



Solving Workforce Challenges Every Day
SunTrust Robinson Humphrey
2013 Financial Technology, Business &
Government Services Unconference

November 14, 2013



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1946-2013

STAFFING
Kelly Girl®



**GLOBAL
WORKFORCE
SOLUTIONS**
Free Agent

- Strategic Partnerships
- Solutions
- Supply Chain



Our annual **Kelly Global Workforce Index™** captures labor market trends from approximately 165,000 participants across more than 30 countries.



Achieved leading NPS® scores and recognized as **best-in-class** by clients and candidates.

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

PROFILE



We serve **99%** of the **Fortune 100™**

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

Chief Executive

BEST COMPANIES FOR LEADERS

2013

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



International Association of Outsourcers Award

Kelly OCG selected in the Leader* Category for The 2013 Global Outsourcing 100® service providers list

\$5.5 2012 revenue **BILLION**



The world's leading scientific workforce solutions provider—more than

9,500 professionals placed each year.

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KELLY
SERVICES

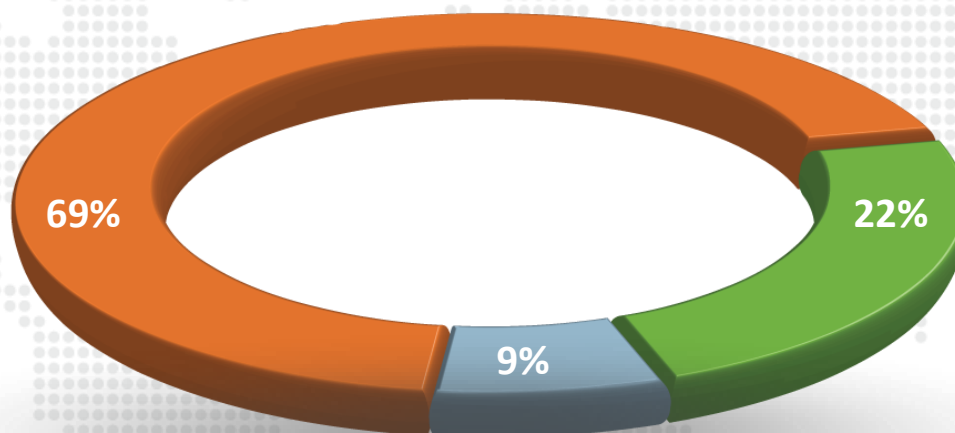


Commercial Staffing Solutions

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

Professional & Technical Specialties

- Scientific
- Engineering
- IT
- Financial
- Law
- Healthcare
- Creative Services

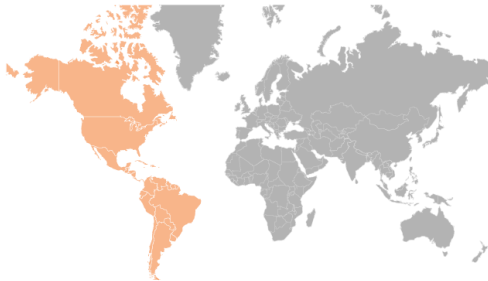


Outsourcing & Consulting Group (KellyOCG®)

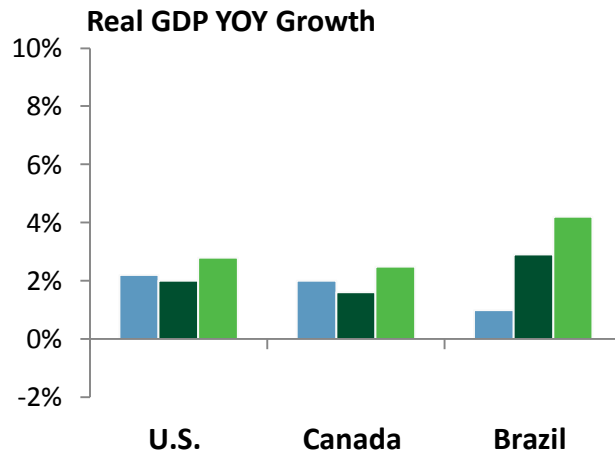
- Contingent Workforce Outsourcing (**CWO**)
- Recruitment Process Outsourcing (**RPO**)
- Business Process Outsourcing (**BPO**)
- Independent Contractor Services (**ICS**)
- Contact Center Outsourcing (**KellyConnect**)
- Executive Placement
- Career Transition and Outplacement



Americas



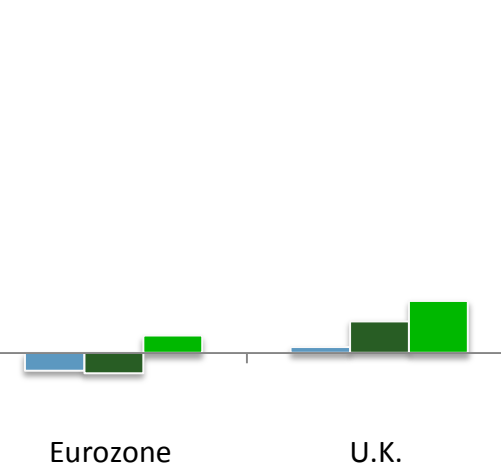
Modest job gains
expected to continue



EMEA



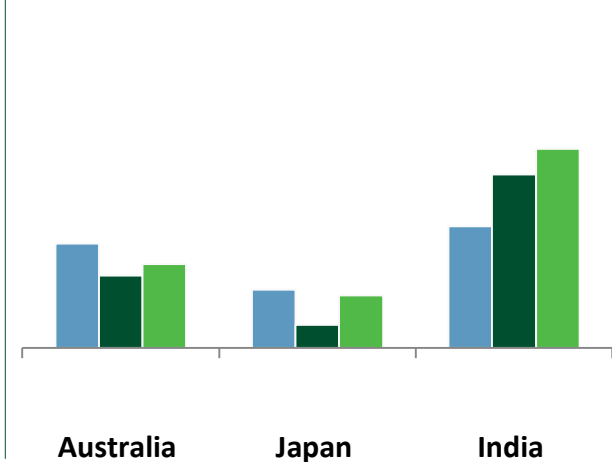
EMEA exits recession but
conditions remain fragile



APAC

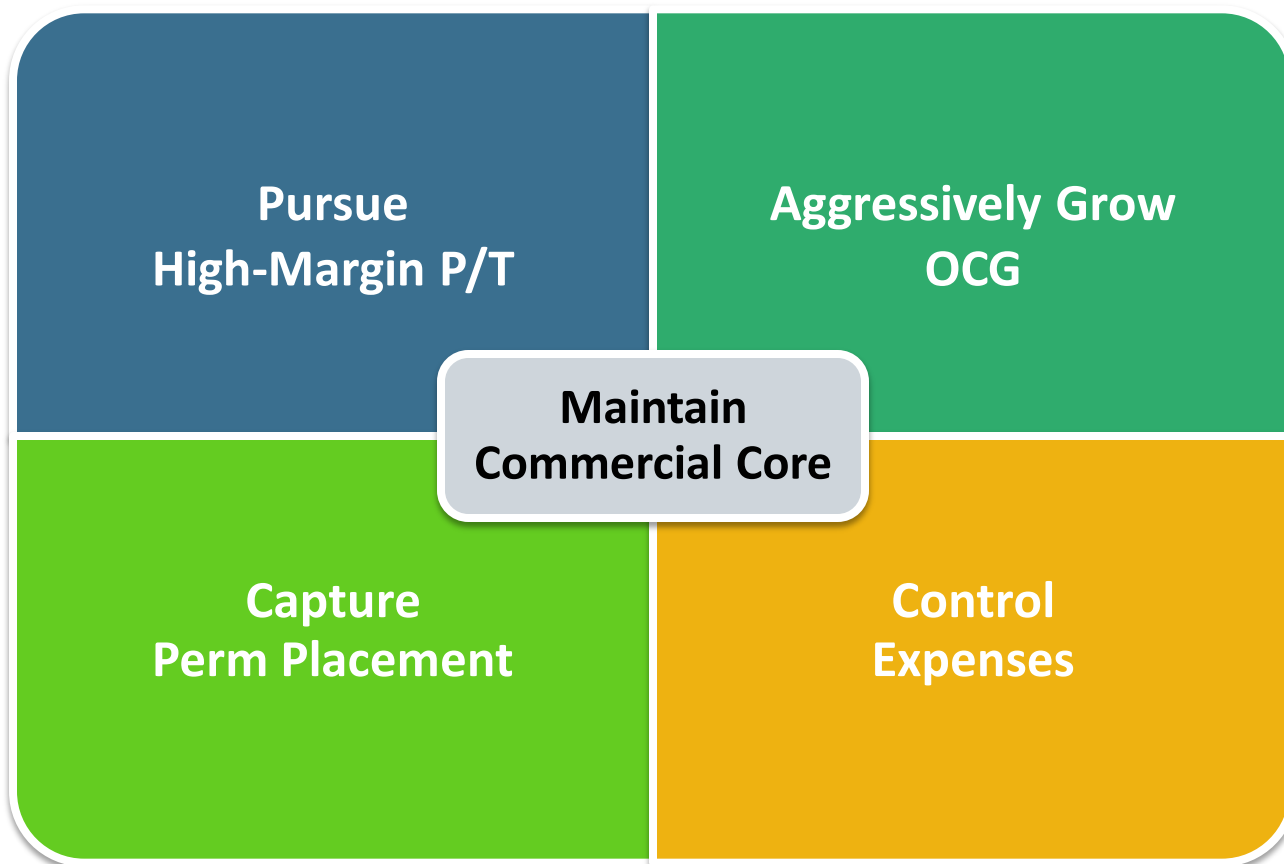


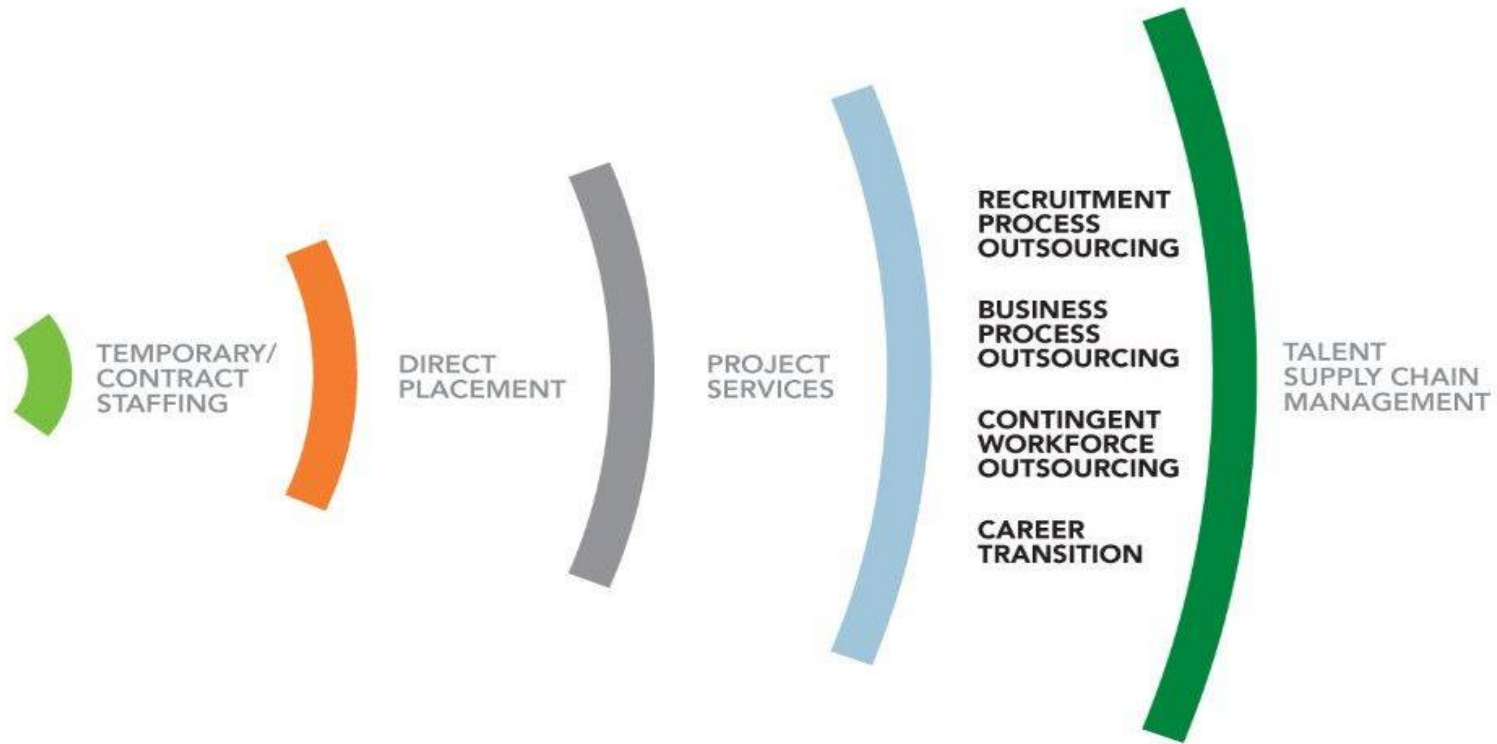
Some softness but still leading
global growth




2012 2013 (p) 2014 (p)

Source: IHS Global Insight







Revenue \$48M
up 31%
year-over-year

BPO delivers

- Integrates operational management
- Formalized systems and procedures
- Unbiased equipment and technology evaluations
- Employee retention and productivity programs
- Scalability for seasonal workloads

Outsourced functions include

- Professional & Administrative
- Logistics
- Health Science
- Clinical Research and Regulatory Affairs
- Manufacturing
- Engineering
- Scientific Laboratory



Contingent Workforce Outsourcing (CWO)



Fee Revenue \$16M
up 41%
year-over-year

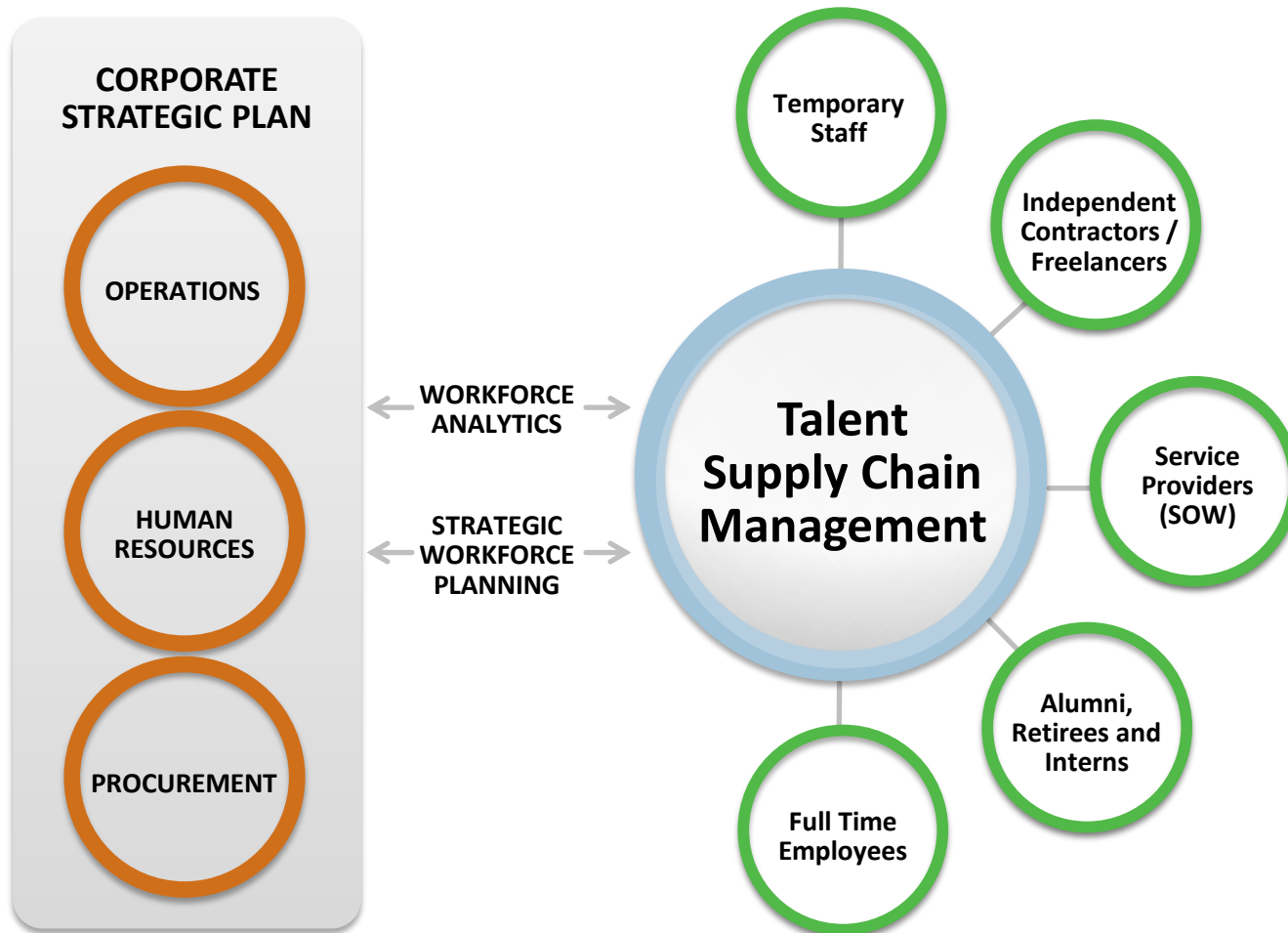
CWO delivers

- Contingent talent management
- Data analytics, labor market insight
- Access to highly qualified suppliers
- Minimized risk for clients
- Managed Service Provider (MSP) capabilities

Managed Service Provider (MSP) provides

- Comprehensive strategic direction
- Direct and indirect cost reductions
- Optimized supplier base
- Process improvement
- Forward thinking/ best practice sharing

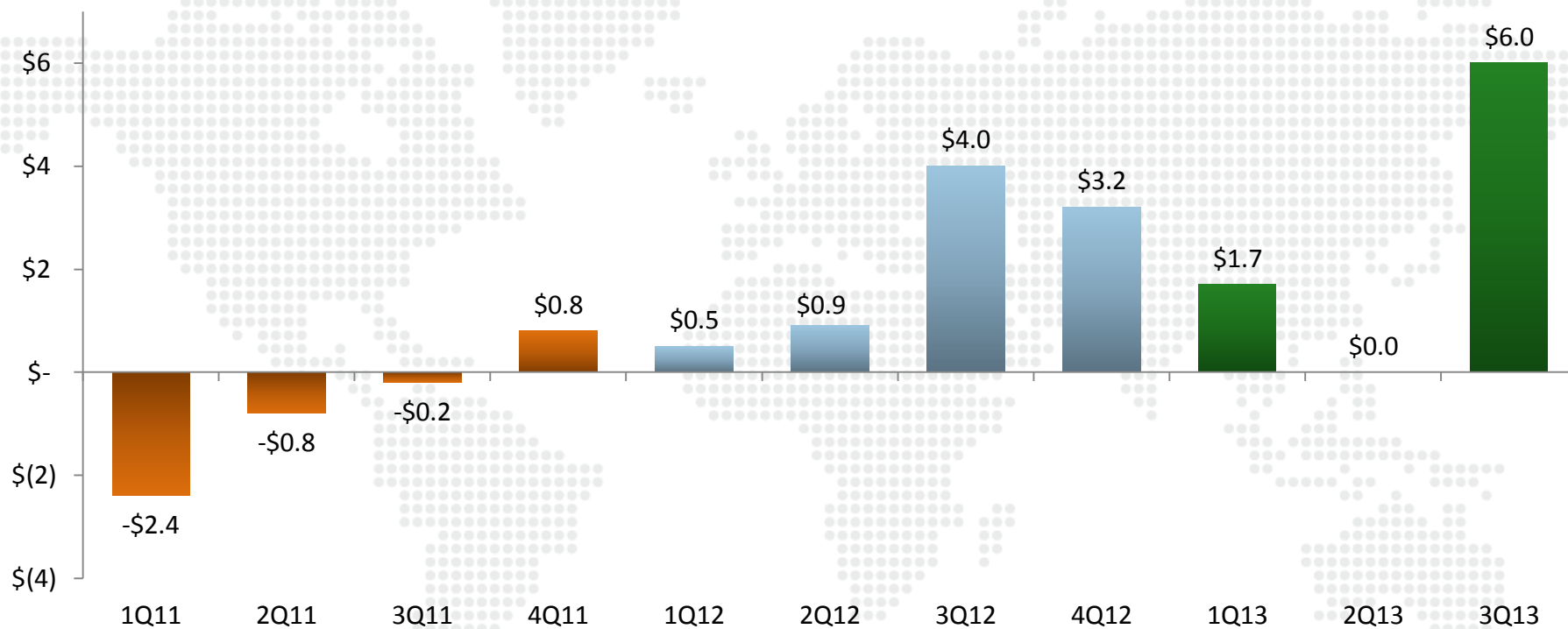






OCG Profit/Loss

(in millions)



*Excluding Restructuring & Impairment Charges.

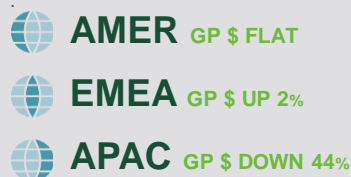
KELLY Q3/2013 FINANCIAL REVIEW

PROGRESS REPORT ON KELLY'S THIRD QUARTER*

Kelly's operating performance in the third quarter of 2013 was better than expected. Q3 results confirm that Kelly is on the right track and making solid strategic progress by responding to the modern labor market's demand for more holistic workforce solutions, access to highly skilled talent, and workforce models that help companies achieve their short- and long-term business goals.

AGGRESSIVELY GROW PT

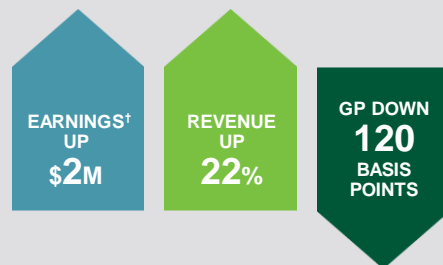
While competition for the limited supply of skilled talent intensifies around the world, Americas PT delivered double-digit fee growth in Q3. EMEA PT revenue increased 5% and outperformed the market average.



Q3 RESULT:
25% OF KELLY'S GP CAME FROM PT

TRANSFORM OCG

OCG's strong Q3 performance was marked by CWO fee revenue (up 41%) and BPO revenue (up 31%). Although GP declined primarily due to business and customer mix, OCG delivered an adjusted operating profit increase of nearly 50% YOY.

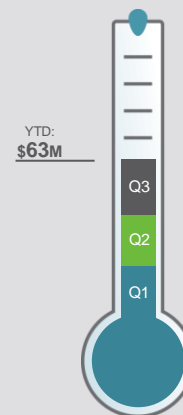


Q3 RESULT:
15% OF KELLY'S GP CAME FROM OCG

INCREASE PLACEMENT FEES

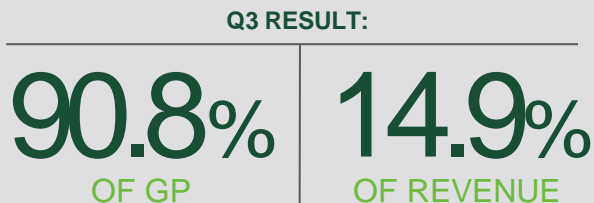
Although fee growth in Americas PT was a bright spot in Q3, current labor market and economic conditions continue to discourage our large customers from hiring full-time workers, placing a strain on placement fee growth globally.

Q3 RESULT:
PLACEMENT FEES
TOTALLED \$21M



CONTROL EXPENSES

Ongoing efforts to control expenses enabled Kelly to continue to offset investments in PT, centralization, and technology.



LEVERAGE COMMERCIAL

GROW REVENUE FASTER THAN THE MARKET



Q3 RESULT:
Americas Commercial revenue lagged the regional market average. Both **EMEA** and **APAC** Commercial revenue outperformed their respective market averages.

REVENUE
\$1.3B
▼ 1%

GROSS PROFIT
16.4%
▼ 40 BASIS PTS

EXPENSES[†]
\$200M
▼ 2%

EARNINGS FROM OPS[†]
\$20.7M
▼ \$3.3M

EPS^{†}**
.51¢
▲ 19%

ROS
1.5%
▼ 30 BASIS PTS

*All comparisons are year over year. Revenue and expense comparisons are on a constant currency basis. Placement fees and GP dollars represented in U.S. GAAP.

**From continuing operations.

† Excluding restructuring charges.

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KELLY



- Revenue down 1% - 3% YOY; flat sequentially
- Gross Profit down slightly YOY and sequentially
- SG&A flat to up slightly YOY and up 2% - 4% sequentially
- Increased investments in PT and OCG
- Cost Control
- Annual Tax Rate <10%





Kelly Services

Sales	\$ 1,346
GP	\$ 220
Expenses	\$ 200
Profit	\$ 20
ROS	1.5%

Americas

Sales	\$ 865
GP	\$ 128
Expenses	\$ 102
Profit	\$ 26
ROS	3.0%

EMEA

Sales	\$ 270
GP	\$ 45
Expenses	\$ 40
Profit	\$ 4
ROS	1.6%

APAC

Sales	\$ 97
GP	\$ 16
Expenses	\$ 15
Profit	\$ 2
ROS	1.6%

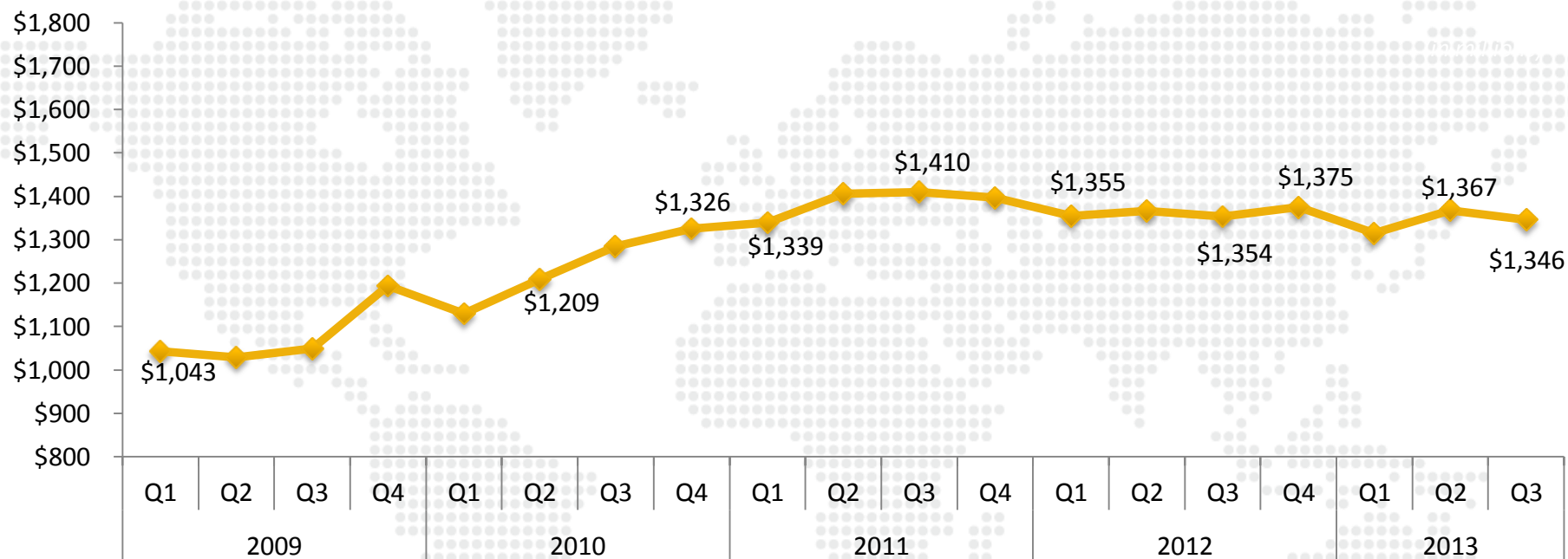
OCG

Sales	\$ 127
GP	\$ 33
Expenses	\$ 27
Profit	\$ 6
ROS	4.7%

(in \$millions USD)

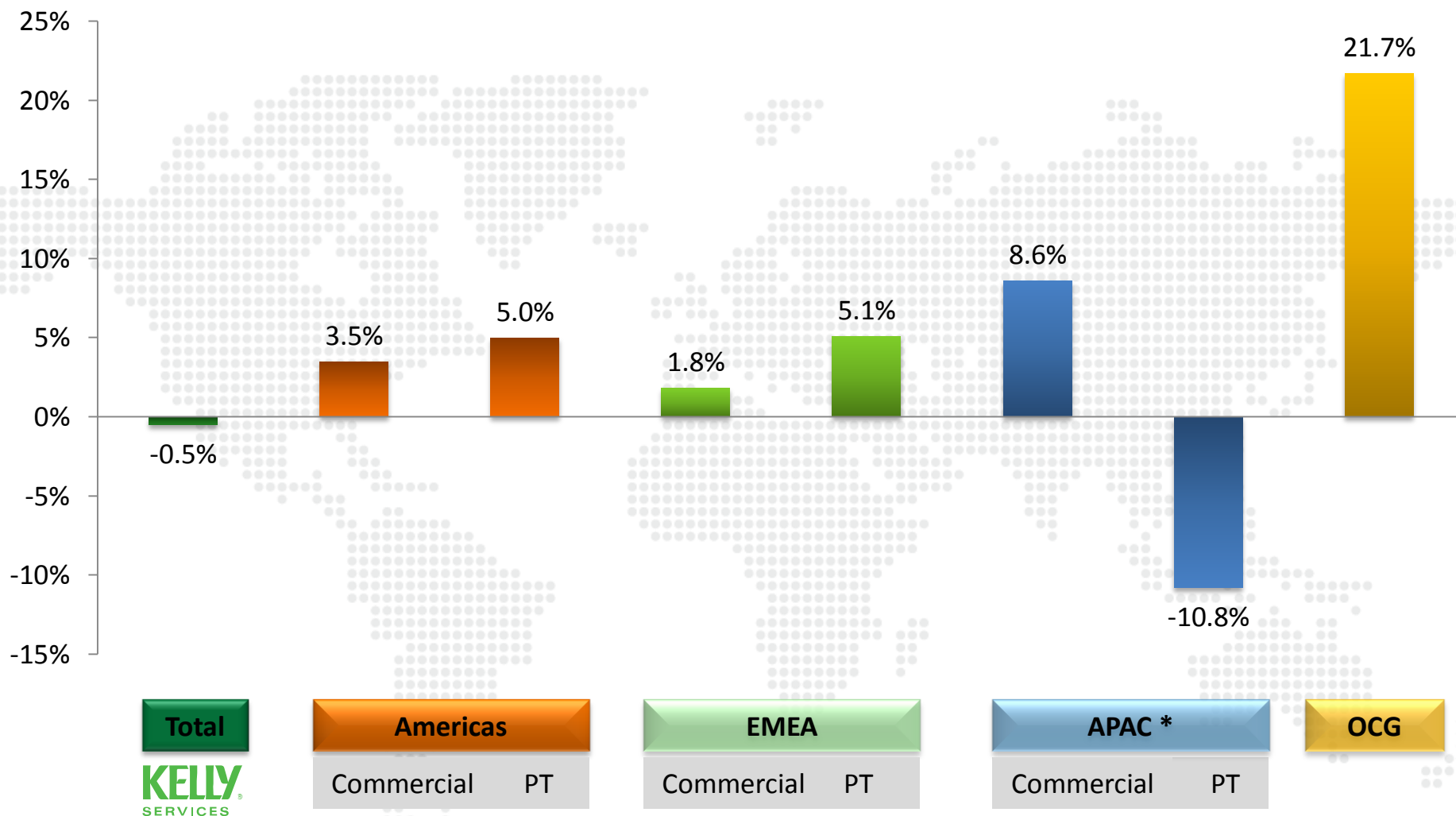


(in millions)



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

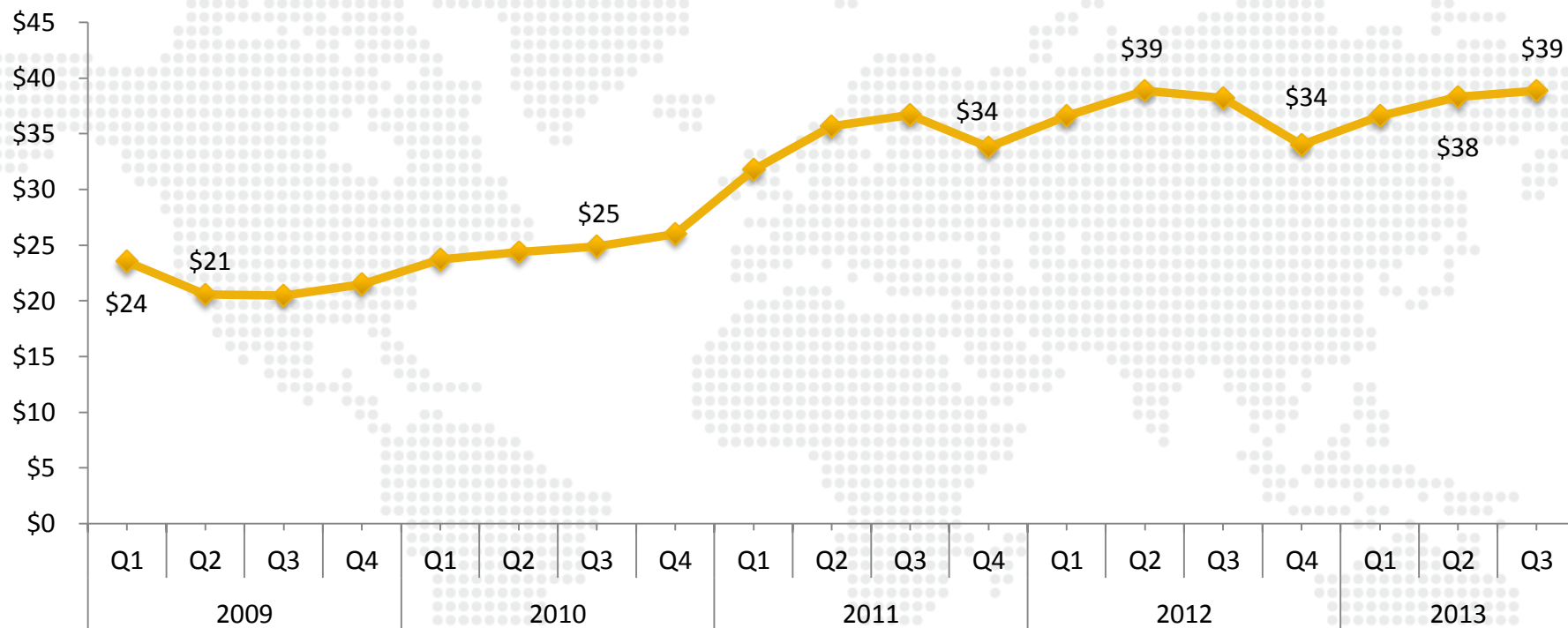
Constant Currency Revenue Growth by Segment



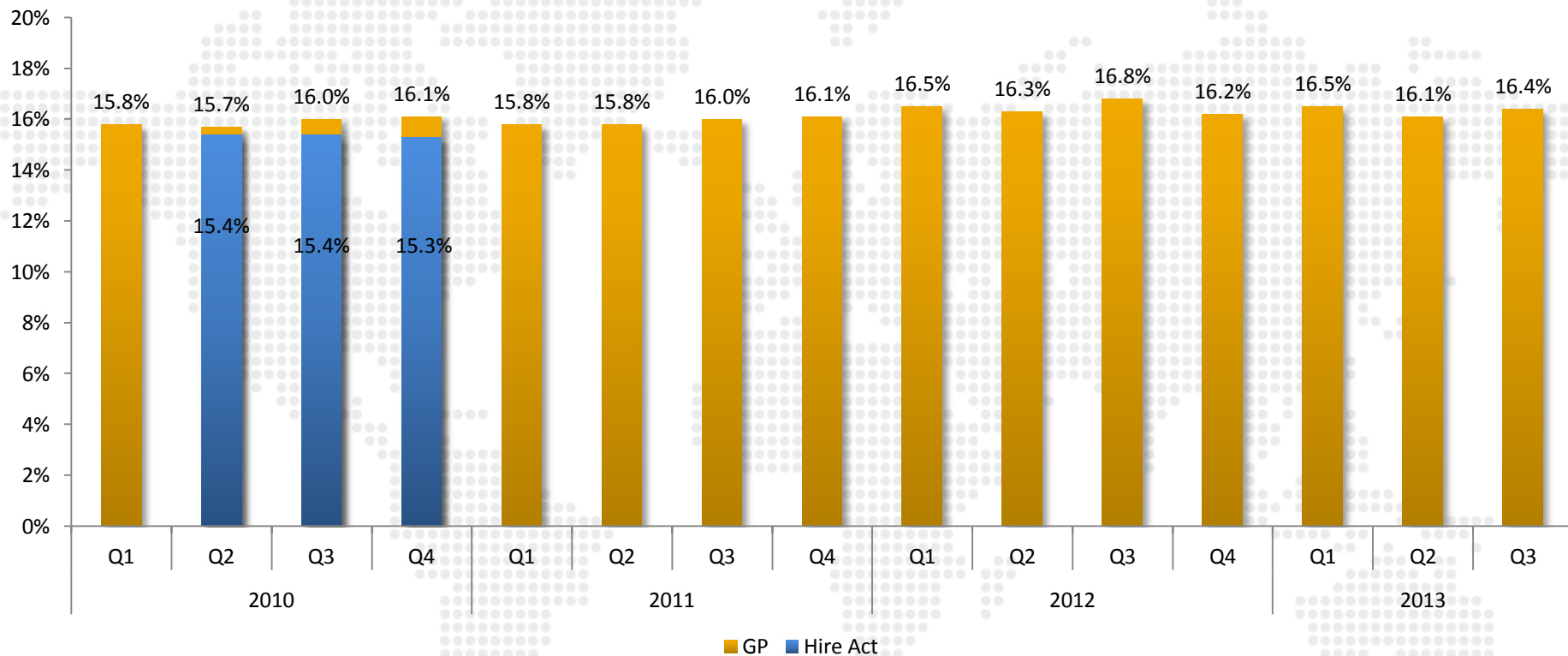
*Note: Excludes impact of the deconsolidation of China, South Korea and Hong Kong subsidiaries.



(in millions)

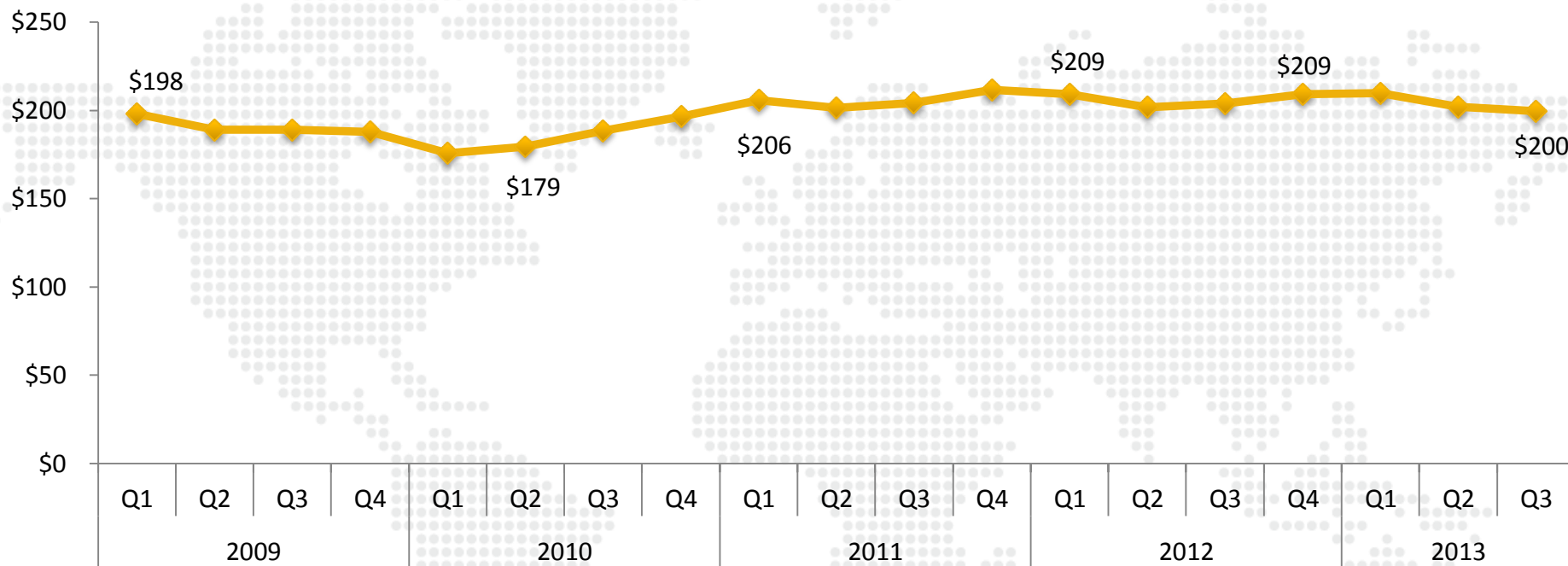


Gross Profit Rate by Quarter





(in millions)

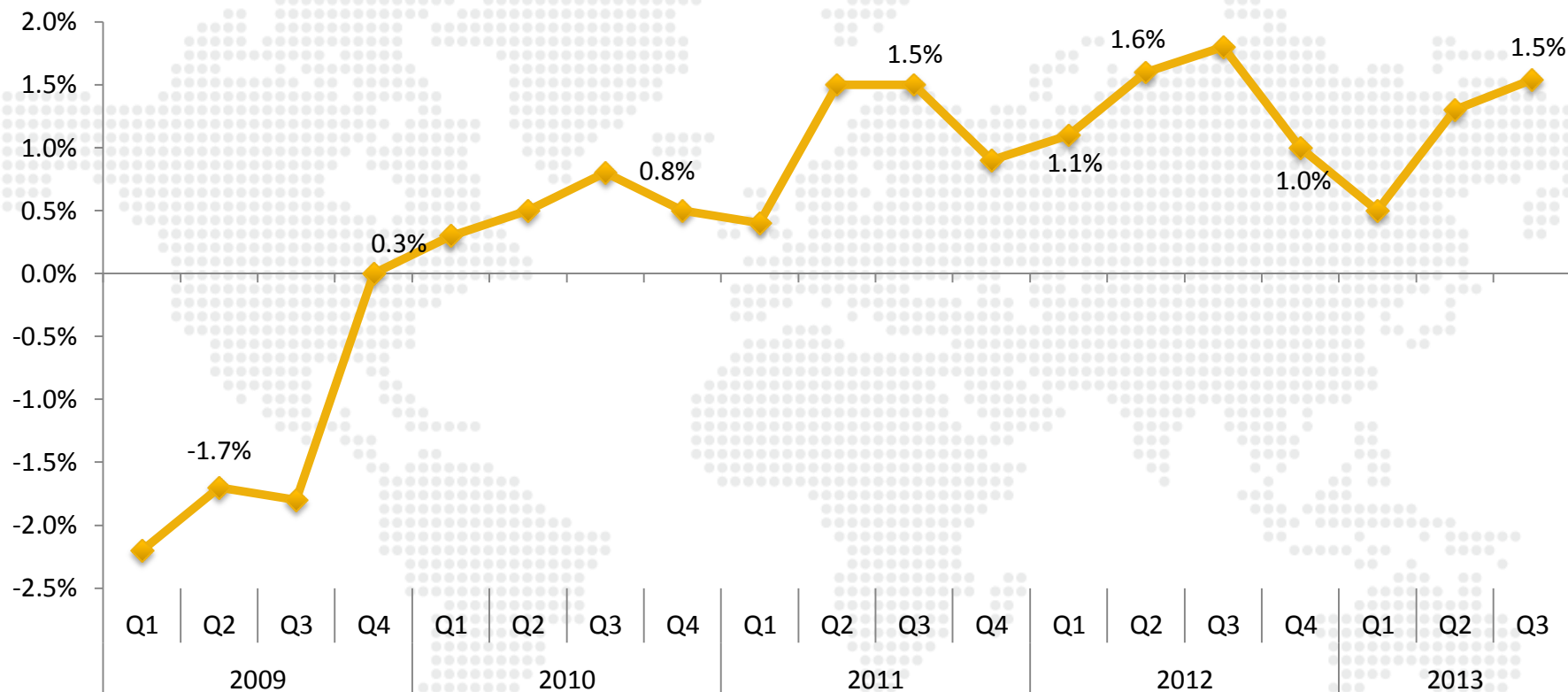


*Excluding Restructuring, Impairment & Certain Litigation Charges.

Return on Sales by Quarter

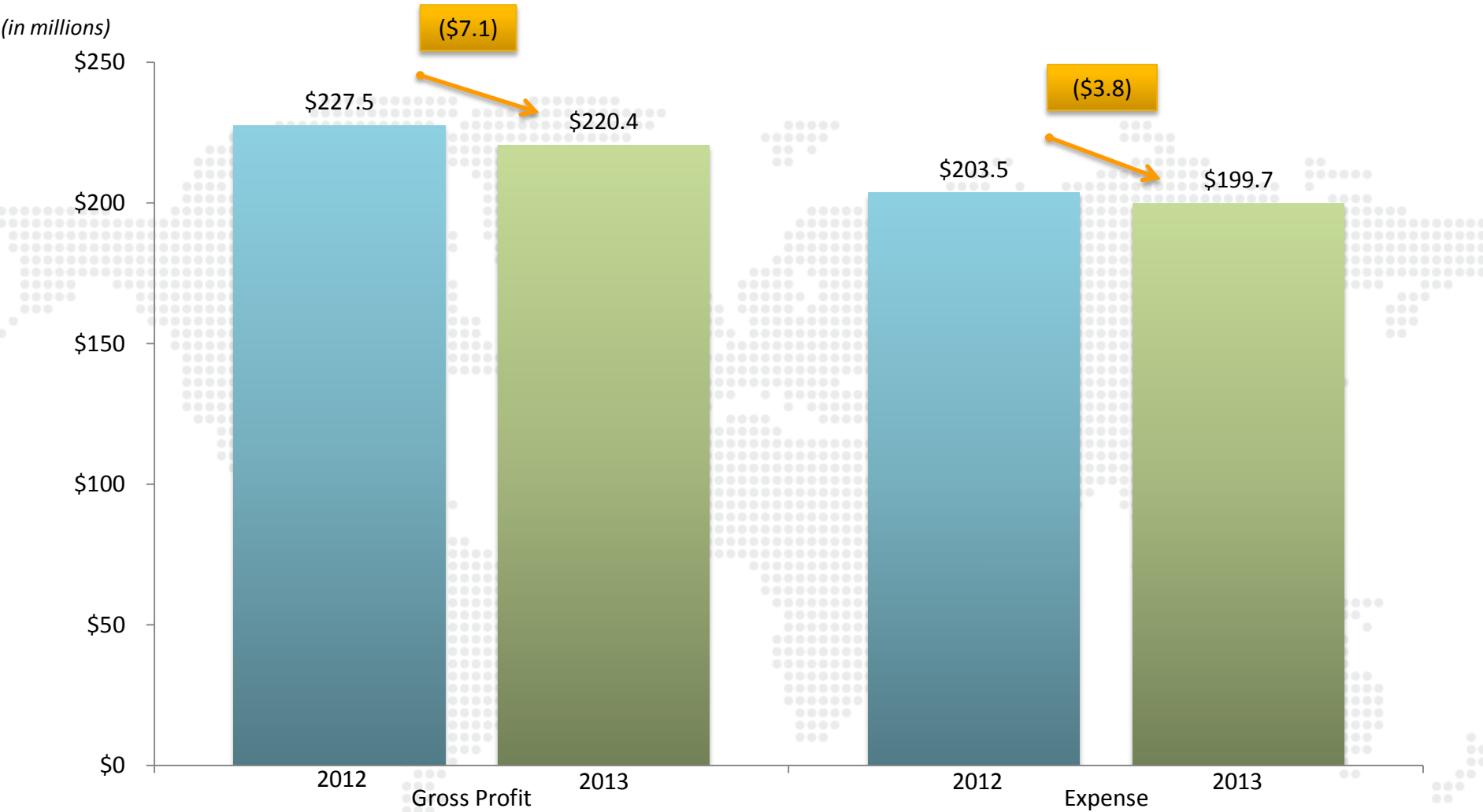


(in millions)



*Excluding Restructuring, Impairment & Certain Litigation Charges.

Comparison of Gross Profit & Expense – Third Quarter



 *Excluding Restructuring & Impairment Charges.



(in millions)

	2013	2012
Net Income/(Loss)	\$ 41.7	\$ 41.2
Other Cash from Operating Activities	(19.8)	(20.3)
Capital Expenditures	(11.7)	(13.9)
Free Cash Flow	\$ 10.2	\$ 7.0
Borrowing	(6.1)	(12.6)
Other Financing Activities	0.3	0.1
Available Cash Flow	\$ 4.4	\$ (5.5)
Dividends	(5.7)	(5.7)
Other	-	0.1
Cash Used	\$ (1.3)	\$ (11.1)
Effect of Exchange Rates	(1.1)	0.4
Net Change in Cash	\$ (2.4)	\$ (10.7)
Cash at Period End	\$ 73.9	\$ 70.3



(in millions)

	2013	2012
Cash	\$ 73.9	\$ 70.3
Accounts Receivable	1,071.8	1,018.8
Other Current Assets	102.3	101.0
Total Current Assets	\$1,248.0	\$1,190.1
Long Term Assets	523.5	445.2
Total Assets	\$1,771.5	\$1,635.3
Short Term Debt	\$ 58.0	\$ 83.6
Other Current Liabilities	712.0	640.5
Total Current Liabilities	\$ 770.0	\$ 724.1
Other Long Term Liabilities	198.0	182.5
Equity	803.5	728.7
Total Liabilities and Equity	\$1,771.5	\$1,635.3
Working Capital	\$ 478.0	\$ 466.0
Net Cash	\$ 15.9	\$ (13.3)
Debt-to-Total Capital	6.7%	10.3%

KELLY.



Thank You



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