

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

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934 For the fiscal year ended December 29, 1996

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
(State of Incorporation)

38-1510762
(IRS Employer Identification
Number)

999 West Big Beaver Road, Troy, Michigan
(Address of Principal Executive Office)

48084
(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(b) 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 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 14, 1997, was \$10,172,400 based upon
the closing price of \$28.00 per share.

Registrant had 34,480,715 shares of Class A and 3,581,924 of Class B
common stock, par value \$1.00, outstanding as of March 14, 1997.

Documents Incorporated by Reference

The proxy statement of the registrant with respect to the 1997 Annual Meeting
of Stockholders is incorporated by reference in Part III.

Dated: March 25, 1997

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, Australia, Canada, Denmark, France, Ireland, Italy, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Russia, Spain, Switzerland and United Kingdom. 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

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 1,500 domestic and foreign offices located in all 50 states, the District of Columbia and Puerto Rico; and Australia, Canada, Denmark, France, Ireland, Italy, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Russia, Spain, Switzerland and United Kingdom. Each office provides the services of one or more of the divisions or subsidiaries and are operated directly by the registrant.

(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 numerous service marks, which are registered with the United States Patent and Trade Mark Office and in foreign countries.

(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 global suppliers of temporary help services. In the United States, there are less than 100 national competitors, and approximately 20,000 organizations locally compete in varying degrees in different localities where registrant operates local offices. In foreign markets there are several similar levels of global, national and local competitors. The most significant competitive factors worldwide are geographic coverage, breadth of service, service quality and price.

(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.

(xiii) Employees. Registrant and subsidiaries employ on a full time basis approximately 1,100 persons at its headquarters in Troy, Michigan, and approximately 5,000 persons in branch offices operated directly by registrant. Registrant employed in the last fiscal year approximately 686,000 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 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 214,000 square feet, plus leased space nearby of 103,000 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. In April, 1996 this assessment was waived in its entirety by the IRS.

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 1996.

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
1996					

Stock Prices					
Class A common					
High	\$32 1/2	\$32 1/2	\$31 3/4	\$30 1/4	\$32 1/2
Low	26	28 3/4	26	25 1/4	25 1/4
Class B common					
High	32	32	34	31	34
Low	30	30	31	29	29
Dividends . . . . .	.20	.21	.21	.21	.83
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

The number of holders of record of the Class A and Class B common stock, par value \$1.00, of registrant were 1,168 and 259 respectively, as of March 14, 1997.

ITEM 6. SELECTED FINANCIAL DATA.

The following table summarizes selected financial information of Kelly Services, Inc. and its subsidiaries for each of the most recent six fiscal years. 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)	1996	1995	1994	1993	1992	(1) 1991
-----	----	----	----	----	----	----
Sales of services	\$3,302.3	\$2,689.8	\$2,362.6	\$1,954.5	\$1,712.7	\$1,424.3
Earnings before taxes	122.9	113.3	98.5	70.9	61.0	60.2
Net earnings	73.0	69.5	61.1	44.6	39.2	38.6
Per share data:						
Earnings	\$ 1.92	\$ 1.83	\$ 1.61	\$ 1.18	\$ 1.04	\$ 1.03
Dividends						
Class A common . . . . .	.83	.78	.70	.63	.58	.57
Class B common . . . . .	.83	.78	.70	.63	.58	.57
Working capital	\$ 336.6	\$ 316.0	\$ 315.8	\$ 291.2	\$ 279.8	\$ 287.0
Total assets	838.9	718.7	642.4	542.1	496.1	479.4

(1) Fiscal year included 53 weeks.

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

Results of Operations

1996 versus 1995

Sales reached a record level of \$3.3 billion in 1996, an increase of 23% over 1995. Domestic sales grew 23% and foreign sales 24%. Foreign sales accounted for over 19% of total company sales.

Cost of services, representing payroll and related taxes and benefits for temporary employees, increased 25%. Increases in pay rates, payroll taxes and other direct costs accounted for these changes. Overall, the percentage of gross profit to sales decreased to 18.6% in 1996 from 20.1% in 1995. A major factor influencing the decrease was competitive conditions worldwide, including reduced margins on large national contracts and staff leasing.

Selling, general and administrative expenses increased 13% over 1995. The increase reflects normal growth, including opening and equipping new offices. As a percentage of sales, expenses decreased to 14.9%, from 16.2% in 1995.

Earnings from operations in 1996 were \$121 million, a new record for the Company, and an increase of 14% over 1995. These earnings were 3.7% of sales, compared to 4.0% in 1995.

Interest income declined to \$4.2 million in 1996 from \$8.2 million in 1995. This decline was the result of the need for cash to be used for operating activities, including capital expenditures.

Interest expense, which grew from \$1.2 million in 1995 to \$2.2 million in 1996, was related to short-term borrowings in Europe to finance business expansion and operations.

Earnings before income taxes were a record \$122.9 million, an increase of 8% over 1995. Pre-tax margins as a percentage of sales were 3.7% in 1996 and 4.2% in 1995. Income taxes increased 14% over 1995 with an effective tax rate of 40.6% of pre-tax income. The current tax rate rose primarily as a result of reduced tax exempt income, the expiration of the targeted jobs tax credit and higher foreign taxes.

Net earnings were a record \$73.0 million in 1996, 5% higher than the 1995 results of \$69.5 million. The rate of return on sales was 2.2% in 1996 and 2.6% in 1995. Earnings per share were \$1.92, a 5% increase over the \$1.83 per share earned in 1995.

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 17% 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 \$106 million, a new record for the Company, and an increase of 15% over 1994. These earnings were 4.0% of sales, compared to 3.9% 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. Interest expense, which related to short-term borrowings in Europe, increased from \$.3 million to \$1.2 million.

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.

Liquidity and Capital Resources

In 1996, strong sales increases including a significant growth in business with large national and international customers (generally with longer payment cycles) resulted in a 39% increase in trade accounts receivable over 1995. This increase, investments to expand and improve the worldwide branch network, business acquisitions and dividends were financed through operations, investing and financing activities. Lines of credit with banks have been utilized to finance short term needs of foreign subsidiaries. At the end of 1996, the amounts due under these lines were \$42 million, up from \$16 million in 1995 and \$9 million in 1994. In 1995 and 1994, cash was directed primarily toward purchases of equipment, dividends and the acquisitions of businesses.

The Company's working capital of \$337 million in 1996 increased \$21 million over 1995 and 1994. The current ratio was 2.0 in 1996, 2.3 in 1995 and 2.5 in 1994. 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 additional properties.

Stockholders' equity grew 9% in 1996 following growth of 10% in 1995 and 12% in 1994. The return on average stockholders' equity was 14.7% in 1996, 15.3% in 1995 and 14.9% in 1994. Dividends paid per share were \$.83 in 1996, an increase of 6% over the \$.78 per share paid in 1995.

The Company's financial position continues to be strong. This strength will allow it to continue to aggressively pursue growth opportunities, while supporting current operations.

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 12 of this filing and are presented in pages 13-25.

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.

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	91	1952	Served as officer of registrant.
Terence E. Adderley (1) President and Chief Executive Officer	63	1961	Served as officer of registrant.
Robert G. Barranco Executive Vice President	56	1989	Served as officer of registrant or one of its operating divisions.
Carl T. Camden Executive Vice President (3)	42	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.
Paul K. Geiger Senior Vice President and Chief Financial Officer	63	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	63	1990	Served as officer of registrant.
Robert E. Thompson Executive Vice President	54	1982	Served as officer of registrant.
Tommi A. White Executive Vice President (3)	46	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.

(1) Mr. Adderley is Mr. William R. Kelly's son.

(2) Each officer serves continuously until removed by the Board of Directors.

(3) Effective April 1, 1997.

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 29, 1996, December 31, 1995 and
January 1, 1995

Statements of Earnings for the three fiscal years ended
December 29, 1996

Statements of Cash Flows for the three fiscal years ended
December 29, 1996

Statements of Stockholders' Equity for the three fiscal years
ended December 29, 1996

Notes to Financial Statements

(2) Financial Statement Schedule -

For the three fiscal years ended December 29, 1996:

Schedule 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 26 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.

No additional financial information has been provided for the registrant as an
individual company since the total amount of net assets of subsidiaries which
are restricted as to transfer to the registrant through intercompany loans,
advances or cash dividends does not exceed 25 percent of total consolidated net
assets at December 29, 1996.

(b) No reports on Form 8-K were filed during the last quarter of the
period covered by this report.

(c) The Index to Exhibits and required Exhibits are included following
the Financial Statement Schedule beginning at page 26 of this
filing.

(d) The Index to Financial Statements and Supplemental Schedule is
included following the signatures beginning at page 12 of this
filing.

INDEX TO FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULE

Kelly Services, Inc. and Subsidiaries

	Page Reference in Report on Form 10-K -----
Report of Independent Accountants	13
Balance Sheets at December 29, 1996, December 31, 1995 and January 1, 1995	14
Statements of Earnings for the three fiscal years ended December 29, 1996	15
Statements of Cash Flows for the three fiscal years ended December 29, 1996	16
Statements of Stockholders' Equity for the three fiscal years ended December 29, 1996	17
Notes to Financial Statements	18 - 24
Financial Statement Schedule - Schedule II - Valuation Reserves	25

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 29, 1996, December 31, 1995 and January 1, 1995, 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 30, 1997

BALANCE SHEETS
Kelly Services, Inc. and Subsidiaries

	1996	1995	1994
	-----	-----	-----
	(In thousands of dollars)		
ASSETS			
Current Assets			
Cash and equivalents	\$ 33,408	\$ 52,811	\$ 49,207
Short-term investments	28,035	74,737	142,723
Accounts receivable, less allowances of \$8,320, \$6,950 and \$5,660, respectively. .	554,025	397,534	307,514
Prepaid expenses and other current assets. .	43,118	33,520	27,259
	-----	-----	-----
Total current assets.	658,586	558,602	526,703
Property and Equipment			
Land and buildings	43,748	35,153	34,044
Equipment, furniture and leasehold improvements	118,737	113,521	90,868
Accumulated depreciation	(64,763)	(64,286)	(54,731)
	-----	-----	-----
Total property and equipment.	97,722	84,388	70,181
Intangibles and Other Assets			
	82,571	75,697	45,491
	-----	-----	-----
Total Assets	\$ 838,879	\$ 718,687	\$ 642,375
	=====	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Short-term borrowings.	\$ 41,616	\$ 16,462	\$ 9,234
Accounts payable	48,111	36,551	24,518
Payroll and related taxes	151,769	118,996	102,911
Accrued insurance.	53,119	51,309	57,390
Income and other taxes	27,365	19,265	16,806
	-----	-----	-----
Total current liabilities	321,980	242,583	210,859
Stockholders' Equity			
Capital stock, \$1.00 par value			
Class A common stock, shares issued 36,527 in 1996, 36,512 in 1995 and 36,507 and in 1994	36,527	36,512	36,507
Class B common stock, shares issued 3,589 in 1996, 3,604 in 1995 and 3,609 in 1994	3,589	3,604	3,609
Treasury stock, at cost			
Class A common stock, 2,057 shares in 1996, 2,101 in 1995 and 2,153 in 1994. .	(6,197)	(6,327)	(6,186)
Paid-in capital.	8,265	7,215	5,868
Earnings invested in the business.	474,715	435,100	391,718
	-----	-----	-----
Total stockholders' equity.	516,899	476,104	431,516
	-----	-----	-----
Total Liabilities and Stockholders' Equity . .	\$ 838,879	\$ 718,687	\$ 642,375
	=====	=====	=====

See accompanying Notes to Financial Statements.

STATEMENTS OF EARNINGS
Kelly Services, Inc. and Subsidiaries

	1996	1995	1994
	-----	-----	-----
	(In thousands of dollars except per share items)		
Sales of services	\$ 3,302,303	\$ 2,689,799	\$ 2,362,561
Cost of services	2,689,523	2,148,406	1,899,552
Gross profit	612,780	541,393	463,009
Selling, general and administrative expenses . .	491,828	435,126	370,909
Earnings from operations	120,952	106,267	92,100
Interest income, net	1,957	7,024	6,357
Earnings before income taxes	122,909	113,291	98,457
Income taxes:			
Federal	40,560	34,645	29,915
State and other	9,340	9,155	7,485
Total income taxes	49,900	43,800	37,400
Net earnings	\$ 73,009	\$ 69,491	\$ 61,057
	=====	=====	=====
Earnings per share	\$1.92	\$1.83	\$1.61
Dividends per share	\$.83	\$.78	\$.70
Average shares outstanding (thousands)	38,043	37,993	37,956

See accompanying Notes to Financial Statements.

STATEMENTS OF CASH FLOWS
Kelly Services, Inc. and Subsidiaries

	1996	1995	1994
	-----	-----	-----
	(In thousands of dollars)		
Cash flows from operating activities			
Net earnings	\$ 73,009	\$ 69,491	\$ 61,057
Noncash adjustments:			
Depreciation and amortization.	26,136	22,685	19,105
Changes in certain working capital components.	(112,763)	(70,180)	(17,275)
	-----	-----	-----
Net cash from operating activities	(13,618)	21,996	62,887
Cash flows from investing activities			
Capital expenditures	(36,548)	(33,982)	(18,433)
Short-term investments	46,702	67,986	2,265
Increase in intangibles and other assets	(10,694)	(31,192)	(13,610)
	-----	-----	-----
Net cash from investing activities	(540)	2,812	(29,778)
Cash flows from financing activities			
Increase in short-term borrowings.	25,154	7,228	6,275
Dividend payments.	(31,579)	(29,638)	(26,570)
Exercise of stock options and restricted stock awards	1,180	1,206	373
	-----	-----	-----
Net cash from financing activities	(5,245)	(21,204)	(19,922)
Net change in cash and equivalents	(19,403)	3,604	13,187
Cash and equivalents at beginning of year.	52,811	49,207	36,020
	-----	-----	-----
Cash and equivalents at end of year.	\$ 33,408	\$ 52,811	\$ 49,207
	=====	=====	=====

See accompanying Notes to Financial Statements.

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

	1996	1995	1994
	-----	-----	-----
	(In thousands of dollars)		
Capital Stock			
Class A common stock			
Balance at beginning of year	\$ 36,512	\$ 36,507	\$ 36,507
Conversions from Class B	15	5	---
	-----	-----	-----
Balance at end of year	36,527	36,512	36,507
Class B common stock			
Balance at beginning of year	3,604	3,609	3,609
Conversions to Class A	(15)	(5)	---
	-----	-----	-----
Balance at end of year	3,589	3,604	3,609
Treasury Stock			
Balance at beginning of year	(6,327)	(6,186)	(6,702)
Exercise of stock options	61	(184)	(13)
Restricted stock awards	69	43	---
Treasury stock issued for acquisition	---	---	529
	-----	-----	-----
Balance at end of year	(6,197)	(6,327)	(6,186)
Paid-in Capital			
Balance at beginning of year	7,215	5,868	679
Exercise of stock options	476	977	386
Restricted stock awards	574	370	---
Treasury stock issued for acquisition	---	---	4,803
	-----	-----	-----
Balance at end of year	8,265	7,215	5,868
Earnings Invested in the Business			
Balance at beginning of year	435,100	391,718	352,126
Net earnings	73,009	69,491	61,057
Cash dividends	(31,579)	(29,638)	(26,570)
Equity adjustment for foreign currency translation; cumulative credit of \$306 in 1996 and \$2,121 in 1995; cumulative charge of \$1,408 in 1994	(1,815)	3,529	5,105
	-----	-----	-----
Balance at end of year	474,715	435,100	391,718
	-----	-----	-----
Stockholders' Equity at end of year	\$516,899	\$476,104	\$431,516
	=====	=====	=====

See accompanying Notes to Financial Statements.

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 29, 1996 (1996), December 31, 1995 (1995) and January 1, 1995 (1994).

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 Australia, Canada, Denmark, France, Ireland, Italy, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Russia, Spain, Switzerland and United Kingdom. Domestic and foreign sales, earnings from operations and identifiable assets were as follows:

	1996	1995	1994
Sales:			
Domestic Operations...	\$ 2,661,000	\$ 2,172,100	\$ 2,005,500
Foreign Operations....	641,300	517,700	357,100
Total.....	\$ 3,302,300	\$ 2,689,800	\$ 2,362,600
Earnings from operations:			
Domestic Operations...	\$ 109,400	\$ 96,300	\$ 87,200
Foreign Operations....	11,600	10,000	4,900
Total.....	\$ 121,000	\$ 106,300	\$ 92,100
Identifiable assets:			
Domestic Operations...	\$ 625,800	\$ 548,300	\$ 524,800
Foreign Operations....	213,100	170,400	117,600
Total.....	\$ 838,900	\$ 718,700	\$ 642,400

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 1996 and 1995 and 80% in 1994. The entire short-term investments balance in 1996 is due within one year. Short-term investments due within one year totaled \$67,000 in 1995 and \$119,000 in 1994, with the balance due within two years and available for sale. The difference between carrying amounts and market was not material at December 29, 1996, December 31, 1995 and January 1, 1995.

Interest income was \$4,204, \$8,206 and \$6,710, respectively, for the years 1996, 1995 and 1994.

Cash flows from short-term investments for 1996, 1995 and 1994 were as follows:

	1996	1995	1994
	-----	-----	-----
Sales/Maturities	\$ 1,229,408	\$ 951,817	\$ 1,279,383
Purchases	(1,182,706)	(883,831)	(1,277,118)
	-----	-----	-----
Total	\$ 46,702	\$ 67,986	\$ 2,265
	=====	=====	=====

CHANGES IN CERTAIN WORKING CAPITAL COMPONENTS

Changes in certain working capital components, as disclosed in the statements of cash flows, for the years 1996, 1995, and 1994 are as follows:

	1996	1995	1994
	-----	-----	-----
Increase in accounts receivable	\$ (158,596)	\$(86,512)	\$(54,571)
Increase in prepaid expenses and other current assets	(9,928)	(5,522)	(8,350)
Increase in accounts payable	12,325	11,076	1,801
Increase in payroll and related taxes	33,188	15,030	33,008
Increase (decrease) in accrued insurance	1,819	(6,101)	5,512
Increase in income and other taxes	8,429	1,849	5,325
	-----	-----	-----
Total	\$ (112,763)	\$(70,180)	\$(17,275)
	=====	=====	=====

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

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. Depreciation expense for 1996, 1995 and 1994 was \$22,900, \$20,400 and \$17,300, respectively.

The Company conducts its field operations primarily from leased facilities. The following are future minimum lease commitments for the five-year period commencing in 1997: \$34,900, \$27,400, \$21,100, \$12,500 and \$7,900. Lease expense for 1996, 1995 and 1994 amounted to \$32,900, \$29,800 and \$26,700, respectively.

INTANGIBLES AND OTHER ASSETS

Intangibles and other assets include goodwill of \$58,000, \$55,400 and \$32,000 at year-ends 1996, 1995 and 1994, 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 1996, 1995 and 1994 was \$4,200, \$3,100 and \$1,900, 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

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.

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

SHORT-TERM BORROWINGS

Short-term borrowings of \$41,616, \$16,462 and \$9,234 at year-ends 1996, 1995 and 1994, respectively, represent credit lines with banks maintained by certain of the Company's foreign subsidiaries. Weighted average interest rates were 6.8%, 7.8% and 7% at year ends 1996, 1995 and 1994, respectively. Interest expense related to the short-term borrowings for 1996, 1995 and 1994 was \$2,247, \$1,182 and \$353, respectively. Interest payments approximated these amounts.

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

In addition, the Company has an uncommitted line of credit of \$25 million at year end 1996. Through December 29, 1996, there have been no borrowings under the line of credit agreement. The carrying amounts of the Company's borrowings under the lines of credit described above approximate their fair value.

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.

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 \$4,900 in 1996, \$4,400 in 1995 and \$3,900 in 1994.

INCOME TAXES

The following summarizes the differences between income taxes for financial reporting purposes and the United States statutory tax rate for the years 1996, 1995 and 1994.

	1996	1995	1994
	-----	-----	-----
Statutory rate	35.0 %	35.0 %	35.0 %
State and local taxes net of federal benefit . .	4.9	5.3	4.9
Tax exempt income and other tax credits . .	(0.7)	(2.6)	(2.2)
Other	1.4	1.0	0.3
	-----	-----	-----
Effective tax rate	40.6 %	38.7 %	38.0 %
	=====	=====	=====

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. In April, 1996, this assessment was waived in its entirety by the IRS.

The Company paid income taxes of \$46,500 in 1996, \$52,900 in 1995 and \$43,300 in 1994.

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

PERFORMANCE INCENTIVE PLAN

Under the 1992 Performance Incentive Plan as amended and restated in 1996 (the "Plan"), the Company may grant stock options (both incentive and nonqualified), Stock Appreciation Rights (SARs), restricted awards and performance awards 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 7-1/2 percent of the outstanding Class A stock, adjusted for Plan activity over the preceding five years. Shares available for future grants at the end of 1996, 1995 and 1994 were 1,394,121; 910,674 and 1,060,947, respectively.

The Company applies Accounting Principles Board Opinion 25 and related Interpretations in accounting for the Plan. Accordingly, no compensation cost has been recognized for incentive and nonqualified stock options. If compensation cost had been determined based on the fair value at the grant dates for awards under the Plan consistent with the method of Statement of Financial Accounting Standard 123, Accounting for Stock-Based Compensation (SFAS 123), the Company's net income would have been reduced by \$497 and \$207 for 1996 and 1995, respectively, and earnings per share would have been reduced by \$.01 in both years.

During the initial phase-in period, as required by SFAS 123, the pro forma amounts above were determined based on grants in 1996 and 1995 only. Since stock options generally become exercisable over several years and additional grants are likely to be made in future years, the pro forma amounts for compensation cost may not be indicative of the effects on net income and earnings per share for future years.

The fair value of each option included in the following tables is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants in 1996 and 1995, respectively: dividend yield of 3.0 and 3.0 percent, expected volatility of 31 and 33 percent, risk-free interest rates of 5.7 and 6.5 percent and expected lives of seven and seven years.

A summary of the status of stock option grants under the Plan as of December 29, 1996, December 31, 1995 and January 1, 1995, and changes during the years ending on those dates is presented as follows:

1996:	Options	Weighted Avg. Exercise Price
	-----	-----
Outstanding at beginning of year	696,767	\$27.36
Granted	456,500	30.55
Exercised	(20,828)	25.82
Cancelled	(110,882)	28.61

Outstanding at end of year	1,021,557	\$28.69
	=====	

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

1996 (cont.)	Options	Weighted Avg. Exercise Price
	-----	-----
Options exercisable at year end . . .	260,171	\$27.10
Weighted average fair value of options granted during year	\$9.46	
1995:		
Outstanding at beginning of year . . .	646,014	\$26.41
Granted	178,100	29.29
Exercised	(47,122)	23.56
Cancelled	(80,225)	26.17

Outstanding at end of year	696,767	\$27.36
	=====	
Options exercisable at year end . . .	169,438	\$26.74
Weighted average fair value of options granted during the year . . .	\$9.86	
1994:		
Outstanding at beginning of year . . .	455,358	\$25.69
Granted	254,929	27.36
Exercised	(19,150)	22.91
Cancelled	(45,123)	25.99

Outstanding at end of year	646,014	\$26.41
	=====	
Options exercisable at year end . . .	125,573	\$25.40

Stock options outstanding at December 29, 1996 have a weighted average remaining life of 8.14 years.

As of December 29, 1996, no SARs have been granted under the Plan. Restricted awards are issued to certain key employees and are subject to forfeiture until the end of an established restriction period. Restricted awards totaling 2,400 and 66,800 shares were granted under the Plan during 1996 and 1995, respectively. The weighted average grant date price of such awards were \$27.38 and \$29.45 for 1996 and 1995, respectively. Restricted awards outstanding totaled 55,700; 98,100 and 53,000 shares at year-ends 1996, 1995 and 1994, respectively, and have weighted average remaining life of 1.2 years at December 29, 1996.

Under the Plan, performance awards may be granted to senior executive officers, the payout of which is determined by the degree of attainment of objectively determinable performance goals over the established relevant performance period. Performance awards totaling 42,000 shares were granted under the Plan during 1996 with a weighted average grant date price of \$29.75. Unearned performance awards outstanding at December 29, 1996 were 38,500 and have a remaining life of 2 years. Total compensation cost recognized for restricted and performance awards was \$1,300, \$800 and \$300 for 1996, 1995 and 1994, respectively.

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					
1996	\$733,931	\$804,262	\$873,242	\$890,868	\$3,302,303
1995	620,685	652,417	698,453	718,244	2,689,799
1994	530,191	570,813	630,196	631,361	2,362,561
Cost of services					
1996	596,245	652,007	711,950	729,321	2,689,523
1995	498,667	519,739	555,968	574,032	2,148,406
1994	428,374	461,093	505,668	504,417	1,899,552
Selling, general and administrative					
1996	117,302	123,778	125,101	125,647	491,828
1995	104,083	107,510	110,809	112,724	435,126
1994	88,381	88,050	94,979	99,499	370,909
Net earnings					
1996	12,903	17,448	21,430	21,228	73,009
1995	12,262	16,660	20,373	20,196	69,491
1994	9,233	14,420	19,289	18,115	61,057
Earnings per share					
1996 . . . . .	.34	.46	.56	.56	1.92
1995 . . . . .	.32	.44	.54	.53	1.83
1994 . . . . .	.24	.38	.51	.48	1.61
Dividends per share					
1996 . . . . .	.20	.21	.21	.21	.83
1995 . . . . .	.18	.20	.20	.20	.78
1994 . . . . .	.16	.18	.18	.18	.70

SCHEDULE II - VALUATION RESERVES
 Kelly Services, Inc. and Subsidiaries
 DECEMBER 29, 1996
 (In thousands of dollars)

Description -----	Balance at beginning of year -----	Additions -----		Deductions - uncollectible accounts -----	Balance at end of year -----
		Charged to costs and expenses -----	Charged to other accounts* -----		
Fifty-two weeks ended December 29, 1996:					
Reserve deducted in the balance sheet from the assets to which it applies -					
Allowance for doubtful accounts	\$6,950 =====	\$5,710 =====	--	\$4,340 =====	\$8,320 =====
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 =====

* Allowance of companies acquired.

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 June 30, 1996, filed with the Commission in August, 1996, which is incorporated herein by reference).	
3.2	By-laws. (Reference is made to Exhibit 3 to the Form 10-Q for the quarterly period ended September 29, 1996, filed with the Commission in November, 1996, 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 June 30, 1996, filed with the Commission in August, 1996, which is incorporated herein by reference).	
10.1	Short-Term Incentive Plan, as amended and restated on August 20, 1996.	1 (Document 2)
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. Amended and Restated Performance Incentive Plan. (Reference is made to Exhibit B to the Definitive Proxy for the fiscal year ended December 31, 1995, filed with the Commission in April, 1996, 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 3)
21	Subsidiaries of Registrant.	1 (Document 4)

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

Exhibit No. -----	Description -----	Page -----
23	Consent of Independent Accountants.	1 (Document 5)
24	Powers of Attorney.	1 (Document 6)
27	Financial Data Schedule	1 (Document 7)

KELLY SERVICES, INC.
SHORT-TERM INCENTIVE PLAN

(As Amended and Restated by Action
of the Board of Directors)
(August 20, 1996)

Section 1 - Purposes.

This KELLY SERVICES, INC. SHORT-TERM INCENTIVE PLAN (the "Plan") provides for annual incentive compensation payable in cash to those key officers and employees of the Company or any affiliated entity, who, from time to time may be selected for participation. The Plan is intended to provide incentives and rewards for the contributions of such employees toward the successful achievement of the Company's financial and business goals established for the current year.

Section 2 - Administration.

The Plan shall be administered by the Compensation Committee of the Board of Directors. The Committee shall have authority to make rules and adopt administrative procedures in connection with the Plan and shall have discretion to provide for situations or conditions not specifically provided for herein consistent with the overall purposes of the Plan.

Section 3 - Selection of Participants.

The Committee may delegate to the chief executive officer of the Company, if also a director, its authority to select those key officers and employees entitled to participate under the Plan each year. Approval of eligible participants may be made at any time during each award year.

Section 4 - Establishing Performance Objectives.

The Committee annually during the first quarter of the year shall establish one or more performance objectives, at least one of which shall be a quantitatively measured Company performance objective. The Committee shall have discretion to establish other objectives, the achievement of which may require subjective assessments by the Committee.

Section 5 - Establishing Target Awards.

During the first quarter of each year the Committee shall establish a target award, expressed as a percentage of eligible salary for that year (annual base salary, excluding pay for disability, overtime, bonuses, sick pay and other reimbursements and allowances), for each officer or other employee selected to participate under the Plan. Individual participants may earn an award payout ranging from zero percent to the maximum percent of their target award that the Committee may set in place from time to time. The Committee shall also specify what portion of the target award is based on the achievement of the Company performance objective and what portion or portions are based on the achievement of other objectives. The Committee will establish an award payout schedule based upon the extent to which the Company performance objective is or is not achieved or exceeded.

Section 6 - Determining Final Awards.

The Committee shall have discretion to adjust final awards up or down from the target award depending on (a) the extent to which the Company performance objective(s) is either exceeded or not met, and (b) the extent to which other objectives, e.g. subsidiary, division, department, unit or other performance objectives are attained. The Committee shall have full discretion to make other adjustments in final awards based on individual performance as it considers appropriate in the circumstances.

Section 7 - Special Provisions Applicable to Senior Executive Officers.

For officers at or above the rank of executive vice president (the "Senior Executive Officers"), the Committee, during the first quarter of each year, will establish a Plan target award, expressed as a percentage of their eligible salary. At the same time, the Committee will establish a Company performance objective for such year expressed either as a certain dollar amount of the Company's pre-tax earnings for the year or the equivalent of such amount in earnings per share. The Committee will also establish a payout schedule for relating the award actually earned to performance above or below the performance objective. Final awards for Senior Executive Officers shall be based entirely on the extent to which actual pre-tax earnings or the equivalent of such amount in earnings per share are either less than or greater than the Company performance objective. In no event shall any award to a Senior Executive Officer under the Plan exceed \$1,500,000. The Committee retains the right in its discretion to reduce a Senior Executive Officer's award based on performance considerations, but will have no discretion to increase any award so calculated.

Section 8 - Time of Distribution.

Distribution of awards shall be made in one or more installments, as the Committee shall determine, as soon as practicable following the close of the year for which earned. If an award is less than \$3,000, the full amount of the award shall be paid in the year following the award year.

Section 9 - Forfeiture.

Until such time as the full amount of an award has been paid, a participant's right to receive any unpaid amount shall be wholly contingent and shall be forfeited if, prior to payment, the participant is no longer in the employ of the Company, provided, however, that the Committee may in its discretion, waive such condition of continued employment. It shall be an overriding precondition to the payment of any award (a) that the participant not engage in any activity that, in the opinion of the Committee, is in competition with any activity of the Company or any affiliated entity or otherwise inimical to the best interests of the Company and (b) that the participant furnish the Committee with all such information confirming satisfaction of the foregoing condition as the Committee shall reasonably request. If the Committee makes a determination that a participant has engaged in any such competitive or otherwise inimical activity, such determination shall operate to immediately cancel all then unpaid award amounts.

Section 10 - Death.

Any award remaining unpaid, in whole or in part, at the death of a participant shall be paid to the participant's legal representative or to a beneficiary designated by the participant in accord with rules established by the Committee.

Section 11 - No Right to Employment or Award.

No person shall have any claim or right to receive an award, and selection to participate in the Plan shall not confer upon any employee a right with respect to continued employment by the Company. Further the Company and each affiliated entity reaffirms its at-will relationship with its employees and expressly reserves the right at any time to dismiss a participant free from any liability or claim, except as provided under this Plan.

Section 12 - Amendment or Termination.

The Board of Directors of the Company reserves the right at any time to make any changes in the Plan as it may consider desirable or may discontinue or terminate the Plan at any time except that Section 7 cannot be changed in anyway which would violate IRS regulations under Internal Revenue Code Section 162 (n) without stockholder approval.

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. 29, 1996	Dec. 31, 1995	Jan. 1, 1995
Weighted average shares outstanding	38,043	37,993	37,956
Adjustment for dilutive shares from stock options under the treasury stock method:			
Shares assumed issued	590	637	431
Less - Shares assumed repurchased	442	502	364
Additional shares assumed outstanding	148	135	67
Applicable shares as adjusted	38,191	38,128	38,023
Net earnings	\$73,009	\$69,491	\$61,057
Earnings per common share	\$1.91	\$1.82	\$1.61
Percent dilution of earnings per share	0.4%	0.4%	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
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 Properties, Inc.)	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 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
Kelly Services Italia SRL (a subsidiary of Kelly Services, Inc. and Kelly Properties, Inc.)	Italy	Kelly Services
Kelly Service Iberia Holding Company, S.L.	Spain	Kelly Services E.T.T.
Kelly Services Empleo E.T.T., S.L. (a subsidiary of Kelly Services Iberia Holding Company, S.L.)	Spain	Kelly Services E.T.T.
Kelly Services Seleccian y Formacion, S.L. (a subsidiary of Kelly Services Iberia Holding Company, S.L.)	Spain	Kelly Services E.T.T.
Kelly Service CIS, Inc.	Delaware	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 30, 1997, appearing on page 13 of this Annual Report on Form 10-K.

/s/ Price Waterhouse LLP

Price Waterhouse LLP
Detroit, Michigan
March 25, 1997

POWER OF ATTORNEY

The undersigned director of Kelly Services, Inc. does hereby appoint each of Eugene L. Hartwig and Paul K. Geiger, 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 December 29, 1996, 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 has caused this Power of Attorney to be executed as of this 14th day of February, 1997.

/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 Paul K. Geiger, 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 December 29, 1996, 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 20th day of February, 1997.

/s/ Terence E. Adderley

Terence E. Adderley

/s/ Cedric V. Fricke

Cedric V. Fricke

/s/ Verne G. Istock

Verne G. Istock

/s/ B. Joseph White

B. Joseph White

POWER OF ATTORNEY

The undersigned director of Kelly Services, Inc. does hereby appoint each of Eugene L. Hartwig and Paul K. Geiger, 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 December 29, 1996, 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 has caused this Power of Attorney to be executed as of this 18th day of February, 1997.

/s/ Harold E. Guenther

Harold E. Guenther

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.

1,000

YEAR		
	DEC-29-1996	
	DEC-29-1996	
		33,408
		28,035
		562,345
		8,320
		0
	658,586	
		162,485
		64,763
		838,879
	321,980	
		0
	0	
		0
		40,116
		476,783
838,879		
		0
	3,302,303	
		0
	2,689,523	
		0
		0
		0
	122,909	
		49,900
	73,009	
		0
		0
		0
		0
	73,009	
		1.92
		0