



KELLY®



September 2014

Northcoast Research

Investor Meetings
Chicago & Milwaukee

Safe Harbor Statement

The information provided in this presentation (both written and oral) relating to future events are subject to risks and uncertainties, such as competition; changing market and economic conditions; currency fluctuations; changes in laws and regulations, including tax laws, and other factors discussed in the company's SEC filings. These documents contain and identify important factors that could cause actual results to differ materially from those contained in our projections or forward-looking statements.

1946-2014

STAFFING Kelly Girl®

William Russell Kelly pioneers the modern staffing industry by founding the Russell Kelly Office Service in 1946 in **Detroit, MI.**



GLOBAL WORKFORCE SOLUTIONS Free Agent

- Strategic Partnerships
- Solutions
- Supply Chain



Our annual **Kelly Global Workforce Index™** captures labor market trends from approximately 200,000 participants across more than 30 countries.

Chief
Executive

**BEST COMPANIES
FOR LEADERS**

2013

**BEST
of
Staffing®
CLIENT
SATISFACTION
2014**

Recognized by Inavero for delivering service to clients that is well above industry benchmarks.

PROFILE

Kelly Educational Staffing® is the **largest** provider of instructional and non-instructional staff in the U.S.

Large
Customer
Strategy

Introduced iPad® apps!

The Talent Project
for clients in 2011

WorkWire™ for
candidates in 2014

The world's leading scientific workforce solutions provider—nearly

11, 
professionals placed
each year.

Recognized by
WORKFORCE
magazine
as among the major
forces that
have shaped
employment
in the last
80 years.

\$5.4 ^{\$\$\$} 2013 revenue
BILLION

We serve **99%** of the
Fortune 100™



International Association of
Outsourcers Award

KellyOCG® ranked **#4** in
the Leader Category for The
2014 Global Outsourcing 100®
service providers list.

**TOP
WORK
PLACES
2013**

Detroit Free Press
A GANNETT COMPANY

Named one of
Michigan's top
workplaces based
on an employee
survey conducted
by WorkPlace
Dynamics, LLC.

Portfolio of Solutions

Commercial Staffing Specialties

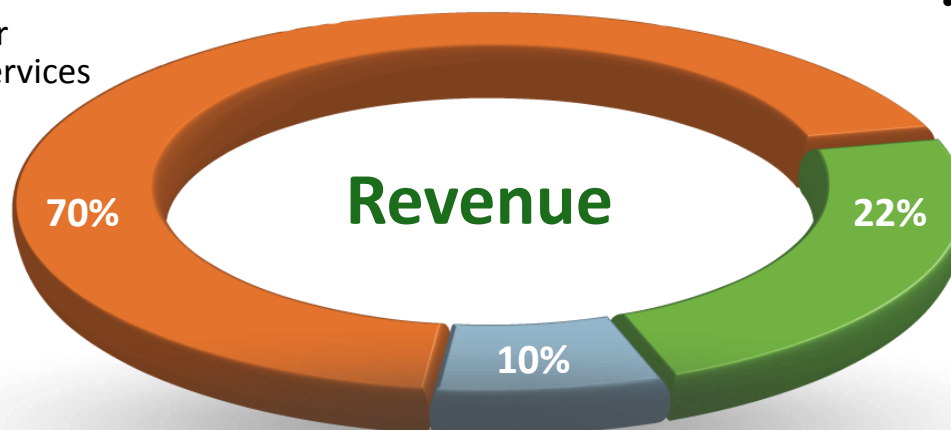
- Office Services
- Light Industrial
- Electronic Assembly
- Marketing
- Contact Center
- Educational Services

63% of GP

Professional & Technical Specialties

- Science
- Engineering
- IT
- Finance
- Law
- Healthcare
- Creative Services

23% of GP



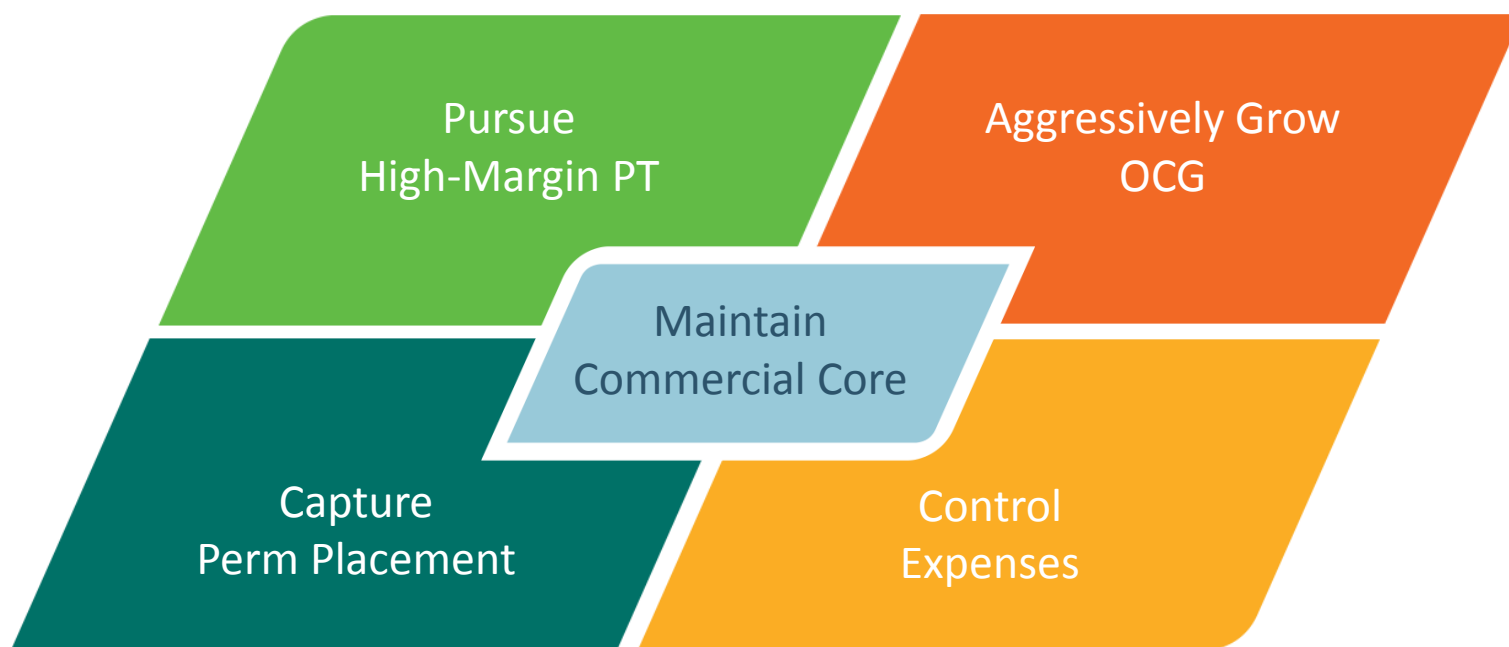
10%

14% of GP

Outsourcing & Consulting Group (KellyOCG®)

- Contingent Workforce Outsourcing (**CWO**)
 - Independent Contractor Services (ICS)
 - Statement of Work (SOW)
- Recruitment Process Outsourcing (**RPO**)
- Executive Search
- Business Process Outsourcing (**BPO**)
 - Contact Center Outsourcing (KellyConnect)
 - Legal Managed Review Services
- Workforce Analytics Consulting
- Executive Coaching and Development

Kelly's Strategy: 2014



2014 Investment: Large Account Delivery Model (U.S.)

- **Centralization and optimization of large account service delivery in U.S.**
 - Consistency and efficiencies of scale
 - Improved visibility into high-margin opportunities
 - Local teams freed to focus on higher-margin growth in their markets

Status:

- ✓ Transition of targeted large accounts complete
- ✓ More than \$1B revenue now centralized
- ✓ Seasoned recruitment VP hired to lead growth of PT talent pipelines
 - ➔ Next: Ramp up number of specialty recruiters in centralized model
 - ➔ Implement aggressive performance requirements for recruiters
 - ➔ Align recruiting and sales verticals to drive rapid PT growth
 - ➔ Drive further efficiencies through shared services

2014 Investment: Local PT Delivery Model (U.S.)

- **Nationally focused recruiting centers to support teams of on-site, branch-based, and distributed recruiters for IT, Engineering, Science, and Finance specialties**
 - Clear process for attracting and retaining top PT talent
 - Strong communities of product-dedicated recruiters
 - Consistent metrics for tracking performance
- **Adding product-specific business development resources to grow PT in local U.S. markets**

Status:

- ✓ Expert leaders in place for all 4 recruiting centers
- ✓ Running ahead of budget for local PT sales headcount
- ✓ Launched recruiting centers in July (ahead of schedule)
- ➔ Next: Complete onboarding and customized training for all new recruiters and sales staff
- ➔ Track performance against expected outcomes and make adjustments as needed

2014 Investment: Technology

- **Improving billing process for large accounts**
 - End-to-end improvements in order processing
 - Required as a larger portion of our business moves to outsourced solutions (e.g., supplier payments)
- **Revamping front office system**
 - Improved recruiter & candidate interfaces

Status:

- ✓ **New billing system underway at one of Kelly's largest clients**
- ✓ **Front office system is multi-year project; Phase 1 on track for Americas in 2014**

2014 Investment: Expansion of Talent Supply Chain Solutions

- **Independent Contractor/Statement of Work**
 - Meet increased demand for project-based work
- **Supply chain analytics**
 - Provide customers market insights into labor supply & demand
- **Global supply chain development**
 - Fill gaps in our capability to deliver talent around the world through supplier network

Status:

- ✓ Providing supply chain analytics on several key large accounts
- ✓ Supplier portal changes ongoing
- ✓ Supply chain infrastructure now complete
- ➔ Next: Expanding analytics pilots to other accounts
- ➔ IC/SOW: Phase II product on track for 2015 launch

Q2/2014 FINANCIAL REVIEW

PROGRESS REPORT ON KELLY'S SECOND QUARTER*

Kelly's second quarter was marked by acceleration in planned investments in the U.S. and OCG. Still, the Company delivered results that were in-line with expectations. Kelly's strategic objectives are positioning the Company for long-term growth that will meet increasing market demands for holistic talent solutions.

AGGRESSIVELY GROW PT

PT revenue grew 10% YOY in EMEA and 4% YOY in APAC. In the Americas, the PT gross profit rate was up 50 basis points.



Q2 RESULT: PT GP TOGALED \$53M

TRANSFORM OCG

OCG delivered double-digit revenue, GP, and earnings growth in Q2, reaffirming the significant investments being made to continue to accelerate growth in this segment. GP increased in CWO (24%), RPO (31%), and BPO (13%).



Q2 RESULT: OCG GP TOGALED \$33M

INCREASE STAFFING PERM PLACEMENT FEES

Placement fees are showing signs of a rebound. In Q2, Americas Commercial and PT fees were both up 5% YOY.

Q2 RESULT: PLACEMENT FEES TOGALED \$20M

REVENUE
\$1.4B
▲ 3%

GROSS PROFIT
16.2%
▲ 10 BASIS PTS

EXPENSES
\$222M
▲ 9%

EARNINGS FROM OPS[†]
\$7.7M
▼ \$11.2M

EPS^{**†}
.10¢
▼ 70%

ROS (FROM OPERATIONS)
.4%
▼ 80 BASIS PTS

EXPENSE UPDATE

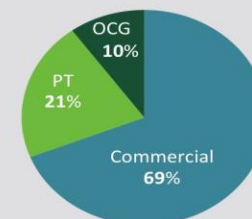
Kelly continued to make planned strategic investments in Q2. Expenses were up due to higher costs associated with hiring PT recruiters and sales staff, and investments in OCG and centralized operations.

2014 GOAL:
KEEP EXPENSES TO 95.6% OF GP

Q2 RESULT:

97.5% OF GP **15.8%** OF REVENUE

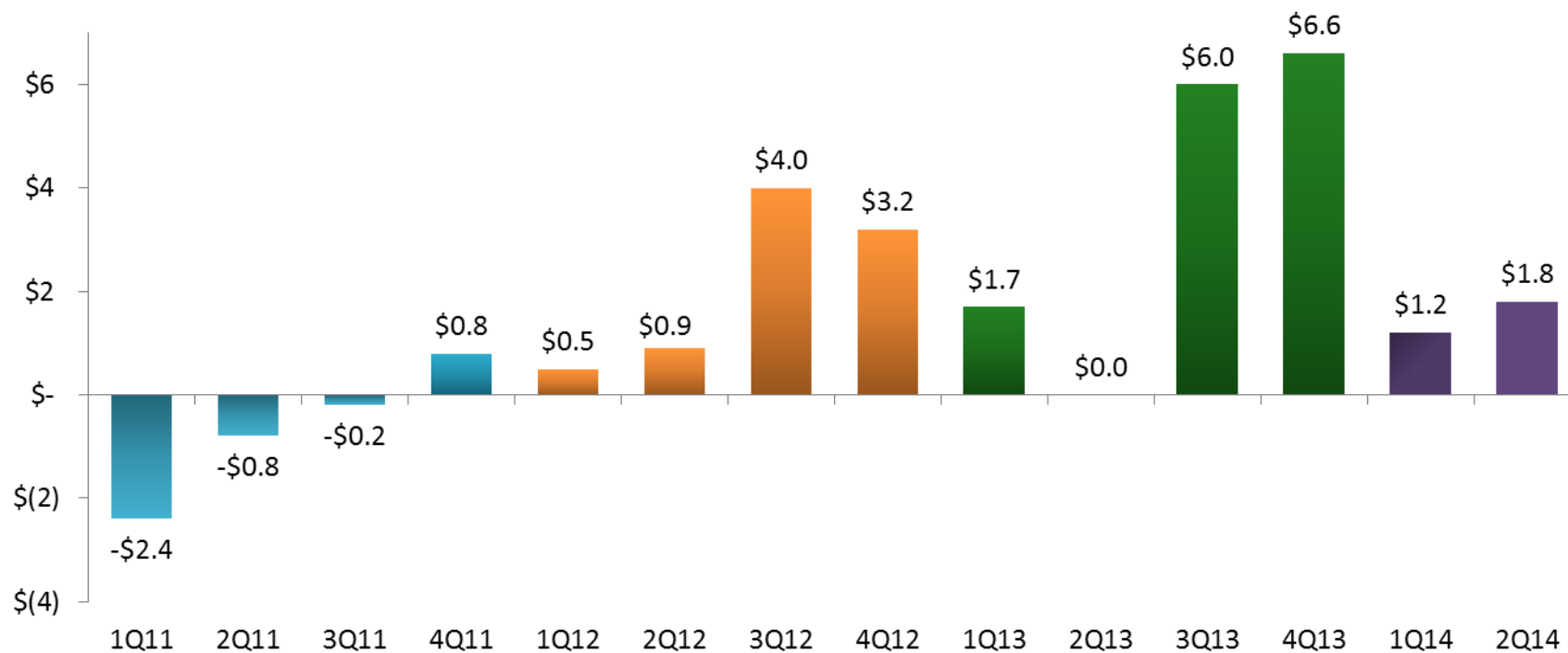
GLOBAL REVENUE MIX



OCG Growth

(in millions)

OCG Profit/Loss



*Excluding Restructuring & Impairment Charges.

2014 Outlook

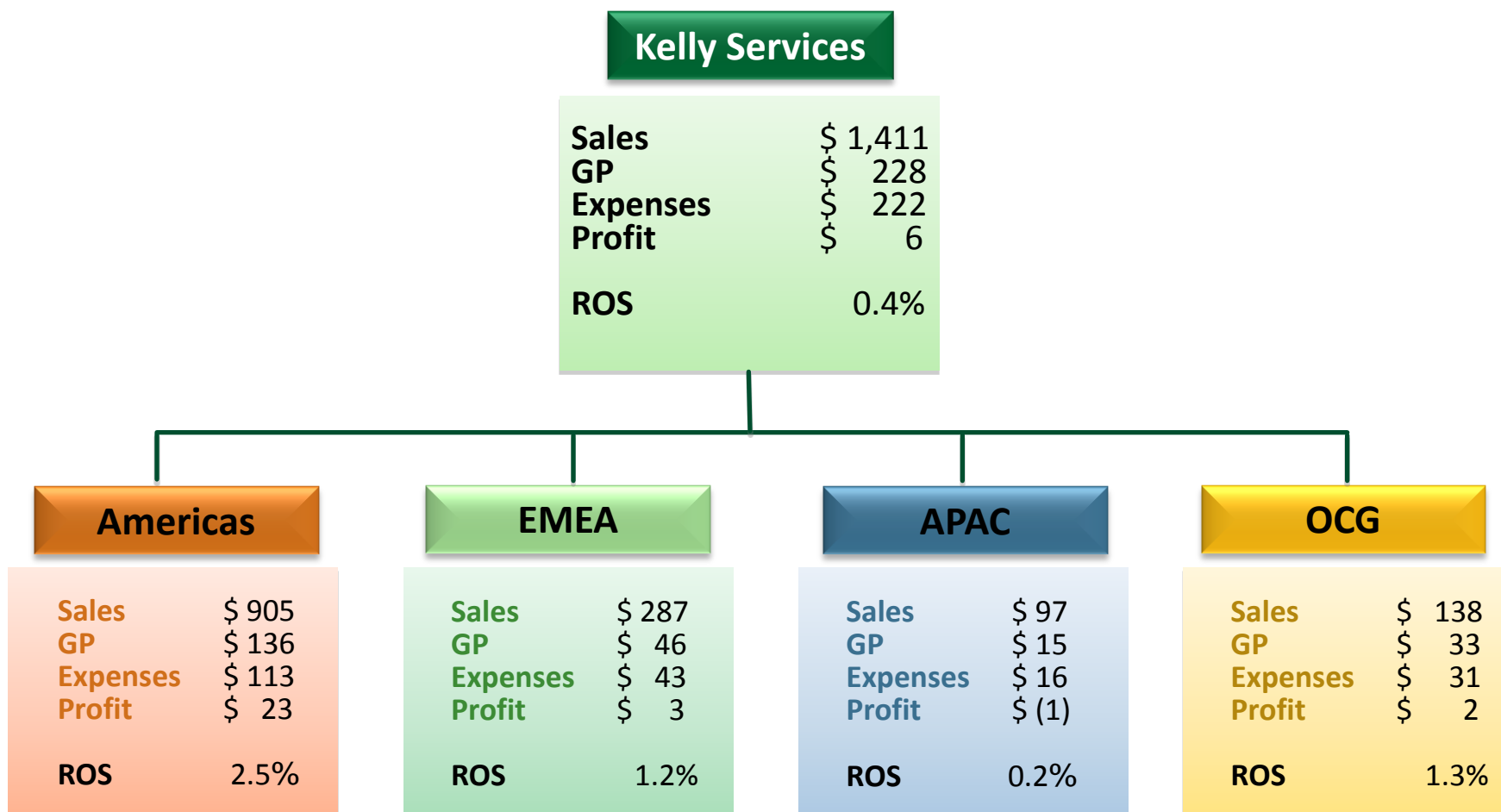
- Revenue up 4% - 6% YOY
- Gross Profit relatively flat
- SG&A up 6% - 8% YOY
- Planned investments and regulatory requirements expected to increase SG&A growth
- Operating earnings down YOY
- Annual tax rate expected to be slightly negative, assuming renewal of Work Opportunity Credits; If WOC is not renewed, our rate will be roughly 30 percentage points higher

Q3 2014 Outlook

- Revenue up 5% - 7% YOY
- Gross Profit flat, both YOY and sequentially
- SG&A up 11% - 13% YOY



Operations Summary: Q2 2014



(in \$millions USD; excluding restructuring)

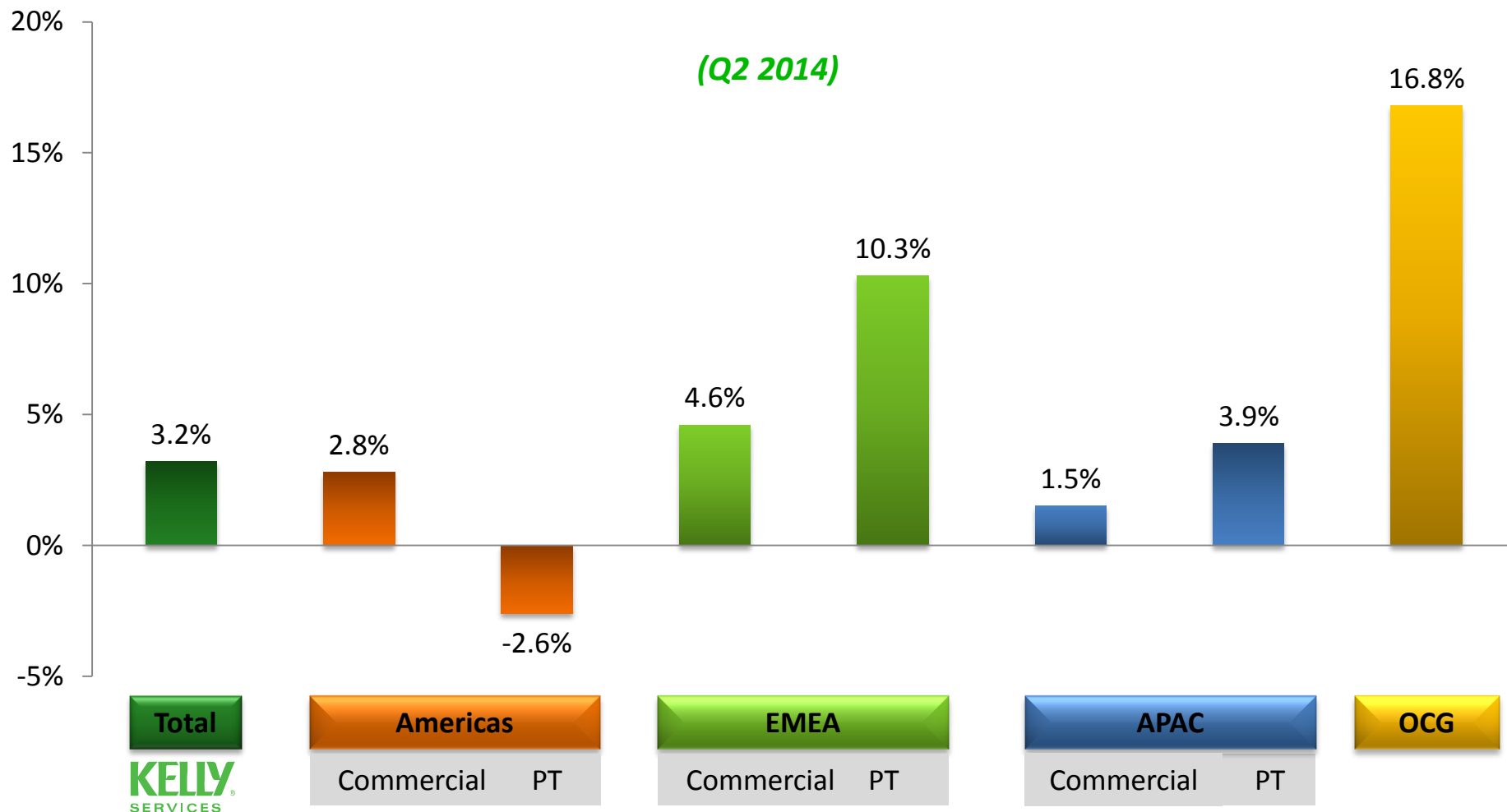
Revenue by Quarter

(in millions)



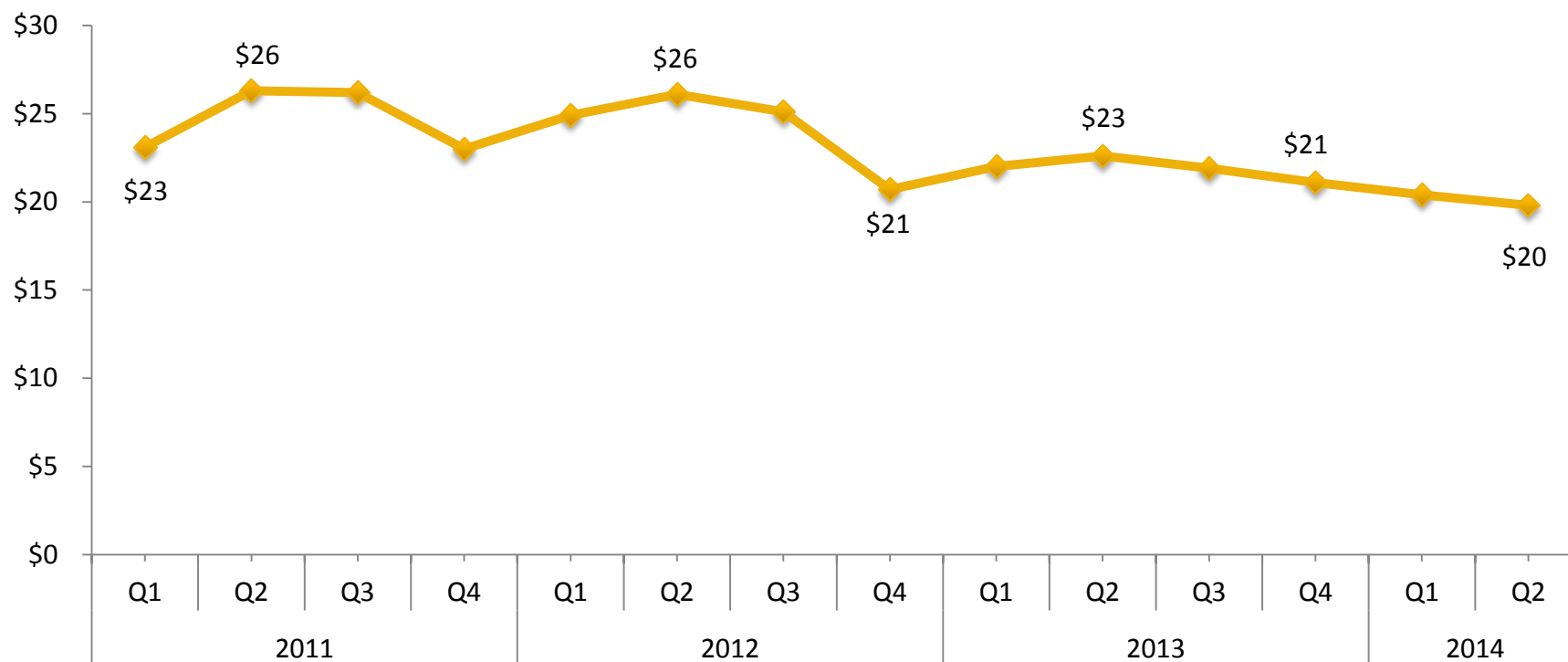
*Note: Fourth quarter of 2009 included a 14th week (53 weeks for the year). The impact on the revenue was about 4 – 5%.

Constant Currency Revenue Growth by Segment

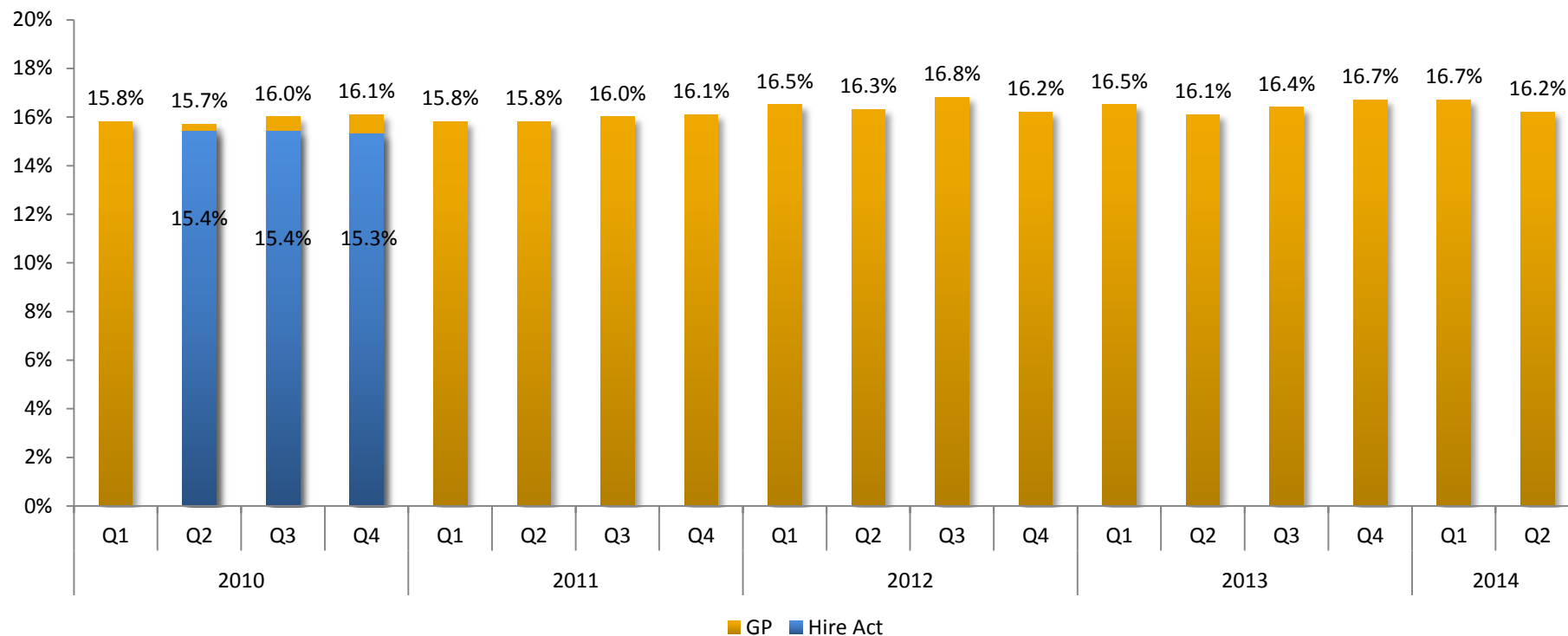


Staffing Fee Income by Quarter

(in millions)

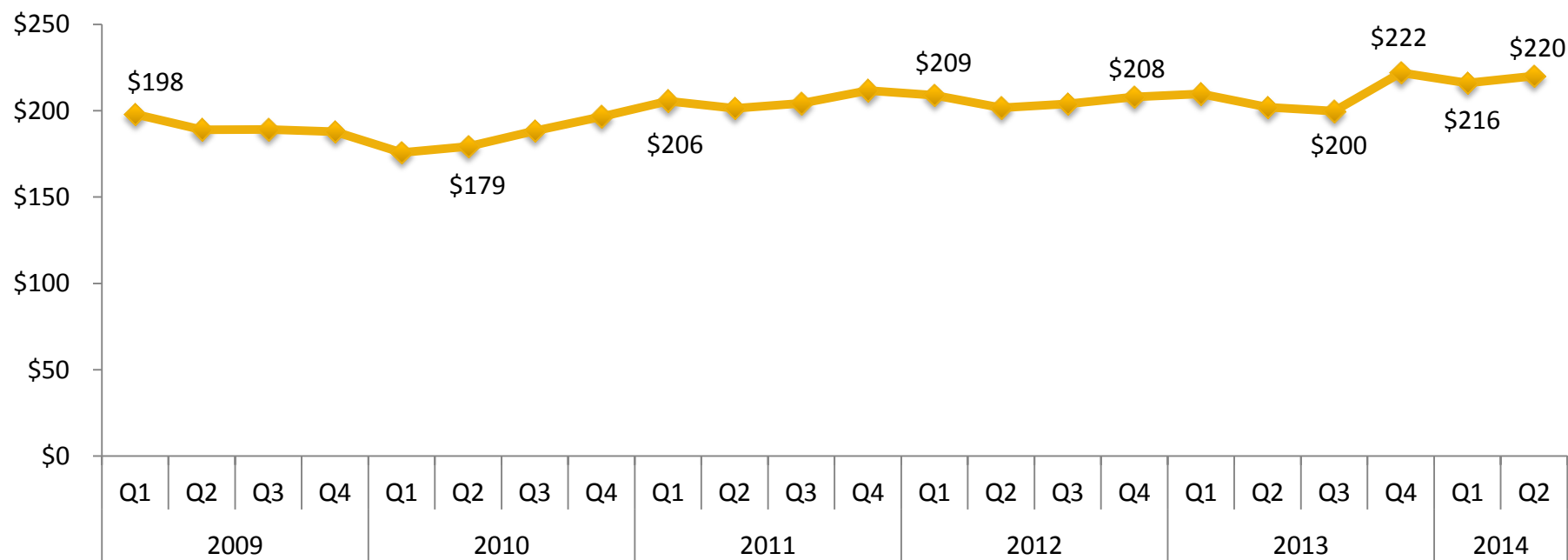


Gross Profit Rate by Quarter



Expense by Quarter

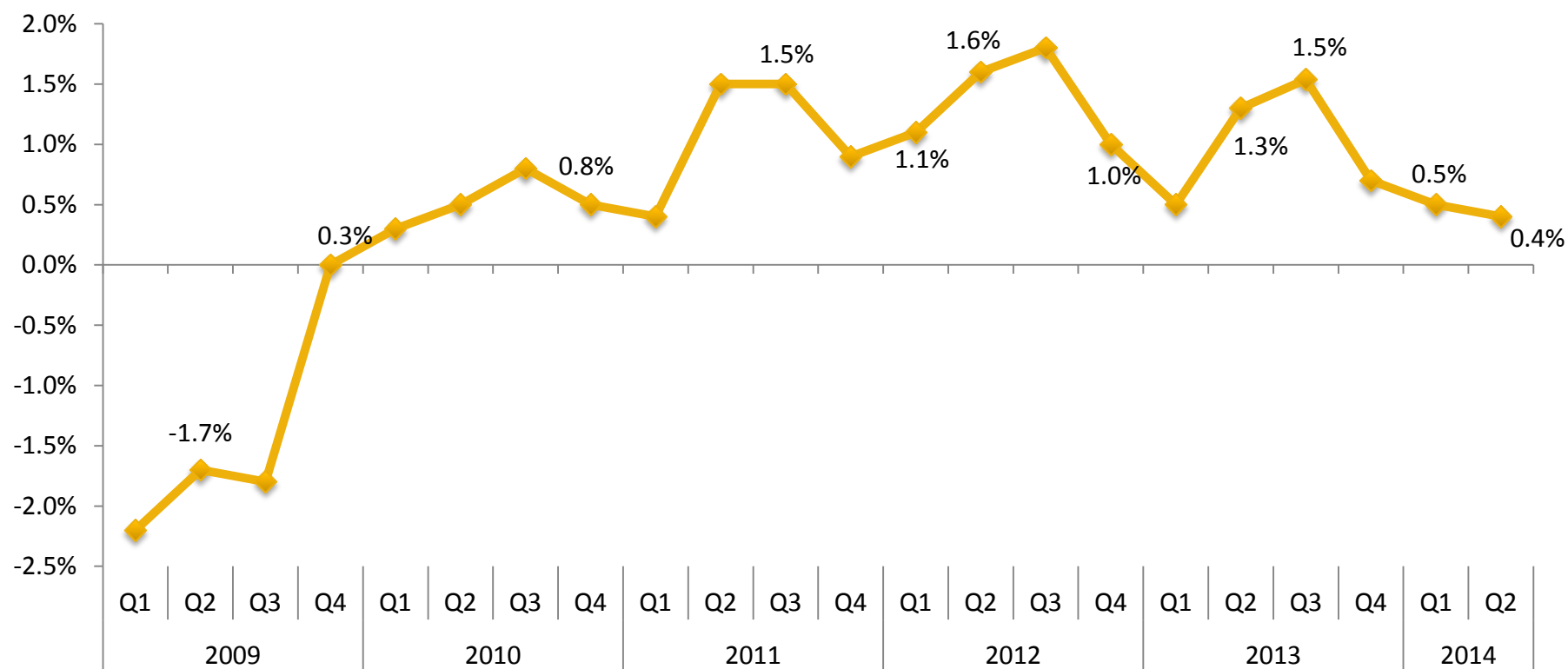
(in millions)



*Excluding Restructuring, Impairment & Certain Litigation Charges.

Return on Sales by Quarter

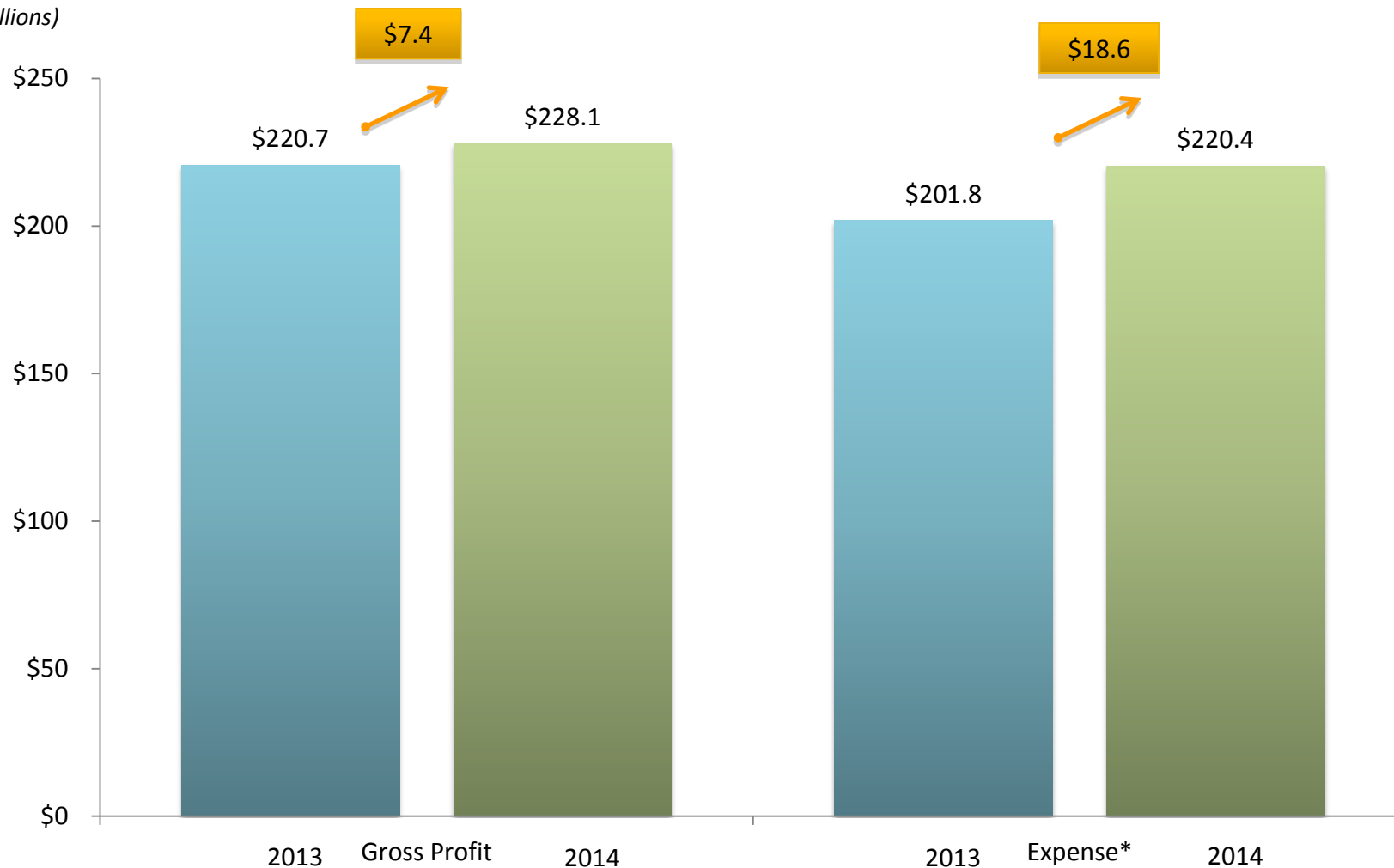
(in millions)



*Excluding Restructuring, Impairment & Certain Litigation Charges.

Comparison of Gross Profit & Expense: Second Quarter

(in millions)



*Excluding Restructuring & Impairment Charges.

Cash Flows: as of June 29, 2014

(in millions)

	2014	2013
Net Income/(Loss)	\$ 5.3	\$ 22.9
Other Cash from Operating Activities	(112.8)	(37.1)
Capital Expenditures	(8.9)	(7.7)
Free Cash Flow	\$ (116.4)	\$ (21.9)
Borrowing	61.2	19.1
Available Cash Flow	\$ (55.2)	\$ (2.8)
Dividends	(3.8)	(3.8)
Other	(5.0)	(0.2)
Cash Used	\$ (64.0)	\$ (6.8)
Effect of Exchange Rates	1.1	0.8
Net Change in Cash	\$ (62.9)	\$ (6.0)
Cash at Period End	\$ 62.8	\$ 70.3

Balance Sheet: Second Quarter

(in millions)

	2014	2013
Cash	\$ 62.8	\$ 70.3
Accounts Receivable	1,132.9	1,038.8
Other Current Assets	89.1	99.0
Total Current Assets	\$1,284.8	\$1,208.1
Long Term Assets	608.2	508.4
Total Assets	\$1,893.0	\$1,716.5
Short Term Debt	\$ 89.5	\$ 83.2
Other Current Liabilities	729.0	663.2
Total Current Liabilities	\$ 818.5	\$ 746.4
Other Long Term Liabilities	234.0	192.8
Equity	840.5	777.3
Total Liabilities and Equity	\$1,893.0	\$1,716.5
Working Capital	\$ 466.3	\$ 461.7
Net Cash	\$ (26.7)	\$ (12.9)
Debt-to-Total Capital	9.6%	9.7%



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kellyservices.com