



## **Kelly Services Reports Record Revenue and 62% Net Earnings Growth for 2006**

TROY, MI (January 25, 2007) -- Kelly Services, Inc., a global provider of staffing services, today announced record revenue and a strong earnings growth for the fourth quarter and full year ended December 31, 2006.

Carl T. Camden, President and Chief Executive Officer, announced revenue for the fourth quarter of 2006 totaled \$1.436 billion, a 4.4% increase compared to the \$1.375 billion for the corresponding quarter in 2005. Revenue for the full year totaled \$5.606 billion, a 6.7% increase compared to the \$5.252 billion for the full year of 2005.

Net earnings for the fourth quarter of 2006 totaled \$24.4 million, an 84% increase compared to \$13.3 million reported for the fourth quarter of 2005. Effective December 31, 2006, the Company sold its Staff Leasing business unit for cash proceeds of \$6.5 million and recorded an after tax gain on sale of \$2.3 million. Excluding the gain on sale, net earnings were \$22.2 million, a 67% increase compared to last year.

Net earnings for the full year of 2006 totaled \$63.5 million, a 62% increase compared to the \$39.3 million earned in the full year of 2005. Excluding the gain on sale of the Staff Leasing business unit, net earnings for the full year were \$61.2 million, a 56% increase compared to last year.

Diluted earnings per share in the fourth quarter of 2006 were \$0.67, an increase of 81% as compared to fourth quarter 2005 earnings of \$0.37 per share. Excluding the \$0.06 per share after tax gain on sale, diluted earnings were \$0.61 per share, a 65% increase compared to last year.

Diluted earnings per share for the full year of 2006 were \$1.75, a 61% increase compared to the \$1.09 per share earned in 2005. Excluding the \$0.06 per share after tax gain on sale, diluted earnings were \$1.69 per share, a 55% increase compared to last year.

Commenting on the results, Camden said, "We're pleased that we delivered a very strong year, despite continued slowing in the U.S. economy. Our PTSA and International segments delivered particularly strong profit increases.

"Revenue in our U.S. Commercial segment, which accounted for 45% of total sales, decreased 1.3% year over year in the fourth quarter. Operating earnings totaled \$36.6 million, an increase of 8.5% compared to last year.

"Revenue in our Professional, Technical, and Staffing Alternatives (PTSA) segment, which accounted for 20% of total sales, increased 1.1% year over year in the fourth quarter. Operating earnings totaled \$18.8 million and increased 18.7% on a year over year basis.

"Revenue in our International segment, which accounted for 35% of total sales, increased 15.0% year over year in the fourth quarter. Operating earnings totaled \$7.8 million, and increased 67.0% compared to last year.

"On a constant currency basis, International segment revenue increased 8.4% year over year in the fourth quarter. On a constant currency basis, total company revenue increased 2.3% year over year in the fourth quarter.

"Corporate expenses totaled \$40.5 million and increased 7.9% compared to last year. Operating earnings from continuing operations totaled \$22.6 million, and increased 35.9% on a year over year basis.

"The effective tax rate from continuing operations for the fourth quarter was 11.7%, compared to 29.1% last year. The 2006 fourth quarter rate reflects a full year impact of work opportunity credits, which were retroactively extended by Congress late in the year. The 2006 full year tax rate of 28.7% is comparable to the 29.0% rate last year, as both included a full year's impact of the work opportunity credits."

Mr. Camden added, "We expect first quarter 2007 earnings to be in the range of \$0.25 to \$0.30 per share, as compared to \$0.23 per share from continuing operations in the first quarter of 2006. Not included in this guidance are planned restructuring costs of approximately \$6 to \$7 million, or \$0.16 to \$0.19 per share related primarily to branch closings, headquarters consolidation and related severance costs in our UK operation."

Mr. Camden concluded, "For the full year of 2007, we are initially forecasting that earnings will range between \$1.90 and \$2.05 per share, excluding the UK restructuring costs."

In conjunction with its fourth quarter earnings release, Kelly Services, Inc. will host a conference call at 9:00 a.m. (ET) on January 25, 2007 to review the results and answer questions. The call may be accessed in one of the following ways:

Via the Telephone:

U.S. 1-866-254-5941  
International 1-612-288-0337

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](http://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, 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 2006 was \$5.6 billion. Visit [www.kellyservices.com](http://www.kellyservices.com).

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

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