




May 24, 2012


Bank of America/Merrill Lynch 2012 Services One-on-One Conference

New York, NY

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.



1946-2012

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

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



We serve **98%** of the **Fortune 100™**

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

\$5.6 2011 revenue **BILLION**



All trademarks are property of their respective owners.
An Equal Opportunity Employer © 2012 Kelly Services, Inc. X0211

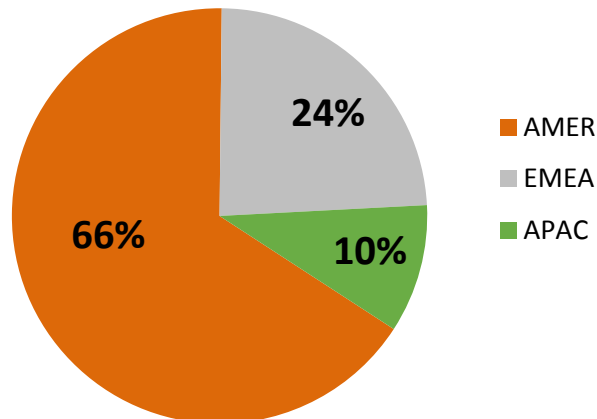
KELLY
SERVICES

Portfolio of Services

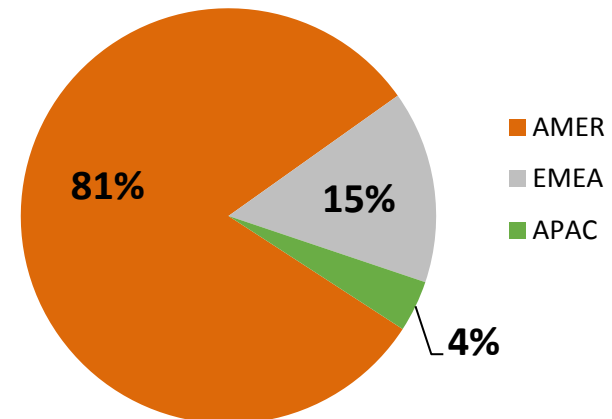


Commercial Staffing Solutions	Professional & Technical Specialties	Outsourcing & Consulting Solutions (KellyOCG®)
<ul style="list-style-type: none"> • Office Services • Light Industrial • Electronic Assembly • Marketing • Contact Center • Educational 	<ul style="list-style-type: none"> • Financial • Law • IT • Engineering • Scientific • Healthcare • Creative Services 	<ul style="list-style-type: none"> • 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
73% of Revenue	22% of Revenue	6% of Revenue

Commercial Staffing Solutions
Revenue: \$4.0 Billion



Professional & Technical Specialties
Revenue: \$1.2 Billion



Global Macro Market Overview 2012



- Economic environment is marked by continued uncertainty and an uneven global recovery
- Lethargic global economic growth in early 2012
- Numerous headwinds, particularly the Eurozone crisis, keeping growth in check
- Economic performance forecast to accelerate slightly throughout the year and return to stronger growth in 2013

Global Macro Market Overview 2012



- Growth in the workforce solutions industry will be centered in U.S. and emerging markets in 2012, with weakness in Europe
- Increasing desire for flexible workforces, along with accelerating demand for professional staffing and outsourced solutions, expected to drive industry performance

Global Regional Market Overview 2012



- **Americas**

- Economic growth and job market performance positive, but subdued in the U.S. and across the region in 2012
- Continued modest growth is forecast
- Latin American countries, including Brazil, lead growth prospects

- **EMEA**

- Economic uncertainty in Europe keeping employment on a downward trend
- Improvements not expected until late 2012 or into 2013
- Germany and Russia remain relatively immune to labor market troubles

Global Regional Market Overview 2012



- **APAC**

- Healthy economic and labor market trends forecast to continue
- Some slowing due to weaker export demand, but will still outpace other regions
- Post-disaster reconstruction efforts boosting labor market demand, economic growth



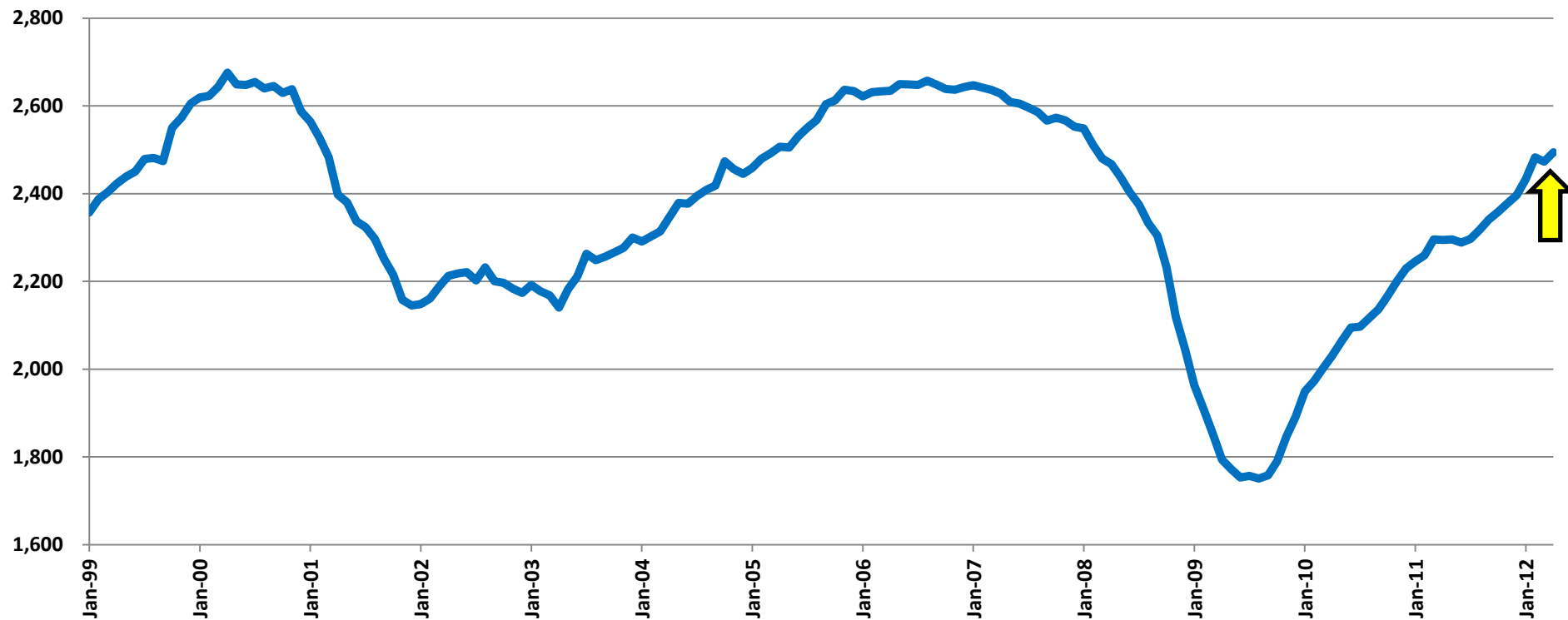
Temporary Help Services Employment – U.S.



Favorable trends continue after historical declines:

- YOY Temporary help job gain for April was 8.7%
- Quarterly job gains strongest in Professional and Business Services, and Education and Health Services

(Seasonally Adjusted)



Source: U.S. Bureau of Labor Statistics

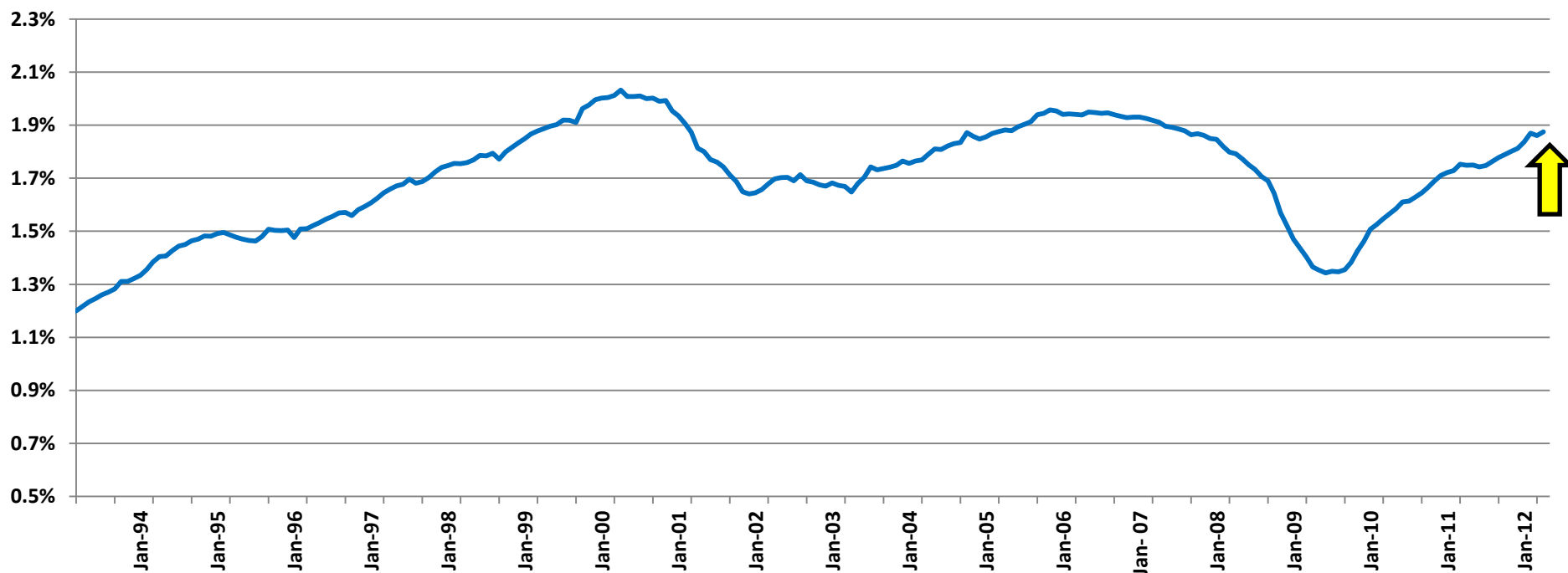
Temporary Help Services Penetration Rate – U.S.



Penetration rate improving

- April 2012 was at 1.88%
- July 2009 bottomed at 1.33%

(Seasonally Adjusted)



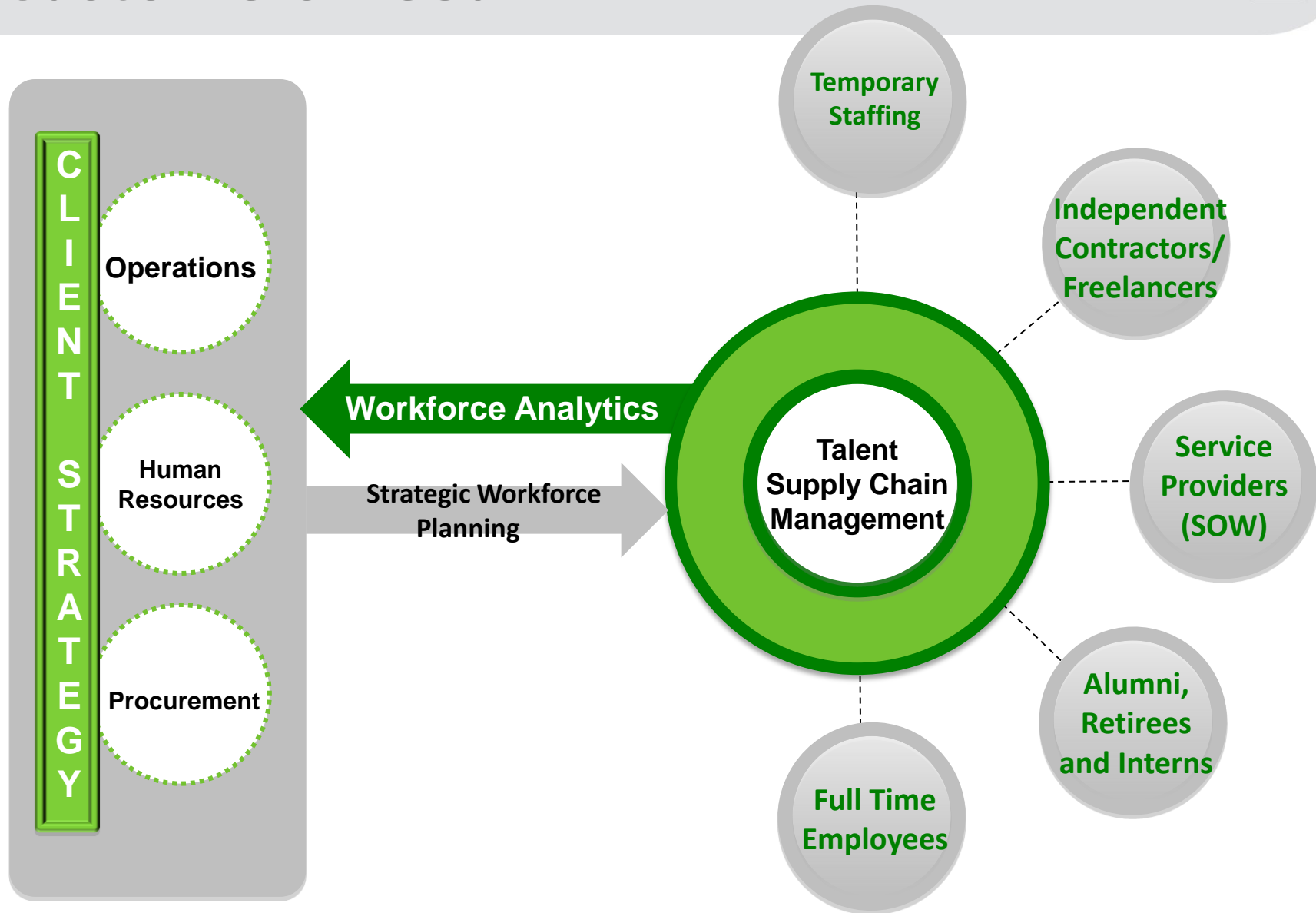
Source: U.S. Bureau of Labor Statistics

The New Employment Landscape



- **Greater comfort** around use of flexible staffing models
- **Increasing acceptance** of free agents and contractual employment by companies and candidates
- **Shift in demand** for contingent labor play to Kelly's strengths and experience – particularly serving large companies
- **Desire for** more comprehensive workforce management solutions

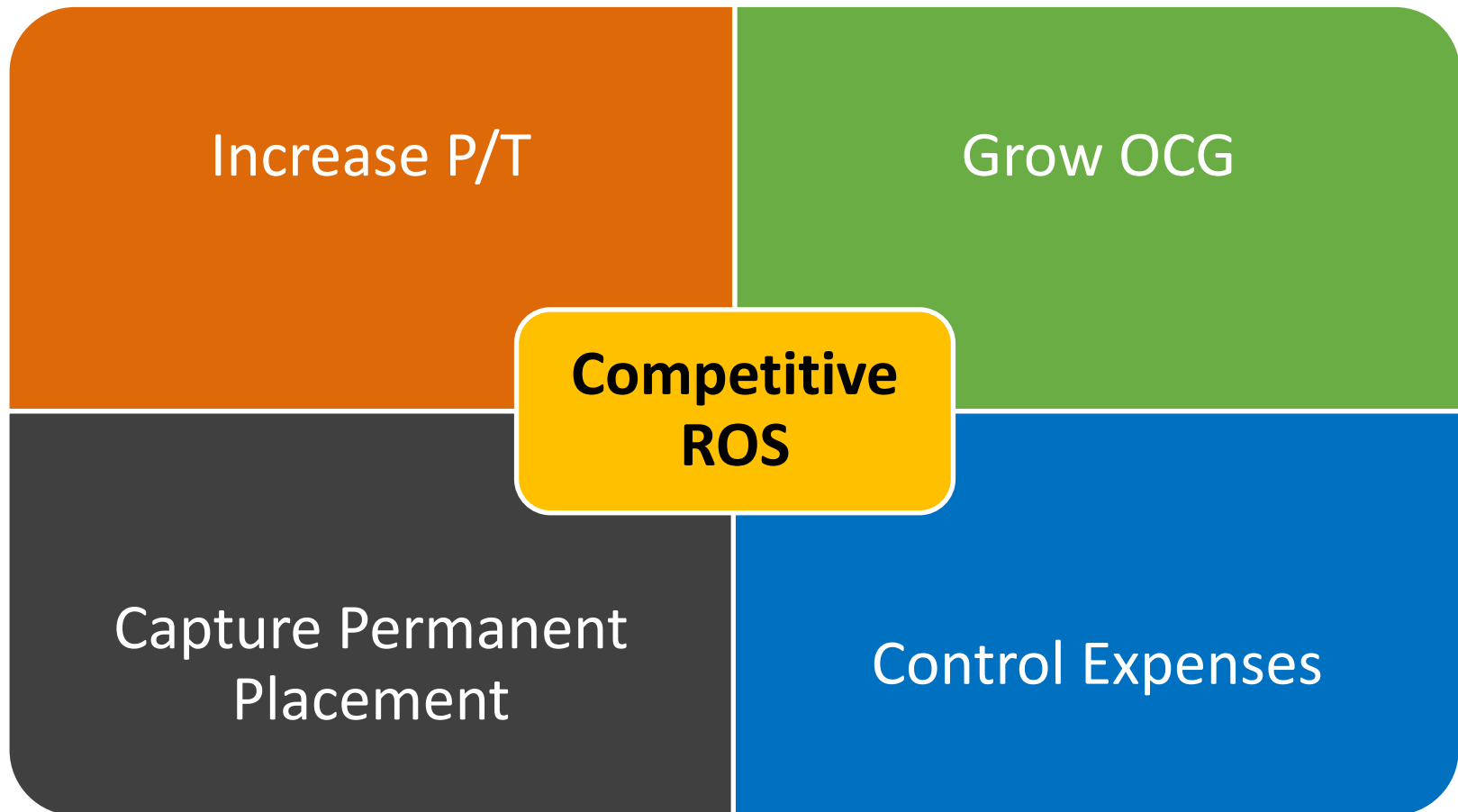
Talent Management Strategy: What Customers Need



Strategic Direction



**Strategic objective to create shareholder value
by delivering a competitive profit via the best
workforce solutions and talent in the industry.**



Strategic Direction



Increase P/T

Aggressively pursue higher skill/higher margin
Professional and Technical business

Grow OCG

Drive OCG profitability via talent supply chain
management leadership and RPO growth

Competitive ROS

Capture Permanent Placement

Focus on perm placement growth
within selected specialties

Control Expenses

Maintain cost discipline and
drive operational efficiency



KELLY

Financial Review²⁰¹²

PROGRESS REPORT ON KELLY'S FIRST QUARTER*

The first quarter of 2012 proved that the industry is definitely experiencing a slower-than-anticipated recovery. Nonetheless, Kelly's first quarter was a good one! We leveraged our leaner cost structure, improved our gross profit margin, and stayed focused on executing our strategy. Our Q1 results reflect these efforts.

AGGRESSIVELY GROW PT

For the fourth quarter in a row, PT growth rates surpassed Commercial growth rates in all regions. GP was up 110 basis points in Americas PT.



CULTIVATE OCG

OCG continued to be profitable in Q1, with earnings of more than \$500,000. CWO fee revenue was up 50%, PPO revenue increased 27%, and BPO and RPO revenue increased 32% and 18%, respectively.

CONTROL EXPENSES

Keeping costs in check had a positive impact on Q1 performance, allowing us to realize stronger profits despite the slowing temporary labor demand and sluggish global economy.

93.4%
OF GROSS
PROFIT

15.4%
OF REVENUE

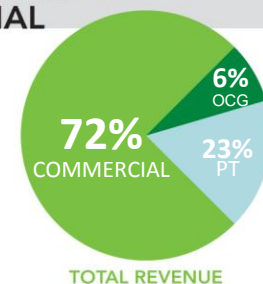
CAPTURE PLACEMENT FEES

Although global economic uncertainty and the looming crisis in Europe have delayed full-time hiring, we are seeing a slow, steady pickup in placement fees.



LEVERAGE COMMERCIAL

Commercial revenue was up 3% YOY in the Americas region, delivering almost half of Kelly's total Q1 revenue.



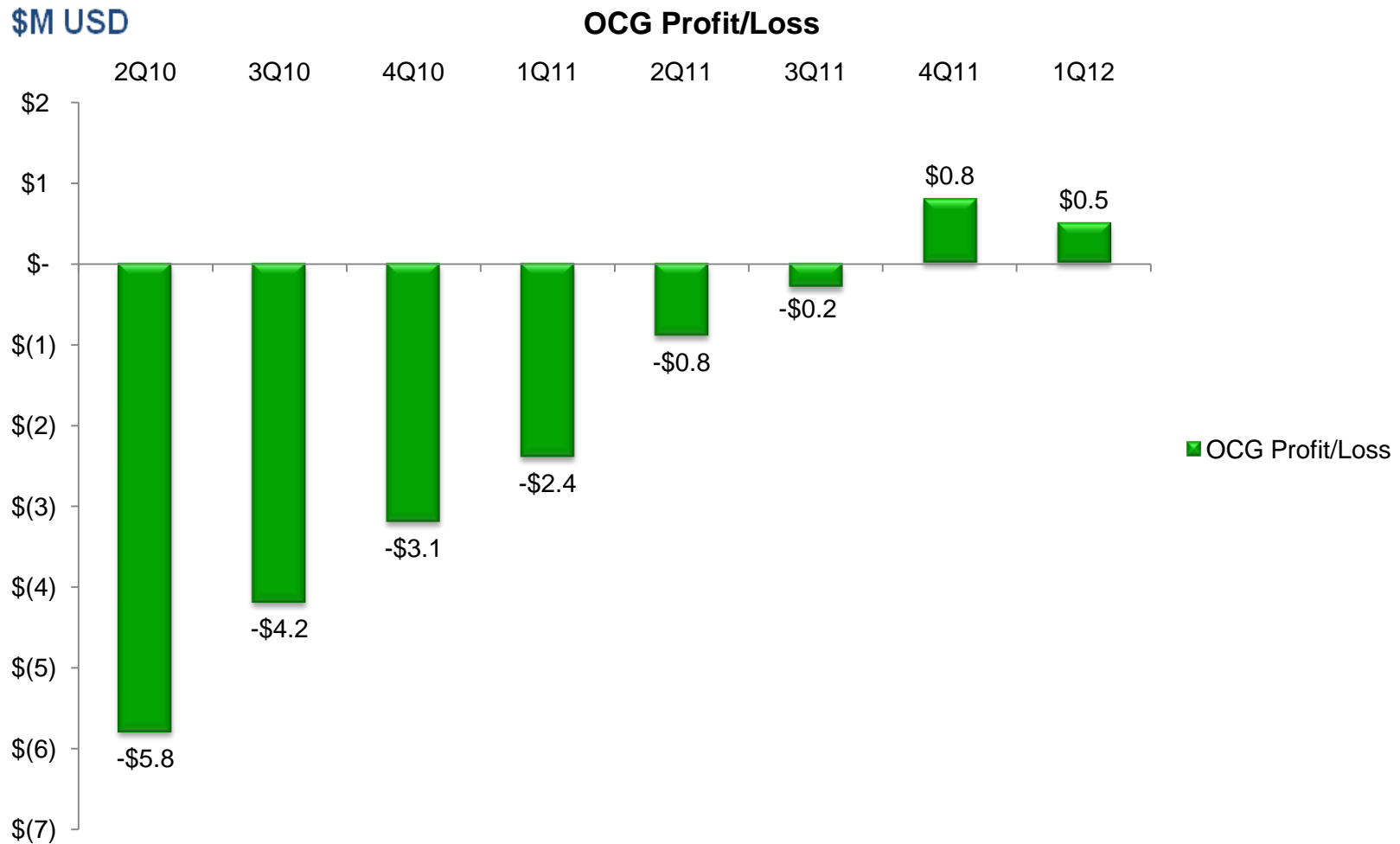
BY THE NUMBERS



*All comparisons are year over year. Revenue and expense comparisons are on a constant currency basis.

**Excludes restructuring charges.

Continued Improvement for OCG



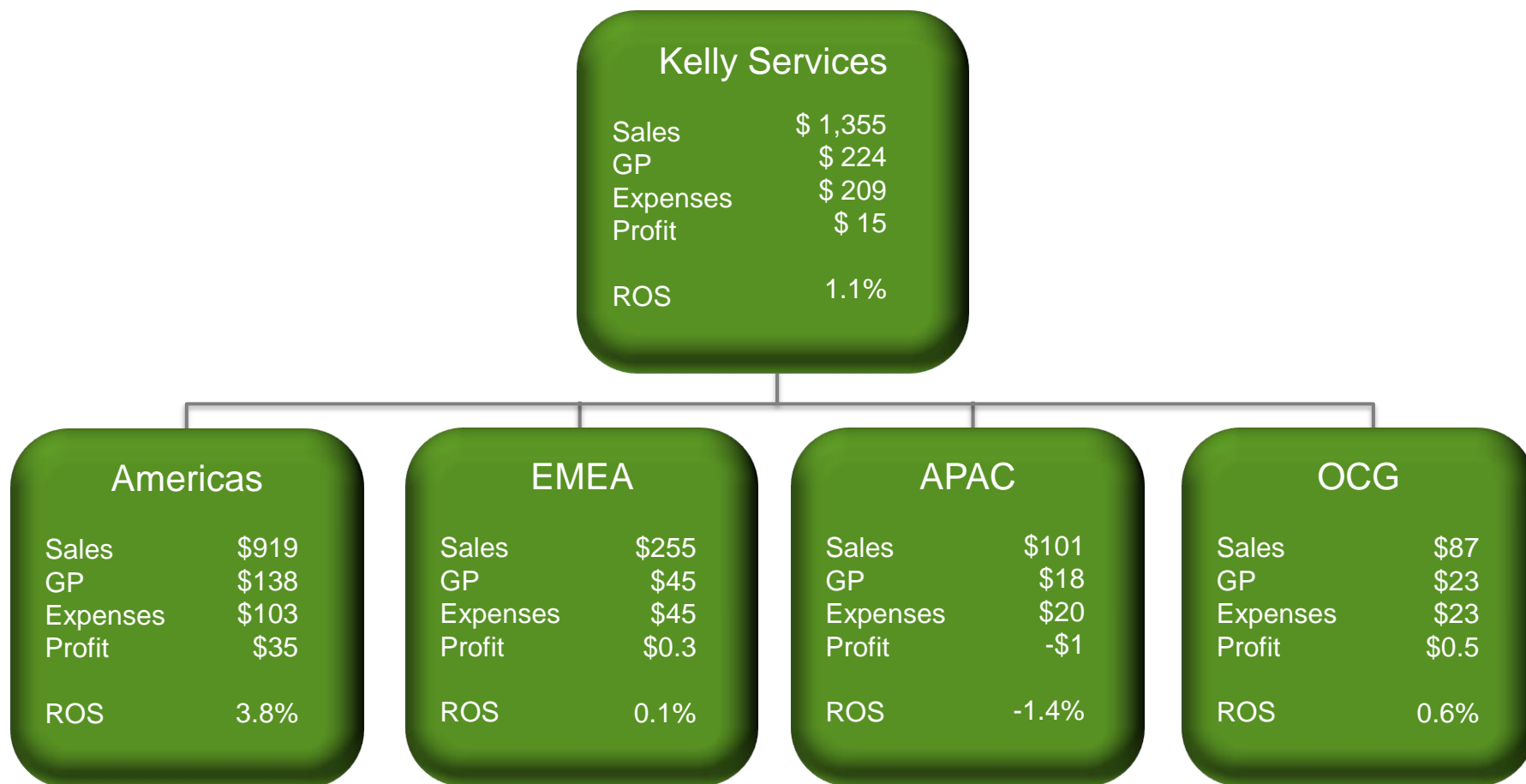
We continue to see progress in the performance of OCG with revenue growth of 28% for the quarter, reflecting good performance in our KellyConnect and talent supply chain business.

2012 Outlook



- Q2 revenue growth is expected to be flat to up slightly Y-O-Y, or up in the low single digits sequentially
- Gross margins should be up Y-O-Y
- Y-O-Y expenses are expected to increase in the mid single-digits, but only increase slightly sequentially
- Annual tax rate is expected to be 25-30% if work opportunity credits are reinstated; 35-40% with out tax credits

Operations Summary: Q1 2012



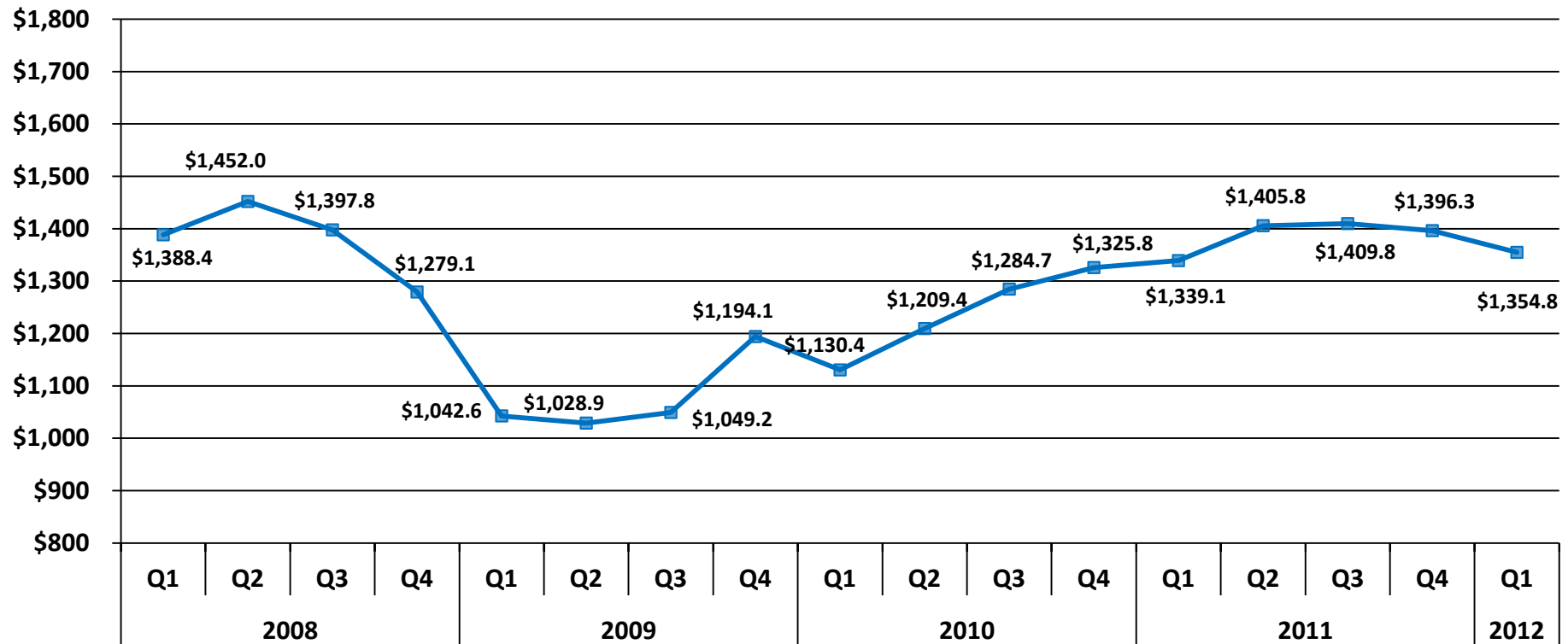
Note: Sales, GP, Expenses, and Profit (Earnings from Operations) in \$millions USD. Excludes restructuring charges and discontinued operations. Results include Brazil.

Revenue by Quarter



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

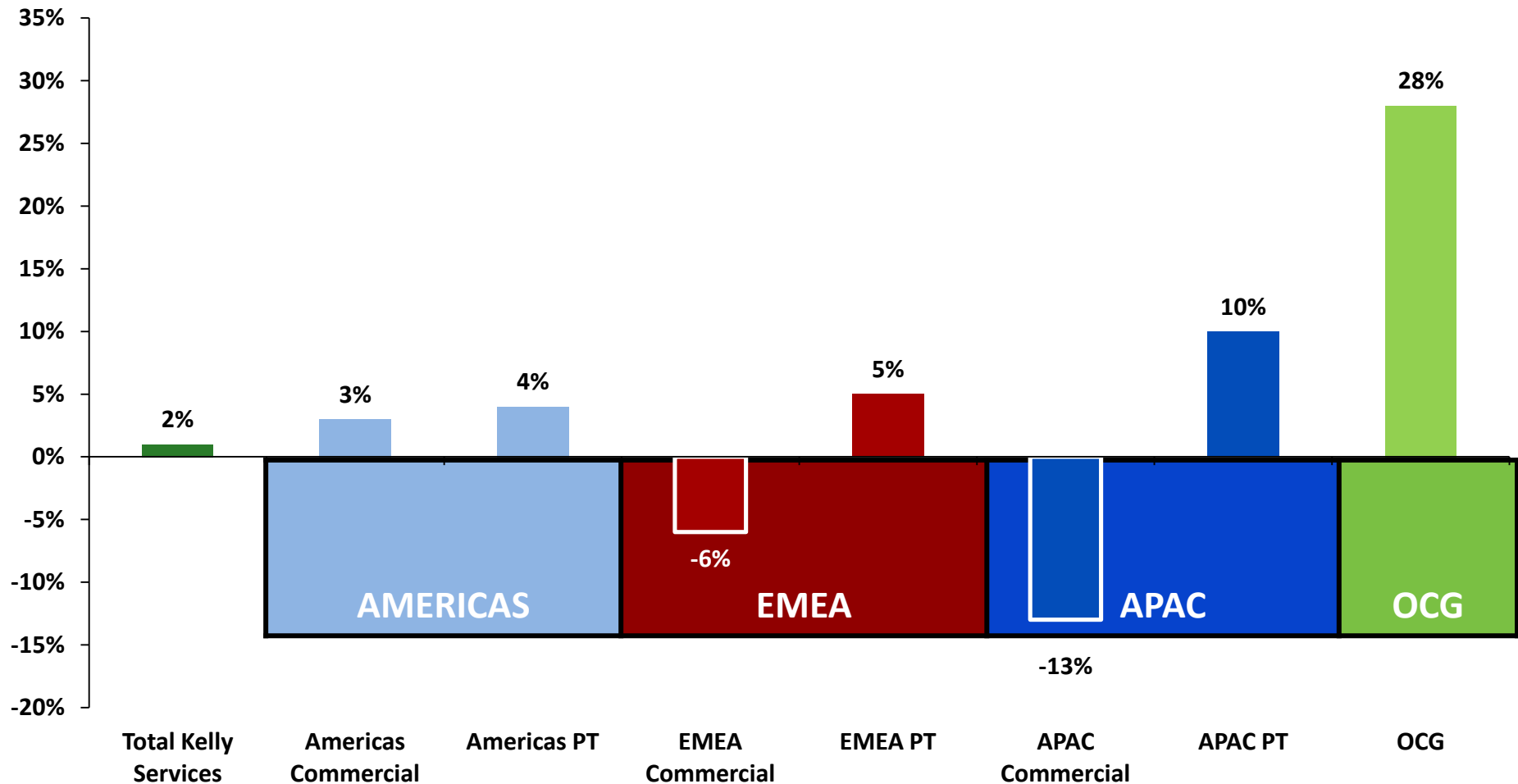
(in millions)



Constant Currency Revenue Growth by Segment



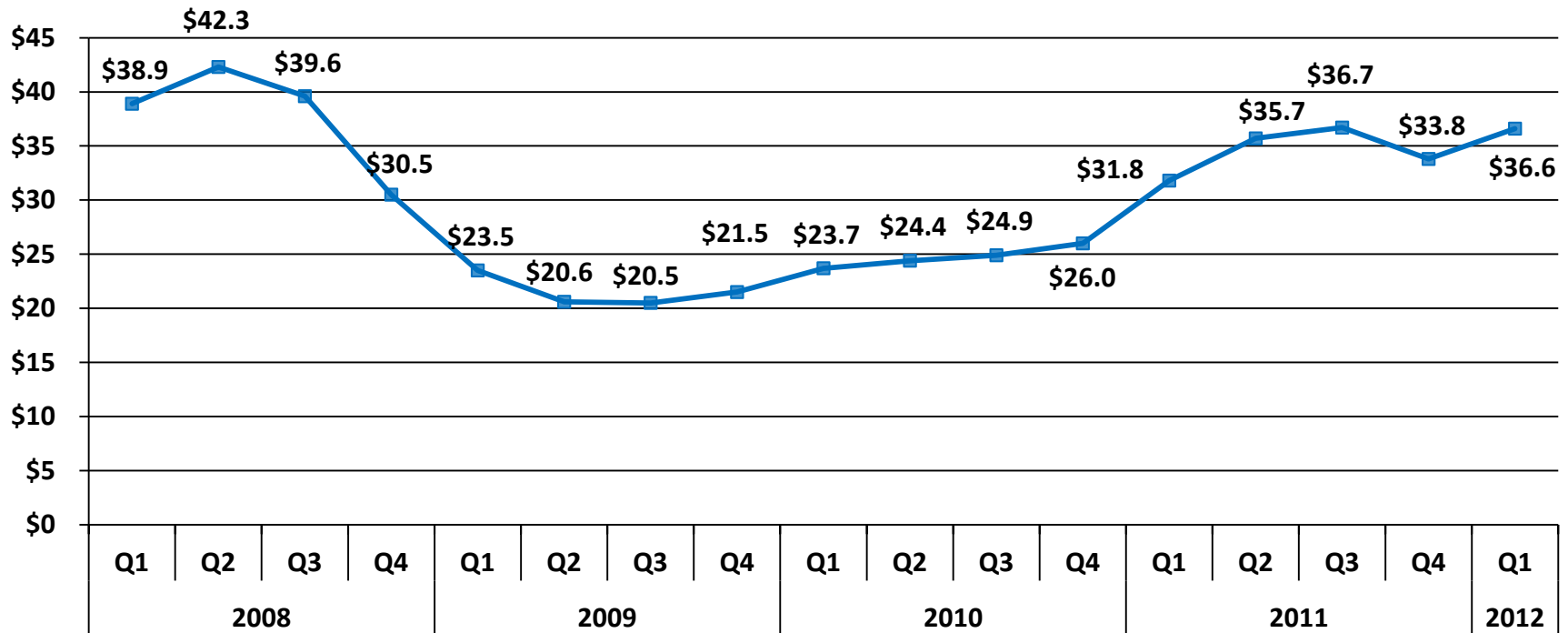
Q1 2012 vs. Q1 2011



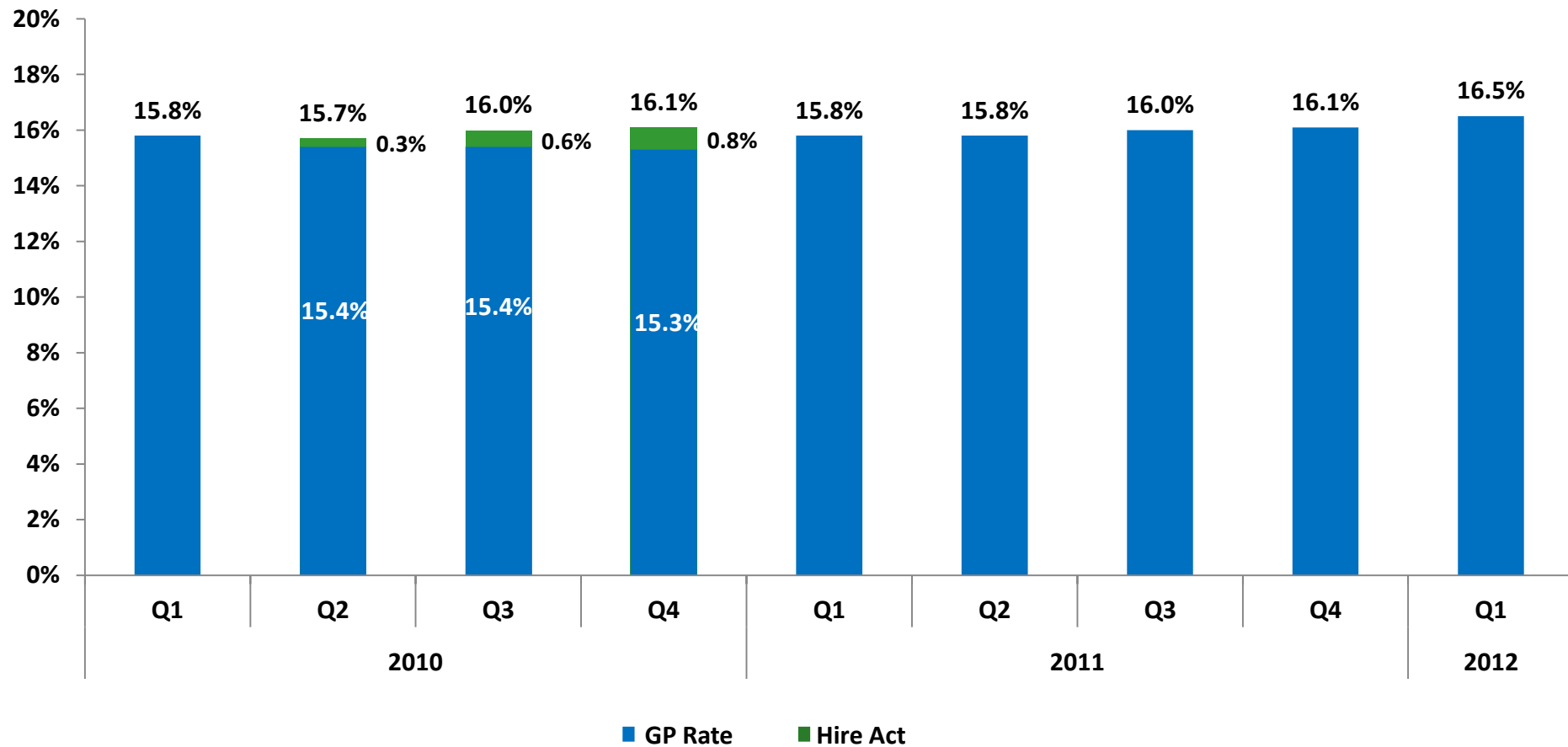
Fee Income by Quarter



(in millions)



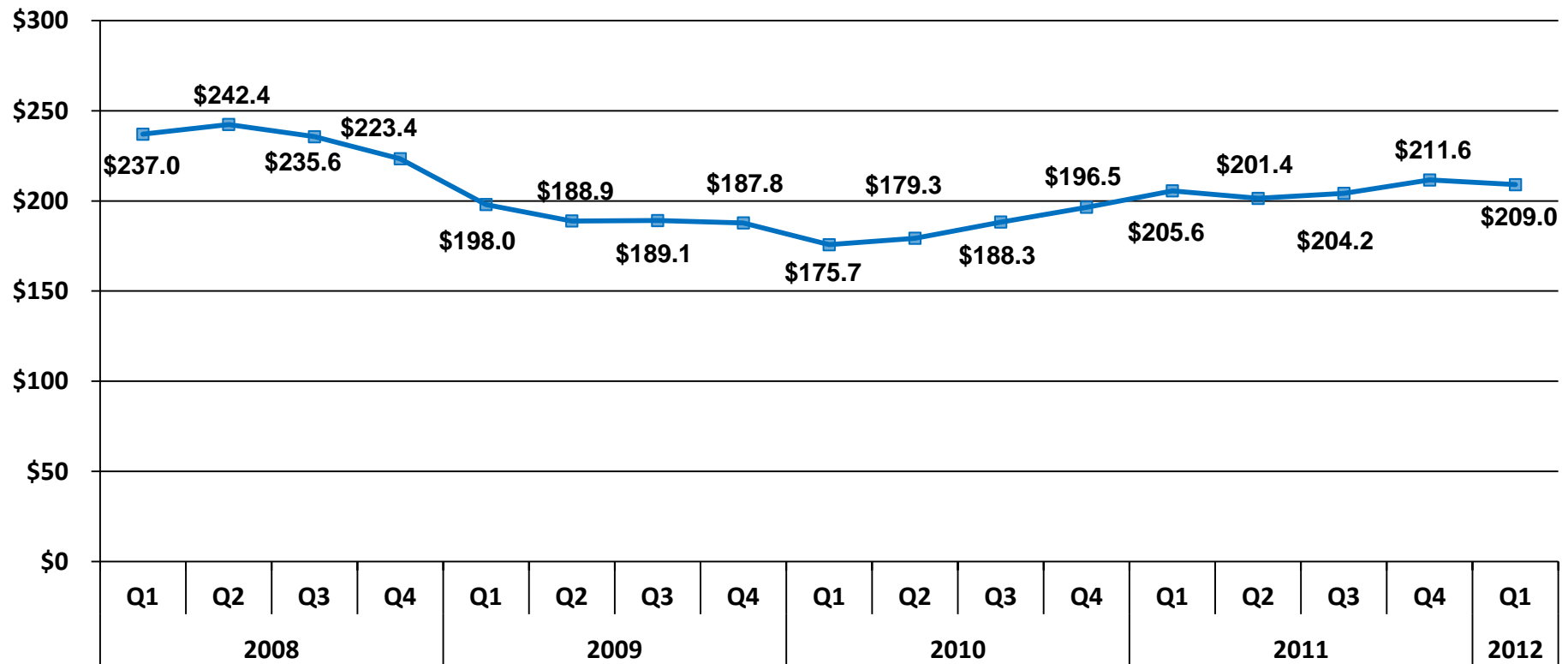
Gross Profit Rate by Quarter



Expense by Quarter

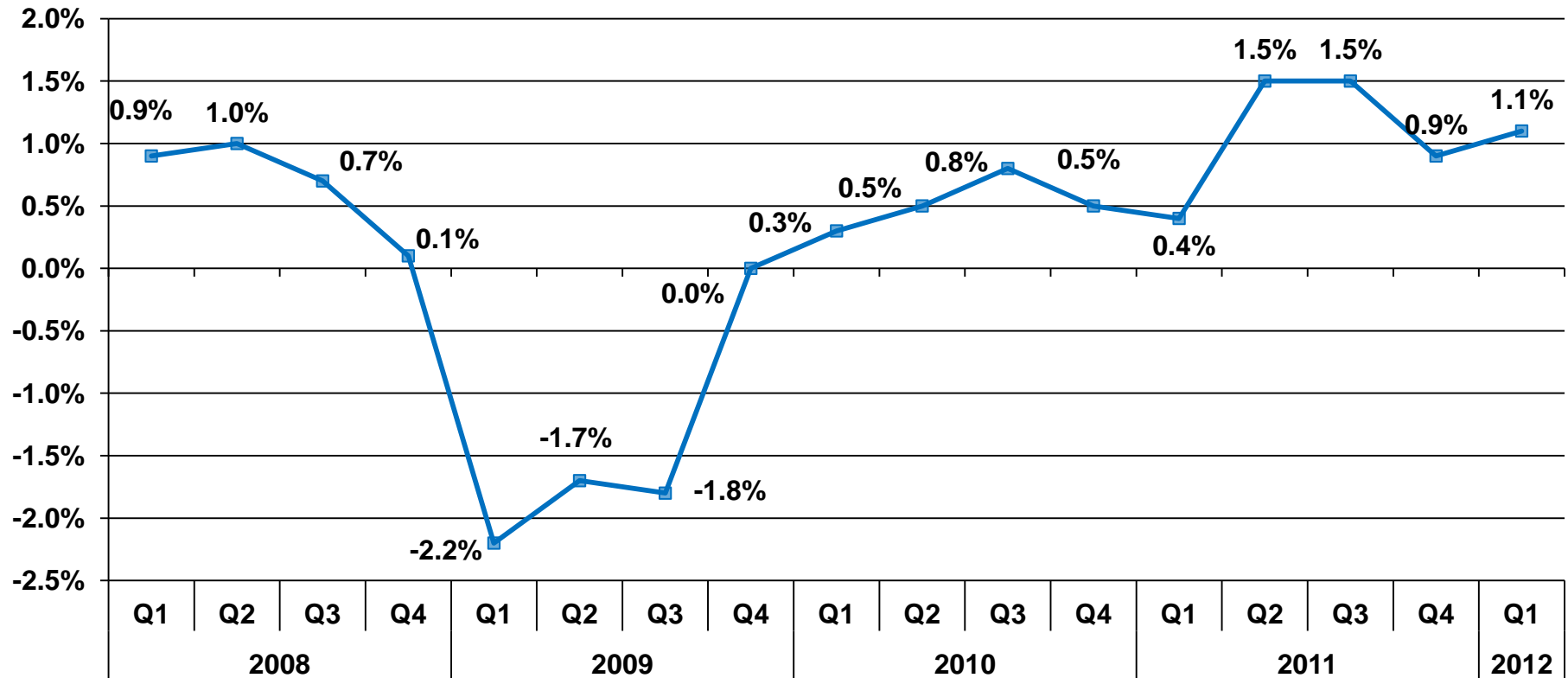


(in millions)



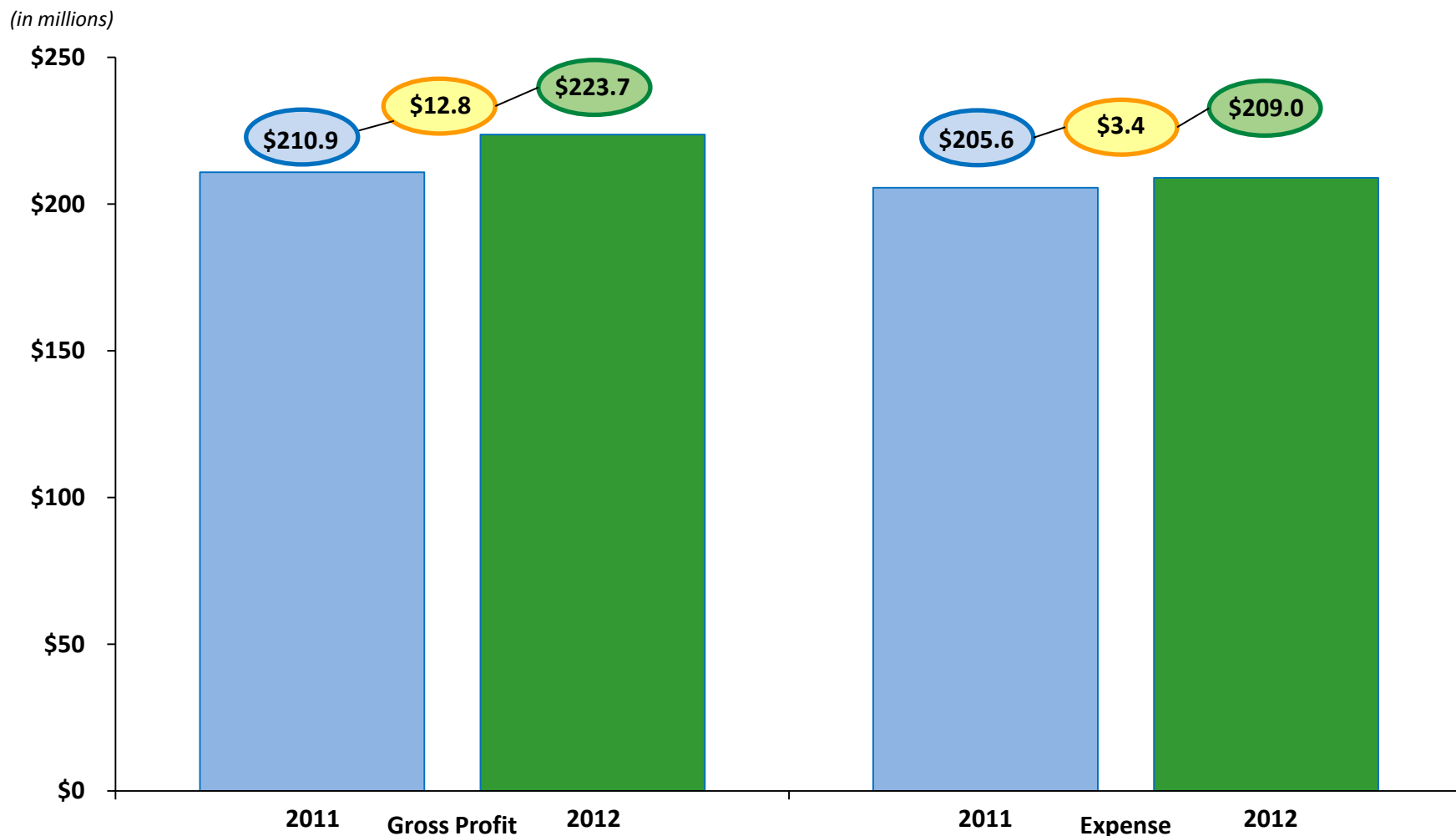
*Excluding Restructuring & Certain Litigation Charges

Return on Sales by Quarter



*Excluding The HIRE Act, Restructuring & Certain Litigation Charges

Comparison of Gross Profit & Expense – First Quarter



*Excluding restructuring and HIRE Act

Cash Flow Generation – First Quarter



(in millions)

	2012	2011
Net Income/(Loss)	\$ 9.6	\$ 1.1
Other Cash from Operating Activities	3.8	(6.1)
Capital Expenditures	(4.0)	(2.5)
Free Cash Flow	\$ 9.4	\$ (7.5)
Borrowing	(2.3)	(14.6)
Sale of Stock	-	(1.0)
Available Cash Flow	\$ 7.1	\$ (23.1)
Dividends	(1.9)	-
Other	(0.4)	-
Cash Used	\$ 4.8	\$ (23.1)
Effect of Exchange Rates	2.5	2.4
Net Change in Cash	\$ 7.3	\$ (20.7)
Cash at Period End	\$ 88.3	\$ 59.8

Balance Sheet: as of April 1, 2012



(in millions)

	Q1	
	2012	2011
Cash	\$ 88.3	\$ 59.8
Accounts Receivable	977.9	875.8
Other Current Assets	98.5	85.8
Total Current Assets	\$1,164.7	\$1,021.4
Long Term Assets	442.0	405.6
Total Assets	\$1,606.7	\$1,427.0
Short Term Debt	\$ 94.7	\$ 65.4
Other Current Liabilities	641.1	571.4
Total Current Liabilities	\$ 735.8	\$ 636.8
Other Long Term Liabilities	177.9	158.5
Equity	693.0	631.7
Total Liabilities and Equity	\$1,606.7	\$1,427.0
Working Capital	\$ 428.9	\$ 384.6
Net Cash/(Debt)	(6.4)	(5.6)
Debt-to-Total Capital	12.0%	9.4%

Kelly Services: Company Contacts



Mike Webster

Executive Vice President
(248) 244-5571

Mike Debs

Senior Vice President &
Chief Accounting Officer
(248) 244-4530

James Polehna

Vice President, Investor Relations
& Corporate Communications
(248) 244-4586

kellyservices.com