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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

 x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934 (FEE REQUIRED) For the fiscal year ended December 31, 1995
OR

_____ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

For the transition period from _____ to _____
Commission file number 0-1088

_____ KELLY SERVICES, INC. _____
(Exact Name of Registrant as specified in its Charter)

_____ Delaware _____ 38-1510762 _____
(State of Incorporation) (IRS Employer Identification
Number)

_____ 999 West Big Beaver Road, Troy, Michigan _____ 48084 _____
(Address of Principal Executive Office) (Zip Code)

_____ (810) 362-4444 _____
(Registrant's Telephone Number, Including Area Code)

Securities Registered Pursuant to Section 12(b) of the Act: None

Securities Registered Pursuant to Section 12(g) of the Act:

| Title of each class | Name of each exchange on which registered |
|---------------------|---|
| Class A Common | NASDAQ/NMS |
| Class B Common | NASDAQ/NMS |

Indicate by check mark whether the registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports), and (2) has been subject to such
filing requirements for the past 90 days. Yes X No _____

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405
of Regulation S-K is not contained herein, and will not be contained, to the
best of registrant's knowledge, in definitive proxy or information statements
incorporated by reference in Part III of this Form 10-K or any amendment to
this Form 10-K. _____

The aggregate market value of the Class B common stock, par value \$1.00, the
only class of the registrant's securities with voting rights, held by
non-affiliates of the registrant on March 6, 1996, based upon the last price on
that date of \$32.00 was \$12,163,392, as reported by the Wall
Street Journal.

Registrant had 34,418,204 shares of Class A and 3,598,520 of Class B
common stock, par value \$1.00, outstanding as of March 22, 1996.

Documents Incorporated by Reference

The proxy statement of the registrant with respect to the 1996 Annual Meeting
of Stockholders is incorporated by reference in Part III.

Dated: March 27, 1996

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PART I

ITEM 1. DESCRIPTION OF BUSINESS.

(a) General Development of Business. Registrant, a successor to the
business established by William R. Kelly in 1946, was incorporated under the
laws of Delaware on August 27, 1952. Throughout its existence, registrant has

been engaged in the temporary help service business. During the last fiscal year, registrant continued to provide temporary help services and other staffing and human resources services to a diversified group of customers.

(b) Financial Information about Industry Segments. Registrant operates in a single industry segment of providing temporary help services. The financial information concerning registrant is included in Item 8 in Part II of this filing.

(c) Narrative Description of Business.

(i) Principal Services Rendered. Registrant, and its subsidiaries, which are service organizations, provide temporary office clerical, marketing, professional, technical, light industrial, home care services (to those who need help with their daily living needs and personal care), management services and other business services to a diversified group of customers through offices located in major cities of the United States, Canada, United Kingdom, Ireland, Denmark, France, Luxembourg (acquired subsequent to December 31, 1995), The Netherlands, Norway, Switzerland, Australia, New Zealand, and Mexico. These services are generally furnished under the name of Kelly Temporary Services, with the following specific services provided: office clerical, marketing, professional, technical, semi-skilled light industrial and management services. Staff leasing services are provided under the name of Your Staff, a wholly owned subsidiary of the registrant. Home care services to those who need help with their daily living needs and personal care are furnished under the name of Kelly Assisted Living Services, Inc., which is a wholly owned subsidiary of registrant. Legal staffing services are provided under the name of The Wallace Law Registry, a wholly owned subsidiary of the registrant. Registrant performs these services through its temporary employees by assigning them to work on the premises of registrant's customers.

The temporary services furnished by registrant afford economies and flexibility in meeting uneven or peak work loads caused by such predictable factors as vacations, inventories, month-end activities, special projects or new promotions and such non-predictable factors as illnesses or emergencies. When work peaks occur which cannot be handled by the customer's normal staff, the customer can temporarily supplement regular personnel by the use of registrant's services. The cost and inconvenience to the customer of hiring additional employees, including advertising, interviewing, screening, testing and training are eliminated. Also, recordkeeping is simplified because the customer pays an hourly rate, based on hours of service furnished by registrant.

Registrant serves a wide cross-section of customers from industry, commerce, the professions, government, and individuals. During recent years approximately 215,000 customers, including the largest corporations in the world, use the registrant's services. There have been no significant

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changes in the services rendered or in the markets or methods of distribution since the beginning of registrant's fiscal year.

Registrant operates through approximately 1,300 domestic and foreign offices located in all 50 states, the District of Columbia and Puerto Rico; and Canada, United Kingdom, Ireland, Denmark, France, Luxembourg (acquired subsequent to December 31, 1995), The Netherlands, Norway, Switzerland, Australia, New Zealand, and Mexico. Each office provides the services of one or more of the divisions or subsidiaries. At fiscal year-end 1995 all of the offices were operated directly by the registrant, as the remaining licensed branches were converted to direct operated branches in February 1995.

(ii) New Services. There are no new industry segments that the registrant is planning to enter or new service areas that will require a material investment of assets.

(iii) Raw Materials. Registrant is involved in a service business and raw materials are nonexistent in the business.

(iv) Service Marks. Registrant is the owner of several service marks, which are registered with the United States Patent and Trade Mark Office and in a number of foreign countries. The most significant marks are "Kelly" and

"Kelly Girl", which have indeterminable duration.

(v) Seasonal Business Implications. Registrant's business is not seasonal.

(vi) Working Capital. Registrant believes there are no unusual or special working capital requirements in the temporary help industry.

(vii) Customers. The business of registrant and its subsidiaries is not dependent upon either a single customer or a limited number of customers.

(viii) Backlog. Backlog of orders is not material to the business of registrant.

(ix) Government Contracts. Although registrant conducts business under various government contracts, that portion of registrant's business is not significant.

(x) Competition. Registrant is one of the largest suppliers of temporary help services in the United States. Several companies which operate nationally offer services competitive to those provided by registrant, and a large number of organizations operating regionally or locally compete in varying degrees in different localities where registrant operates branch offices. The most significant competitive factors are price and service to customers in the form of timely, efficient and reliable temporary help.

(xi) Research Activities. Registrant's expenditure for research and the number of people involved are not material.

(xii) Environmental Matters. Registrant is involved in a service business and is not affected by federal, state and local provisions regulating the discharge of materials into the environment.

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(xiii) Employees. Registrant and subsidiaries employ on a full time basis approximately 1,000 persons at its headquarters in Troy, Michigan, and approximately 4,600 persons in branch offices operated directly by registrant. Registrant employed in the last fiscal year 655,000 men and women for temporary periods. As the employer, registrant is responsible for and pays Social Security and Medicare taxes, workers' compensation, federal and state unemployment compensation taxes, liability insurance and other similar costs, and is responsible for payroll deductions of Social Security, Medicare and income taxes. Although the work may be done in the office of the registrant's customer, registrant remains the employer of its temporary employees with responsibility for their assignment and reassignment.

(d) Foreign Operations. For information regarding sales, earnings or loss from operations and identifiable assets by domestic and foreign operations, reference is made to the information presented in the Summary of Significant Accounting Policies note to the consolidated financial statements presented in Item 8 in Part II of this report.

ITEM 2. PROPERTIES.

Registrant owns the premises in Troy, Michigan, from which its headquarters, subsidiaries and divisional offices are presently operated. Registrant purchased the original headquarters building in Troy, Michigan, in 1977 and has expanded operations into an adjacent building that was purchased in 1991. The combined floor space for the headquarters complex approximates 206,000 square feet, plus leased space nearby of 27,000 square feet. The buildings are in good condition, are considered to be adequate for the uses to which they are being put and are in regular use. In addition, registrant owns vacant land in Troy and northern Oakland County, Michigan, for future expansion. Registrant's branch offices are conducted from premises which are leased. A majority of the leases are for fixed terms, from one to five years. Registrant owns virtually all office furniture and equipment used in its headquarters building and branch offices.

ITEM 3. LEGAL PROCEEDINGS.

In 1992 the Internal Revenue Service (IRS) proposed the imposition of an accumulated earnings tax totaling \$49 million for 1988, 1989 and 1990 in connection with an audit of the Company's consolidated federal tax liability. The proposed amount has been subsequently reduced to \$6.5 million. The Company believes there is no factual or legal basis for the imposition of any accumulated earnings tax and that the Company is fully justified in making provision to meet the present and future needs of its expanding business operations. The Company is defending its position through the IRS appeal process and into the courts if necessary. In the opinion of the Company, the ultimate resolution of this issue will not materially affect its financial statements.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

There were no matters submitted to a vote of security holders in the fourth quarter of 1995.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS.

Kelly Services' stock is traded over-the-counter in the NASDAQ National Market System (NMS). The high and low selling prices for the Class A common stock and Class B common stock as quoted by the National Association of Securities Dealers, Inc. and the dividends paid on the common stock for each quarterly period in the last two fiscal years are reported below:

| | Per share amounts (in dollars) | | | | |
|---------------------|--------------------------------|-------------------|------------------|-------------------|--------|
| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | Year |
| 1995 | | | | | |
| ----- | | | | | |
| Stock Prices | | | | | |
| Class A common | | | | | |
| High | \$37 | \$36 3/4 | \$31 3/4 | \$28 1/2 | \$37 |
| Low | 26 1/2 | 25 1/4 | 25 5/8 | 24 1/2 | 24 1/2 |
| Class B common | | | | | |
| High | 34 | 34 | 31 1/2 | 29 | 34 |
| Low | 27 1/4 | 30 | 31 1/2 | 28 | 27 1/4 |
| Dividends | .18 | .20 | .20 | .20 | .78 |
| 1994 | | | | | |
| ----- | | | | | |
| Stock Prices | | | | | |
| Class A common | | | | | |
| High | \$31 1/4 | \$29 | \$32 | \$30 1/2 | \$32 |
| Low | 23 | 23 | 24 | 25 3/4 | 23 |
| Class B common | | | | | |
| High | 34 | 33 1/2 | 33 1/2 | 29 1/2 | 34 |
| Low | 28 | 28 | 29 | 27 1/4 | 27 1/4 |
| Dividends | .16 | .18 | .18 | .18 | .70 |

The number of holders of record of the Class A and Class B common stock, par value \$1.00, of registrant were 1,222 and 274, respectively, as of March 22, 1996.

ITEM 6. SELECTED FINANCIAL DATA.

The following table summarizes selected financial information of Kelly Services, Inc. and its subsidiaries for each of the six fiscal years ended December 31, 1995. This table should be read in conjunction with other financial information of the registrant including "Management's Discussion and Analysis of Financial Condition and Results of Operations" and financial statements included elsewhere herein.

| (In millions except per share amounts) | 1995 | 1994 | 1993 | (1) 1992 | 1991 | 1990 |
|---|-----------|-----------|-----------|-------------|-----------|-----------|
| ----- | ---- | ---- | ---- | ---- | ---- | ---- |
| Sales of services | \$2,689.8 | \$2,362.6 | \$1,954.5 | \$1,712.7 | \$1,424.3 | \$1,456.3 |
| Earnings before taxes . . | 113.3 | 98.5 | 70.9 | 61.0 | 60.2 | 113.0 |
| Net earnings. | 69.5 | 61.1 | 44.6 | 39.2 | 38.6 | 71.2 |
| Per share data: | | | | | | |
| Earnings | \$ 1.83 | \$ 1.61 | \$ 1.18 | \$ 1.04 | \$ 1.03 | \$ 1.89 |
| Dividends | | | | | | |
| Class A common. . . . | .78 | .70 | .63 | .58 | .57 | .53 |
| Class B common. . . . | .78 | .70 | .63 | .58 | .57 | .53 |
| Working capital | \$ 316.0 | \$ 315.8 | \$ 291.2 | \$ 279.8 | \$ 287.0 | \$ 287.2 |
| Total assets. | 718.7 | 642.4 | 542.1 | 496.1 | 479.4 | 443.8 |

<FN>
(1) Fiscal year included 53 weeks.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Results of Operations

1995 versus 1994

Sales reached a record level of \$2.69 billion in 1995, an increase of 14% over 1994. International sales grew most rapidly, accounting for 19% of total company sales, up from 15% in 1994.

Cost of services, representing payroll and related taxes and benefits for temporary employees, increased 13%. Increases in pay rates, payroll taxes and other direct costs accounted for these changes. Overall, the percentage of gross profit to sales increased to 20.1% in 1995 from 19.6% in 1994.

Selling, general and administrative expenses increased 18% over 1994. As a percentage of sales, expenses increased to 16.2%, up from 15.7% in 1994. The increase principally reflects the opening of new offices, the effect of acquired companies for full years and normal growth.

Earnings from operations in 1995 totaled just over \$105 million, a new record for the Company, and an increase of 15% over 1994. These earnings were 3.9% of sales, the same as in 1994.

Interest income increased to \$8.2 million in 1995 which was 22% higher than the \$6.7 million earned in 1994. The increase resulted from higher rates of return on investments.

Earnings before income taxes were a record \$113.3 million, an increase of 15% over 1994. Pre-tax margins as a percentage of sales were 4.2% in both years. Income taxes increased 17% over 1994 with an effective tax rate of 38.7% of pre-tax income. The current tax rate rose primarily as a result of higher state and local taxes and higher foreign tax rates.

Net earnings were \$69.5 million in 1995, 14% higher than the 1994 results of \$61.1 million. The rate of return on sales was 2.6% in both 1995 and 1994. Earnings per share were \$1.83, a 14% increase over the \$1.61 per share earned in 1994.

1994 versus 1993

Sales reached a record level of \$2.36 billion in 1994, an increase of 21% over 1993. Increases in domestic sales, acquisitions completed during the year, and the strengthening of worldwide economies all contributed to this growth.

Cost of services, representing payroll and related taxes and benefits for temporary employees, increased 21%. Strong sales volume and increases in pay rates and payroll taxes accounted for this change. Gross profit, as a percent of sales, rose from 19.5% in 1993 to 19.6% in 1994. Excluding the effect of our employee leasing business acquired in 1994, gross profit averaged 20.1% during 1994.

Selling, general and administrative expenses rose 17% during 1994. This increase principally reflected costs added by acquired companies, opening of new offices and normal growth. As a percent of sales, expenses declined from 16.2% to 15.7% in 1994. Excluding the effects of the employee leasing business (with its inherently lower cost structure), the expense to sales relationship was 16.1% in 1994. Earnings from operations in 1994 totaled approximately \$92 million, an increase of 44% over 1993.

Interest income for 1994 was \$6.7 million, down 3.6% from the 1993 level of \$7.0 million. The reduction in the interest rates accounted for the slight decline in interest income during the year.

Earnings before taxes were \$98.5 million, an increase of 39%. Pretax margins were 4.2% in 1994, improved from 3.6% in 1993. Income taxes increased 42% over 1993, with an effective tax rate of 38.0%, compared to a 37.1% rate in 1993. The current year tax rate rose primarily as a result of the reduction in tax exempt interest income and the absence in 1994 of a credit from revaluing deferred taxes due to the 1% increase in the U.S. statutory corporate tax rate in 1993.

Net earnings were \$61.1 million in 1994, 37% above the 1993 results of \$44.6 million. The rate of return on sales was 2.6%, up from the 1993 return of 2.3%. Earnings per share were \$1.61 in 1994 and \$1.18 in 1993.

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Liquidity and Capital Resources

During 1995, capital expenditures were made primarily for new office equipment, expansion of the branch office network in the U.S. and Europe, business acquisitions and new customer services, including the new "PinPoint" software training product. The foregoing capital expenditures, along with cash dividends, were financed internally with \$29 million from operating activities and a reduction in short-term investments. In 1994 and 1993, net cash flows from operating activities of \$69 million and \$46 million, respectively, were directed primarily toward purchases of equipment, dividend payments and the acquisition of businesses.

The Company's working capital remained unchanged from 1994 at \$316 million. The current ratio averaged 2.3 in 1995, 2.5 in 1994 and 2.9 in 1993. The current ratios have declined over this period due principally to the use of current assets to finance continued business expansion including the acquisition of businesses and investment in additional computing capability in branch offices.

Stockholders' equity grew 10% in 1995, following a 12% growth in 1994 and a 5% increase in 1993. The return on average stockholders' equity was 15.3% in 1995, 14.9% in 1994 and 11.8% in 1993. Stockholders' equity per share was \$12.52, an increase of 10% over 1994. Dividends paid per share were \$.78 in 1995, an increase of 11% over 1994.

The Company's financial position continues to be strong. The Company believes that this strength, including the absence of any long-term debt, will allow it to aggressively pursue growth opportunities. Capital requirements are expected to be financed internally.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The financial statements and supplementary data required by this Item are set in the accompanying index on page 14 of this filing and are presented in pages 15-26.

ITEM 9. DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

PART III

Information required by Part III with respect to Directors and Executive Officers of the registrant, except as set forth under the title "Executive Officers of the Registrant" which is included on page 9, (Item 10), Executive Compensation (Item 11), Security Ownership of Certain Beneficial Owners and Management (Item 12), and Certain Relationships and Related Transactions (Item 13) is to be included in a definitive proxy statement filed by the registrant not later than 120 days after the close of its fiscal year and such proxy statement, when filed, is incorporated herein by reference.

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ITEM 10
EXECUTIVE OFFICERS OF THE REGISTRANT

| Name/Office | Age | Served as an Officer Since (2) | Business Experience During Last 5 Years |
|--|-----|--------------------------------|--|
| William R. Kelly Chairman of the Board | 90 | 1952 | Served as officer of registrant. |
| Terence E. Adderley (1) President and Chief Executive Officer | 62 | 1961 | Served as officer of registrant. |
| Christopher A. Arnette Senior Vice President | 39 | 1995 | Served as officer of registrant since January, 1995. Prior thereto, served as Vice President and Chief Information Officer of Ameritech Advertising Services since 1992. Prior thereto, served as Vice President, Information Systems of Dun & Bradstreet Corporation. |
| Robert G. Barranco Executive Vice President | 55 | 1989 | Served as officer of registrant or one of its operating divisions. |
| Donald A. Bobo Senior Vice President and General Manager, Kelly Temporary Services Division | 54 | | Served as officer of operating division since April, 1992. Prior thereto, served as Vice President of Staff Services at John Labatt Foods. |
| Carl T. Camden Senior Vice President | 41 | 1995 | Served as officer of registrant since April, 1995. From 1993 served as Senior Vice President at Society Management Company, the parent of Key Bank and Society Bank Groups. Prior thereto, served as Co-President of Wyse Advertising. |

Carolyn R. Fryar
Senior Vice President
and General Manager,
Kelly Temporary
Services Division

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Served as officer of operating
division.

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ITEM 10
EXECUTIVE OFFICERS OF THE REGISTRANT

(continued)

| Name/Office | Age | Served as an Officer Since (2) | Business Experience During Last 5 Years |
|---|-------|-----------------------------------|---|
| ----- | ----- | ----- | ----- |
| Paul K. Geiger Senior Vice President | 62 | 1993 | Served as officer of registrant since April, 1993. Prior thereto, served as Vice President and Chief Financial Officer of the University of Detroit Mercy. |
| Eugene L. Hartwig Senior Vice President, General Counsel and Secretary | 62 | 1990 | Served as officer of registrant. |
| Michael J. McGowan Senior Vice President and General Manager, Kelly Temporary Services Division | 42 | | Served as officer of operating division since January, 1995. Prior thereto, served in various capacities at The MEDSTAT Group since 1992. From 1977 to 1992 served in various capacities at Automated Data Processing. |
| Robert H. McNabb Senior Vice President and General Manager, Kelly Temporary Services Division | 48 | | Served as officer of operating division since September, 1994. From 1993, served as President of Performa Solutions, Inc. Prior thereto, served in a variety of executive positions at Talent Tree Personnel Services, Inc. |
| Alfredo Maselli Senior Vice President and General Manager, International Division | 55 | | Served as officer of operating division since September, 1995. Prior thereto, served as Corporate Vice President, International and in other capacities at Honeywell, Inc. since 1969. |

ITEM 10
EXECUTIVE OFFICERS OF THE REGISTRANT

(continued)

| Name/Office | Age | Served as an Officer Since (2) | Business Experience During Last 5 Years |
|--|-------|-----------------------------------|--|
| ----- | ----- | ----- | ----- |
| Joanne E. Start Senior Vice President | 51 | 1989 | Served as officer of registrant. |
| Robert E. Thompson Executive Vice President | 53 | 1982 | Served as officer of registrant. |
| Tommi A. White Senior Vice President | 45 | 1993 | Served as officer of registrant since November, 1993. From 1992, served as Vice President of Automated Data Processing. Prior thereto, served as Chief Information Officer at Skandia Direct Operations Corporation. |

<FN>

- (1) Mr. Adderley is Mr. William R. Kelly's son.
(2) Each officer serves continuously until removed by the Board of Directors.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) The following documents are filed as part of this report:

1. Financial statements -

Report of Independent Accountants

Balance Sheets at December 31, 1995, January 1, 1995 and
January 2, 1994

Statements of Earnings for the three fiscal years ended
December 31, 1995

Statements of Cash Flows for the three fiscal years ended
December 31, 1995

Statements of Stockholders' Equity for the three fiscal years ended
December 31, 1995

Notes to Financial Statements

2. Financial Statement Schedule -

For the three fiscal years ended December 31, 1995:

II - Valuation Reserves

3. The Exhibits are listed in the Index to Exhibits Required by Item 601
of Regulation S-K at Item (c) below and included at page 27 which is
incorporated herein by reference.

All other schedules are omitted because they are not applicable or the required
information is shown in the financial statements or notes thereto.

P. K. Geiger
Senior Vice President and
Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)

Date: March 27, 1996

*By /s/ P. K. Geiger

P. K. Geiger
Attorney-in-Fact

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INDEX TO FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULE

Kelly Services, Inc. and Subsidiaries

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Stockholders and Board of Directors,
Kelly Services, Inc.

In our opinion, the accompanying consolidated financial statements as listed in Item 14(a) 1 and 2 of this Form 10-K present fairly, in all material respects, the financial position of Kelly Services, Inc. and its subsidiaries at December 31, 1995, January 1, 1995 and January 2, 1994, and the results of their operations and their cash flows for the years then ended, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing

the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

/s/ Price Waterhouse LLP

 Price Waterhouse LLP
 Detroit, Michigan
 January 31, 1996

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BALANCE SHEETS
 Kelly Services, Inc. and Subsidiaries

| | 1995 | 1994 | 1993 |
|--|---------------------------|------------|------------|
| | ----- | ----- | ----- |
| | (In thousands of dollars) | | |
| ASSETS | | | |
| Current Assets | | | |
| Cash and equivalents | \$ 52,811 | \$ 49,207 | \$ 36,020 |
| Short-term investments | 74,737 | 142,723 | 144,988 |
| Accounts receivable, less allowances of \$6,950, \$5,660 and \$4,735, respectively. . | 397,534 | 307,514 | 248,161 |
| Prepaid expenses and other current assets. . | 33,520 | 27,259 | 17,881 |
| | ----- | ----- | ----- |
| Total current assets. | 558,602 | 526,703 | 447,050 |
| Property and Equipment | | | |
| Land and buildings | 35,153 | 34,044 | 29,882 |
| Equipment, furniture and leasehold improvements | 113,521 | 90,868 | 82,227 |
| Accumulated depreciation | (64,286) | (54,731) | (43,827) |
| | ----- | ----- | ----- |
| Total property and equipment. | 84,388 | 70,181 | 68,282 |
| Intangibles and Other Assets | | | |
| | 75,697 | 45,491 | 26,768 |
| | ----- | ----- | ----- |
| Total Assets | \$ 718,687 | \$ 642,375 | \$ 542,100 |
| | ===== | ===== | ===== |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | |
| Current Liabilities | | | |
| Accounts payable | \$ 53,013 | \$ 33,752 | \$ 24,621 |
| Payroll and related taxes | 118,996 | 102,911 | 68,451 |
| Accrued insurance. | 51,309 | 57,390 | 51,841 |
| Income and other taxes | 19,265 | 16,806 | 10,968 |
| | ----- | ----- | ----- |
| Total current liabilities | 242,583 | 210,859 | 155,881 |
| Stockholders' Equity | | | |
| Capital stock, \$1.00 par value | | | |
| Class A common stock, shares issued 36,512 in 1995, 36,507 in 1994 and 1993 | 36,512 | 36,507 | 36,507 |
| Class B common stock, shares issued 3,604 in 1995, 3,609 in 1994 and 1993. | 3,604 | 3,609 | 3,609 |
| Treasury stock, at cost | | | |
| Class A common stock, 2,101 shares in 1995, 2,153 in 1994 and 2,361 in 1993. . | (6,327) | (6,186) | (6,702) |
| Paid-in capital. | 7,215 | 5,868 | 679 |
| Earnings invested in the business. | 435,100 | 391,718 | 352,126 |
| | ----- | ----- | ----- |
| Total stockholders' equity. | 476,104 | 431,516 | 386,219 |
| | ----- | ----- | ----- |
| Total Liabilities and Stockholders' Equity . . | \$ 718,687 | \$ 642,375 | \$ 542,100 |
| | ===== | ===== | ===== |

<FN>
 See accompanying Notes to Financial Statements.

STATEMENTS OF EARNINGS
Kelly Services, Inc. and Subsidiaries

| | 1995 | 1994 | 1993 |
|--|--|--------------------|--------------------|
| | ----- | ----- | ----- |
| | (In thousands of dollars except per share items) | | |
| Sales of services | \$ 2,689,799 | \$ 2,362,561 | \$ 1,954,534 |
| Cost of services | 2,148,406 | 1,899,552 | 1,573,797 |
| Gross profit | ----- 541,393 | ----- 463,009 | ----- 380,737 |
| Selling, general and administrative expenses . . | 436,308 | 371,262 | 316,838 |
| Earnings from operations | ----- 105,085 | ----- 91,747 | ----- 63,899 |
| Interest income | 8,206 | 6,710 | 6,960 |
| Earnings before income taxes | ----- 113,291 | ----- 98,457 | ----- 70,859 |
| Income taxes: | | | |
| Federal | 34,645 | 29,915 | 20,595 |
| State and other | 9,155 | 7,485 | 5,705 |
| Total income taxes | ----- 43,800 | ----- 37,400 | ----- 26,300 |
| Net earnings | ----- \$ 69,491 | ----- \$ 61,057 | ----- \$ 44,559 |
| Earnings per share | \$1.83 | \$1.61 | \$1.18 |
| Dividends per share | \$.78 | \$.70 | \$.63 |
| Average shares outstanding (thousands) | 37,993 | 37,956 | 37,728 |

<FN>
See accompanying Notes to Financial Statements.

STATEMENTS OF CASH FLOWS
Kelly Services, Inc. and Subsidiaries

| | 1995 | 1994 | 1993 |
|--|---------------------------|-------------------|-------------------|
| | ----- | ----- | ----- |
| | (In thousands of dollars) | | |
| Cash flows from operating activities | | | |
| Net earnings | \$ 69,491 | \$ 61,057 | \$ 44,559 |
| Noncash adjustments: | | | |
| Depreciation and amortization | 22,685 | 19,105 | 17,539 |
| Changes in certain working capital components . | (62,952) | (11,000) | (16,300) |
| Net cash from operating activities | ----- 29,224 | ----- 69,162 | ----- 45,798 |
| Cash flows from investing activities | | | |
| Capital expenditures | (33,982) | (18,433) | (16,056) |
| Short-term investments | 67,986 | 2,265 | 9,614 |
| Increase in intangibles and other assets | (31,192) | (13,610) | (10,221) |
| Net cash from investing activities | ----- 2,812 | ----- (29,778) | ----- (16,663) |
| Cash flows from financing activities | | | |
| Dividend payments | (29,638) | (26,570) | (23,846) |
| Exercise of stock options and restricted stock | | | |

| | | | |
|---|-----------|-----------|-----------|
| awards | 1,206 | 373 | 1,049 |
| Fractional shares paid | -- | -- | (18) |
| | ----- | ----- | ----- |
| Net cash from financing activities | (28,432) | (26,197) | (22,815) |
| Net change in cash and equivalents | 3,604 | 13,187 | 6,320 |
| Cash and equivalents at beginning of year | 49,207 | 36,020 | 29,700 |
| | ----- | ----- | ----- |
| Cash and equivalents at end of year | \$ 52,811 | \$ 49,207 | \$ 36,020 |
| | ===== | ===== | ===== |

<FN>

See accompanying Notes to Financial Statements.

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STATEMENTS OF STOCKHOLDERS' EQUITY
Kelly Services, Inc. and Subsidiaries

| | 1995 | 1994 | 1993 |
|---|---------------------------|-----------|-----------|
| | ----- | ----- | ----- |
| | (In thousands of dollars) | | |
| Capital Stock | | | |
| Class A common stock | | | |
| Balance at beginning of year | \$ 36,507 | \$ 36,507 | \$ 29,195 |
| Conversions from Class B | 5 | -- | 11 |
| Five-for-four stock split | -- | -- | 7,301 |
| | ----- | ----- | ----- |
| Balance at end of year | 36,512 | 36,507 | 36,507 |
| Class B common stock | | | |
| Balance at beginning of year | 3,609 | 3,609 | 2,898 |
| Conversions to Class A | (5) | -- | (11) |
| Five-for-four stock split | -- | -- | 722 |
| | ----- | ----- | ----- |
| Balance at end of year | 3,604 | 3,609 | 3,609 |
| Treasury Stock | | | |
| Balance at beginning of year | (6,186) | (6,702) | (6,736) |
| Exercise of stock options | (184) | (13) | 34 |
| Restricted stock awards | 43 | -- | -- |
| Treasury stock issued for acquisition | -- | 529 | -- |
| | ----- | ----- | ----- |
| Balance at end of year | (6,327) | (6,186) | (6,702) |
| Paid-in Capital | | | |
| Balance at beginning of year | 5,868 | 679 | 3,629 |
| Exercise of stock options | 977 | 386 | 1,015 |
| Restricted stock awards | 370 | -- | -- |
| Treasury stock issued for acquisition | -- | 4,803 | -- |
| Five-for-four stock split | -- | -- | (3,965) |
| | ----- | ----- | ----- |
| Balance at end of year | 7,215 | 5,868 | 679 |
| Earnings Invested in the Business | | | |
| Balance at beginning of year | 391,718 | 352,126 | 338,273 |
| Net earnings | 69,491 | 61,057 | 44,559 |
| Cash dividends | (29,638) | (26,570) | (23,846) |
| Five-for-four stock split | -- | -- | (4,058) |
| Fractional shares paid | -- | -- | (18) |
| Equity adjustment for foreign currency translation; cumulative credit of \$2,121 in 1995; cumulative charge of \$1,408 in 1994 and \$6,513 in 1993 | 3,529 | 5,105 | (2,784) |
| | ----- | ----- | ----- |
| Balance at end of year | 435,100 | 391,718 | 352,126 |
| Stockholders' Equity at end of year | \$476,104 | \$431,516 | \$386,219 |
| | ===== | ===== | ===== |

<FN>

See accompanying Notes to Financial Statements.

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NOTES TO FINANCIAL STATEMENTS
 Kelly Services, Inc. and Subsidiaries
 (In thousands of dollars except share and per share items)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company's fiscal year ends on the Sunday nearest to December 31. The three most recent years ended on December 31, 1995 (1995), January 1, 1995 (1994) and January 2, 1994 (1993).

The Company operates in the single industry segment of providing temporary help services to a diversified group of customers.

The financial statements consolidate the accounts and operations of the Company and its subsidiaries, all of which are wholly owned, after elimination of all intercompany accounts and transactions.

The accounts of the Company's foreign operations are translated at appropriate rates of exchange. Foreign operations are conducted in Canada, United Kingdom, Ireland, Denmark, France, Luxembourg (acquired subsequent to December 31, 1995), The Netherlands, Norway, Switzerland, Australia, New Zealand and Mexico. Domestic and foreign sales, earnings or loss from operations and identifiable assets were as follows:

| | 1995 | 1994 | 1993 |
|----------------------------------|-----------|--------------|--------------|
| | ----- | ----- | ----- |
| Sales: | | | |
| Domestic Operations... \$ | 2,172,100 | \$ 2,005,500 | \$ 1,719,300 |
| Foreign Operations.... | 517,700 | 357,100 | 235,200 |
| | ----- | ----- | ----- |
| Total..... \$ | 2,689,800 | \$ 2,362,600 | \$ 1,954,500 |
| | ===== | ===== | ===== |
| Earnings (loss) from operations: | | | |
| Domestic Operations... \$ | 96,300 | \$ 87,200 | \$ 66,400 |
| Foreign Operations.... | 8,800 | 4,500 | (2,500) |
| | ----- | ----- | ----- |
| Total..... \$ | 105,100 | \$ 91,700 | \$ 63,900 |
| | ===== | ===== | ===== |
| Identifiable assets: | | | |
| Domestic Operations... \$ | 548,300 | \$ 524,800 | \$ 471,200 |
| Foreign Operations.... | 170,400 | 117,600 | 70,900 |
| | ----- | ----- | ----- |
| Total..... \$ | 718,700 | \$ 642,400 | \$ 542,100 |
| | ===== | ===== | ===== |

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

Certain prior year amounts have been reclassified to conform with the current presentation.

NOTES TO FINANCIAL STATEMENTS (continued)
 Kelly Services, Inc. and Subsidiaries
 (In thousands of dollars except share and per share items)

CURRENT ASSETS

Cash and equivalents are stated at cost, which approximates market. Included are highly liquid debt instruments with original maturities of three months or less.

Short-term investments are debt instruments having original maturities of more than three months. Of these investments, federal, state and local government obligations comprised approximately 90% in 1995 and 80% in 1994. Short-term investments due within one year totaled \$67,000 in 1995 and \$119,000 in 1994. The balance is due within two years and is available for sale. The difference between carrying amounts and market was not material at December 31, 1995 and January 1, 1995.

Cash flows from short-term investments for 1995, 1994 and 1993 were as follows:

| | 1995 | 1994 | 1993 |
|---------------------------|------------|--------------|------------|
| Sales/Maturities. | \$ 951,817 | \$ 1,279,383 | \$ 927,805 |
| Purchases | (883,831) | (1,277,118) | (918,191) |
| Total | \$ 67,986 | \$ 2,265 | \$ 9,614 |

CHANGES IN CERTAIN WORKING CAPITAL COMPONENTS

Changes in certain working capital components, as disclosed in the statements of cash flows, for the years 1995, 1994, and 1993 are as follows:

| | 1995 | 1994 | 1993 |
|---|------------|------------|------------|
| Increase in accounts receivable | \$(86,512) | \$(54,571) | \$(41,136) |
| Increase in prepaid expenses and other current assets | (5,522) | (8,350) | (3,212) |
| Increase in accounts payable. | 18,304 | 8,076 | 11,874 |
| Increase in payroll and related taxes. | 15,030 | 33,008 | 14,910 |
| Increase (decrease) in accrued insurance. | (6,101) | 5,512 | 3,004 |
| Increase (decrease) in income and other taxes | 1,849 | 5,325 | (1,740) |
| Total. | \$(62,952) | \$(11,000) | \$(16,300) |

PROPERTY AND EQUIPMENT

Properties are stated at cost and include expenditures for additions and major improvements. Fully depreciated assets are eliminated from the accounts. For financial reporting purposes, assets are depreciated over their estimated useful lives, principally by the straight-line method.

NOTES TO FINANCIAL STATEMENTS (continued)

Kelly Services, Inc. and Subsidiaries

(In thousands of dollars except share and per share items)

The Company conducts its field operations primarily from leased facilities. The following are future minimum lease commitments for the five-year period commencing in 1996: \$29,700, \$23,800, \$17,400, \$11,900 and \$8,800. Lease expense for 1995, 1994 and 1993 amounted to \$29,800, \$26,700 and \$24,900, respectively.

INTANGIBLES AND OTHER ASSETS

Intangibles and other assets include goodwill of \$55,400, \$32,000 and \$14,400 at year-ends 1995, 1994 and 1993, respectively. Goodwill, which represents the excess of cost over net assets of businesses acquired, is amortized on a straight-line basis over periods not exceeding 40 years. Accumulated amortization at 1995, 1994 and 1993 was \$3,100, \$1,900 and \$1,200, respectively.

The Company periodically reviews the specific carrying amounts of goodwill and has determined that no impairments have occurred. Such reviews are based on various analyses including profitability projections and management's judgment of the related business' ability to achieve sufficient profitability.

Other assets include deposits and cash values of life insurance on the lives of officers and key employees.

CAPITALIZATION AND STOCK SPLITS

The authorized capital stock of the Company is 100,000,000 shares of Class A common stock and 10,000,000 shares of Class B common stock. Class A

shares have no voting rights and are not convertible. Class B shares have voting rights and are convertible into Class A shares on a share-for-share basis at any time. Both classes of stock have identical rights in the event of liquidation.

In May 1993, the Board of Directors declared a five-for-four split of the Class A and Class B common stock. At the same time, the stockholders approved an increase in the number of authorized Class A shares to 100,000,000, from 50,000,000. All per share and share data in the accompanying financial statements and notes have been restated to give effect to stock splits.

Earnings per share are based on the average number of Class A and Class B common shares outstanding during the year.

PERFORMANCE INCENTIVE PLAN

In May 1992, the stockholders approved the Performance Incentive Plan (the "Plan") to replace the Incentive Stock Option Plan which expired earlier that year. Under the Plan, stock options (both incentive and nonqualified), Stock Appreciation Rights (SARs), restricted awards, and performance awards may be granted to key employees, utilizing the Company's Class A stock. Stock options may not be granted at prices less than the fair market value on the date of grant, nor for a term to exceed 10 years.

The Plan provides that the maximum number of shares available for grants is five percent of the outstanding Class A stock, adjusted for Plan activity over the preceding five years.

NOTES TO FINANCIAL STATEMENTS (continued)
 Kelly Services, Inc. and Subsidiaries
 (In thousands of dollars except share and per share items)

As of December 31, 1995, no SARs or performance awards have been granted under the Plan. Restricted awards totaling 66,800 and 53,000 shares were granted under the Plan during 1995 and 1994, respectively.

The combined activity under the plans identified above is as follows:

| Activity | Number of Class A Shares | Exercise Price Range Per Share |
|-----------------------------|--------------------------------|--------------------------------------|
| ----- | ----- | ----- |
| Outstanding at | | |
| January 3, 1993 | 158,040 | \$21.60 - \$33.80 |
| Granted | 367,271 | \$24.75 - \$33.60 |
| Exercised | (53,653) | \$21.60 - \$22.60 |
| Cancelled | (16,300) | \$21.60 - \$29.20 |
| Outstanding at | ----- | |
| January 2, 1994 | 455,358 | \$21.92 - \$33.80 |
| Granted | 307,929 | \$24.50 - \$30.25 |
| Exercised | (19,150) | \$21.92 - \$24.80 |
| Cancelled | (46,123) | \$24.75 - \$33.80 |
| Outstanding at | ----- | |
| January 1, 1995 | 698,014 | \$22.60 - \$33.80 |
| Granted | 244,900 | \$26.25 - \$30.50 |
| Exercised | (63,903) | \$22.60 - \$30.25 |
| Cancelled | (84,210) | \$22.60 - \$33.80 |
| Outstanding at | ----- | |
| December 31, 1995 | 794,801 | \$24.50 - \$33.80 |
| | ===== | |

At the end of 1995, there were 910,674 shares available for future grants.

During 1995, the Financial Accounting Standards Board issued SFAS No. 123, Accounting for Stock-Based Compensation. This statement sets forth standards for accounting for stock-based compensation or allows companies to continue to account for stock-based compensation under the requirements of Accounting Principles Board (APB) Opinion No. 25 and make additional

disclosure in the notes to the financial statements. It is the Company's intention to continue to account for stock-based compensation in accordance with APB Opinion No. 25 and provide additional disclosure in the notes to the financial statements beginning in 1996.

RETIREMENT BENEFITS

The Company provides a qualified defined contribution plan covering substantially all full-time employees, except officers and certain other management employees. Upon approval by the Board of Directors, a contribution based on eligible wages is funded annually. The plan offers a savings feature with Company matching contributions. Assets of this plan are held by an independent trustee for the sole benefit of participating employees.

NOTES TO FINANCIAL STATEMENTS (continued)

Kelly Services, Inc. and Subsidiaries

(In thousands of dollars except share and per share items)

A nonqualified defined contribution plan is provided for officers and certain other management employees. Upon approval by the Board of Directors, a contribution based on eligible wages is set aside annually. This plan also includes provisions for salary deferrals and Company matching contributions.

The total amounts provided for retirement benefits amounted to \$4,440 in 1995, \$3,916 in 1994 and \$3,430 in 1993.

INCOME TAXES

The following summarizes the differences between income taxes for financial reporting purposes and the United States statutory tax rate for the years 1995, 1994 and 1993.

| | 1995 | 1994 | 1993 |
|--|-------|-------|-------|
| | ---- | ---- | ---- |
| Statutory rate | 35.0% | 35.0% | 35.0% |
| State and local taxes, net of federal benefit. | 5.3 | 4.9 | 5.2 |
| Tax exempt income and other tax credits. | (2.6) | (2.2) | (2.6) |
| Other. | 1.0 | 0.3 | (0.5) |
| | ----- | ----- | ----- |
| Effective tax rate | 38.7% | 38.0% | 37.1% |
| | ===== | ===== | ===== |

Deferred taxes are related to the effect of temporary differences between financial and tax reporting. These differences are related principally to depreciation, benefit plan costs, provisions for workers' compensation claims, full-time and temporary employee vacation costs and provisions for doubtful accounts.

In 1992 the Internal Revenue Service (IRS) proposed the imposition of an accumulated earnings tax totaling \$49 million for 1988, 1989 and 1990 in connection with an audit of the Company's consolidated federal tax liability. The proposed amount has been subsequently reduced to \$6.5 million. The Company believes there is no factual or legal basis for the imposition of any accumulated earnings tax and that the Company is fully justified in making provision to meet the present and future needs of its expanding business operations. The Company is defending its position through the IRS appeal process and into the courts if necessary. In the opinion of the Company, the ultimate resolution of this issue will not materially affect its financial statements.

The Company paid income taxes of \$52,900 in 1995, \$43,300 in 1994 and \$34,800 in 1993.

NOTES TO FINANCIAL STATEMENTS (continued)
Kelly Services, Inc. and Subsidiaries

SELECTED QUARTERLY FINANCIAL DATA (unaudited)

| | First Quarter ----- | Second Quarter ----- | Third Quarter ----- | Fourth Quarter ----- | Year ----- |
|--|---------------------------|----------------------------|---------------------------|----------------------------|---------------|
| (In thousands of dollars except per share items) | | | | | |
| Sales of services | | | | | |
| 1995 | \$620,685 | \$652,417 | \$698,453 | \$718,244 | \$2,689,799 |
| 1994 | 530,191 | 570,813 | 630,196 | 631,361 | 2,362,561 |
| 1993 | 450,654 | 482,034 | 517,585 | 504,261 | 1,954,534 |
| Cost of services | | | | | |
| 1995 | 498,667 | 519,739 | 555,968 | 574,032 | 2,148,406 |
| 1994 | 428,374 | 461,093 | 505,668 | 504,417 | 1,899,552 |
| 1993 | 364,724 | 388,906 | 416,904 | 403,263 | 1,573,797 |
| Selling, general and administrative | | | | | |
| 1995 | 104,305 | 107,789 | 111,125 | 113,089 | 436,308 |
| 1994 | 88,424 | 88,111 | 95,070 | 99,657 | 371,262 |
| 1993 | 77,196 | 79,178 | 79,541 | 80,923 | 316,838 |
| Net earnings | | | | | |
| 1995 | 12,262 | 16,660 | 20,373 | 20,196 | 69,491 |
| 1994 | 9,233 | 14,420 | 19,289 | 18,115 | 61,057 |
| 1993 | 6,879 | 10,009 | 14,028 | 13,643 | 44,559 |
| Earnings per share | | | | | |
| 1995 | .32 | .44 | .54 | .53 | 1.83 |
| 1994 | .24 | .38 | .51 | .48 | 1.61 |
| 1993 | .18 | .27 | .37 | .36 | 1.18 |
| Dividends per share | | | | | |
| 1995 | .180 | .200 | .200 | .200 | .780 |
| 1994 | .160 | .180 | .180 | .180 | .700 |
| 1993 | .152 | .160 | .160 | .160 | .632 |

SCHEDULE II - VALUATION RESERVES
Kelly Services, Inc. and Subsidiaries
DECEMBER 31, 1995
(In thousands of dollars)

| Description ----- | Additions ----- | | | | Balance at end of year ----- |
|--|---|--|---|--|---------------------------------------|
| | Balance at beginning of year ----- | Charged to costs and expenses ----- | Charged to other accounts* ----- | Deductions - uncollectible accounts ----- | |
| Fifty-two weeks ended December 31, 1995: | | | | | |
| Reserve deducted in the balance sheet from the assets to which it applies - | | | | | |
| Allowance for doubtful accounts | \$5,660 | \$4,240 | -- | \$2,950 | \$6,950 |
| | ===== | ===== | | ===== | ===== |
| Fifty-two weeks ended January 1, 1995: | | | | | |
| Reserve deducted in the balance sheet from the assets to which it applies - | | | | | |
| Allowance for doubtful accounts | \$4,735 | \$4,005 | \$280 | \$3,360 | \$5,660 |

Fifty-two weeks ended January 2, 1994:

Reserve deducted in the balance sheet
from the assets to which it applies -

| | | | | | |
|---------------------------------|---------|---------|-------|---------|---------|
| | ===== | ===== | ===== | ===== | ===== |
| Allowance for doubtful accounts | \$3,325 | \$4,345 | -- | \$2,935 | \$4,735 |
| | ===== | ===== | | ===== | ===== |

* Allowance of companies acquired.

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INDEX TO EXHIBITS
REQUIRED BY ITEM 601,
REGULATION S-K

| Exhibit No. ----- | Description ----- | Page ----- |
|-------------------------|---|-------------------|
| 3.1 | Certificate of Incorporation. (Reference is made to Exhibit 3.2 to the Form 10-Q for the quarterly period ended October 3, 1993, filed with the Commission in November, 1993, which is incorporated herein by reference). | |
| 3.2 | By-laws. (Reference is made to Exhibit 3.3 to the Form 10-Q for the quarterly period ended October 3, 1993, filed with the Commission in November, 1993, which is incorporated herein by reference). | |
| 4 | Rights of security holders are defined in Articles Fourth, Fifth, Seventh, Eighth, Ninth, Tenth, Eleventh, Twelfth, Thirteenth, Fourteenth and Fifteenth of the Certificate of Incorporation. (Reference is made to Exhibit 3.2 to the Form 10-Q for the quarterly period ended October 3, 1993, filed with the Commission in November, 1993, which is incorporated herein by reference). | |
| 10.1 | Short-Term Incentive Plan. (Reference is made to Exhibit 10.3 to the Form 10-K for the fiscal year ended January 3, 1993, filed with the Commission in March, 1993, which is incorporated herein by reference.) | |
| 10.2 | Kelly Services, Inc. 1982 Incentive Stock Option Plan. (Reference is made to Exhibit 10.3 to the Form 10-K for the fiscal year ended January 2, 1994, filed with the Commission in March, 1994, which is incorporated herein by reference.) | |
| 10.3 | Kelly Services, Inc. Performance Incentive Plan. (Reference is made to Appendix to the Definitive Proxy for the fiscal year ended December 30, 1991, filed with the Commission in April, 1992, which is incorporated herein by reference). | |
| 10.4 | Kelly Services, Inc. Non-employee Director Stock Award Plan. (Reference is made to Exhibit A to the Definitive Proxy for the fiscal year ended January 1, 1995, filed with the Commission in April, 1995, which is incorporated herein by reference). | |
| 11 | Additional Earnings Per Share Information. | 1 (Document 2) |
| 21 | Subsidiaries of Registrant. | 1 (Document 3) |
| 23 | Consent of Independent Accountants. | 1 (Document 4) |
| 24 | Powers of Attorney. | 1 (Document 5) |

ADDITIONAL EARNINGS PER SHARE INFORMATION

Kelly Services, Inc. and Subsidiaries

Details of the common shares used to compute earnings per share are as follows in thousands except per share items:

| | FISCAL YEAR ENDED | | |
|---|-------------------|-----------------|-----------------|
| | Dec. 31, 1995 | Jan. 1, 1995 | Jan. 2, 1994 |
| Weighted average shares outstanding | 37,993 | 37,956 | 37,728 |
| Adjustment for dilutive shares from stock options under the treasury stock method: | | | |
| Shares assumed issued | 637 | 431 | 473 |
| Less - Shares assumed repurchased | 502 | 364 | 408 |
| Additional shares assumed outstanding | 135 | 67 | 65 |
| Applicable shares as adjusted | 38,128 | 38,023 | 37,793 |
| Net earnings | \$69,491 | \$61,057 | \$44,559 |
| Earnings per common share | \$1.82 | \$1.61 | \$1.18 |
| Percent dilution of earnings per share | 0.4% | 0.2% | 0.2% |

This calculation is submitted in accordance with Regulation S-K item 601(b)(11) although not required by footnote 2 to paragraph 14 of APB Opinion No. 15 because it results in dilution of less than 3%.

SUBSIDIARIES OF REGISTRANT

Kelly Services, Inc.

| Subsidiary | State/Jurisdiction of Incorporation | Business Name |
|--|--|--|
| Kelly Services (Canada), Ltd. | Canada | Kelly Temporary Services |
| Les Services Kelly (Quebec) Inc. (a subsidiary of Kelly Services (Canada), Ltd.) | Quebec | Les Services Kelly |
| Lenore Simpson Personnel, Ltd. (a subsidiary of Kelly Services (Canada), Ltd.) | Ontario | Lenore Simpson Personnel |
| Societe Services Kelly | Delaware | Kelly Services |
| Kelly Properties, Inc. | Michigan | Kelly Properties |
| Kelly Services (Ireland), Ltd. (a subsidiary of Kelly Properties, Inc.) | Delaware | Kelly Temporary Services |
| Kelly Services (UK), Ltd. (a subsidiary of Kelly Services (Ireland), Ltd.) | Delaware | Kelly Temporary Services |
| Kelly Assisted Living Services, Inc. | Delaware | Kelly Assisted Living Services |
| Kelly Services (Australia), Ltd. | Delaware | Kelly Temporary Services |
| Kelly Services (New Zealand), Ltd. | Delaware | Kelly Temporary Services |
| Kelly Professional and Technical Services, Inc. | Delaware | Kelly Professional and Technical Services |
| The Wallace Law Registry, Inc. (a subsidiary of Kelly Professional and Technical Services, Inc.) | Connecticut | Wallace Law Registry |
| Kelly Professional Services (France), Inc. | Delaware | Kelly Professional Services |
| Kelly Services of Denmark, Inc. | Delaware | Kelly Bemanningslosninger Karin Lanng Kelly |
| Kelly Services (Nederland), B.V. | The Netherlands | Kelly Uitzendburo |
| Kelly Services Norge A.S. (a subsidiary of Kelly Services (Nederland), B.V.) | Norway | Kelly Personal Byraet |
| Kelly de Mexico, S.A. de C.V. | Mexico | Kelly Temporary Services |
| KSI Acquisition Corporation | California | Your Staff |

SUBSIDIARIES OF REGISTRANT (continued)

Kelly Services, Inc.

| Subsidiary | State/Jurisdiction of Incorporation | Business Name |
|---|--|-----------------------|
| OK Personnel Service Holding SA | Switzerland | OK Personnel |
| Kelly Pinpoint, Inc. | Delaware | Kelly PinPoint |
| Kelly Services France S.A. | France | Kelly Services France |
| Bourse Du Travail Temporaire 2000 (a subsidiary of Kelly Services France S.A.) | France | BTT 2000 |
| Kelly Formation S.A.R.L. (a subsidiary of Kelly Services France S.A.) | France | Kelly Formation |
| Kelly Services Luxembourg S.A.R.L. | Luxembourg | Kelly Services |

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Forms S-8 Number 2-85867, 33-48782 and 33-51239 of Kelly Services, Inc. of our report dated January 31, 1996, appearing on page 15 of this Annual Report on Form 10-K.

/s/ Price Waterhouse LLP

Price Waterhouse LLP
Detroit, Michigan
March 27, 1996

POWER OF ATTORNEY

The undersigned director of Kelly Services, Inc. does hereby appoint each of Eugene L. Hartwig and Robert F. Stoner, signing singly, his true and lawful attorneys, to execute for and on behalf of the undersigned the Form 10-K Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended January 1, 1995, to be filed with the Securities and Exchange Commission in Washington, D.C. under the provisions of the Securities Exchange Act of 1934, as amended, and any and all amendments to said Form 10-K whether said amendments add to, delete from or otherwise alter the Form 10-K, or add to or withdraw any exhibit or exhibits, schedule or schedules to be filed therewith, and any and all instruments necessary or incidental in connection therewith, hereby granting unto said attorneys and each of them full power and authority to do and perform in the name and on behalf of each of the undersigned, and in any and all capacities, every act and thing whatsoever required or necessary to be done in the exercise of any of the rights and powers herein granted, as fully and to all intents and purposes as each of the undersigned might or could do in person, hereby ratifying and approving the acts of said attorneys and each of them.

IN WITNESS WHEREOF the undersigned have caused this Power of Attorney to be executed as of this 15th day of February, 1995.

/s/ William R. Kelly

William R. Kelly

POWER OF ATTORNEY

Each of the undersigned directors of Kelly Services, Inc. does hereby appoint each of Eugene L. Hartwig and Robert F. Stoner, signing singly, his true and lawful attorneys, to execute for and on behalf of the undersigned the Form 10-K Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended January 1, 1995, to be filed with the Securities and Exchange Commission in Washington, D.C. under the provisions of the Securities Exchange Act of 1934, as amended, and any and all amendments to said Form 10-K whether said amendments add to, delete from or otherwise alter the Form 10-K, or add to or withdraw any exhibit or exhibits, schedule or schedules to be filed therewith, and any and all instruments necessary or incidental in connection therewith, hereby granting unto said attorneys and each of them full power and authority to do and perform in the name and on behalf of each of the undersigned, and in any and all capacities, every act and thing whatsoever required or necessary to be done in the exercise of any of the rights and powers herein granted, as fully and to all intents and purposes as each of the undersigned might or could do in person, hereby ratifying and approving the acts of said attorneys and each of them.

IN WITNESS WHEREOF the undersigned have caused this Power of Attorney to be executed as of this 15th day of February, 1995.

/s/ Terence E. Adderley

Terence E. Adderley

/s/ Cedric V. Fricke

Cedric V. Fricke

/s/ Harold E. Guenther

Harold E. Guenther

/s/ Verne G. Istock

Verne G. Istock

<ARTICLE> 5

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE
BALANCE SHEET AND STATEMENT OF EARNINGS AND IS QUALIFIED IN ITS ENTIRETY
BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

</LEGEND>

<MULTIPLIER> 1,000

| <PERIOD-TYPE> | YEAR | |
|------------------------------|-------------|-----------|
| <FISCAL-YEAR-END> | DEC-31-1995 | |
| <PERIOD-END> | DEC-31-1995 | |
| <CASH> | | 52,811 |
| <SECURITIES> | | 74,737 |
| <RECEIVABLES> | | 404,484 |
| <ALLOWANCES> | | 6,950 |
| <INVENTORY> | | 0 |
| <CURRENT-ASSETS> | | 558,602 |
| <PP&E> | | 148,674 |
| <DEPRECIATION> | | 64,286 |
| <TOTAL-ASSETS> | | 718,687 |
| <CURRENT-LIABILITIES> | | 242,583 |
| <BONDS> | | 0 |
| <PREFERRED-MANDATORY> | | 0 |
| <PREFERRED> | | 0 |
| <COMMON> | | 40,116 |
| <OTHER-SE> | | 435,988 |
| <TOTAL-LIABILITY-AND-EQUITY> | | 718,687 |
| <SALES> | | 0 |
| <TOTAL-REVENUES> | | 2,689,799 |
| <CGS> | | 0 |
| <TOTAL-COSTS> | | 2,148,406 |
| <OTHER-EXPENSES> | | 0 |
| <LOSS-PROVISION> | | 0 |
| <INTEREST-EXPENSE> | | 0 |
| <INCOME-PRETAX> | | 113,291 |
| <INCOME-TAX> | | 43,800 |
| <INCOME-CONTINUING> | | 69,491 |
| <DISCONTINUED> | | 0 |
| <EXTRAORDINARY> | | 0 |
| <CHANGES> | | 0 |
| <NET-INCOME> | | 69,491 |
| <EPS-PRIMARY> | | 1.83 |
| <EPS-DILUTED> | | 0 |