



Kelly Services Reports 36% Increase in Net Earnings for the Second Quarter of 2006

July 25, 2006

TROY, MI (July 25, 2006) -- Kelly Services, Inc., a global provider of staffing services, today announced record revenue and a 36% increase in net earnings for the second quarter ended July 2, 2006.

Carl T. Camden, President and Chief Executive Officer, announced revenue for the second quarter of 2006 totaled \$1.416 billion, an 8.0% increase compared to the \$1.312 billion for the corresponding quarter in 2005. Revenue for the six-month period totaled \$2.776 billion, an 8.4% increase compared to the \$2.561 billion for the first six months of 2005.

Net earnings for the second quarter of 2006 totaled \$12.7 million, a 35.8% increase compared to \$9.3 million reported for the second quarter of 2005. Net earnings for the first six months of 2006 totaled \$21.2 million, a 60.0% increase compared to the \$13.3 million earned in the comparable period of 2005.

Diluted earnings per share in the second quarter of 2006 were \$0.35, an increase of 34.6% as compared to second quarter 2005 earnings of \$0.26 per share. Diluted earnings per share for the first six months of 2006 were \$0.59, a 59.5% increase compared to the \$0.37 per share earned last year.

Commenting on the results, Camden said, "We're very pleased that we combined solid sales increases with improved operating efficiency to generate strong earnings growth.

"Our earnings before taxes were very strong and grew by nearly 62% during the second quarter. However, our net earnings after taxes increased at a lower rate of 36%, because our tax rate was significantly higher than last year. This was primarily due to the fact that legislation to retroactively extend Work Opportunity Credits for 2006 was not passed in the second quarter, as was originally expected. It is not unusual for the credits to be delayed, and we remain confident that this legislation will be passed before year end.

"Revenue in our U.S. Commercial segment, which accounted for 45% of total sales, increased 6.1% year over year in the second quarter. Operating earnings totaled \$33.6 million, an increase of 16.2% compared to last year.

"Revenue in our Professional, Technical, and Staffing Alternatives (PTSA) segment, which accounted for 21% of total sales, increased 4.3% year over year in the second quarter. Operating earnings totaled \$18.6 million and increased 14.1% on a year over year basis.

"Revenue in our International segment, which accounted for 34% of total sales, increased 13.0% year over year in the second quarter. Operating earnings totaled \$5.2 million, and increased 31.8% compared to last year.

"On a constant currency basis, International segment revenue increased 11.8% year over year in the second quarter. On a constant currency basis, total company revenue increased 7.6% year over year in the second quarter.

"Corporate expenses totaled \$36.0 million and increased 1.4% compared to last year. Operating earnings totaled \$21.3 million, and increased 56.7% on a year over year basis."

Mr. Camden concluded, "We expect third quarter 2006 earnings to be in the range of \$0.43 to \$0.48, as compared to \$0.35 per share in the third quarter of 2005. This guidance includes a tax rate of approximately 26%, which assumes legislation to retroactively extend Work Opportunity Credits to the beginning of 2006 will be signed during the third quarter. For the full year, we continue to forecast earnings between \$1.50 and \$1.60 per share."

In conjunction with its second quarter earnings release, Kelly Services, Inc. will host a conference call at 9:00 a.m. (ET) on July 25, 2006 to review the results and answer questions. The call may be accessed in one of the following ways:

Via the Telephone:

U.S. 1-800-230-1074
International 1-612-288-0340

The pass code is Kelly Services

Via the Internet:

The call is also available via the internet through the Kelly Services website: www.kellyservices.com

This release contains statements that are forward looking in nature and accordingly, are subject to risks and uncertainties. These factors include: competition, changing market and economic conditions, currency fluctuations, changes in laws and regulations, including tax laws, and other factors discussed in this release and in the company's filings with the Securities and Exchange Commission. Actual results may differ materially from any projections contained herein.

Kelly Services, Inc. (NASDAQ: KELYA, KELYB) is a Fortune 500 company headquartered in Troy, Mich., offering staffing solutions that include temporary staffing services, staff leasing, outsourcing, vendor on-site and full-time placement. Kelly operates in 30 countries and territories. Kelly provides employment to more than 700,000 employees annually, with skills including office services, accounting, engineering, information technology, law, science, marketing, light industrial, education, health care, and home care. Revenue in 2005 was \$5.3 billion. Visit www.kellyservices.com.

[To view related financial statements click here](#) (pdf format)

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