Adecco Group

Press Release

Adecco continues to deliver double-digit revenue growth

The EBITA margin improves to 3.9% and cost control is strongly maintained

Q2 HIGHLIGHTS (Q2 2011 versus Q2 2010)

- Revenues of EUR 5.2 billion, up 11% (+13% in constant currency)
- Gross margin of 16.9%, down 90 bps
- SG&A up 3% (+5% in constant currency)
- EBITA[1] of EUR 199 million, up 18% (+22% in constant currency)
- EBITA margin at 3.9%, up 30 bps
- Results include integration costs of EUR 3 million and EUR 6 million negative impact from Nordics
- DSO at 55 days in Q2 2011, up 2 days

Key figures Q2 2011

in EUR millions	reported	reported growth	constant currency growth
Revenues	5,166	+11%	+13%
Gross profit	876	+6%	+8%
EBITA	199	+18%	+22%
Operating income	186	+21%	+24%
Net income attributable to Adecco shareholders	141	+45%	

Zurich, Switzerland, August 10, 2011: Adecco Group, the worldwide leader in Human Resource services, today announced results for the second quarter of 2011. Revenues were EUR 5.2 billion, an increase of 13% when excluding the currency impact. The gross margin was 16.9%, down 90 bps, mainly driven by the business mix. Costs continued to be well controlled. SG&A increased by 5% versus the prior year and by 1% versus Q1 2011, all in constant currency. The Q2 2011 EBITA margin was 3.9%, up 30 bps compared with the Q2 2010 EBITA margin of 3.6%. DSO was at 55 days, up 2 days compared to Q2 2010.

Patrick De Maeseneire, Chief Executive Officer of the Adecco Group, said: *"We had again very solid double-digit revenue growth this quarter, still driven by strong demand in the industrial segment. Revenue growth in France and North America held up very well, against an increasingly challenging base. Germany and Italy continued to deliver remarkably strong growth of above 30% and also Benelux and Japan performed ahead of the market. The gross margin was lower seasonally and was still impacted by the stronger growth of the lower margin industrial staffing business. Pricing remained rational. We continued to work hard on improving our profitability, delivering an increase of 30 bps on the EBITA margin to 3.9% this quarter. This was yet again achieved with tight measures on the cost side. With the current economic uncertainties, we keep a close lid on our cost base, and will only invest where prospects are promising. Revenue growth in July was a touch lower than June and from today's perspective we expect a solid third quarter."*

[1] EBITA is a non US GAAP measure and refers to operating income before amortisation of intangible assets.

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Q2 2011 FINANCIAL PERFORMANCE

Revenues
Group revenues in Q2 2011 were up 11% to EUR 5.2 billion compared to Q2 2010. In constant currency, revenues increased by 13%. Permanent placement revenues amounted to EUR 89 million in Q2 2011, an increase of 21% in constant currency and outplacement revenues totalled EUR 45 million, a decline of 22% in constant currency.

Gross Profit
In Q2 2011, gross profit amounted to EUR 876 million and the gross margin was 16.9%, down 90 bps compared with the prior year's second quarter. Temporary staffing had a negative impact of 55 bps on the gross margin, whereof 15 bps related to the French payroll tax subsidy cut. Whereas permanent placement had a positive impact of 10 bps on the Q2 2011 gross margin, the outplacement business negatively impacted the gross margin by 30 bps and other activities had a negative impact of 15 bps. Sequentially, the gross margin was down 50 bps. The outplacement business accounted for 15 bps of the decline, whereas the remaining 35 bps stemmed from the temporary staffing business. Excluding Germany, the temporary staffing gross margin was sequentially stable. In Germany, the temporary staffing gross margin is seasonally weaker in the second quarter given the impact of the public holidays, as temporary employees are on Adecco's payroll.

Selling, General and Administrative Expenses (SG&A)
SG&A in Q2 2011 increased by 3% compared to Q2 2010 to EUR 677 million. Integration costs related to MPS amounted to EUR 3 million in Q2 2011 (Q2 2010: EUR 7 million). For the remainder of the year, no further material integration costs for MPS are expected to be incurred. In constant currency, SG&A was up 5% compared to the same period last year, and increased 1% sequentially in constant currency. FTE employees increased by 4% (+1,400) compared to the second quarter of 2010. Sequentially, FTE employees were up 1%, mainly due to hirings in Germany and Emerging Markets. The branch network was up by 1% (+60 branches) compared with the second quarter 2010. At the end of Q2 2011, the Adecco Group had approximately 33,000 FTE employees and operated a network of over 5,500 branches.

EBITA
In the period under review, EBITA was EUR 199 million compared with EUR 168 million reported in Q2 2010. The second quarter 2011 EBITA margin was 3.9%, compared to 3.6% in the prior year.

Amortisation of Intangible Assets
Amortisation of intangible assets amounted to EUR 13 million in the second quarter of 2011 compared to EUR 14 million in Q2 2010.

Operating Income
In Q2 2011, operating income was EUR 186 million. This compares to EUR 154 million in the second quarter of 2010.

Interest Expense and Other Income / (Expenses), net
The interest expense amounted to EUR 17 million in the period under review, EUR 1 million higher than in Q2 2010. Other income / (expenses), net was an expense of EUR 10 million in Q2 2011 compared to income of EUR 2 million in the second quarter of 2010. In connection with the bond tender completed in April 2011, whereby Adecco lengthened its debt maturity profile, the Company recognised a loss of EUR 11 million in other income / (expenses), net. Interest expense is expected at approximately EUR 70 million for the full year 2011.

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Provision for Income Taxes
The effective tax rate in Q2 2011 was 11% compared to 30% in Q2 2010. The tax rate in both periods was positively impacted by the successful resolution of prior years' audits in several jurisdictions.

Net Income attributable to Adecco shareholders and EPS
Net income attributable to Adecco shareholders in Q2 2011 was EUR 141 million. This compares to EUR 97 million in the second quarter of 2010. Basic EPS was EUR 0.74 (Q2 2010: EUR 0.51).

Cash flow, Net Debt[2] and DSO
Cash used in operating activities amounted to EUR 30 million in the first half of 2011 compared to cash generated by operating activities of EUR 30 million in the same period last year. The Group paid dividends of EUR 149 million and purchased treasury shares for EUR 134 million. Capital expenditure amounted to EUR 50 million in the first half of 2011. Net debt at the end of June 2011 was EUR 1,185 million compared to EUR 751 million at year end 2010. DSO was 55 days in the second quarter of 2011, an increase of 2 days compared to the same period last year.

Currency Impact
In Q2 2011, currency fluctuations had a negative impact of approximately 2% on revenues.

[2] Net debt is a non US GAAP measure and comprises short-term and long-term debt less cash and cash equivalents and short-term investments.

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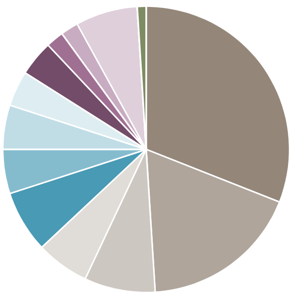
GEOGRAPHICAL PERFORMANCE

Q2 2011

Revenues in percent



		Revenues		EBITA	
		EUR m	constant currency growth	EUR m	margin
31%	France	**1,596**	15%	**57**	3.6%
18%	North America	**905**	12%	**41**	4.5%
8%	UK & Ireland	**406**	0%	**7**	1.7%
6%	Japan	**330**	4%	**21**	6.3%
7%	Germany & Austria	**382**	31%	**19**	5.1%
5%	Benelux	**239**	12%	**9**	4.0%
5%	Italy	**283**	35%	**21**	7.4%
4%	Nordics	**200**	7%	**3**	1.8%
4%	Iberia	**186**	6%	**6**	3.1%
2%	Australia & New Zealand	**125**	11%	**4**	2.9%
2%	Switzerland	**117**	14%	**11**	9.4%
7%	Emerging Markets	**345**	16%	**10**	2.8%
1%	LHH	**52**	-15%	**10**	19.2%
	Corporate			**(20)**	
	Adecco Group	**5,166**	13%	**199**	3.9%

In **France**, revenues increased by 15% to EUR 1.6 billion. Growth in the industrial staffing segment remained strong. Permanent placement revenues were up 27%. EBITA was EUR 57 million in the quarter under review compared to EUR 49 million in Q2 2010, an increase of 16% year-on-year. The EBITA margin was 3.6%, up 10 bps compared to the prior year's second quarter, despite the negative impact of the French payroll tax subsidy cut, which negatively impacted results by 50 bps this quarter.

In **North America**, Adecco's revenues increased by 12% in constant currency to EUR 905 million. General staffing revenues grew by 18% in constant currency, while professional staffing was still held back by the IT segment. With the MPS integration close to completion, growth in the IT staffing business still lags behind the market. Given the potential in the IT staffing business, management is putting in place additional actions to improve the revenue development. Permanent placement revenues increased strongly, by 32% in constant currency. EBITA was up 36% in constant currency. Integration costs related to MPS amounted to EUR 2 million in Q2 2011 (Q2 2010: EUR 3 million). The EBITA margin was 4.5%, up 80 bps compared to Q2 2010.

In the **UK & Ireland**, revenues were flat in constant currency at EUR 406 million. Permanent placement revenues continued to develop very well, up 20% in constant currency. EBITA was EUR 7 million in the quarter under review and the EBITA margin was 1.7%. Integration costs related to MPS amounted to EUR 1 million (Q2 2010: EUR 4 million related to Spring and MPS).

In **Japan**, revenues were up 4% in constant currency to EUR 330 million. The EBITA margin improved strongly to 6.3%, an increase of 110 bps compared to the second quarter of last year. Outsourcing contracts won last year continued to contribute positively.

In **Germany & Austria**, revenue growth remained stellar. Revenues increased by 31% to EUR 382 million. Growth remained strongest in the industrial staffing business. The office segment and the professional staffing business also continued to show strong double-digit growth. Germany & Austria generated EBITA of EUR 19 million, an increase of 54% compared to Q2 2010. The EBITA margin improved by 80 bps year-on-year to 5.1%.

In Q2 2011, revenues in **Benelux** increased by 12%, clearly ahead of the market. The EBITA margin improved to 4.0% in the quarter under review.

Revenue growth in **Italy** remained very strong, increasing by 35%, mainly driven by continued robust growth in the industrial staffing segment. Italy achieved strong improvements in profitability, as the EBITA margin was up 200 bps to 7.4% in Q2 2011.

Revenues in the **Nordics** increased 7% in constant currency. The EBITA margin was 1.8% compared to 5.5% in the prior year's second quarter. The Q2 2011 results were negatively impacted by EUR 6 million related to exiting the Nursing home outsourcing business in Norway.

In **Iberia** revenues increased 6%, despite the very challenging economic conditions in the region. Revenues were up 11% in constant currency in **Australia & New Zealand** this quarter. **Switzerland** increased revenues by 14% in constant currency and continued to deliver very strong profitability, driven by strict cost control, with an EBITA margin of 9.4%.

Emerging Markets continued to perform strongly with revenues up 16% in constant currency, mainly driven by Eastern Europe and India. EBITA was up 23% in constant currency and the EBITA margin was 2.8%.

Revenues of **Lee Hecht Harrison (LHH)**, Adecco's career transition and talent development business, amounted to EUR 52 million, a decline of 15% in constant currency. EBITA totalled EUR 10 million and the EBITA margin was 19.2%.

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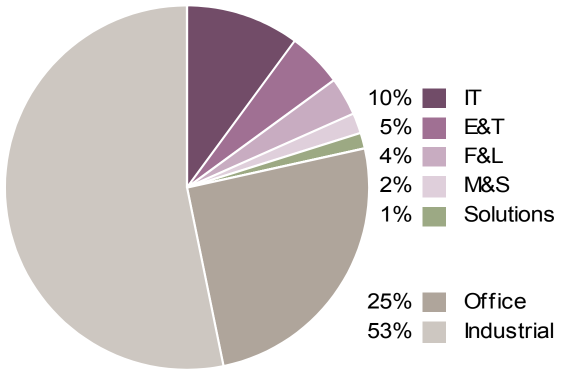
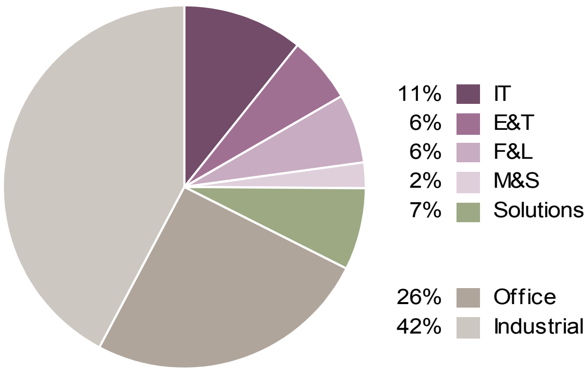
BUSINESS LINE PERFORMANCE

Q2 2011 Revenues



Q2 2011 Gross profit



Adecco's revenues in the **General Staffing** business (Office & Industrial) increased by 16% in constant currency to EUR 4.1 billion. The **Industrial** business continued to perform strongly with revenues up 19% in constant currency. Revenue growth in Germany & Austria, as well as Italy, continued to be very strong, with 37% and 39% revenue growth respectively. In France, year-on-year growth also remained robust, despite the higher base with revenues up 16%. The same held true for North America, where revenues increased 13% in constant currency. In the **Office** business, revenues increased 10% in constant currency. Growth was still held back by Japan, where revenues grew 4% in Q2 2011 and by the UK & Ireland, where revenues were flat, all in constant currency. Revenues in North America, on the other hand, continued to develop strongly, increasing by 24% in constant currency.

The **Professional Staffing**[3] revenues increased 5% in constant currency. Revenue growth was particularly strong in Germany & Austria and France, whereas North American revenues grew by 5% in constant currency, held back by the IT segment and UK & Ireland revenues decreased by 1% in constant currency.

In **Information Technology (IT)**, revenues increased 4% in constant currency. In North America revenues declined by 1% in constant currency. Revenues in the UK & Ireland increased by 3% in constant currency.

Adecco's **Engineering & Technical (E&T)** business was up 9% in constant currency. Year-on-year revenue growth slowed in North America, to 12% in constant currency, driven by a higher base, while revenues in Germany & Austria continued to grow strongly and were up 19%.

In **Finance & Legal (F&L)**, revenues were flat in constant currency. Revenues in North America increased by 4% in constant currency, while business in the UK & Ireland remained difficult, resulting in a revenue decline in Q2 2011 of 16% in constant currency.

In Q2 2011, revenues in **Medical & Science (M&S)** increased by 4% in constant currency.

In the quarter under review, revenues in **Solutions**[4] declined by 7% in constant currency, mainly driven by the counter-cyclical career transition business.

[3] Professional Staffing refers to Adecco's Information Technology, Engineering & Technical, Finance & Legal and Medical & Science businesses.
[4] Solutions include revenues from Human Capital Solutions, Managed Service Programmes (MSP), Recruitment Process Outsourcing (RPO) and Vendor Management Systems (VMS).

MANAGEMENT OUTLOOK

Revenue growth throughout the second quarter remained in double-digit territory, despite an increasingly challenging base. In June, revenues were up 11% adjusted for trading days. July was a touch lower than June. In the current uncertain economic environment, we continue to see good demand from our clients, who value the flexibility we offer in terms of workforce solutions. Growth short-term will continue to be driven by the industrial staffing segment, and growth in the office business is expected to remain solid, while revenue growth in professional staffing is expected at levels similar to the second quarter.

On July 26, 2011, Adecco announced the acquisition of Drake Beam Morin, Inc. Combining Adecco's Lee Hecht Harrison business with Drake Beam Morin, Inc., will create the world's largest provider in the career transition and talent development services sector. The acquisition considerably expands the global footprint of Lee Hecht Harrison beyond its main markets, the U.S. and France, into new geographies, and enhances its scale in markets with an existing presence. Adecco expects cost synergies of approximately EUR 10 million and the transaction to be immediately EPS accretive in year one and EVA[5]-enhancing after one year. The transaction remains subject to customary closing conditions, including the receipt of certain regulatory approvals. It is expected to close in the third quarter of 2011.

Management remains confident that the current business environment will continue to offer attractive growth opportunities. Given the level of economic uncertainty which currently persists, a cost conscious approach to run the business remains key. We expect the cost base to remain stable sequentially at constant currency. With the growth and profitability levels achieved to date, we are well on track to reach the mid-term EBITA margin target of over 5.5%.

Financial Agenda 2011/2012

• Q3 2011 results	November 8, 2011
• Q4/FY 2011 results	March 1, 2012
• Annual General Meeting	April 24, 2012
• Q1 2012 results	May 8, 2012
• Q2 2012 results	August 9, 2012

[5] Based on Adecco's internal hurdle rate of 10%.

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Q2 2011 Results Conference Calls

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

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Forward-looking statements

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

About the Adecco Group

The Adecco Group, based in Zurich, Switzerland, is the world's leading provider of HR solutions. With approximately 33,000 FTE employees and over 5,500 branches, in over 60 countries and territories around the world, Adecco Group offers a wide variety of services, connecting over 750,000 associates with well over 100,000 clients every day. The services offered fall into the broad categories of temporary staffing, permanent placement, outsourcing, consulting and outplacement. The Adecco Group is a Fortune Global 500 company.

Adecco S.A. is registered in Switzerland (ISIN: CH0012138605) and listed on the SIX Swiss Exchange (ADEN).

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Consolidated statements of operations
(unaudited)

EUR millions except share and per share amounts	Q2 2011	Q2 2010	Variance % EUR	Variance % Constant Currency	H1 2011	H1 2010	Variance % EUR	Variance % Constant Currency
Revenues	5,166	4,646	11%	13%	10,081	8,608	17%	17%
Direct costs of services	(4,290)	(3,821)			(8,351)	(7,071)		
Gross profit	**876**	**825**	6%	8%	**1,730**	**1,537**	13%	12%
Gross margin	*16.9%*	*17.8%*			*17.2%*	*17.9%*		
Selling, general and administrative expenses	(677)	(657)	3%	5%	(1,359)	(1,256)	8%	7%
As a percentage of revenues	*13.1%*	*14.1%*			*13.5%*	*14.6%*		
Amortisation of intangible assets	(13)	(14)			(27)	(27)		
Operating income	**186**	**154**	21%	24%	**344**	**254**	35%	37%
Operating income margin	*3.6%*	*3.3%*			*3.4%*	*3.0%*		
Interest expense	(17)	(16)			(32)	(31)		
Other income / (expenses), net	(10)	2			(11)	1		
Income before income taxes	**159**	**140**	13%		**301**	**224**	34%	
Provision for income taxes	(18)	(43)			(59)	(70)		
Net income	**141**	**97**	45%		**242**	**154**	56%	
Net income attributable to noncontrolling interests					(1)			
Net income attributable to Adecco shareholders	**141**	**97**	45%		**241**	**154**	57%	
Net income margin attributable to Adecco shareholders	*2.7%*	*2.1%*			*2.4%*	*1.8%*		
Basic earnings per share	**0.74**	**0.51**			**1.26**	**0.80**		
Basic weighted-average shares	191,106,120	192,039,555			191,864,453	191,971,225		
Diluted earnings per share	**0.74**	**0.50**			**1.26**	**0.79**		
Diluted weighted-average shares	191,215,918	196,971,068			191,989,599	197,344,706		

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Revenues and operating income by segment

(unaudited)

EUR millions	Q2 2011	Q2 2010	Variance % EUR	Variance % Constant Currency	H1 2011	H1 2010	Variance % EUR	Variance % Constant Currency
Revenues[1]								
France	1,596	1,387	15%	15%	3,004	2,531	19%	19%
North America[2]	905	891	2%	12%	1,826	1,594	15%	19%
UK & Ireland[2]	406	411	-1%	0%	817	772	6%	5%
Japan	330	312	6%	4%	682	619	10%	3%
Germany & Austria[2]	382	291	31%	31%	738	549	35%	35%
Benelux[2]	239	214	12%	12%	469	409	15%	15%
Italy	283	210	35%	35%	520	381	36%	36%
Nordics	200	181	11%	7%	400	334	20%	14%
Iberia	186	176	6%	6%	367	338	8%	8%
Australia & New Zealand	125	104	19%	11%	245	195	26%	13%
Switzerland	117	91	29%	14%	221	162	36%	20%
Emerging Markets	345	313	10%	16%	683	587	16%	17%
LHH	52	65	-19%	-15%	109	137	-20%	-19%
Adecco Group[2]	**5,166**	**4,646**	**11%**	**13%**	**10,081**	**8,608**	**17%**	**17%**
Operating income[1]								
France	57	49	16%	16%	94	76	23%	23%
North America	41	33	23%	36%	75	54	39%	48%
UK & Ireland	7	5	34%	36%	15	7	108%	106%
Japan	21	17	27%	25%	40	34	19%	11%
Germany & Austria	19	13	54%	54%	48	26	87%	87%
Benelux	9	3	167%	167%	20	11	77%	77%
Italy	21	11	83%	83%	34	16	106%	106%
Nordics	3	10	-63%	-64%	6	15	-58%	-60%
Iberia	6	5	-1%	-1%	11	10	4%	4%
Australia & New Zealand	4	2	60%	50%	7	4	72%	58%
Switzerland	11	8	39%	23%	20	13	57%	38%
Emerging Markets	10	9	17%	23%	19	16	21%	23%
LHH	10	19	-46%	-43%	21	36	-41%	-40%
Corporate Expenses	(20)	(16)			(39)	(37)		
EBITA[3]	**199**	**168**	**18%**	**22%**	**371**	**281**	**32%**	**34%**
Amortisation of intangible assets	(13)	(14)			(27)	(27)		
Adecco Group	**186**	**154**	**21%**	**24%**	**344**	**254**	**35%**	**37%**

1) From Q1 2011 LHH is reported as a separate segment. The 2010 information has been restated to conform to the current year presentation.

2) In H1 2011 revenues excluding acquisitions and currency impact changed in North America by 14%; UK & Ireland by 2%; Germany & Austria by 34%; Benelux by 14%; and Adecco Group by 15%.

3) EBITA is a non US GAAP measure and refers to operating income before amortisation of intangible assets.

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Revenues by business line
(unaudited)

EUR millions	Q2 2011	Q2 2010	Variance %		H1 2011	H1 2010	Variance %	
Revenues[1,2]			EUR	Constant Currency			EUR	Constant Currency
Office	1,304	1,199	9%	10%	2,606	2,305	13%	11%
Industrial	2,749	2,331	18%	19%	5,216	4,248	23%	22%
General Staffing	**4,053**	**3,530**	**15%**	**16%**	**7,822**	**6,553**	**19%**	**18%**
Information Technology	521	514	1%	4%	1,057	948	11%	11%
Engineering & Technical	252	245	3%	9%	504	447	13%	15%
Finance & Legal	175	185	-5%	0%	362	329	10%	12%
Medical & Science	93	91	2%	4%	189	166	14%	14%
Professional Staffing	**1,041**	**1,035**	**1%**	**5%**	**2,112**	**1,890**	**12%**	**12%**
Solutions	**72**	**81**	**-12%**	**-7%**	**147**	**165**	**-11%**	**-9%**
Adecco Group	**5,166**	**4,646**	**11%**	**13%**	**10,081**	**8,608**	**17%**	**17%**

1) Breakdown of staffing revenues into Office, Industrial, Information Technology, Engineering & Technical, Finance & Legal, and Medical & Science is based on dedicated branches. Solutions include revenues from Human Capital Solutions, Managed Service Programmes (MSP), Recruitment Process Outsourcing (RPO), and Vendor Management System (VMS).
The 2010 information has been restated to conform to the current year presentation.

2) In H1 revenues excluding acquisitions and currency impact changed in Information Technology by 7%; Engineering & Technical by 11%; Finance & Legal by 2%; Medical & Science by 9%; Professional Staffing by 7%, Solutions by -11% and Adecco Group by 15%.

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Consolidated balance sheets

EUR millions	Jun 30 2011 (unaudited)	Dec 31 2010
Assets		
Current assets:		
– Cash and cash equivalents	383	549
– Short-term investments	3	5
– Trade accounts receivable, net	3,842	3,541
– Other current assets	379	351
Total current assets	**4,607**	**4,446**
Property, equipment, and leasehold improvements, net	288	291
Other assets	299	291
Intangible assets, net	538	578
Goodwill	3,182	3,273
Total assets	**8,914**	**8,879**
Liabilities and shareholders' equity		
Liabilities		
Current liabilities:		
– Accounts payable and accrued expenses	3,481	3,472
– Short-term debt and current maturities of long-term debt	362	217
Total current liabilities	**3,843**	**3,689**
Long-term debt, less current maturities	1,209	1,088
Other liabilities	503	535
Total liabilities	**5,555**	**5,312**
Shareholders' equity		
Adecco shareholders' equity:		
– Common shares	118	118
– Additional paid-in capital	2,454	2,602
– Treasury shares, at cost	(666)	(532)
– Retained earnings	1,802	1,561
– Accumulated other comprehensive income/(loss), net	(352)	(184)
Total Adecco shareholders' equity	**3,356**	**3,565**
Noncontrolling interests	3	2
Total shareholders' equity	**3,359**	**3,567**
Total liabilities and shareholders' equity	**8,914**	**8,879**

Adecco Group

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Consolidated statements of cash flows

(unaudited)

EUR millions	H1 2011	H1 2010
Cash flows from operating activities		
Net income	242	154
Adjustments to reconcile net income to cash flows from operating activities:		
– Depreciation and amortisation	73	68
– Other charges	3	23
Changes in operating assets and liabilities, net of acquisitions:		
– Trade accounts receivable	(400)	(466)
– Accounts payable and accrued expenses	85	210
– Other assets and liabilities	(33)	41
Cash flows from/(used in) operating activities	**(30)**	**30**
Cash flows from investing activities		
Capital expenditures	(50)	(45)
Acquisition of MPS, net of cash acquired		(831)
Cash settlements on derivative instruments	(47)	11
Other acquisition and investing activities		(9)
Cash used in investing activities	**(97)**	**(874)**
Cash flows from financing activities		
Net increase in short-term debt	143	7
Borrowings of long-term debt, net of issuance costs	330	
Repayment of long-term debt	(214)	(139)
Dividends paid to shareholders	(149)	(91)
Purchase of treasury shares	(134)	
Other financing activities	3	1
Cash used in financing activities	**(21)**	**(222)**
Effect of exchange rate changes on cash	**(18)**	**41**
Net decrease in cash and cash equivalents	**(166)**	**(1,025)**
Cash and cash equivalents:		
– Beginning of year	549	1,458
– End of period	383	433