

F. Adecco U.S.A. Capital (V966)

June 24, 2010

General Project Plan

Grantee: Adecco USA, Inc.

ESD Investment: A grant of up to \$100,000, pending passage of the New York State budget, to be used for a portion of the cost of leasehold improvements at new location.

Project Location: 158 Wallace Way, Town of Gates, Monroe County

NYS Empire Zone (or equivalent): Monroe County Empire Zone

ESD Incentive Offer Accepted: April 2, 2008

Project Completion: September 2008

Number of Employees at Facility:

Initial employment at time of ESD Incentive Offer:	13
Current employment level:	170
Minimum employment on January 1, 2012:	87*

*New employees cannot be transferred from other NYS locations

Grantee Contact: Diane Howell, Director of State Taxes
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Project Team:

Origination	Helen Blum
Project Management	Edward Muszynski
Affirmative Action	Helen Daniels
Environmental	Soo Kang

Project Description:

Background

Adecco Group (the “Parent”), a publicly traded Swiss corporation, is a world leader in human resource services, offering temporary staffing, outsourcing, permanent recruitment, outplacement and career management, training and consulting. The worldwide company has over 37,000 employees and has a presence in over 70 countries and territories. Adecco USA and Adecco Canada represent approximately 20% of world sales. Major customers include Verizon, Citigroup, Bank of America, and General Electric. Competitors include Manpower, Kelly, Sperion, and Randstad. Adecco’s North American Headquarters is

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located in Melville, Long Island. Adecco has approximately 70 locations with a total of 2,500 employees across New York.

In 2008, Adecco USA, Inc. (“Adecco” or the “Company”) sought to create an Eastern Shared Service Center to serve as an inbound calling and data processing center for multiple back-office functions for approximately 350 branches. These functions were being performed by smaller regional centers or managed directly within each branch. Possible locations included Blawnox, PA; Rochester, NY; Grand Rapids, MI; Fayetteville, NC; as well as multiple sites in Florida. The Company’s existing payroll center in the Rochester area, with 13 employees, was at risk of relocation. ESD offered Adecco a \$100,000 capital grant on February 1, 2008, which the Company accepted on April 2, 2008, to pursue the project in Rochester. As a result, the Company relocated to a former Kodak manufacturing campus, called Rochester Technology Park, in the Town of Gates in the Monroe County Empire Zone. Without this assistance, it is unlikely that Adecco would have undertaken the project in New York.

The Project

The Company originally intended to occupy 13,000 square feet at the project location, but its current footprint has grown to 27,000 square feet. The facility was considered so successful that the Company added recruiting functions as well. Adecco completed leasehold improvements such as wall partitions, electrical, and HVAC, and installed furniture, fixtures and equipment. Adecco also installed uninterruptible power systems and backup generators, which are standard for call centers. The Company has already well exceeded the 87 projected new jobs with 170 employees currently.

Financing Uses	Amount	Financing Sources	Amount	Percent
Leasehold Improvements	\$889,505	ESD Grant	\$100,000	7%
IT Improvements	332,340	Company Equity	1,376,355	93%
Furniture & Fixtures	224,510			
Marketing	30,000			
Total Project Costs	\$1,476,355	Total Project Financing	\$1,476,355	100%

Financial Terms and Conditions:

1. The Company shall pay a commitment fee of 1% of the \$100,000 grant (\$1,000) upon execution of the grant disbursement agreement. In addition, at the time of disbursement, the Company will reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Company will be obligated to advise ESD of a material adverse change in its financial condition prior to disbursement.

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3. The Company or the Company's shareholders will contribute at least 10% in equity to the Project. Equity is defined as any non-debt source of capital, and should be auditable through Company financial statements or Company accounts, if so requested by ESD.
4. Prior to disbursement, the Company must employ at least the number of Full-time Permanent Employees set forth as the Baseline Employment in the table below. A Full-time Permanent Employee shall mean (a) a full-time, permanent, private-sector employee on the Grantee's payroll, who has worked at the Project Location for a minimum of thirty-five hours per week for not less than four consecutive weeks and who is entitled to receive the usual and customary fringe benefits extended by Grantee to other employees with comparable rank and duties; or (b) two part-time, permanent, private-sector employees on Grantee's payroll, who have worked at the Project Location for a combined minimum of thirty-five hours per week for not less than four consecutive weeks and who are entitled to receive the usual and customary fringe benefits extended by Grantee to other employees with comparable rank and duties.
5. Up to \$100,000 will be disbursed to the Grantee in three installments as follows:
 - a) an Initial Disbursement of an amount equal to 50% of the grant (\$50,000) upon documentation of leasehold improvements, furniture, fixtures and equipment costs totaling \$1,000,000, and documentation of the employment of at least 50 Full-time Permanent Employees at the Project Location (Employment Increment of 37), assuming that all project approvals have been completed and funds are available;
 - b) a Second Disbursement of an amount equal to 25% of the grant (\$25,000) will be disbursed upon documentation of the employment of at least 75 Full-time Permanent Employees at the Project Location (Employment Increment of 25), provided Grantee is otherwise in compliance with program requirements;
 - c) a Third Disbursement of an amount equal to 25% of the grant (\$25,000) will be disbursed upon documentation of the employment of at least 100 Full-time Permanent Employees at the Project Location (Employment Increment of 25), provided Grantee is otherwise in compliance with program requirements.

Payment will be made upon presentation to ESDC of an invoice and such other documentation as ESDC may reasonably require. Disbursements may be requested simultaneously. Expenses must be incurred on or after April 2, 2008 to be considered eligible project costs. All disbursements must be requested by April 1, 2012.

6. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$100,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Company and the State of New York. In no event shall the total amount of any assistance to be so reallocated exceed the total amount of assistance approved by the Directors.
7. In consideration for the making of the Grant, Grantee will achieve the Employment

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Goals set forth in Column B of the table below. If the Full-time Permanent Employee Count for the year prior to the reporting date set forth in Column A of the table below is less than eighty-five percent (85%) of the Employment Goal set forth in Column B (an “Employment Shortfall”), then upon demand by ESD, Grantee shall be obligated to repay to ESD a portion of each disbursement of the Grant, as follows:

The Recapture Amount is based on the time that has lapsed between when the Grant funds were disbursed and when the Employment Shortfall occurred. The Recapture Amount shall be calculated by aggregating the Recapture Amount for each disbursement of the Grant, which in each instance shall be equal to:

- (i) 100% of the disbursed amount if the Employment Shortfall occurred in the calendar year that the disbursement was made, or in the first full calendar year after the disbursement was made;
- (ii) 80% of the disbursed amount if the Employment Shortfall occurred in the second full calendar year after the disbursement was made;
- (iii) 60% of the disbursed amount if the Employment Shortfall occurred in the third full calendar year after the disbursement was made;
- (iv) 40% of the disbursed amount if the Employment Shortfall occurred in the fourth full calendar year after the disbursement was made;
- (v) 20% of the disbursed amount if the Employment Shortfall occurred in the fifth full calendar year after the disbursement was made.

The Grantee’s number of Full-time Permanent Employees shall be deemed to be the greater of the number as of the last payroll date in the month of December for such year or the average employment for the 12 month period computed by quarter.

Baseline Employment	13
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A	B
Reporting Date	Employment Goals
February 1, 2011	13+X+Y+Z
February 1, 2012	13+X+Y+Z
February 1, 2013	13+X+Y+Z
February 1, 2014	13+X+Y+Z

X = Grantee's Employment Increment that will be the basis of the First Disbursement of the Grant as described in section 5 above (i.e. X=37, and Employment Goals shall equal [13 + X = 50] if the First Disbursement is made, in the year such disbursement is made and for each year thereafter). If the First Disbursement has not yet been made then X=0.

Y = Grantee’s Employment Increment that will be the basis of the Second Disbursement of the Grant as described in section 5 above (i.e. Y=25, and Employment Goals shall equal [13 + X + Y = 75] if the Second Disbursement is made, in the year such disbursement is made and for each year thereafter). If the

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Second Disbursement has not yet been made then $Y=0$.

Z = Grantee's Employment Increment that will be the basis of the Third Disbursement of the Grant as described in section 5 above (i.e. $Z=25$, and Employment Goals shall equal $[13 + X + Y + Z = 100]$ if the Third Disbursement is made, in the year such disbursement is made and for each year thereafter). If the Third Disbursement has not yet been made then $Z=0$.

Statutory Basis – Empire State Economic Development Fund:

1. The project would promote the economic health of New York State by facilitating the creation or retention of jobs or would increase activity within a municipality or region of the State or would enhance or help to maintain the economic viability of family farms.
As a result of this project, the Company will retain its employment level of 13 jobs, which were at risk of relocation to another state. In addition, the Company will create 87 new jobs.
2. The project would be unlikely to take place in New York State without the requested assistance.
The Company considered relocating its operations to Pennsylvania, Michigan, North Carolina or Florida. ESD's assistance helped to reduce costs and make the project feasible in New York.
3. The project is reasonably likely to accomplish its stated objectives and the likely benefits of the project exceed costs.
Evaluated over a seven-year period, project fiscal benefits to New York State government are expected to be \$2,046,635, which exceed the cost to the State.
4. The requirements of Section 10(g) of the Act are satisfied.
See cover memo.