 2, 2000. The Company reported that revenues and profits reflected a further strong organic growth, reinforced by the addition of Olsten as from April 3, 2000. Combined, revenues increased year-to-date by 45% and operating income by 49%. Adecco revenues for the first half were CHF 12.1 billion, 45% above last year's CHF 8.3 billion for the same period with the now consolidated Olsten contributing approximately CHF 1.3 billion to this growth.

34. Commenting on these results, defendant Bowmer stated:

"We are extremely pleased with these results", said John Bowmer, Adecco's CEO. "We continue to experience strong growth and have further enhanced our operating margin whilst aggressively merging Adecco and Olsten operations. Since the closing of the deal in mid-March, teams around the world have worked on the integration with well-prepared plans. We are on track to meet or exceed our expectations. Management of all operations is now fully integrated. In the US, the headquarters have been moved to the former Olsten head office in Melville, the IT system conversion started in May and the new, combined organization is in place. The merger of the joint IT and Accounting business is substantially completed, the 150 French branches of Olsten have been converted to the Adecco IT system, and the integration of the South American operations is close to completion. This fast combination of the two organizations makes us optimistic that synergies will exceed the costs of integration in the fourth quarter of 2000. The main cost synergies will accrue next year, as we expect the integration to be fully complete by the end of the first quarter 2001.

35. The Company also stated:

For the six months ended July 2, 2000 Adecco reported under US Generally Accepted Accounting Principles (US GAAP) revenues of CHF 12.1 billion and a net loss of CHF 233 million after charging goodwill amortization of CHF 486 million and restructuring charges of CHF 63 million.

According to Chief Financial Officer, Felix Weber, "This net result reflects the accounting principles of US GAAP and Adecco's chosen

goodwill amortization schedule of five years. Adecco considers operating income and income before amortization of goodwill and restructuring charges to be the most relevant benchmarks of the company's financial performance, as they measure our operational performance and our ability to fund growth and to distribute dividends. It is important to note that the acquisitions integrated last year have created a positive operating income, thus having contributed positively already in the first year."

36. On October 26, 2000, Adecco announced strong financial results for the first nine months of 2000 that once again confirmed the effectiveness of the company's global growth strategy. Adecco's results for the nine-month period of 2000 included revenues of CHF 19.4 billion, a 46% increase over the CHF 13.3 billion reported in the corresponding nine-month period of 1999. Approximately 20% of total revenue growth was organic. Operating income for the first nine months grew strongly from CHF 603 million in 1999 to CHF 900 million this year, a 49% increase of which 25% was organic.

37. Commenting on these results, defendant Bowmer stated:

"Our nine-month results were again excellent[.]" . . . "Despite integration costs of CHF 44 million incurred during the first nine months, our operating income continued to grow faster than revenues, increasing our operating margin by 10 basis points. Excluding Olsten integration costs, which were recorded as ordinary operating expenses, we would have achieved a 4.9% operating margin.

38. With respect to the Company's U.S. GAAP results, the Company for the nine months ended October 1, 2000 reported revenues of CHF 19.4 billion and a net loss of CHF 308 million after charging goodwill amortization of CHF 792 million and restructuring charges of CHF 65 million. Commenting on these results, defendant Weber stated:

"This net result reflects the accounting principles of US GAAP and Adecco's chosen goodwill amortization schedule of five years. Adecco considers operating income and income before amortization

of goodwill and restructuring charges to be the most relevant benchmarks of the company's financial performance, as they measure our operational performance and our ability to fund growth and to distribute dividends. It is important to note that the acquisitions integrated last year have created a positive operating income, thus having contributed positively already in the first year."

39. On January 31, 2001, Adecco announced strong financial results for the fiscal year 2000. Year-over-year, revenues increased by 44% to CHF 26.6 billion, operating income by 49% to CHF 1.2 billion and income before amortization and restructuring charges by 42% to CHF 746 million. Since 1996, the Company has demonstrated outstanding growth. Revenues and income before amortization and restructuring charges have increased more than fourfold during this period.

40. Commenting on these results, defendant Bowmer stated:

"I'm absolutely delighted with our results in 2000[.]" . . . "In this challenging year, we managed to grow our business organically while completing the largest merger ever in our industry within 12 months. This major and complex merger with Olsten is scheduled for completion by the end of the first quarter 2001. . . . We now have a stronger than ever company to serve our clients better. The financial results of this excellent year were far beyond expectations, and I congratulate the Adecco team worldwide for their commitment, initiative and drive to excel and be the best. This dedication has allowed us not only to merge with Olsten, but to concurrently achieve strong organic growth and enhance our operating margin. These figures demonstrate that we are on the right track to achieve our ambitious goals over the next few years."

41. With respect to U.S. GAAP, the Company stated that for the fiscal year ended December 31, 2000 Adecco reported under GAAP revenues of CHF 26.6 billion and a net loss of CHF 428 million after charging goodwill amortization of CHF 1,109 million and restructuring charges of CHF 65 million. According defendant Weber, "[t]his net result reflects the accounting principles of US GAAP and Adecco's chosen goodwill amortization schedule of five years. Adecco

considers operating income and income before amortization of goodwill and restructuring charges to be the most relevant benchmarks of the company's financial performance, as they measure our operational performance and our ability to fund growth and to distribute dividends.”

42. On April 25, 2001, Adecco announced its results for the first quarter ended April 1, 2001. The Company stated that group revenues increased by 31% to CHF 6.7 billion in the first quarter of 2001. In local currency, revenues increased by 35%. Operating income grew faster than revenues at the rate of 38% to CHF 276 million, illustrating the company's strategy geared towards the improvement of profits and margins in an environment characterized by lower growth. In local currency, operating income grew 42%. Income before amortization of goodwill increased by 30% to CHF 161 million.

43. Commenting on these results, defendant Bowmer stated:

“Our performance in the first quarter was again very pleasing[.]”
... “We were able to increase our market share in a slower growing world market while at the same time increasing operating margins by 20 basis points by proactive cost management and improved product mix. We are confident that this improvement in our competitive position will pay off when markets rebound.”

44. With respect to US GAAP results, the Company for the three months ended April 1, 2001 reported revenues of CHF 6.7 billion and a net loss of CHF 182 million after charging goodwill amortization of CHF 320 million, and one-time charges of CHF 15 million for Internet investment write-down and CHF 8 million, net of tax for the cumulative effect of accounting change in resulting from adoption of the Financial Accounting Standards Board Statement No. 133. According to defendant Weber, “[t]his net result reflects the accounting principles of US GAAP and Adecco's chosen goodwill amortization schedule of five years. Adecco considers operating income and

income before amortization of goodwill and restructuring charges to be the most relevant benchmarks of the company's financial performance, as they measure our operational performance and our ability to fund growth and to distribute dividends.”

45. On July 3, 2001, the Company filed with the SEC its annual report on Form 20-F. The Company's Form 20-F was signed by defendants Bowmer and Weber and reiterated its previously announced financial results.

46. On July 26, 2001, Adecco reported results for the six months ended July 1, 2001. The Company stated that group revenues increased by 15% to CHF 13.8 billion in the first half of 2001. In local currency, revenues increased by 17%. Operating income continued to grow faster than revenues rising to CHF 617 million in the first half of 2001, a 21% growth over last year's figures for the same period. This increase reflected the Company's continuing focus on profit growth and profit margin enhancements. In local currency, operating income grew 23%. Income before amortization of goodwill, restructuring costs and one-time items grew by 16% to CHF 367 million.

47. Commenting on these results, defendant Bowmer stated:

“Our results show undeniable strength in light of the current global economic landscape[.]” . . . “Despite markets weaker than a year ago, we managed to achieve double-digit revenue growth, while improving substantially group operating margins by 30 basis points. During the second quarter we experienced lower sales growth as the market slowed, but we maintained our margin growth. We continued building capacity to enable a swift response when the economic upturn takes place. By end of June, we had increased our branch capacity by about 10%, which will give us an excellent basis for the upturn.”

48. With respect to US GAAP results, the Company for the six months ended July 1, 2001 reported revenues of CHF 13.8 billion and a net loss of CHF 293 million after charging

goodwill amortization of CHF 637 million and one-time charges of CHF 23 million incurred in the first quarter of 2001. According defendant Weber, “[t]his net result reflects the accounting principles of US GAAP and Adecco’s chosen goodwill amortization schedule of five years. Adecco considers operating income and income before amortization of goodwill, restructuring charges and one-time items to be the most relevant benchmarks of the company’s financial performance, as they measure our operational performance and our ability to fund growth and to distribute dividends.”

49. On October 24, 2001, Adecco announced its financial results for the nine months of 2001. The Company stated that group revenues increased by 8% to CHF 20.9 billion and operating income grew by 7% to CHF 964 million. In local currency, revenues grew 10% and operating income increased by 9%, indicating a 2% negative impact of currency effects in the Group’s results. Income before amortization of goodwill, restructuring costs and one-time items grew by 5% to CHF 579 million. The group reported a substantial operating cash-flow generation of CHF 675 million in the nine months.

50. Commenting on these results, defendant Bowmer stated:

“We have moved into a period of lower growth rates and tough trading conditions, when only the best strategies will prevail[.]” . . .
“We experienced a clear distinction between the business environment in the first half and the difficult conditions in the third quarter. We have managed to compensate most of the volume shortfall, while maintaining our branch infrastructure to be ready to capture the future opportunities. Obviously, we are well prepared for a challenging quarter ahead.”

51. With respect to U.S. GAAP results, the Company for the nine months ended September 30, 2001 reported revenues of CHF 20.9 billion and a net loss of CHF 341 million after charging goodwill amortization of CHF 897 million and one-time charges of CHF 23 million

incurred in the first quarter of 2001. According defendant Weber, “[t]his net result reflects the accounting principles of US GAAP and Adecco’s chosen goodwill amortization schedule of five years.”

52. On February 6, 2002, Adecco announced its financial results for the fiscal year 2001. The Company stated that group revenues increased by 2% to CHF 27.2 billion, while operating income declined by 5% to CHF 1.2 billion. In local currency, revenues grew 5% and operating income declined by 2%, indicating a 3% negative currency impact on Adecco’s consolidated results. The Company reported income before amortisation of goodwill, restructuring costs and one-time items of CHF 702 million, down 6% on last year’s figures (2% decline in local currency). The substantial operating cashflow generation of CHF 1.4 billion was in great extent used to repay debt and to invest in infrastructure.

53. Commenting on these results, defendant Bowmer stated:

“We are very pleased that the Group closed this challenging year with some top line growth and only a small decline in profit. As expected, volumes dropped substantially in the fourth quarter, as economies softened worldwide. Our operating margin fell by 30 basis points to 4.3% for the year, as slowing revenue outpaced even our preemptive cost reductions. This was mainly because we maintained our branch infrastructure ready for the rebound in our business.” . . . “Slower growth required less working capital and we used the cash surplus to pay off debt and to upgrade branch equipment. We start 2002 with an excellent cash position, well-equipped branches and a much enhanced debt structure.”

54. With respect to U.S. GAAP results, the Company for the full-year ended December 30, 2001 reported revenues of CHF 27.2 billion and a net loss of CHF 427 million after charging goodwill amortisation of CHF 1,106 million and one-time charges of CHF 23 million incurred in the first quarter of 2001. According to defendant Weber, “[t]his net result reflects the accounting

principles of US GAAP and Adecco's chosen goodwill amortisation schedule of five years.”

55. Also on February 6, 2002, Adecco announced that it was making a recommended cash offer to acquire all of the issued and outstanding share capital of jobpilot AG. According to the Company, the acquisition of jobpilot would create a leading European online staffing, recruiting and service company by combining jobpilot's internet platform with the branch network of Adecco.

56. On April 17, 2002, Adecco announced its results for the first quarter ended March 31, 2002. The Company reported revenues of CHF 6.0 billion, down 11% on last year's first quarter, and operating income of CHF 186 million, down 32% on first quarter 2001. In local currency, revenues were down 9% with an operating income decline of 31%, indicating a slightly unfavorable currency fluctuation impact on Adecco's consolidated results. The Company reported income before amortisation of intangibles and one-time items of CHF 101 million, down 38% on last year's figures (36% decline in local currency).

57. With respect to US GAAP earnings, the Company reported revenues of CHF 6.0 billion and a net income of CHF 100 million, including CHF 1 million amortisation of other intangibles.

58. On July 24, 2002, Adecco announced its results for the six months ended June 30, 2002. The company reported revenues of CHF 12.4 billion and income before amortization of intangibles of CHF 201 million with an improving trend in the last month of the quarter. With respect to US GAAP earnings, the Company reported revenues of CHF 12.4 billion and a net income of CHF 199 million, including CHF 2 million amortisation of other intangibles.

59. On October 23, 2002, Adecco announced its results for the three months ended September 29, 2002. Revenues for the third quarter were CHF 6.4 billion, 1% below the

corresponding period of last year in local currency, and above last year in August and September, confirming a sequential quarter-over-quarter improving trend since the beginning of the year. In CHF, revenues were down 9%. Operating income was CHF 201 million, down 42% in CHF and 37% in local currency. Income before amortisation of intangibles was CHF 120 million for the third quarter, down 43% in CHF and 38% in local currency. In the quarter, unfavorable currency fluctuations negatively affected revenues and operating income by 8% and 5%, respectively.

60. Commenting on these results, defendant Caille stated:

“We are happy to see that Adecco Staffing is showing positive growth in the third quarter. We have achieved market share gains in major markets, while gross margins have stabilised for the Group and have recovered strongly in Ajilon, our professional staffing division. As we were able to maintain our branch network, while reducing our costs we achieved substantial productivity improvements. Our strategy of carefully building and managing our branch network will further strengthen our market position to increase market share and to increase sales in a recovery without major cost addition.”

61. With respect to US GAAP earnings, Adecco reported revenues of CHF 18.8 billion and a net income of CHF 317 million, including CHF 5 million amortisation of other intangibles.

62. On February 5, 2003, Adecco announced its results for the fiscal year ended December 29, 2002. Group revenues for the full year were CHF 25.1 billion, down 8% in CHF and down 3 % in local currency. Operating income for the full-year was CHF 662 million, a decrease of 44% in CHF 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 CHF and of 44% in local currency over the same period last year. The Company generated cash-flow from operations of CHF 647 million and free cash-flow of CHF 499 million. Net debt was reduced by CHF 553 million.

63. Commenting on these results, defendant Caille stated:

"In a challenging year, we improved Group sales sequentially year over year from -9% in Q1, -5% in Q2, -1% in Q3 to +3% in Q4. We have reduced our cost base and reorganized our business, while preserving network capacity. We have over 5,800 branches, the largest network in the industry, which ideally positions us to maximize opportunities in all geographies and fully benefit from the upturn. We have thoroughly revised our business processes, so as to increase the efficiency of our front and back-offices. Adecco is well positioned to benefit in 2003 from the reorganisation work done in 2002".

64. With respect to U.S. GAAP earnings, Adecco reported revenues of CHF 25.1 billion and a net income of CHF 354 million, including CHF 8 million amortisation of other intangibles.

65. On April 15, 2003, Adecco announced its financial results for the first quarter of 2003. More specifically, the Company stated:

- Group Sales down 6% at Euro 3.8 billion (up 2% in local currency); operating income before amortisation down 11% at Euro 113 million (unchanged from last year in local currency); NIBA1 down 4% at Euro 65 million (up 7% in local currency)
- Group costs down 10% (-2% in local currency) due to tight cost control in all operational areas resulting in productivity improvements
- Operational gearing restored at Adecco Staffing demonstrated by growth in sales of 3% and growth in operating income before amortisation of 8%, all in local currency
- Net debt reduced by Euro 492 million year-over year, a reduction of 28%, to Euro 1.3 billion
- Ajilon achieves sequential sales growth against the last quarter for the first time in eight quarters
- LHH contributes 15% of group profit on just 2% of group sales
- Currency effects reduce reported sales, operating income before amortisation and NIBA by -8%, -11% and -11%

66. Commenting on these results, defendant Caille stated: "I am pleased with the results we have achieved this quarter. In particular, in the most important division, Adecco Staffing, we restored our operational gearing: sales growth of 3% in local currency was converted into a profit improvement of 8%."

67. With respect to US GAAP, the Company for the three months ended March 30, 2003 reported revenues of Euro 3.8 billion, operating income of Euro 112 million, which includes Euro 1 million amortisation of intangibles and a net income of Euro 64 million. According to defendant Weber, “Adecco continues to consider operating income before amortisation and net income before amortisation to be the most relevant benchmarks of the Adecco Group’s financial performance, as management believes that this represents a better measurement of the operational performance.

68. On June 24, 2003, the Company filed with the SEC its annual report on Form 20-K. The Company’s Form 20-K was signed by defendants Caille and Weber. Additionally, defendants Caille and Weber certified the Company’s financial results for fiscal year 2002. Moreover, the defendants represented the following:

In our opinion, the 2002 financial statements referred to above present fairly, in all material respects, the consolidated financial position of Adecco SA at December 29, 2002, and the consolidated results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic 2002 financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

69. On July 23, 2003, Adecco announced its financial results for the second quarter of 2003. More specifically, the Company stated:

Group Sales for the second quarter down 8% at EUR 4.0 billion (but unchanged in local currency); operating income before amortisation up 7% at EUR 135 million (up 16% in local currency); NIBA(1) up 26% at EUR 87 million (up 35% in local currency)

Group Sales for the half year down 7% at EUR 7.9 billion (up 1% in local currency); operating income before amortisation down 2% at EUR 248 million (up 8% in local currency); NIBA(1) up 11% at EUR 152 million (up 21% in local currency)

Group operating costs for the second quarter down 15% (down 6% in local currency) due to continued tight cost control in all operational areas resulting in further productivity improvements

Operational gearing continues to improve at Group level in the second quarter demonstrated by growth in operating income before amortisation of 16% on unchanged revenues, all in local currency

Cash-flow generated from operations was EUR 185 million in the first half of 2003, tripled from EUR 66 million in the first half of 2002

Net debt reduced by EUR 672 million year over year, a reduction of 36%, to EUR 1.2 billion

Ajilon narrowed the sales gap in the second quarter and improved profitability significantly

Under US GAAP operating income for the first half was EUR 246 million (EUR 252 million in 2002) and net income for the same period was EUR 150 million (EUR 136 million in 2002)

Currency effects reduced reported sales, operating income before amortisation and NIBA(1) by 8%, 9% and 9% respectively in the second quarter

70. Commenting on these results, defendant Caille stated: "I am again pleased with the results we have achieved this quarter. We have extended the improvement in operational gearing achieved last quarter at Adecco Staffing to the whole Group, converting unchanged sales in local currency into an operating income improvement of 16%."

71. The statements contained in ¶¶ 29-70 were each materially false and misleading because the defendants failed to disclose and indicate: (1) that the Company lacked adequate internal controls and was therefore unable to ascertain the true financial condition of the Company; (2) more specifically, that the Company's North American operations had a material weaknesses in its internal controls; and (3) as a result, the values of the Company's net income and financial results

were materially overstated at all relevant times.

THE TRUTH BEGINS TO EMERGE

72. On January 12, 2004, Adecco shocked the market when it announced that it did not expect the audit of its consolidated financial statements for the 2003 fiscal year, ended on December 28, 2003, to be completed by Adecco's auditors, by the previously announced release date of February 4, 2004. The Company identified the following reasons for the delay:

- The identification of material weaknesses in internal controls in the Company's North American operations of Adecco Staffing
- The resolution of possible accounting, control and compliance issues in the Company's operations in certain countries
- The completion of the Company's efforts to address these matters and determine their effect on the Company's consolidated financial statements.

73. In response to this announcement, the prices of all Adecco securities dropped sharply with Adecco shares traded on the NYSE tumbling more than 30% or \$5.23 per share to close at \$11.70 per share on extremely heavy volume.

UNDISCLOSED ADVERSE INFORMATION

74. The market for Adecco securities was open, well-developed and efficient at all relevant times. As a result of these materially false and misleading statements and failures to disclose, Adecco securities traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired Adecco securities relying upon the integrity of the market price of Adecco securities and market information relating to Adecco, and have been damaged thereby.

75. During the Class Period, defendants materially misled the investing public, thereby inflating the price of Adecco's securities, by publicly issuing false and misleading statements and

omitting to disclose material facts necessary to make defendants' statements, as set forth herein, not false and misleading. Said statements and omissions were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about the Company, its business and operations, as alleged herein.

76. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by plaintiff and other members of the Class. As described herein, during the Class Period, defendants made or caused to be made a series of materially false or misleading statements about Adecco's business, prospects and operations. These material misstatements and omissions had the cause and effect of creating in the market an unrealistically positive assessment of Adecco and its business, prospects and operations, thus causing the Company's common stock to be overvalued and artificially inflated at all relevant times. Defendants' materially false and misleading statements during the Class Period resulted in plaintiff and other members of the Class purchasing the Company's securities at artificially inflated prices, thus causing the damages complained of herein.

ADDITIONAL SCIENTER ALLEGATIONS

77. As alleged herein, defendants acted with scienter in that defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, defendants, by virtue of their receipt of

information reflecting the true facts regarding Adecco, their control over, and/or receipt and/or modification of Adecco's allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning Adecco, participated in the fraudulent scheme alleged herein.

78. Defendants knew and/or recklessly disregarded the falsity and misleading nature of the information which they caused to be disseminated to the investing public. The ongoing fraudulent scheme described in this complaint could not have been perpetrated over a substantial period of time, as has occurred, without the knowledge and complicity of the personnel at the highest level of the Company, including the Individual Defendants.

79. Additionally, a large shareholder in Adecco, Klaus Jacobs, a former co-chairman of the company whose son now serves on Adecco's board, reported to the SEC that a company controlled by his foundation sold shares of Adecco in December. More specifically, the company, KJ Jacobs A.G., reported selling 78,938 shares in the Swiss stock market from December 2 through December 15, 2003. The shares sold for the equivalent of \$8.3 million, or \$3.1 million more than they were worth on Monday, January 12, 2004.

**Applicability Of Presumption Of Reliance:
Fraud-On-The-Market Doctrine**

80. At all relevant times, the market for Adecco's securities was an efficient market for the following reasons, among others:

(a) Adecco securities met the requirements for listing, and was listed and actively traded on the NYSE, a highly efficient and automated market;

(b) As a regulated issuer, Adecco filed periodic public reports with the NYSE;

(c) Adecco regularly communicated with public investors via established market communication mechanisms, including through regular disseminations of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and

(d) Adecco was followed by several securities analysts employed by major brokerage firms who wrote reports which were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

81. As a result of the foregoing, the market for Adecco's securities promptly digested current information regarding Adecco from all publicly available sources and reflected such information in Adecco's securities price. Under these circumstances, all purchasers of Adecco securities during the Class Period suffered similar injury through their purchase of Adecco securities at artificially inflated prices and a presumption of reliance applies.

NO SAFE HARBOR

82. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this complaint. Many of the specific statements pleaded herein were not identified as "forward-looking statements" when made. To the extent there were any forward-looking statements, there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. Alternatively, to the extent that the statutory safe harbor does apply to any forward-looking statements pleaded herein, defendants are liable for those false forward-looking statements because at the time each of those forward-looking

statements was made, the particular speaker knew that the particular forward-looking statement was false, and/or the forward-looking statement was authorized and/or approved by an executive officer of Adecco who knew that those statements were false when made.

FIRST CLAIM
Violation Of Section 10(b) Of
The Exchange Act And Rule 10b-5
Promulgated Thereunder Against All Defendants

83. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

84. During the Class Period, defendants carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (1) deceive the investing public, including plaintiff and other Class members, as alleged herein; and (2) cause plaintiff and other members of the Class to purchase Adecco securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, defendants, and each of them, took the actions set forth herein.

85. Defendants (a) employed devices, schemes, and artifices to defraud; (b) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (c) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's common stock in an effort to maintain artificially high market prices for Adecco securities in violation of Section 10(b) of the Exchange Act and Rule 10b-5. All defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged below.

86. Defendants, individually and in concert, directly and indirectly, by the use, means or

instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about the business, operations and future prospects of Adecco as specified herein.

87. These defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of Adecco's value and performance and continued substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and omitting to state material facts necessary in order to make the statements made about Adecco and its business operations and future prospects in the light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of Adecco securities during the Class Period.

88. Each of the Individual Defendants' primary liability, and controlling person liability, arises from the following facts: (1) the Individual Defendants were high-level executives and/or directors at the Company during the Class Period and members of the Company's management team or had control thereof; (2) each of these defendants, by virtue of his responsibilities and activities as a senior officer and/or director of the Company was privy to and participated in the creation, development and reporting of the Company's internal budgets, plans, projections and/or reports; (3) each of these defendants enjoyed significant personal contact and familiarity with the other defendants and was advised of and had access to other members of the Company's management team, internal reports and other data and information about the Company's finances, operations, and sales at all relevant times; and (4) each of these defendants was aware of the Company's

dissemination of information to the investing public which they knew or recklessly disregarded was materially false and misleading.

89. The defendants had actual knowledge of the misrepresentations and omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. Such defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing Adecco's operating condition and future business prospects from the investing public and supporting the artificially inflated price of its common stock. As demonstrated by defendants' overstatements and misstatements of the Company's business, operations and earnings throughout the Class Period, defendants, if they did not have actual knowledge of the misrepresentations and omissions alleged, were reckless in failing to obtain such knowledge by deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

90. As a result of the dissemination of the materially false and misleading information and failure to disclose material facts, as set forth above, the market price of Adecco securities was artificially inflated during the Class Period. In ignorance of the fact that market prices of Adecco's securities were artificially inflated, and relying directly or indirectly on the false and misleading statements made by defendants, or upon the integrity of the market in which the common stock trades, and/or on the absence of material adverse information that was known to or recklessly disregarded by defendants but not disclosed in public statements by defendants during the Class Period, plaintiff and the other members of the Class acquired Adecco securities during the Class Period at artificially high prices and were damaged thereby.

91. At the time of said misrepresentations and omissions, plaintiff and other members of the Class were ignorant of their falsity, and believed them to be true. Had plaintiff and the other members of the Class and the marketplace known the truth regarding Adecco's financial results, which were not disclosed by defendants, plaintiff and other members of the Class would not have purchased or otherwise acquired their Adecco securities, or, if they had acquired such common stock during the Class Period, they would not have done so at the artificially inflated prices which they paid.

92. By virtue of the foregoing, defendants have violated Section 10(b) of the Exchange Act, and Rule 10b-5 promulgated thereunder.

93. As a direct and proximate result of defendants' wrongful conduct, plaintiff and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company's common stock during the Class Period.

SECOND CLAIM
Violation Of Section 20(a) Of
The Exchange Act Against the Individual Defendants

94. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

95. The Individual Defendants acted as controlling persons of Adecco within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions, and their ownership and contractual rights, participation in and/or awareness of the Company's operations and/or intimate knowledge of the false financial statements filed by the Company with the SEC and disseminated to the investing public, the Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of

the Company, including the content and dissemination of the various statements which plaintiff contends are false and misleading. The Individual Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings and other statements alleged by plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

96. In particular, each of these defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, is presumed to have had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

97. As set forth above, the defendants each violated Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their positions as controlling persons, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of defendants' wrongful conduct, plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's common stock during the Class Period.

WHEREFORE, plaintiff prays for relief and judgment, as follows:

(a) Determining that this action is a proper class action, designating plaintiff as Lead Plaintiff and certifying plaintiff as a class representative under Rule 23 of the Federal Rules of Civil Procedure and plaintiff's counsel as Lead Counsel;

(b) Awarding compensatory damages in favor of plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;

(c) Awarding plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

(d) Such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

Dated: January 16, 2004

Respectfully submitted,

**CAULEY GELLER BOWMAN &
RUDMAN, LLP**

Samuel H. Rudman

David Rosenfeld

200 Broadhollow Road, Suite 406

Melville, NY 11747

(631) 367-7100

Attorneys for Plaintiff