

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): August 8, 2012

KELLY SERVICES, INC.

(Exact name of Registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of incorporation)

0-1088

(Commission File Number)

38-1510762

(IRS Employer Identification Number)

999 WEST BIG BEAVER ROAD, TROY, MICHIGAN 48084

(Address of principal executive offices)

(Zip Code)

(248) 362-4444

(Registrant's telephone number, including area
code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition

Kelly Services, Inc. (the “Company”) today released financial information containing highlighted financial data for the three months and six months ended July 1, 2012. A copy of the press release is attached as exhibit 99.1 herein.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

99.1 Press Release dated August 8, 2012.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

KELLY SERVICES, INC.

Date: August 8, 2012

/s/ Patricia Little

Patricia Little

Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

Date: August 8, 2012

/s/ Michael E. Debs

Michael E. Debs

Senior Vice President and
Chief Accounting Officer
(Principal Accounting Officer)

EXHIBIT INDEX

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|------------------------------------|
| 99.1 | Press release dated August 8, 2012 |



KELLY SERVICES® REPORTS 2nd QUARTER 2012 RESULTS

TROY, MI (August 8, 2012) -- Kelly Services, Inc. (NASDAQ: KELYA) (NASDAQ: KELYB), a leader in providing workforce solutions, today announced results for the second quarter of 2012.

Carl T. Camden, President and Chief Executive Officer, announced revenue for the second quarter of 2012 totaled \$1.4 billion, a 3% decrease compared to the corresponding quarter of 2011.

Earnings from operations for the second quarter of 2012 totaled \$23.8 million, compared to \$21.3 million reported for the second quarter of 2011. Included in the results from operations for the second quarter of 2012 is a benefit due to changes in the estimated cost of restructuring of \$2.2 million. The results from operations in the second quarter of 2011 also included a benefit due to changes in the estimated cost of restructuring of \$0.6 million. Excluding the adjustments to restructuring charges, earnings from operations were \$21.6 million in the second quarter of 2012 compared to \$20.7 million in 2011.

Diluted earnings per share from continuing operations in the second quarter of 2012 were \$0.40 compared to \$0.53 per share in the second quarter of 2011. The benefit from adjustments to restructuring costs was \$0.06 per share in the second quarter of 2012 and \$0.02 per share in the second quarter of 2011.

Commenting on the second quarter results, Camden stated, "Despite tepid economic growth in the US and recessionary conditions across much of Europe, Kelly made positive strides in the second quarter. We increased our GP, improved our operating profit, and kept a tight lid on expenses—all while delivering solid, sustained growth in OCG and our higher-margin staffing businesses."

Kelly also reported that on August 7, its board of directors declared a dividend of \$0.05 per share. The dividend is payable September 6, 2012 to shareholders of record as of the close of business on August 17, 2012.

In conjunction with its second quarter earnings release, Kelly Services, Inc. will host a conference call at 9:00 a.m. (ET) on August 8, to review the results and answer questions. The call may be accessed in one of the following ways:

Via the Telephone:

| | |
|---------------|----------------|
| U.S. | 1 800 288-9626 |
| International | 1 651 291-5254 |

The pass code is Kelly Services

Via the Internet:

The call is also available via the internet through the Kelly Services website:
www.kellyservices.com

This release contains statements that are forward looking in nature and accordingly, are subject to risks and uncertainties. These factors include, but are not limited to, competitive market pressures including pricing, changing market and economic conditions, our ability to achieve our business strategy, including our ability to successfully expand into new markets and service lines, material changes in demand from or loss of large corporate customers, impairment charges triggered by adverse industry or market developments, unexpected termination of customer contracts, availability of temporary workers with appropriate skills required by customers, liabilities for employment-related claims and losses, including class action lawsuits and collective actions, liability for improper disclosure of sensitive or private employee information, unexpected changes in claim trends on workers' compensation and benefit plans, our ability to maintain specified financial covenants in our bank facilities, our ability to access credit markets and continued availability of financing for funding working capital, our ability to sustain critical business applications through our key data centers, our ability to effectively implement and manage our information technology programs, our ability to retain the services of our senior management, local management and field personnel, the impact of changes in laws and regulations (including federal, state and international tax laws and the expiration of the U.S. work opportunity credit program), the net financial impact of the Patient Protection and Affordable Care Act on our business, risks associated with conducting business in foreign countries, including foreign currency fluctuations, and other risks, uncertainties and factors discussed in this release and in the Company's filings with the Securities and Exchange Commission. Actual results may differ materially from any forward looking statements contained herein, and we have no intention to update these statements.

About Kelly Services®

Kelly Services, Inc. (NASDAQ: [KELYA](#), [KELYB](#)) is a leader in providing workforce solutions. Kelly® offers a comprehensive array of outsourcing and consulting services as well as world-class staffing on a temporary, temporary-to-hire and direct-hire basis. Serving clients around the globe, Kelly provides employment to more than 550,000 employees annually. Revenue in 2011 was \$5.6 billion. Visit www.kellyservices.com and connect with us on [Facebook](#), [LinkedIn](#), & [Twitter](#). [Click](#) to download The Talent Project, our free iPad app.

###

ANALYST CONTACT:

James Polehna
(248) 244-4586
james_polehna@kellyservices.com

MEDIA CONTACT:

Jane Stehney
(248) 244-5630
jane_stehney@kellyservices.com

KELLY SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
FOR THE 13 WEEKS ENDED JULY 1, 2012 AND JULY 3, 2011
(UNAUDITED)

(In millions of dollars except per share data)

| | <u>2012</u> | <u>2011</u> | <u>Change</u> | <u>% Change</u> |
|--|----------------|----------------|-----------------|-----------------|
| Revenue from services | \$ 1,366.1 | \$ 1,405.8 | \$ (39.7) | (2.8)% |
| Cost of services | 1,142.9 | 1,183.7 | (40.8) | (3.4) |
| Gross profit | 223.2 | 222.1 | 1.1 | 0.5 |
| Selling, general and administrative expenses | 199.4 | 200.8 | (1.4) | (0.7) |
| Earnings from operations | 23.8 | 21.3 | 2.5 | 12.0 |
| Other expense, net | (0.5) | (0.7) | 0.2 | 21.4 |
| Earnings from continuing operations before taxes | 23.3 | 20.6 | 2.7 | 13.0 |
| Income taxes | 8.3 | 0.6 | 7.7 | NM |
| Earnings from continuing operations | 15.0 | 20.0 | (5.0) | (24.6) |
| Earnings (loss) from discontinued operations, net of tax | - | (1.2) | 1.2 | NM |
| Net earnings | <u>\$ 15.0</u> | <u>\$ 18.8</u> | <u>\$ (3.8)</u> | <u>(19.9)%</u> |
| Basic earnings per share on common stock | | | | |
| Earnings from continuing operations | \$ 0.40 | \$ 0.53 | \$ (0.13) | (24.5)% |
| Earnings (loss) from discontinued operations | - | (0.03) | 0.03 | NM |
| Net earnings | 0.40 | 0.50 | (0.10) | (20.0) |
| Diluted earnings per share on common stock | | | | |
| Earnings from continuing operations | \$ 0.40 | \$ 0.53 | \$ (0.13) | (24.5)% |
| Earnings (loss) from discontinued operations | - | (0.03) | 0.03 | NM |
| Net earnings | 0.40 | 0.50 | (0.10) | (20.0) |

STATISTICS:

| | | | |
|--|-------|-------|-----------|
| Gross profit rate | 16.3% | 15.8% | 0.5 pts. |
| Selling, general and administrative expenses: | | | |
| % of revenue | 14.6 | 14.3 | 0.3 |
| % of gross profit | 89.4 | 90.5 | (1.1) |
| % Return: | | | |
| Earnings from operations | 1.7 | 1.5 | 0.2 |
| Earnings from continuing operations before taxes | 1.7 | 1.5 | 0.2 |
| Earnings from continuing operations | 1.1 | 1.4 | (0.3) |
| Net earnings | 1.1 | 1.3 | (0.2) |
| Effective income tax rate | 35.5% | 3.3% | 32.2 pts. |
| Average number of shares outstanding | | | |
| (millions): | | | |
| Basic | 37.0 | 36.8 | |
| Diluted | 37.0 | 36.8 | |
| Shares adjusted for nonvested restricted awards | | | |
| (millions): | | | |
| Basic | 37.8 | 37.4 | |
| Diluted | 37.8 | 37.4 | |

KELLY SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
FOR THE 26 WEEKS ENDED JULY 1, 2012 AND JULY 3, 2011
(UNAUDITED)

(In millions of dollars except per share data)

| | <u>2012</u> | <u>2011</u> | <u>Change</u> | <u>% Change</u> |
|--|----------------|----------------|---------------|-----------------|
| Revenue from services | \$ 2,720.9 | \$ 2,744.9 | \$ (24.0) | (0.9)% |
| Cost of services | <u>2,274.0</u> | <u>2,311.6</u> | <u>(37.6)</u> | <u>(1.6)</u> |
| Gross profit | 446.9 | 433.3 | 13.6 | 3.1 |
| Selling, general and administrative expenses | <u>408.4</u> | <u>410.4</u> | <u>(2.0)</u> | <u>(0.5)</u> |
| Earnings from operations | 38.5 | 22.9 | 15.6 | 68.3 |
| Other expense, net | <u>(1.1)</u> | <u>(1.1)</u> | <u>-</u> | <u>(2.8)</u> |
| Earnings from continuing operations before taxes | 37.4 | 21.8 | 15.6 | 71.5 |
| Income taxes | <u>13.2</u> | <u>0.7</u> | <u>12.5</u> | <u>NM</u> |
| Earnings from continuing operations | 24.2 | 21.1 | 3.1 | 15.0 |
| Earnings (loss) from discontinued operations, net of tax | <u>0.4</u> | <u>(1.2)</u> | <u>1.6</u> | <u>NM</u> |
| Net earnings | <u>\$ 24.6</u> | <u>\$ 19.9</u> | <u>\$ 4.7</u> | <u>24.0%</u> |
| Basic earnings per share on common stock | | | | |
| Earnings from continuing operations | \$ 0.64 | \$ 0.56 | \$ 0.08 | 14.3% |
| Earnings (loss) from discontinued operations | 0.01 | (0.03) | 0.04 | NM |
| Net earnings | 0.65 | 0.53 | 0.12 | 22.6 |
| Diluted earnings per share on common stock | | | | |
| Earnings from continuing operations | \$ 0.64 | \$ 0.56 | \$ 0.08 | 14.3% |
| Earnings (loss) from discontinued operations | 0.01 | (0.03) | 0.04 | NM |
| Net earnings | 0.65 | 0.53 | 0.12 | 22.6 |

STATISTICS:

| | | | |
|--|-------|-------|-----------|
| Gross profit rate | 16.4% | 15.8% | 0.6 pts. |
| Selling, general and administrative expenses: | | | |
| % of revenue | 15.0 | 15.0 | 0.0 |
| % of gross profit | 91.4 | 94.7 | (3.3) |
| % Return: | | | |
| Earnings from operations | 1.4 | 0.8 | 0.6 |
| Earnings from continuing operations before taxes | 1.4 | 0.8 | 0.6 |
| Earnings from continuing operations | 0.9 | 0.8 | 0.1 |
| Net earnings | 0.9 | 0.7 | 0.2 |
| Effective income tax rate | 35.2% | 3.4% | 31.8 pts. |
| Average number of shares outstanding | | | |
| (millions): | | | |
| Basic | 36.9 | 36.7 | |
| Diluted | 37.0 | 36.7 | |
| Shares adjusted for nonvested restricted awards | | | |
| (millions): | | | |
| Basic | 37.8 | 37.4 | |
| Diluted | 37.8 | 37.4 | |

KELLY SERVICES, INC. AND SUBSIDIARIES
RESULTS OF OPERATIONS BY SEGMENT
(UNAUDITED)
(In millions of dollars)

| | Second Quarter | | | |
|--|-----------------------|-------------|---------------|---|
| | 2012 | 2011 | Change | Constant Currency Change |
| Americas Commercial | | | | |
| Revenue from services (including fee-based income) | \$ 668.6 | \$ 670.3 | (0.3) % | 1.0% |
| Fee-based income | 4.2 | 2.8 | 48.9 | 54.2 |
| Gross profit | 97.7 | 93.3 | 4.7 | 6.0 |
| Gross profit rate | 14.6% | 13.9% | 0.7 pts. | |
| Americas PT | | | | |
| Revenue from services (including fee-based income) | \$ 262.4 | \$ 247.7 | 5.9% | 6.2% |
| Fee-based income | 4.2 | 3.7 | 13.3 | 13.5 |
| Gross profit | 39.7 | 35.9 | 10.4 | 10.7 |
| Gross profit rate | 15.1% | 14.5% | 0.6 pts. | |
| Total Americas | | | | |
| Revenue from services (including fee-based income) | \$ 931.0 | \$ 918.0 | 1.4% | 2.4% |
| Fee-based income | 8.4 | 6.5 | 28.7 | 31.1 |
| Gross profit | 137.4 | 129.2 | 6.3 | 7.3 |
| Total SG&A expenses | 99.0 | 95.8 | 3.3 | 4.5 |
| Earnings from operations | 38.4 | 33.4 | 14.7 | |
| Gross profit rate | 14.8% | 14.1% | 0.7 pts. | |
| Expense rates: | | | | |
| % of revenue | 10.6 | 10.4 | 0.2 | |
| % of gross profit | 72.0 | 74.1 | (2.1) | |
| Operating margin | 4.1 | 3.6 | 0.5 | |
| EMEA Commercial | | | | |
| Revenue from services (including fee-based income) | \$ 213.7 | \$ 258.8 | (17.4) % | (9.1) % |
| Fee-based income | 6.2 | 6.6 | (6.6) | 3.4 |
| Gross profit | 34.2 | 42.3 | (19.1) | (10.6) |
| Gross profit rate | 16.0% | 16.3% | (0.3) pts. | |
| EMEA PT | | | | |
| Revenue from services (including fee-based income) | \$ 41.6 | \$ 45.8 | (9.1) % | 0.1% |
| Fee-based income | 4.4 | 5.3 | (16.0) | (7.8) |
| Gross profit | 10.9 | 12.4 | (12.1) | (3.2) |
| Gross profit rate | 26.1% | 27.0% | (0.9) pts. | |
| Total EMEA | | | | |
| Revenue from services (including fee-based income) | \$ 255.3 | \$ 304.6 | (16.2) % | (7.7) % |
| Fee-based income | 10.6 | 11.9 | (10.7) | (1.5) |
| Gross profit | 45.1 | 54.7 | (17.5) | (8.9) |
| SG&A expenses excluding restructuring charges | 41.9 | 47.3 | (11.4) | |
| Restructuring charges | (2.2) | (0.6) | 268.8 | |
| Total SG&A expenses | 39.7 | 46.7 | (14.9) | (6.2) |
| Earnings from operations | 5.4 | 8.0 | (32.9) | |
| Earnings from operations excluding restructuring charges | 3.2 | 7.4 | (57.0) | |
| Gross profit rate | 17.6% | 17.9% | (0.3) pts. | |
| Expense rates (excluding restructuring charges): | | | | |
| % of revenue | 16.4 | 15.5 | 0.9 | |
| % of gross profit | 93.0 | 86.6 | 6.4 | |
| Operating margin (excluding restructuring charges) | 1.2 | 2.4 | (1.2) | |

KELLY SERVICES, INC. AND SUBSIDIARIES
RESULTS OF OPERATIONS BY SEGMENT
(UNAUDITED)
(In millions of dollars)

| | Second Quarter | | | |
|--|----------------|----------|----------|--------------------------------|
| | 2012 | 2011 | Change | Constant Currency Change |
| APAC Commercial | | | | |
| Revenue from services (including fee-based income) | \$ 84.3 | \$ 102.3 | (17.6) % | (14.1) % |
| Fee-based income | 3.0 | 3.7 | (14.3) | (8.6) |
| Gross profit | 12.5 | 14.3 | (12.2) | (8.2) |
| Gross profit rate | 14.9% | 13.9% | 1.0 | pts. |
| APAC PT | | | | |
| Revenue from services (including fee-based income) | \$ 12.8 | \$ 13.5 | (5.4) % | (1.6) % |
| Fee-based income | 4.1 | 4.2 | (2.0) | (0.4) |
| Gross profit | 5.3 | 5.6 | (4.5) | (2.2) |
| Gross profit rate | 41.7% | 41.3% | 0.4 | pts. |
| Total APAC | | | | |
| Revenue from services (including fee-based income) | \$ 97.1 | \$ 115.8 | (16.2) % | (12.7) % |
| Fee-based income | 7.1 | 7.9 | (7.7) | (4.2) |
| Gross profit | 17.8 | 19.9 | (10.0) | (6.5) |
| Total SG&A expenses | 19.0 | 20.3 | (6.4) | (2.6) |
| Earnings from operations | (1.2) | (0.4) | (143.0) | |
| Gross profit rate | 18.4% | 17.1% | 1.3 | pts. |
| Expense rates: | | | | |
| % of revenue | 19.6 | 17.5 | 2.1 | |
| % of gross profit | 106.6 | 102.4 | 4.2 | |
| Operating margin | (1.2) | (0.4) | (0.8) | |
| OCG | | | | |
| Revenue from services (including fee-based income) | \$ 91.4 | \$ 74.0 | 23.4% | 25.0% |
| Fee-based income | 12.8 | 9.5 | 35.2 | 39.1 |
| Gross profit | 23.7 | 19.0 | 24.4 | 27.2 |
| Total SG&A expenses | 22.8 | 19.8 | 14.8 | 17.9 |
| Earnings from operations | 0.9 | (0.8) | NM | |
| Gross profit rate | 25.9% | 25.7% | 0.2 | pts. |
| Expense rates: | | | | |
| % of revenue | 25.0 | 26.8 | (1.8) | |
| % of gross profit | 96.5 | 104.5 | (8.0) | |
| Operating margin | 0.9 | (1.2) | 2.1 | |

KELLY SERVICES, INC. AND SUBSIDIARIES
RESULTS OF OPERATIONS BY SEGMENT
(UNAUDITED)
(In millions of dollars)

| | June Year to Date | | | |
|--|--------------------------|-------------|---------------|---|
| | 2012 | 2011 | Change | Constant Currency Change |
| Americas Commercial | | | | |
| Revenue from services (including fee-based income) | \$ 1,337.9 | \$ 1,323.6 | 1.1% | 2.0% |
| Fee-based income | 7.7 | 5.6 | 36.9 | 40.1 |
| Gross profit | 195.7 | 185.3 | 5.5 | 6.5 |
| Gross profit rate | 14.6% | 14.0% | 0.6 | pts. |
| Americas PT | | | | |
| Revenue from services (including fee-based income) | \$ 512.5 | \$ 488.3 | 5.0% | 5.2% |
| Fee-based income | 7.6 | 6.5 | 17.7 | 17.8 |
| Gross profit | 79.9 | 71.9 | 11.0 | 11.2 |
| Gross profit rate | 15.6% | 14.7% | 0.9 | pts. |
| Total Americas | | | | |
| Revenue from services (including fee-based income) | \$ 1,850.4 | \$ 1,811.9 | 2.1% | 2.9% |
| Fee-based income | 15.3 | 12.1 | 26.6 | 28.2 |
| Gross profit | 275.6 | 257.2 | 7.1 | 7.8 |
| Total SG&A expenses | 201.9 | 198.6 | 1.6 | 2.4 |
| Earnings from operations | 73.7 | 58.6 | 25.5 | |
| Gross profit rate | 14.9% | 14.2% | 0.7 | pts. |
| Expense rates: | | | | |
| % of revenue | 10.9 | 11.0 | (0.1) | |
| % of gross profit | 73.3 | 77.2 | (3.9) | |
| Operating margin | 4.0 | 3.2 | 0.8 | |
| EMEA Commercial | | | | |
| Revenue from services (including fee-based income) | \$ 426.7 | \$ 490.3 | (13.0) % | (7.5) % |
| Fee-based income | 12.3 | 12.4 | (0.7) | 6.1 |
| Gross profit | 67.7 | 79.5 | (14.8) | (9.2) |
| Gross profit rate | 15.9% | 16.2% | (0.3) | pts. |
| EMEA PT | | | | |
| Revenue from services (including fee-based income) | \$ 83.8 | \$ 87.2 | (3.8) % | 2.3% |
| Fee-based income | 9.0 | 9.7 | (6.9) | (1.2) |
| Gross profit | 22.2 | 23.4 | (5.1) | 0.9 |
| Gross profit rate | 26.4% | 26.8% | (0.4) | pts. |
| Total EMEA | | | | |
| Revenue from services (including fee-based income) | \$ 510.5 | \$ 577.5 | (11.6) % | (6.0) % |
| Fee-based income | 21.3 | 22.1 | (3.4) | 2.9 |
| Gross profit | 89.9 | 102.9 | (12.6) | (6.9) |
| SG&A expenses excluding restructuring charges | 86.4 | 93.2 | (7.4) | |
| Restructuring charges | (2.2) | 3.4 | (164.1) | |
| Total SG&A expenses | 84.2 | 96.6 | (12.9) | (7.6) |
| Earnings from operations | 5.7 | 6.3 | (8.8) | |
| Earnings from operations excluding restructuring charges | 3.5 | 9.7 | (63.2) | |
| Gross profit rate | 17.6% | 17.8% | (0.2) | pts. |
| Expense rates (excluding restructuring charges): | | | | |
| % of revenue | 16.9 | 16.1 | 0.8 | |
| % of gross profit | 96.1 | 90.7 | 5.4 | |
| Operating margin (excluding restructuring charges) | 0.7 | 1.7 | (1.0) | |

KELLY SERVICES, INC. AND SUBSIDIARIES
RESULTS OF OPERATIONS BY SEGMENT
(UNAUDITED)
(In millions of dollars)

| | June Year to Date | | | Constant Currency Change |
|--|--------------------------|-------------|---------------|---|
| | 2012 | 2011 | Change | |
| APAC Commercial | | | | |
| Revenue from services (including fee-based income) | \$ 172.6 | \$ 202.0 | (14.5) % | (13.5) % |
| Fee-based income | 6.4 | 7.2 | (9.7) | (7.4) |
| Gross profit | 25.6 | 27.8 | (7.8) | (6.8) |
| Gross profit rate | 14.8% | 13.7% | 1.1 | pts. |
| APAC PT | | | | |
| Revenue from services (including fee-based income) | \$ 25.6 | \$ 25.0 | 2.6% | 3.9% |
| Fee-based income | 8.1 | 8.0 | 0.8 | 0.5 |
| Gross profit | 10.5 | 10.6 | (0.5) | (0.4) |
| Gross profit rate | 41.1% | 42.4% | (1.3) | pts. |
| Total APAC | | | | |
| Revenue from services (including fee-based income) | \$ 198.2 | \$ 227.0 | (12.6) % | (11.6) % |
| Fee-based income | 14.5 | 15.2 | (4.2) | (3.2) |
| Gross profit | 36.1 | 38.4 | (5.8) | (5.1) |
| Total SG&A expenses | 38.7 | 39.3 | (1.7) | (0.9) |
| Earnings from operations | (2.6) | (0.9) | (151.2) | |
| Gross profit rate | 18.2% | 16.9% | 1.3 | pts. |
| Expense rates: | | | | |
| % of revenue | 19.5 | 17.3 | 2.2 | |
| % of gross profit | 107.1 | 102.7 | 4.4 | |
| Operating margin | (1.3) | (0.4) | (0.9) | |
| OCG | | | | |
| Revenue from services (including fee-based income) | \$ 178.1 | \$ 142.2 | 25.2% | 26.2% |
| Fee-based income | 24.4 | 18.2 | 34.4 | 36.7 |
| Gross profit | 46.8 | 36.0 | 29.7 | 31.5 |
| Total SG&A expenses | 45.4 | 39.2 | 15.6 | 17.4 |
| Earnings from operations | 1.4 | (3.2) | NM | |
| Gross profit rate | 26.3% | 25.4% | 0.9 | pts. |
| Expense rates: | | | | |
| % of revenue | 25.5 | 27.6 | (2.1) | |
| % of gross profit | 97.1 | 109.0 | (11.9) | |
| Operating margin | 0.7 | (2.3) | 3.0 | |

KELLY SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(In millions of dollars)

| | <u>July 1, 2012</u> | <u>January 1, 2012</u> | <u>July 3, 2011</u> |
|---|---------------------|------------------------|---------------------|
| Current Assets | | | |
| Cash and equivalents | \$ 65.2 | \$ 81.0 | \$ 80.5 |
| Trade accounts receivable, less allowances of \$11.8, \$13.4 and \$13.6, respectively | 985.0 | 944.9 | 929.8 |
| Prepaid expenses and other current assets | 57.9 | 50.6 | 74.1 |
| Deferred taxes | 33.4 | 38.2 | 20.6 |
| Total current assets | <u>1,141.5</u> | <u>1,114.7</u> | <u>1,105.0</u> |
| Property and Equipment, Net | 90.3 | 90.6 | 96.2 |
| Noncurrent Deferred Taxes | 93.4 | 94.1 | 84.1 |
| Goodwill, Net | 91.4 | 90.2 | 67.3 |
| Other Assets | 168.4 | 152.1 | 156.4 |
| Total Assets | <u>\$ 1,585.0</u> | <u>\$ 1,541.7</u> | <u>\$ 1,509.0</u> |
| Current Liabilities | | | |
| Short-term borrowings | \$ 88.5 | \$ 96.3 | \$ 89.0 |
| Accounts payable and accrued liabilities | 269.5 | 237.2 | 222.9 |
| Accrued payroll and related taxes | 253.7 | 271.4 | 278.0 |
| Accrued insurance | 30.3 | 31.5 | 31.9 |
| Income and other taxes | 56.5 | 61.3 | 70.7 |
| Total current liabilities | <u>698.5</u> | <u>697.7</u> | <u>692.5</u> |
| Noncurrent Liabilities | | | |
| Accrued insurance | 51.4 | 53.5 | 54.6 |
| Accrued retirement benefits | 102.8 | 91.1 | 91.0 |
| Other long-term liabilities | 24.0 | 23.7 | 13.7 |
| Total noncurrent liabilities | <u>178.2</u> | <u>168.3</u> | <u>159.3</u> |
| Stockholders' Equity | | | |
| Common stock | 40.1 | 40.1 | 40.1 |
| Treasury stock | (63.2) | (66.9) | (68.7) |
| Paid-in capital | 27.4 | 28.8 | 28.0 |
| Earnings invested in the business | 678.3 | 657.5 | 617.5 |
| Accumulated other comprehensive income | 25.7 | 16.2 | 40.3 |
| Total stockholders' equity | <u>708.3</u> | <u>675.7</u> | <u>657.2</u> |
| Total Liabilities and Stockholders' Equity | <u>\$ 1,585.0</u> | <u>\$ 1,541.7</u> | <u>\$ 1,509.0</u> |
| STATISTICS: | | | |
| Working Capital | \$ 443.0 | \$ 417.0 | \$ 412.5 |
| Current Ratio | 1.6 | 1.6 | 1.6 |
| Debt-to-capital % | 11.1% | 12.5% | 11.9% |
| Global Days Sales Outstanding | 53 | 52 | 52 |

KELLY SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE 26 WEEKS ENDED JULY 1, 2012 AND JULY 3, 2011
(UNAUDITED)
(In millions of dollars)

| | <u>2012</u> | <u>2011</u> |
|---|----------------|----------------|
| Cash flows from operating activities | | |
| Net earnings | \$ 24.6 | \$ 19.9 |
| Noncash adjustments: | | |
| Depreciation and amortization | 11.6 | 16.3 |
| Provision for bad debts | 0.6 | 2.2 |
| Stock-based compensation | 2.1 | 1.9 |
| Other, net | - | (0.1) |
| Changes in operating assets and liabilities | (33.0) | (47.0) |
| Net cash from operating activities | <u>5.9</u> | <u>(6.8)</u> |
| Cash flows from investing activities | | |
| Capital expenditures | (9.8) | (6.3) |
| Other investing activities | - | 0.9 |
| Net cash from investing activities | <u>(9.8)</u> | <u>(5.4)</u> |
| Cash flows from financing activities | | |
| Net change in short-term borrowings | (7.8) | 71.9 |
| Repayment of debt | - | (62.9) |
| Dividend payments | (3.8) | - |
| Other financing activities | - | (1.1) |
| Net cash from financing activities | <u>(11.6)</u> | <u>7.9</u> |
| Effect of exchange rates on cash and equivalents | <u>(0.3)</u> | <u>4.3</u> |
| Net change in cash and equivalents | (15.8) | 0.0 |
| Cash and equivalents at beginning of period | <u>81.0</u> | <u>80.5</u> |
| Cash and equivalents at end of period | <u>\$ 65.2</u> | <u>\$ 80.5</u> |

KELLY SERVICES, INC. AND SUBSIDIARIES
REVENUE FROM SERVICES
(UNAUDITED)
(In millions of dollars)

| | Second Quarter (Commercial, PT and OCG) | | | |
|-----------------------------------|--|-------------------|----------------|---|
| | 2012 | 2011 | US\$ | % Change Constant Currency |
| Americas | | | | |
| United States | \$ 874.4 | \$ 863.3 | 1.3% | 1.3% |
| Canada | 62.0 | 61.4 | 0.8 | 5.2 |
| Puerto Rico | 25.9 | 24.1 | 7.7 | 7.7 |
| Mexico | 25.8 | 27.6 | (6.4) | 8.2 |
| Brazil | 14.4 | - | NM | NM |
| Total Americas | 1,002.5 | 976.4 | 2.7 | 3.6 |
| EMEA | | | | |
| France | 61.1 | 78.1 | (21.7) | (12.1) |
| Switzerland | 59.8 | 62.3 | (4.0) | 3.7 |
| Russia | 31.8 | 37.8 | (16.0) | (6.5) |
| United Kingdom | 26.0 | 30.5 | (14.7) | (12.1) |
| Portugal | 19.0 | 22.7 | (16.2) | (5.9) |
| Germany | 17.4 | 21.0 | (17.0) | (6.8) |
| Norway | 16.7 | 17.5 | (3.7) | 4.5 |
| Italy | 15.1 | 18.5 | (18.9) | (8.8) |
| Other | 15.6 | 22.5 | (30.8) | (21.6) |
| Total EMEA | 262.5 | 310.9 | (15.6) | (7.0) |
| APAC | | | | |
| Australia | 32.3 | 37.1 | (12.8) | (8.6) |
| Singapore | 24.9 | 26.3 | (5.6) | (3.6) |
| Malaysia | 18.0 | 18.8 | (4.5) | (1.5) |
| New Zealand | 13.4 | 12.9 | 3.3 | 5.0 |
| India | 5.9 | 17.5 | (66.3) | (59.4) |
| Other | 6.6 | 5.9 | 12.7 | 15.8 |
| Total APAC | 101.1 | 118.5 | (14.8) | (11.2) |
| Total Kelly Services, Inc. | \$ 1,366.1 | \$ 1,405.8 | (2.8) % | 0.0% |

KELLY SERVICES, INC. AND SUBSIDIARIES
REVENUE FROM SERVICES
(UNAUDITED)
(In millions of dollars)

| | June Year to Date (Commercial, PT and OCG) | | | |
|-----------------------------------|---|-------------------|----------------|---|
| | 2012 | 2011 | US\$ | % Change Constant Currency |
| Americas | | | | |
| United States | \$ 1,732.9 | \$ 1,703.0 | 1.8% | 1.8% |
| Canada | 121.5 | 120.8 | 0.5 | 3.5 |
| Puerto Rico | 51.8 | 46.2 | 12.3 | 12.3 |
| Mexico | 51.3 | 52.7 | (2.6) | 8.5 |
| Brazil | 32.4 | - | NM | NM |
| Total Americas | 1,989.9 | 1,922.7 | 3.5 | 4.2 |
| EMEA | | | | |
| France | 123.9 | 148.1 | (16.3) | (9.4) |
| Switzerland | 113.4 | 109.5 | 3.5 | 6.9 |
| Russia | 65.4 | 72.0 | (9.2) | (2.8) |
| United Kingdom | 53.7 | 61.6 | (12.8) | (10.6) |
| Portugal | 37.2 | 43.3 | (14.1) | (6.8) |
| Germany | 36.1 | 41.3 | (12.5) | (5.3) |
| Norway | 33.2 | 32.6 | 2.1 | 7.2 |
| Italy | 31.4 | 35.1 | (10.8) | (3.4) |
| Other | 31.2 | 45.7 | (31.7) | (25.3) |
| Total EMEA | 525.5 | 589.2 | (10.8) | (5.2) |
| APAC | | | | |
| Australia | 66.2 | 73.5 | (9.9) | (10.0) |
| Singapore | 49.1 | 52.4 | (6.4) | (5.8) |
| Malaysia | 35.8 | 36.4 | (1.7) | 0.1 |
| New Zealand | 26.5 | 24.4 | 8.8 | 5.6 |
| India | 15.4 | 35.1 | (56.2) | (49.8) |
| Other | 12.5 | 11.2 | 12.0 | 13.5 |
| Total APAC | 205.5 | 233.0 | (11.8) | (10.7) |
| Total Kelly Services, Inc. | \$ 2,720.9 | \$ 2,744.9 | (0.9) % | 0.9% |

KELLY SERVICES, INC. AND SUBSIDIARIES
RECONCILIATION OF NON-GAAP MEASURES
(UNAUDITED)

(In millions of dollars except per share data)

| | Second Quarter | | June Year to Date | |
|--|----------------|----------------|-------------------|----------------|
| | 2012 | 2011 | 2012 | 2011 |
| Pretax earnings from operations | \$ 23.8 | \$ 21.3 | \$ 38.5 | \$ 22.9 |
| Restructuring charges (Note 1) | (2.2) | (0.6) | (2.2) | 3.4 |
| Earnings from operations excluding restructuring charges | <u>\$ 21.6</u> | <u>\$ 20.7</u> | <u>\$ 36.3</u> | <u>\$ 26.3</u> |

| | Second Quarter | | | |
|---|----------------|----------------|----------------|----------------|
| | 2012 | | 2011 | |
| | Amount | Per Share | Amount | Per Share |
| Earnings from continuing operations, net of taxes | \$ 15.0 | \$ 0.40 | \$ 20.0 | \$ 0.53 |
| Restructuring charges, net of taxes (Note 1) | (2.2) | (0.06) | (0.6) | (0.02) |
| Earnings from continuing operations excluding restructuring charges, net of taxes | <u>\$ 12.8</u> | <u>\$ 0.34</u> | <u>\$ 19.4</u> | <u>\$ 0.52</u> |

| | June Year to Date | | | |
|---|-------------------|----------------|----------------|----------------|
| | 2012 | | 2011 | |
| | Amount | Per Share | Amount | Per Share |
| Earnings from continuing operations, net of taxes | \$ 24.2 | \$ 0.64 | \$ 21.1 | \$ 0.56 |
| Restructuring charges, net of taxes (Note 1) | (2.2) | (0.06) | 3.4 | 0.09 |
| Earnings from continuing operations excluding restructuring charges, net of taxes | <u>\$ 22.0</u> | <u>\$ 0.58</u> | <u>\$ 24.5</u> | <u>\$ 0.65</u> |

KELLY SERVICES, INC. AND SUBSIDIARIES
RECONCILIATION OF NON-GAAP MEASURES
(UNAUDITED)

Management believes that the non-GAAP (Generally Accepted Accounting Principles) information excluding the restructuring charges is useful to understand the Company's fiscal 2012 financial performance and increases comparability. Specifically, Management believes that excluding this item allows for a more meaningful comparison of current period operating performance with the operating results of prior periods. These non-GAAP measures may have limitations as analytical tools because they exclude items which can have a material impact on cash flow and earnings per share. As a result, Management considers these measures, along with reported results, when it reviews and evaluates the Company's financial performance. Management believes that these measures provide greater transparency to investors and provide insight into how Management is evaluating the Company's financial performance. Non-GAAP measures should not be considered a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP.

(1) Restructuring costs relate primarily to revisions of the estimated lease termination costs for EMEA Commercial branches that closed in prior years.