

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

DANIEL TAUBENFELD, Individually and
On Behalf Of All Others Similarly Situated,

Plaintiff,

v.

ADECCO S.A., JÉRÔME CAILLE, JOHN
BOWMER AND FELIX A. WEBER,

Defendants.

Civil Action No.

CLASS ACTION COMPLAINT
FOR VIOLATIONS OF FEDERAL
SECURITIES LAWS

JURY TRIAL DEMANDED

1. Plaintiff has alleged the following based upon the investigation of Plaintiff's counsel, which included a review of United States Securities and Exchange Commission ("SEC") filings by Adecco S.A. ("Adecco" or the "Company"), as well as regulatory filings and reports, securities analysts' reports and advisories About the Company, press releases and other public statements issued by the Company, and media reports about the Company, and Plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

2. This is a federal class action on behalf of purchasers of Adecco S.A. between March 16, 2000 and January 12, 2004, inclusive (the "Class Period"), seeking to pursue remedies under the Securities Exchange Act of 1934 (the "Exchange Act").

JURISDICTION AND VENUE

3. 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 by the

Securities and Exchange Commission (“SEC”) [17 C.F.R. §240.10b-5].

4. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§1331 and 1337 and Section 27 of the Exchange Act [15 U.S.C. § 78aa].

5. Venue is proper in this District pursuant to Section 27 of the Exchange Act, and 28 U.S.C. § 1391(b), as defendant Adecco maintains offices this District and many of the acts and practices complained of herein occurred 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.

PARTIES

7. Plaintiff Daniel Taubenfeld, as set forth in the accompanying certification incorporated by reference herein, purchased securities of Adecco at artificially inflated prices during the Class Period and has been damaged thereby.

8. Defendant Adecco S.A. is a *société anonyme* – a limited Company with a board of directors – organized under the laws of Switzerland, with its principal executive offices at 1275 Chéserey, Switzerland. The Company’s United States’ corporate headquarters are located at 175 Broad Hollow Road, Melville, New York 11747. Adecco S.A. is primarily engaged in providing personnel services to businesses located throughout North America, Europe, Asia Pacific and Latin America. The Company provides its services through its four divisions: Staffing Services, Professional Staffing and Services, Career Services and e-HR Services.

9. Defendant Jérôme Caille (“Caille”), since April 2002, has been Adecco’s Chief

Executive Officer.

10. Defendant John Bowmer (“Bowmer”), from August 1996 until April 2002 and at times relevant hereto, was Adecco’s Chief Executive Officer.

11. Defendant Felix A. Weber (“Weber”), since February 1998 until his resignation on January 16, 2004 and at all times relevant hereto, served as Senior Vice President and Chief Financial Officer of Adecco.

12. Defendants Caille, Bowmer and Weber are referred to herein as the “Individual Defendants.”

13. 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 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.

14. 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 federal securities laws.

15. As officers and controlling persons of a publicly held company whose stock was registered, and is, registered with the SEC pursuant to the Exchange Act, and was traded on the New York Stock Exchange (“NYSE”), and governed by the provisions of the federal securities laws, the Individual Defendants each had a duty to promptly disseminate , accurate and truthful information with respect to the Company’s financial condition, performance and growth, operations, financial statements, business, markets, management, earnings, and present and future business prospects, and to correct an 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.

16. The Individual Defendants participated in the drafting, preparation and/or approval of the various public 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 the 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 and Adecco’s 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.

17. 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.

18. 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. The scheme: (i) deceived the investing public concerning Adecco's business, operations, and management; and (ii) caused Plaintiff and other members of the Class to purchase Adecco securities at artificially inflated prices.

CLASS ACTION ALLEGATIONS

19. Plaintiff brings this action as a class action pursuant to Rule 23 of the Federal Rules of Civil Procedure on behalf of all persons who purchased Adecco publicly traded securities (the "Class") on the open market during the Class Period. Excluded from the Class are defendants, directors and officers of Adecco and their families and affiliates.

20. The members of the Class are so numerous that joinder of all members is impracticable. The disposition of their claims in a class action will provide substantial benefits to the parties and the Court.

21. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by defendants' wrongful conduct in violation of federal law that is complained of herein.

22. There is a well-defined community of interest in the questions of law and fact involved in this case. Questions of law and fact common to the members of the Class which predominate over questions which may affect individual Class members include:

- (a) Whether the federal securities laws were violated by defendants as alleged herein;
- (b) Whether defendants omitted and/or misrepresented material facts;
- (c) Whether defendants' statements omitted material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading; and
- (d) Whether defendants knew or recklessly disregarded that their statements were false and misleading.

23. A Class action is superior to all other available methods for the fair and efficient adjudication of this controversy because joinder of all members is impracticable. Furthermore, as the damages suffered by individual class members may be relatively small, the expense and burden of individual litigation make it impossible for 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.

SUBSTANTIVE ALLEGATIONS

24. Adecco S.A. is primarily engaged in providing personnel services to businesses located worldwide.

25. Throughout the Class Period, defendants filed quarterly and annual reports with the SEC which described the Company's business operations and financial condition. These statements were materially false and misleading because they failed to disclose and/or misrepresented, among other things:

- (i) that at least since April 2000 when the Company completed its acquisition of Olsten Corporation, Adecco had failed to maintain adequate internal controls to prevent the premature recognition of revenue; and
- (ii) that, as a result, since at least April 2000, the Company's financial performance was materially misstated at all times.

26. On January 12, 2004, a Company press release disclosed that completion of an audit of the Company's 2003 financial results was delayed by, among other things, "the identification of material weaknesses in internal controls in the Company's North American operations of Adecco Staffing [and] the resolution of possible accounting, control and compliance issues in the Company's operations in certain countries."

27. Shareholder reaction to this shocking news was swift and sharply negative. By the end of trading on January 12, 2004, the same day as the announcement of the delay in the Company's audit and weaknesses in its internal controls, Adecco stock had plummeted more than thirty percent (30%) in one day.

FALSE AND MISLEADING STATEMENTS DURING THE CLASS PERIOD

28. The Class Period begins on March 13, 2000, when shareholders of Olsten Corporation (“Olsten”) approved Adecco’s purchase of Olsten’s staffing and information technology services business. The press release, in relevant part, is as follows:

MELVILLE, N.Y, March 13, 2000—Olsten Corporation (NYSE:OLS) announced that at a special meeting of its stockholders today, owners of a majority of the outstanding Olsten common stock formally approved the sale of the company’s staffing and information technology services business to Adecco SA (NASDAQ:ADECY; SWX; ADEN 700'939; BOURSE DE PARIS: RM 12819). An integral part of the sale is the split off of Olsten’s health services business, now operating as Gentiva Health Services.

The transaction is expected to close on March 15, at which time Olsten will cease trading on the New York Stock Exchange. On March 16, Adecco will delist from NASDAQ and begin trading on the NYSE using the symbol ADO. Also on March 16, Gentiva common stock is expected to be quoted on the NASDAQ National Market under the symbol GTIV.

The combination of Adecco and Olsten, which was announced in August, 1999, further strengthens Adecco’s position as the global leader in staffing services. The newly merged company will have more than 25,000 full-time employees serving approximately 250,000 clients worldwide. Pro forma combined sales for 1999 were in excess of US \$15 billion. [Emphasis Added].

29. On March 15, 2000 Adecco issued a press release announcing completion of the merger. The press release stated in pertinent part is as follows:

Adecco-Olsten Merger Completed

CHESEREX, Switzerland, March 15, 2000--Adecco SA and Olsten Corporation announced the completion on March 15, 2000 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.

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 will receive .25 of a share

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 will 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 will receive per share a combination of cash and Adecco ADSs, the proration factor being preliminarily calculated at .5688.

30. On April 19, 2000 Adecco issued a press release announcing the Company's financial results for first quarter 2000. The press release included statements by defendants Bowmer and Weber, and stated in pertinent part as follows:

CHESEREX Switzerland, March 16, 2000—Adecco SA (NYSE Listed ADO), the worlds largest personnel services company, began trading this morning on the New York Stock Exchange. In ceremonies to mark the occasion, Adecco senior managers rang the Opening Bell to officially start the trading day.

Adecco SA, whose common shares trade on the Swiss Exchange (ADEN 700'939) and the Bourse de Paris (RM 12819), will trade American Depositary Shares (ADSs) on the NYSE. Adecco's ADSs were delisted from NASDAQ at the close of business on March 15.

The NYSE listing comes a day after the official close of the merger of Adecco with the staffing and information technology services businesses of Olsten Corporation. **The merger strengthens Adecco's position as the number one personnel services company not only in the world, but now also in North America, which is the world's largest market, and in the global information technology services market.** [Emphasis Added].

31. On April 19, 2000 Adecco issued a press release announcing the Company's financial results for first quarter 2000. The press release included statements by defendants Bowmer and Weber, and stated in pertinent part as follows:

Adecco SA Reports 49 % Operating Profit Increase in First Quarter 2000

The worldwide leader in personnel services starts the year with sales growth of 38%

CHESEREX, SWITZERLAND, April 19, 2000 -- Adecco SA, the world's leading provider of personnel services today announced another set of excellent results for its first quarter 2000, highlighting the continuing success of its global growth strategy.

Adecco's first quarter 2000 unaudited results included 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.

After eliminating the currency translation impact, organic revenue growth was 19% and organic operating income growth was 24%.

"We have started the year 2000 with an extremely strong performance", said John Bowmer, Adecco's CEO. "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.

Operating margins jumped around 30 basis points in response to our cost and account management strategy worldwide. We continue to move towards our medium term goal of a 5% operating margin. Despite the recent downturn in IT, we are optimistic that the IT staffing and service business, which, on a like-for-like basis, is now growing month on month, will end the year comfortably above 1999. These are symptoms of a healthy year ahead".

Olsten Merger

As previously announced the Olsten acquisition was completed on March 15. Olsten results of operations will be consolidated starting April 3rd, 2000.

Commenting on the merger with Olsten, Mr. 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."

Progress Across the Globe

Adecco's first quarter results reflect the company's continuing leadership position and growth in the major employment market countries that collectively account for over 90% of industry revenues. A local currency comparison of first quarter 2000 to first quarter 1999 shows revenue increases of 24% in France, 10% in the USA, and double-digit growth above 20% in Switzerland and Spain, and above 30% in Belgium and the UK.

Very pleased with country performance, Mr Bowmer stated, "In these first three months we have witnessed substantial growth throughout Europe: France posted excellent results capitalizing on the strong economy, and Italy presented further exceptional results, nearly fivefold last year's first quarter revenues. In Spain we achieved significant cost savings following the deployment of new technology that increased back and front-office productivity. In North America, volume increases remain much the same as last year. In this year of exciting changes our first quarter results show that we remain focused on delivering value to our stakeholders".

Dividends

As previously announced, Adecco shareholders are expected to approve the proposed dividend of CHF 8.40 per share (CHF 1.68 per participation certificate), payable on May 2nd, 2000.

US GAAP Results

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."

32. On July 31, 2000, when Adecco issued a press release announcing its financial results for the first two quarters of 2000. The press release included statements by defendants Bowmer and Weber and stated in relevant part as follows:

2Q 2000: Adecco SA Reports 49% Increase In Operating Income For First Half of 2000

For the first time including Olsten Corporation results as from April 3rd, 2000

CHESEREX, SWITZERLAND, July 31, 2000 -- Adecco SA, the world's leading provider of personnel services, today announced its results for the half-year ended July 2, 2000. 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. At constant exchange rates, the revenue growth was 39%, reflecting a 6% positive currency translation impact. This was caused by the appreciation of the US dollar, the British pound, the Japanese yen and the Canadian dollar, partly offset by a lower Euro against the Swiss franc.

Six-month operating income posted a 49% gain over the same period last year, rising to CHF 510 million from CHF 342 million. The operating margin increased from 4.1% to 4.2% despite CHF 35 million of merger-related integration expenses, which are included in operating expenses. Excluding these one-time costs, margins increased 40 basis points to 4.5%.

"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.

Income before amortization of goodwill and restructuring charges increased to CHF 316 million, a rise of 47% compared to the 6 months of last year despite the higher interest costs associated with the acquisition of Olsten. Indeed, as the majority of the additional loans are denominated in US dollars, the interest charge has been negatively

impacted by the appreciation of the US dollar. Thus, unlike revenues that benefited from a 6% currency impact, income before amortization of goodwill and restructuring charges benefited only marginally from currency fluctuations. Further, a special, lower than anticipated restructuring charge of CHF 63 million has been recorded in the second quarter, covering in particular the costs of closing the Adecco US headquarters in Redwood City.

Progress Across the Globe

A comparison of the half-year 2000 to the half-year 1999 shows revenue increase of 31% in France, 50% in North America, 30% in the UK, 53% in the rest of Europe, and 97% in the rest of the world. Major positive contributors to Europe were Italy and Belgium. Japan accounted for the majority of the increase in the rest of the world.

Commenting on the regional performance and the impact of the acquisitions, Mr. Bowmer noted, "France has shown a continued very strong organic growth above 20%. The other major contributors to our organic sales increase were Italy with an increase of nearly 300% and Japan in excess of 40%. While our sales have increased in our IT business because of the merger with Olsten, this sector has not developed organically as originally anticipated. However, we remain optimistic for the second half of the year. Similarly, Olsten's contribution will have a major impact on the future growth. Our first half-year performance demonstrates the value of our diversified business and regional portfolio, as we are in a position to offset weaker markets through strong growth in others. This ultimately reduces the volatility of earnings".

US GAAP Results

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."

33. On October 26, 2000, Adecco issued a press release announcing the Company's financial results for the first nine months of 2000. The press release included statements by

defendants Bowmer and Weber and stated in relevant part, as follows:

Adecco SA Reports a 46% Increase in Sales for the First Nine Months of 2000

Operating Income Increased by 49%

CHESEREX, SWITZERLAND, October 26, 2000 – Adecco SA, the world’s leading provider of personnel services, today announced strong financial results for the first nine months of 2000 that once again confirm the effectiveness of the company’s global growth strategy.

Adecco’s unaudited results for the nine-month period of 2000 include **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. **Operating margin** increased by over 10 basis points from 4.5% to 4.6% despite cumulated CHF 44 million **integration costs** for the Olsten acquisition, which were recorded as ordinary operating expenses. **Income before amortization of goodwill and restructuring charges** was CHF 549 million in the first nine months of 2000, a 44% increase over the CHF 382 million achieved in the same period of 1999.

* * *

“Our nine-month results were again excellent”, said **John Bowmer**, Adecco’s Chief Executive Officer. “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.

* * *

Progress Across the Globe

A local currency comparison of the first nine months of 2000 to the same period of 1999 shows revenue increases of 34% in **France**, 43% in **North America**, 18% in the **UK**, 55% in the **Rest of Europe**, and 58% in the **Rest of World**. The impact of currency fluctuation varied from region to region. The growth countries in Europe were **Italy**, which grew over threefold last year’s revenues for the same period, and **Belgium**. In the Rest of World, **Japan** more than doubled its 1999 nine months revenues. **France**, **North America** and the **UK** posted operating income growth close to the Group average. In both UK and France, increases resulted from a major improvement in operating margins of over 60 basis points demonstrating the positive synergy impact achieved in the ongoing integration. In North America, the increase

was achieved despite the non-recurring Olsten integration costs included in operating expenses.

Commenting on the performance by region, **Mr Bowmer** stated, “Our regional performance remained strong, with all regions showing much better profits – total and organic – than last year. The IT sector apart, which has not yet recovered as expected, organic revenue growth ranged between 4% and 36% for the nine months of 2000. In most countries, organic growth exceeded our expectations, and was achieved despite the ongoing Olsten integration process, which is running on or ahead of schedule. The branch conversion in France is completed and the majority of the US branches have also already been converted to the new field system. We anticipate that the integration will be completed comfortably before the end of the first quarter 2001, a fine achievement by our staff around the world. This is well ahead of our expectations at the closing of the Olsten deal in April 2000.

US GAAP Results

For the nine months ended October 1, 2000 Adecco reported under US Generally Accepted Accounting Principles (US GAAP) 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.

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.” [Emphasis Added]

34. On January 31, 2001, Adecco issued a press release announcing its financial results for fiscal 2001. The press release included statements by defendants Bowmer and Weber and stated in pertinent part as follows:

Adecco SA Reports 44% Increase in Revenues and 49% Increase in Operating Income for 2000

Strong organic and external growth boosts 2000 results

Board of Directors to Propose Dividend, Capital Increase, and Stock-Split

CHESEREX, SWITZERLAND, January 31, 2001 – Adecco SA, the world’s leading provider of personnel services, today 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, when Adia and Ecco merged to form Adecco, the company has demonstrated outstanding growth. Revenues and income before amortization and restructuring charges have increased more than fourfold during this period. In these five years, Adecco became the undisputed world leader in the staffing industry through a strategy combining organic growth with mergers and acquisitions. Today, Adecco has attained a number one or number two position in 11 of the world’s 13 largest regions, which account for over 95% of the world market.

* * *

“I’m absolutely delighted with our results in 2000”, said **John Bowmer**, Adecco’s Chief Executive Officer. “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. The new North America headquarters close to New York is fully operational with only a handful of staff left in the old California headquarters, the IT system integration is finished and the management restructuring finalized. 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.”

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US GAAP Results

For the fiscal year ended December 31, 2000 Adecco reported under **US Generally Accepted Accounting Principles (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 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.” [Emphasis

Added]

35. On July 26, 2001, Adecco issued a press release announcing its financial results for the first two quarters of 2001, the press release included statements by defendants Bowmer and Weber and stated in relevant part, as follows:

Adecco SA reports 21% operating income growth for the first half of 2001

Highlights:

- Revenue growth of 15% to CHF 13.8 billion, 17% in local currency
- Operating income growth of 21% to CHF 617 million, 23% in local currency
- Double-digit revenue growth in 9 of the 12 main markets
- Operating margin improvement from 4.2% to 4.5%
- Income before amortization of goodwill, restructuring costs and one-time items growth of 16% to CHF 367 million
- Continuing strong performance in outplacement and career management

CHESEREX, SWITZERLAND, July 26, 2001 – Adecco SA, the worldwide leader in personnel services, reported today results for the six months ended July 1, 2001. 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. Excluding the impact of the tax rate changes and the tax effect of one-time extraordinary charges, income before amortization of goodwill, restructuring costs and one-time items increased by 20%. Currency fluctuations had a 2% negative impact on consolidated results.

* * *

“Our results show undeniable strength in light of the current global economic landscape”, said **John Bowmer**, Adecco's CEO. “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.”

Regional and Business Line Performance

North America posted 12% revenue growth in CHF and 9% in local currency in the first half of 2001 compared to last year's first half. Despite market adversities, North America enhanced profitability in the first half, which was coupled with a substantial operating income increase, both organically and in total.

* * *

“We posted double-digit revenue growth in 9 of the 12 main countries and continue to see substantial enhancements in profits and margins in most business units”, commented **Mr Bowmer**. “This results from the combined effect of synergies from the Olsten merger, the very positive development of the outplacement business and internal efficiency gains achieved through our cost management program. Operating margins increased throughout the regions. Lee Hecht Harrison, our career management arm, continues to post superb results. Once again our continued strong consolidated results on the background of a weaker economy illustrate the benefits of business and regional diversification. This spread of geography and business lines together with our market leadership has allowed us to perform better than the competition.”

* * *

US GAAP Results

For the six months ended July 1, 2001 Adecco reported under **US Generally Accepted Accounting Principles (GAAP)** 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, of which CHF 15 million relates to Internet investment write-down and CHF 8 million (net of tax) for cumulative effect of accounting changes resulting from the adoption of the Financial Accounting Standards Board statement no. 133, as amended, “Accounting for Derivative Instruments and Hedging Activity”.

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 Adecco SA, Q2 2001 Release Page 3 of 4 July 26, 2001 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.” [Emphasis Added]

36. On October 24, 2001, Adecco issued a press release announcing its financial results for the nine months ended September 30, 2001. The press release included a statement by

defendant Weber and stated in pertinent part as follows:

Group revenues increased by 8% to CHF 20.9 billion and operating income grew by 7% to CHF 964 million.

* * *

In North America, nine-month revenues were CHF 5.8 billion, up 1% over the corresponding quarter last year.

* * *

US GAAP Results

For the nine months ended September 30, 2001, Adecco reported under **US Generally Accepted Accounting Principles (US GAAP)** 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, of which CHF 15 million relates to Internet investment write-down and CHF 8 million (net of tax) for cumulative effect of accounting changes resulting from the adoption of the Financial Accounting Standards Board statement no. 133, as amended, "Accounting for derivative Instruments and Hedging Activity."

According to Chief Financial Officer, **Felix Weber**, "The 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 intangibles 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 distribute dividends." [Emphasis Added]

37. On April 17, 2002, Adecco issued a press release announcing its financial results for first quarter 2002. The press release included statements by defendants Bowmer, Caille and Weber and stated in pertinent part, as follows:

Adecco sees first signs of improvement in Europe and North America

Results for the first quarter ended March 31, 2002 in line with expectations

Highlights:

- Revenues of CHF 6.0 billion, down 11% in CHF and 9% in local currency
- Operating income of CHF 186 million, down 32% in CHF and 31% in local currency
- Income before amortization of intangibles and one-time items of CHF 101 million, down 38% in CHF and 36% in local currency

- First signs of recovery – diminishing volume decline year over year in February and March, in particular in the USA and in the UK IT sector
- Career Services, e-Business & Others division with continuing strong results
- Jobpilot acquisition heading towards completion on schedule

CHESEREX, SWITZERLAND, April 17, 2002 – Adecco SA, the worldwide leader in HR solutions, announced today 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 amortization of intangibles and one-time items** of CHF 101 million, down 38% on last year's figures (36% decline in local currency).

“As expected this has been a difficult quarter, but we are very pleased that the declines in both sales and profits were similar to the fourth quarter 2001 level. This suggests that we have reached the low point of the economic downturn” said **John Bowmer**, Adecco's CEO. “We expanded our branch network in the first quarter and may build it further if the encouraging signs of improvement in North America and in Europe prove to be sustainable.

The Ajilon division also saw some positive signs with substantially higher new contract wins in March compared to end of last year. Career Services remains a strong counter-cyclical business. Since, in recent weeks, sales are down less year over year in North America and in much of Europe, we feel confident that the worst of the downturn is past. We do however expect that the 2nd quarter will still be difficult, as we will compare the next quarter against a strong 2001 performance.”

Divisional Performance

Adecco Staffing revenues were down 9%, a 7% drop in local currency. Profits were depressed in most regions, particularly in North America, where the decline in profits reflected a sharp drop in permanent placement.

* * *

“Economically difficult times offer great opportunities in particular for the leaders,” said Jérôme Caille, appointed CEO of Adecco. “We are determined to capture this opportunity, roll out our proven organic growth approach and strengthen our market position. Aggressive sales efforts are starting to bring results in some areas, such as Adecco Benelux, where we have clearly outperformed competition and gained further

market share. We have recently won new customers and now serve as many clients as in March 2001. Today, the key ingredients to gain share in the upturn are in place: A strong client base, an outstanding, new leadership team with high aspirations, and excellent systems to serve clients and associates best. These elements combined make me feel confident of the future success of Adecco.”

* * *

US GAAP Results

For the three months ended March 31, 2002, Adecco reported under US Generally Accepted Accounting Principles (US GAAP) revenues of CHF 6.0 billion and a net income of CHF 100 million, including CHF 1 million amortization of other intangibles.

According to Chief Financial Officer, Felix Weber, “Adecco continues to consider operating income and income before amortization of intangibles 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 distribute dividends”.

Effective from fiscal year 2002, Adecco has adopted SFAS No 142, which requires that goodwill and other intangibles with indefinite/infinite lives no longer be amortized, but be subject to an annual impairment test. However, intangibles with definite lives continue to be amortized over the related lifetime. [Emphasis Added]

38. On July 24, 2002, Adecco issued a press release announcing its second quarter financial results. The press release included statements by defendants Caille and Weber, and stated in relevant part as follows:

CHESEREX, SWITZERLAND, July 24, 2002 – Adecco SA, the worldwide leader in HR solutions, today 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.

* * *

Divisional Performance

Adecco Staffing posted revenues of CHF 10.8 billion, 8% below lat year’s figures in current currency, and 4% below in constant currency. Profit margin declined in line

with management expectations, due mainly to a faster recovery of large contracts and still low levels of permanent placement business.

* * *

US GAAP Results

For the six months ended June 30, 2002, Adecco reported under us Generally Accepted Accounting principles (US GAAP) revenues of CHF 12.4 billion and net income of 199 million, including CHF 2 million amortisation of other intangibles

According to Chief Financial Officer, Felix Weber, “Adecco continues to consider operating income and income before amortisation of intangibles 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 distribute dividends.”

39. On October 23, 2002, the Company issued a press release announcing its financial results for third quarter 2002. The press release included statements by defendants Caille and Weber and stated in pertinent part as follows:

Adecco SA confirms improved trends in the third quarter Adecco Staffing shows positive sales growth

Highlights:

- Positive growth in sales and market share gains in major markets for Adecco Staffing
- Gross margin stabilisation and even stronger recovery in Ajilon Professional’s gross margin
- Productivity improvement due to substantial cost reduction
- Reduction of Days Sales Outstanding by three days and generation of cash-flow from operating activities of CHF 288 million in the nine months
- Adecco well-positioned for current economic environment

CHESEREX, SWITZERLAND, October 23, 2002 – Adecco SA, the worldwide leader in HR solutions, today 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, unfavourable currency fluctuations negatively affected revenues and operating income by 8% and 5%, respectively.

For the nine months, the company reported **revenues** of CHF 18.8 billion, down 10% in CHF and 5% in local currency. Operating income of CHF 572 million was down 41% in CHF and 37% in local currency. **Income before amortisation of intangibles** was CHF 322 million for the nine months of 2002, down 44% in CHF and 40% in local currency.

“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.” said **Jérôme Caille**, Adecco’s CEO.

Divisional Performance

Adecco Staffing reported positive sales growth in local currency in the third quarter. While profits remain below last year as a result of the lagging recovery of the permanent placement business, these positive results demonstrate management focus on sales and profitability enhancement. For the nine months, the division posted revenues of CHF 16.5 billion, 8% below last year’s figures in CHF and 3% down in constant currency.

* * *

“All divisions showed positive developments.” continued **Mr. Caille**. “In the quarter we achieved the sales turnaround in Adecco Staffing with higher sales in local currency than a year ago. Ajilon Professional has successfully improved profitability by aligning its cost structure to the market conditions. LHH Career Services sustained sales and profit on a very high level and Jobpilot is on track to turning profitable.”

* * *

US GAAP Results

For the nine months ended September 29, 2002, Adecco reported under **US**

Generally Accepted Accounting Principles (US GAAP) revenues of CHF 18.8 billion and a net income of CHF 317 million, including CHF 5 million amortisation of other intangibles.

According to Chief Financial Officer, **Felix Weber**, “Adecco continues to consider **operating income** and **income before amortisation of intangibles 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 distribute dividends.” [Emphasis Added]

40. On April 15, 2003, Adecco announced operating results for first quarter 2003. The press release included statements by defendants Weber and Caille, and stated in relevant part as follows:

- **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

* * *

CHESEREX, SWITZERLAND, April 15, 2003 - Commenting on the results **Jerome Caille**, Adecco Group Chief Executive Officer said: “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%. We have worked on what we could influence regardless of the economic environment: extending the client base from our network of 5,800 branches improving productivity and reducing costs at every level. We are strengthening the company with a focus on profitable sales growth and rollout of our new webbased technology. And we have invested in our people through extension of our Adecco University training programs.”

Sales

Group sales increased by 2% in local currency to Euro 3,832 million, but sales were down 6% in Euro due to adverse exchange rate movements. In the Adecco Staffing division, which represents 87% of group sales, sales grew by 3% in local currency.

Overall sales in Europe were stable, with unchanged sales in France and sales increases in Germany, the UK and Belgium and 8% sales growth in Spain. In North

America sales were up 9%, principally due to the USA where sales grew by 10%.

* * *

Felix Weber, Adecco Group Chief Financial Officer, commented: “Strong operating cash flow contributed to the reduction of net debt this quarter. We also successfully launched a new syndicated loan facility of Euro 580 million at favorable conditions, which provides us the liquidity to fund future growth.”

Adecco Staffing Division

Adecco Staffing is number 1 in the world, with number 1 positions in 11 of the 13 most important staffing markets. The major accomplishment this quarter was the restoration of operating gearing in this division: we converted sales growth of 3% in local currency into a profit improvement of 8% in local currency (-4% and +2% in Euro, respectively), despite the pressure on gross margin.

* * *

- Sales in Adecco USA grew by 10% in local currency (-10% in Euro), but profitability was affected by higher costs for workers compensation and unemployment insurance.

* * *

US GAAP Results

For the three months ended March 30, 2003, the Adecco Group reported under US Generally Accepted Accounting Principles (US GAAP) 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 Chief Financial Officer, Felix 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.

41. On July 23, 2003, Adecco filed with the SEC its Form 6-K for the quarterly period ended June 29, 2003, signed by defendant Weber. The 6-K attached a Company press release which stated, in pertinent part, the following:

- 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); NIBA1 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); NIBA1 up 11% at EUR 152 million (up 21% in local currency)
- Under USGAAP 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)

CHESEREX, SWITZERLAND, July 23, 2003—Commenting on the results Jérôme Caille, Adecco Group Chief Executive Officer said:

“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%.

The economic environment remains very tough and sales growth is elusive but we have responded appropriately by extending the cost reductions begun in the first quarter. The good result this quarter has been achieved by the efforts of our outstanding team of colleagues throughout the world and I congratulate them on their hard work throughout these difficult market conditions.”

Sales

Group sales for the second quarter were unchanged in local currency at EUR 4,034 million, but sales were down 8% in EUR due to adverse exchange rate movements. In the Adecco Staffing division, which represented 89% of group revenues, sales grew by 1% in local currency. Sales were up in Spain, USA and Japan. Market share gains were achieved in Europe.

- In North America sales were up 5%, principally due to the USA where sales grew by 6%.

* * *

Felix Weber, Adecco Group Chief Financial Officer, commented: “Strong operating cash flow of EUR 185 million tripled from the previous year and contributed to the reduction of net debt. Working capital was effectively managed and DSO was in this quarter maintained at 58 days compared to last year. We further reduced our cost base by 6% in local currency and improved productivity.”

Adecco Staffing Division

Adecco Staffing is the number 1 in the world, ranked number 1 in 11 of the 13 most

important staffing markets.

The major accomplishment this quarter was the extension of operating gearing: we converted sales growth of 1% in local currency into a profit improvement of 9% (sales down 6% and profit up 3% in EUR), despite the pressure on gross margin.

* * *

Sales in Adecco USA grew by 6% in local currency (down 15% in EUR), but profitability was again affected by higher costs for workers compensation and unemployment insurance. Costs were in line with last year.

* * *

US GAAP Results

For the six months ended June 29, 2003, the Adecco Group reported under US Generally Accepted Accounting Principles (US GAAP) revenues of EUR 7.9 billion, operating income of EUR 246 million, which includes EUR 2 million amortisation of intangibles and a net income of EUR 150 million.

According to Chief Financial Officer, Felix Weber, “Adecco continues to consider operating income before amortisation and net income before amortisation (NIBA) 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.

42. On October 22, 2003, the Company issued a press release announcing its financial results for third quarter 2003. The press release included a statement by defendant Caille, and stated in relevant part as follows:

- Under US GAAP **operating income for the 9 months was EUR 408 million (EUR 387 million in 2002)** and **net income** for the same period was EUR 254 million (EUR 216 million in 2002)

CHESEREX, SWITZERLAND, October 22, 2003 - Commenting on the results, Adecco Group Chief Executive Officer Jérôme Caille said:

“I am again pleased with the results we have achieved this quarter, measured in local currency. We have extended the improvement in operational gearing across the Group, converting a 2% growth in sales into an operating profit increase of 25%, measured in local currency. The economic environment remains challenging but we are pleased to have achieved the return to positive sales growth that we had in the

first quarter. We have also maintained our focus on reducing operating costs producing a further improvement in operating margin quarter over quarter of 40 basis points to 3.8%.”

* * *

In the Adecco Staffing division, which represented 90% of group revenues, sales grew by 3% in local currency. Sales in Europe were up 1% with growth in France, Spain, Italy and the UK offset by declines in Netherlands, Germany, Switzerland and Belgium.

In North America, sales were up 3%, principally due to the USA where sales grew by 4%.

* * *

Felix Weber, Adecco Group Chief Financial Officer, commented: “We further reduced our cost base by 9% in local currency this quarter building on the 2% and 6% reductions achieved in Q1 and Q2. Strong operating cash flow of EUR 291 million contributed to the reduction of net debt, which year to date has now been cut by EUR 319

Adecco Staffing Division

Adecco Staffing is the number 1 in the world, ranked 1 in 11 of the 13 most important staffing markets. This quarter, we again managed to extend operating gearing converting sales growth of 3% in local currency into a profit improvement of 20% (sales down 2% and profit of 16% in EUR, respectively), despite the pressure on gross margin.

* * *

US GAAP Results

For the nine months ended September 28, 2003, the Adecco Group reported under US Generally Accepted Accounting Principles (**US GAAP**) **revenues** of EUR 12.1 billion, **operating income** of EUR 408 million, which includes EUR 3 million amortisation of intangibles and a **net income** of EUR 254 million.

According to Chief Financial Officer, Felix Weber, “Adecco continues to consider operating income before amortisation and net income before amortisation (NIBA) 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. [Emphasis Added]

43. The statements referenced above in ¶¶25-37 were each materially false and misleading when made because they failed to disclose and/or misrepresented the Company's severe accounting problems, including, among other things:

- (i) “weaknesses” in reconciliation of payroll bank accounts;
- (ii) “weaknesses” in application of accounts receivable;
- (iii) several issues affecting revenue recognition, including lack of systematic documentation of agreed rates and hours;
- (iv) billing errors not timely identified and corrected; and
- (v) lack of segregation of duties in the branches increasing the likelihood of undetected errors.

44. The Class Period ends on January 12, 2004, when an Adecco press release announced a delay in the completion of an audit of the Company's 2003 financial results. Moreover, the press release disclosed that the delay was the result of, among other things, “material weaknesses in internal controls in the Company's North American operations of Adecco Staffing” and “possible accounting, control and compliance issues in the Company's operations in certain countries.” The press release stated in relevant part:

CHESEREX, SWITZERLAND, January 12, 2004 – Adecco S.A. announced that it does 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 reasons for the delay in completion of the audit include:

* 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.

In this regard an independent Counsel has been appointed by the Audit & Finance Committee of the Company's Board of Directors to conduct an investigation.

The Company is not yet able to predict when the 2003 audit of its consolidated financial statements will be completed.

45. Shareholder reaction to this shocking news was swift and sharply negative. By the end of trading on January 12, 2004, the same day as the announcement of the delay in the Company's audit and the weaknesses in Adecco's internal controls, Adecco stock had plummeted more than thirty percent (30%) in one day.

POST-CLASS PERIOD REVELATIONS

46. Four days later, January 16, 2004, a *Bloomberg News* article reported the resignation of defendant Weber as Adecco's CFO. The article indicated the substantial magnitude of the Company's accounting problems and stated in part, as follows:

Adecco Finance Chief Resigns Amid Accounting Probe

Jan. 16 (Bloomberg) -- Adecco SA, the world's largest provider of temporary workers, said Chief Financial Officer Felix Weber resigned and the Swiss company found errors in the way it accounted for North American revenue.

Julio Arrieta, chief executive officer of Adecco Staffing North America, also quit. Billing errors and "material weaknesses" in payroll procedure were uncovered, Adecco Chairman John Bowmer said on a conference call. The shares fell 9.8 percent today, bringing this week's drop to 34 percent, as Bowmer declined to elaborate or say if Adecco may restate revenue.

The Glattbrugg, Switzerland-based company first disclosed accounting "issues" on Monday, rattling investors hurt by scandals at Italy's Parmalat Finanziaria SpA and Dutch retailer Royal Ahold NV. The U.S. Securities and Exchange Commission is investigating Adecco, which sends 650,000 temporary workers a day to clients such as International Business Machines Corp.

“What happened is no petty little matter,” said Thomas Funk, who helps manage the equivalent of about \$14 billion at Bank Hofmann AG in Zurich, including Adecco shares. “The problems in the U.S. are bigger than expected.”

Adecco identified “weaknesses” including information technology security, reconciliation of payroll bank accounts and application of accounts receivable. Adecco, whose auditor is Ernst & Young LLP, said it found lack of documentation about agreed rates, billing errors “not timely identified and corrected” and “lack of segregation of duties” in branches. [Emphasis added.]

Bowmer Investigation

Ernst & Young spokesman Markus Bernhard declined to comment. Adecco's Bowmer said legal restrictions prevented him from further comment on the company's accounts.

The share slump has lopped 5.2 billion Swiss francs (\$4.1 billion) from Adecco's market value this week.

Sales at Adecco, which was created in 1996 when Switzerland's Adia SA bought Ecco SA of France for \$2.2 billion, more than doubled to 25.1 billion francs in 2002 from 11.4 billion francs in 1997. During that period, Adecco bought Melville, New York-based Olsten Corp., TAD Resources International in 1997 and Delphi Group Plc in 1999.

Adecco, led by 36-year-old Chief Executive Jerome Caille, said today affected businesses outside of North America account for “less than” 10 percent of revenue. Some irregularities have been corrected and others are being addressed by Bowmer, who was named executive chairman to lead the company's investigation.

“This lack of information is never a good thing,” said Guy Saintfiet, who helps manage 1 billion euros (\$1.25 billion) in assets at KBC Asset Management in Dublin, including Adecco shares. “I wouldn't add more money into the position.”

SEC Probe

Adecco shares dropped 5.85 Swiss francs to 54 in Zurich. The difference in yield between the company's 6 percent euro- denominated bonds maturing in 2006 and government bonds rose 75 basis points to 347 points, according to Dresdner Bank AG data. One basis point is 0.01 percentage point.

Adecco is under investigation by the SEC and the U.S. Attorney's Office for the Southern District of New York. Adecco retained the law firm Paul Weiss, Rifkind, Wharton & Garrison LLP to conduct an independent investigation, it said.

“The fact that the CFO is leaving shows that there must have been management problems,” said Claude Zehnder, head of brokerage research at Zuercher Kantonbank. “It’s still hard to say how big the whole thing is -- but it’s certainly not peanuts.”

The company said today it had cash and cash equivalents of about 1.4 billion Swiss francs (\$1.1 billion) at the end of 2003.

Andreas Cano

Weber, 53, joined Adecco as CFO in February 1998 after 12 years at management consultant McKinsey & Co. He has degrees in marketing and finance from the University of St. Gallen, one of Switzerland’s most prestigious business schools.

Andres Cano, Adecco’s financial controller, will take over as chief financial officer in an interim capacity. Philippe Marcel, chairman of Adecco France, will be the board’s special delegate in the U.S., the company said.

Arrieta started his career with Adecco in 1993 as a branch manager in Spain and became country manager in Chile in 1998. Arrieta, 39, has a degree in mine engineering.

Ahold, the world’s third-largest retailer, last February ousted Chief Executive Cees van der Hoeven and Chief Financial Officer Michiel Meurs after accounting incorrectly for sales at joint ventures and inflating earnings for three years.

The Dutch company is under investigation by the SEC and the Dutch public prosecutor and is the target of class-action lawsuits. On Feb. 24, the day of the announcement, Chairman Henny de Ruiters referred to “irregularities” in the treatment by U.S. Foodservice, a distributor, of income received to promote products.

Sarbanes-Oxley

The Sarbanes-Oxley corporate governance law, passed in 2002 in response to U.S. accounting scandals at Enron Corp. and WorldCom Inc., requires that accounting firms attest that companies have an effective system in place to detect fraud and financial reporting mistakes.

“When you don’t have a well-run internal controls system, your revenue numbers are suspect,” said Charles Mulford, accounting professor at the Georgia Institute of Technology, in an interview. **“You can try to audit around the problem but at some point the numbers become unreliable,”** he said. [Emphasis added.]

47. Also on January 16, 2004, the Company's board of directors issued a statement concerning the "considerable insecurity" related to the Company's massive accounting problems. The statement acknowledged the substantial magnitude of the Company's accounting problems as well as the opening of investigations into the Company's accounting practices by, among others, the SEC and the U.S. Attorney's Office for the Southern District of New York:

CHESEREX, Switzerland--(BUSINESS WIRE)--Jan. 16, 2004 The Board of Directors of Adecco SA convened an extraordinary meeting on January 15 to discuss the Company's current situation and the expected delay, announced January 12, in the scheduled announcement of audited results for the year ended December 28, 2003.

Concerns relating to this delay have led to considerable insecurity among investors and the general public. The Board of Directors regrets this particularly as, after considering the information available to it, it firmly believes that while certain material weaknesses in the Adecco's internal controls and practices, have been brought to light, the Board remains strongly confident about the Company and its future.

Chairman of the Board, John Bowmer, declared: "At the end of 2003, the group's cash and cash equivalents and short term investments were some CHF1.4 billion (EUR900 million, Adecco's reporting currency), one basis for the Board's confidence in the solidity of the company. Moreover, the Board believes firmly in the continuing long-term success of Adecco and is taking energetic measures to cooperate with its auditors, regulators and other stakeholders to resolve the current uncertainties."

Material weaknesses, related to Adecco Staffing North America, include IT system security; reconciliation of payroll bank accounts; application of accounts receivable; and several issues affecting revenue recognition including lack of systematic documentation of agreed rates and hours; billing errors not timely identified and corrected; and lack of segregation of duties in the branches increasing the likelihood of undetected errors. Of the foregoing, some have already been corrected, and the balance are being actively addressed. The Audit and Finance Committee of the Board initiated certain measures to help to identify any further weaknesses and permanently to resolve them. The chief focus of these measures is to investigate accounting, control and compliance issues in the US and in certain other countries, as well as to investigate accusations made by 'whistleblowers' in the US. Outside of the US, these other countries together accounted for less than 10% of the group's reported 2002 net service revenues. [Emphasis added.]

In addition, the Audit and Finance Committee of the Board has mandated the New

York law firm Paul Weiss, Rifkind, Wharton & Garrison LLP as independent experts to conduct an investigation into the foregoing and related matters.

Following the Company's statement of January 12, the US Securities and Exchange Commission and the US Attorney's Office for the Southern District of New York opened investigations into this matter. Adecco has assured both authorities of its strong cooperation.

In a further development, the Board acknowledges the resignation of the Group CFO Felix Weber and thanks him for his years of service to Adecco. Felix will be available to help the Chairman of the Board until the General Assembly of 2004. The current Group Financial Controller, Andres Cano, will take over the function of CFO on an interim basis. The Board has already begun work on a permanent appointment to this position.

The Board also acknowledges the resignation of Julio Arrieta from his position as CEO of Adecco Staffing North America and thanks him for his years of service to Adecco. Philippe Marcel, Board member and Chairman of Adecco France, the Group's largest national operation, has agreed to serve as the Board's special delegate in the US.

John Bowmer, Chairman of the Board, will lead the Company's efforts with regard to the pending enquiries and has agreed to serve as Executive Chairman with immediate effect. Jerome Caille, Group CEO, will concentrate fully on managing day-to-day business and on further enhancing Adecco's leading position worldwide.

Working together, the Board and management will do everything possible to resolve the outstanding issues quickly and comprehensively.

Jerome Caille, Group CEO said:

"Adecco continues actively to focus on providing jobs to over half a million associates on a daily basis, reflecting continuing recognition by more than 100,000 clients in all 68 of the Group's territories, of the excellence of the service delivered from our 5,800 branches."

SCIENTER ALLEGATIONS

48. 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.

COUNT I

VIOLATION OF SECTION 10(b) OF THE EXCHANGE ACT AGAINST AND RULE 10b-5 PROMULGATED THEREUNDER AGAINST ALL DEFENDANTS

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

50. During the Class Period, defendants carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; and (ii) 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.

51. 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 securities 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.

52. 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 financial performance of Adecco as specified herein.

53. 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 financial performance 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.

54. Each of the Individual Defendants' primary liability, and controlling person liability, arises from the following facts: (i) the Individual Defendants were high-level executives and/or directors at the Company during the Class Period and members of the Company management team or had control thereof; (ii) 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; (iii) 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 (iv) 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.

55. 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 financial performance and operations from the investing public and supporting the artificially inflated price of its securities. As demonstrated by defendants' 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.

56. 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's securities was artificially inflated during the Class Period. In ignorance of the fact that market prices of Adecco's publicly traded 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 securities trade, 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.

57. 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 the problems that Adecco was experiencing, 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 securities during the Class Period, they would not have done so at the artificially inflated prices which they paid.

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

59. 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 of the Company's securities during the Class Period.

COUNT II

VIOLATION OF SECTION 20(a) Of THE EXCHANGE ACT AGAINST THE INDIVIDUAL DEFENDANTS

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

61. 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.

62. 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.

63. As set forth above, Adecco and the Individual 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 securities during the Class Period.

JURY TRIAL DEMAND

_____ Plaintiff hereby demands a trial by jury.

PRAYER FOR RELIEF

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

1. Determining that this action is a proper class action, designating Plaintiff as Lead Plaintiff and certifying Plaintiff as class representative under Rule 23 of the Federal Rules of Civil Procedure and Plaintiff's counsel as Lead Counsel;
2. 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;
3. Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and
4. Such other and further relief as the Court may deem just and proper.

DATED: January 16, 2004

BULL & LIFSHITZ, LLP

By _____

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