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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant ☑ Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

☑ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material Pursuant to §240.14a-12

Kelly Services, Inc.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☑ No fee required.

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

☐ Fee paid previously with preliminary materials.

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

SEC 1913 (02-02)

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April 9, 2013

To Our Stockholders:

You are cordially invited to attend the Annual Meeting of Stockholders of Kelly Services, Inc., which will be held at 11:00 a.m., Eastern Daylight Time, on Wednesday, May 8, 2013, in the Auditorium located on the First Floor of our Headquarters building at 999 West Big Beaver Road, Troy, Michigan.

Matters scheduled for consideration at this Meeting are the election of Directors, an advisory vote on executive compensation, and approval of the Company's amended and restated Short-Term Incentive Plan.

Whether you plan to attend or not, please date, sign and return the proxy card in the accompanying envelope. Your vote is important to us. If you do attend the Meeting and desire to vote in person, you may do so even though you have previously submitted your proxy.

We look forward to seeing you at the Meeting.

Sincerely,

TERENCE E. ADDERLEY
Executive Chairman and
Chairman of the Board of Directors

CARL T. CAMDEN
President and Chief
Executive Officer

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be held May 8, 2013.

The following materials, also included with the Notice of Annual Meeting of Stockholders, are available for view on the Internet:

- Proxy Statement for the Annual Meeting of Stockholders
- Annual Report to Stockholders, including Form 10-K, for the year ended December 30, 2012

To view the Proxy Statement or Annual Report visit: www.edocumentview.com/kelyb.

Please refer to the enclosed proxy card and proxy statement for information on voting options:
Internet — Telephone — Mail

KELLY SERVICES, INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To the Stockholders of
Kelly Services, Inc.:

Notice is hereby given that the Annual Meeting of Stockholders of Kelly Services, Inc., a Delaware corporation (the “Company”), will be held at the offices of the Company, 999 West Big Beaver Road, Troy, Michigan 48084-4782, on May 8, 2013 at 11:00 a.m., Eastern Daylight Time, for the following purposes:

1. To elect Directors as set forth in the accompanying Proxy Statement;
2. To approve, by advisory vote, the Company’s executive compensation;
3. To approve the Company’s amended and restated Short-Term Incentive Plan; and
4. To transact any other business as may properly come before the Meeting or any postponement or adjournment thereof.

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE FOR EACH DIRECTOR NOMINEE AS SET FORTH IN PROPOSAL 1, FOR THE APPROVAL OF THE COMPANY’S EXECUTIVE COMPENSATION AS SET FORTH IN PROPOSAL 2, AND FOR APPROVAL OF THE COMPANY’S AMENDED AND RESTATED SHORT-TERM INCENTITVE PLAN AS SET FORTH IN PROPOSAL 3.

Only holders of record of the Company’s Class B common stock at the close of business on March 20, 2013 are entitled to notice of and to vote at the Meeting.

To ensure a quorum, it is important that your proxy be mailed promptly in the enclosed envelope, which requires no postage.

April 9, 2013

By Order of the Board of Directors

JAMES M. POLEHNA
Vice President and Corporate Secretary

999 West Big Beaver Road
Troy, Michigan 48084-4782

KELLY SERVICES, INC.

999 West Big Beaver Road
Troy, Michigan 48084-4782

April 9, 2013

PROXY STATEMENT

2013 ANNUAL MEETING OF STOCKHOLDERS

This proxy statement is furnished in connection with the solicitation of proxies on behalf of the Board of Directors of Kelly Services, Inc. (the “Company”) for use at the Annual Meeting of Stockholders of the Company to be held at its corporate offices in Troy, Michigan on May 8, 2013 for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders. The approximate date on which this proxy statement and enclosed form of proxy are first being sent to stockholders of the Company is April 9, 2013. If the enclosed form of proxy is executed and returned by the stockholder, it may nevertheless be revoked by the person giving it by written notice of revocation to the Corporate Secretary of the Company, by submitting a later dated proxy or by appearing in person at the Annual Meeting any time prior to the exercise of the powers conferred thereby.

If a proxy in the accompanying form is properly executed, returned to the Company and not revoked, the shares represented by the proxy will be voted in accordance with the instructions set forth thereon. If no instructions are given with respect to the matters to be acted upon, the shares represented by the proxy will be voted in accordance with the recommendation of the Company’s Board of Directors on each of the proposals set forth in the accompanying Notice of Annual Meeting of Stockholders and on any other matters that properly come before the Annual Meeting in such manner as may be determined by the individuals named as proxies.

Only stockholders of record of our Class B common stock, par value $1.00 per share, at the close of business on March 20, 2013, the record date for the Annual Meeting, are entitled to notice of and to vote at the Annual Meeting. Class B common stock is the only class of the Company’s securities with voting rights.

At the close of business on March 20, 2013, the number of issued and outstanding voting securities (exclusive of treasury shares) was 3,452,585 shares of the Class B common stock. Class B stockholders on the record date will be entitled to one vote for each share held of record.

Pursuant to the Company’s By-laws, the holders of 60% of the issued and outstanding shares of Class B common stock who are entitled to vote at a stockholders’ meeting, in person or represented by proxy, will constitute a quorum. Shares that are present and entitled to vote on any of the proposals to be considered at the Annual Meeting will be considered to be present at the Annual Meeting for purposes of establishing the presence or absence of a quorum for the transaction of business.

A “broker non-vote” occurs if a broker or other nominee indicates on the enclosed proxy that it does not have discretionary authority as to certain shares to vote on a particular proposal, but otherwise has authority to vote at the Annual Meeting. Abstentions and shares subject to broker non-votes will be considered as present for purposes of determining the presence or absence of a quorum at the Annual Meeting.

Under the Company's Restated Certificate of Incorporation, directors are elected by plurality vote and the eleven nominees who receive the greatest number of votes at the Annual Meeting will be elected. Withheld votes and broker non-votes will not be taken into account for purposes of determining the outcome of the election of directors.

The affirmative vote of a majority of the shares present in person or by proxy at the Annual Meeting and entitled to vote on such proposal will be required to approve each of the other proposals to be considered at the Annual Meeting. Abstentions will have the effect of negative votes with respect to these proposals. Broker non-votes will not be taken into account for purposes of these proposals.

This solicitation of proxies is made on behalf of the Board of Directors of the Company. The cost of soliciting proxies will be borne by the Company. The solicitation of proxies will be made primarily by mail. The Company may also make arrangements with brokerage houses, custodians, banks, nominees and fiduciaries to forward solicitation material to beneficial owners of stock held of record by them and to obtain authorization to execute proxies. The Company may reimburse such institutional holders for reasonable expenses incurred by them in connection therewith.

Securities Beneficially Owned by
Principal Stockholders and Management

Under regulations of the Securities and Exchange Commission (the "SEC"), persons who have power to vote or dispose of common stock of the Company, either alone or jointly with others, are deemed to be beneficial owners of the common stock.

Set forth in the following table are the beneficial holdings as of the close of business on February 22, 2013, on the basis described above, of each person known by the Company to own beneficially more than five percent of the Class B common stock:

Name and Address of Beneficial Owners	Number of Shares and Nature of Beneficial Ownership	Percent Of Class
Terence E. Adderley 999 West Big Beaver Road Troy, Michigan 48084	3,213,365(a)(b)	93.0

(a) Includes 3,141,040 shares held by the Terence E. Adderley Revocable Trust K of which Mr. Adderley is sole trustee and has sole investment and voting power; 71,825 shares in an irrevocable trust, of which he is beneficiary and has no voting and investment power; and 500 shares held in five separate trusts of which he is a co-trustee with shared voting and investment power, in which he has no equity interest.

(b) Mr. Adderley is deemed a "control person" of the Company under applicable regulations of the SEC and the listing standards of the Nasdaq Global Market.

Set forth in the following table are the beneficial holdings of the Company's Class A and Class B common stock on February 22, 2013, on the basis described above, of each director and nominee, each of the named executive officers as of such date and all directors and executive officers as a group as of such date.

	Class A Common Stock		Class B Common Stock	
Directors and Named Executive Officers(a)	Number of Shares and Nature of Beneficial Ownership(b)	Percent of Class	Number of Shares and Nature of Beneficial Ownership	Percent of Class
T. E. Adderley, Executive Chairman and Chairman of the Board	3,563,235(c)	10.6	3,213,365(d)	93.1
C. M. Adderley, Director	607,886(e)	1.8	1,025(e)	*
C. T. Camden, Director and Executive Officer	391,128	1.2	100	*
J. E. Dutton, Director	28,885	*	100	*
M. A. Fay, O.P., Director	34,978	*	100	*
T. B. Larkin, Director	8,561	*	100	*
C. L. Mallett, Jr., Director	6,381	*	100	*
L. A. Murphy, Director	15,507	*	100	*
D. R. Parfet, Lead Director	36,861	*	100	*
T. Saburi, Director	1,576,169(f)	4.7	1,475(f)	*
B. J. White, Director	35,746	*	100	*
G. S. Corona, Executive Officer	184,825	*	100	*
P. A. Little, Executive Officer	118,278	*	100	*
M. S. Webster, Executive Officer	127,169	*	100	*
All Directors and Executive Officers as a Group (19 persons)	7,030,610	20.8	3,217,165	93.2

* Less than 1%

(a) Each of the named Directors is a nominee for election.

(b) Includes shares which the individuals have a right to acquire through the exercise of stock options within 60 days. Such exercisable options include: 89,000 for T. E. Adderley; 63,000 for C. T. Camden; 9,000 for J. E. Dutton; 10,500 for M. A. Fay; 6,000 for D. R. Parfet; 10,500 for B. J. White; 10,370 for G. S. Corona; and 2,500 for M. S. Webster.

(c) Includes 3,302,765 shares held directly; 30,000 shares in a charitable trust of which Mr. Adderley is a co-trustee with JPMorgan Chase Bank, N.A.; 100,000 shares in an irrevocable trust, of which he is a beneficiary; and 41,470 shares in five separate trusts of which Mr. Adderley is a co-trustee with JPMorgan Chase Bank, N.A.

(d) See footnotes (a) and (b) to the table above.

(e) Includes 550,765 shares of Class A stock and 800 shares of Class B stock held in eight separate trusts of which Ms. Adderley is one of two individual trustees with J.P. Morgan Trust Company of Delaware as Corporate Trustee.

(f) Mr. Saburi is the Executive Director of Temp Holdings Co., Ltd. (“THD”) which entered into a strategic alliance with the Company in 2010. Mr. Saburi is the designated representative of THD, which owns the reported shares. Mr. Saburi disclaims beneficial ownership of the shares held by THD.

Section 16(a) Beneficial Ownership Reporting Compliance

Under the securities laws of the United States, the Company’s directors, executive officers and any person who beneficially owns more than 10% of the common stock (collectively, the “Reporting Persons”) are required to report their ownership of the common stock and any changes in that ownership to the SEC. Specific due dates for these reports have been established and pursuant to applicable rules, the Company is required to report in its proxy statement any failure to file by these due dates. Based on certifications received from the Reporting Persons and on copies of the reports that such persons have filed with the SEC, all required reports of Reporting Persons were filed timely with the SEC for 2012.

CORPORATE GOVERNANCE

Controlled Company Exemption

Under the listing standards of the Nasdaq Global Market, we are deemed a controlled company by virtue of the fact that Terence E. Adderley, the Executive Chairman and Chairman of our Board of Directors, and certain trusts of which he acts as trustee or co-trustee, have voting power with respect to more than fifty percent of our outstanding voting stock. A controlled company is not required to have a majority of its Board of Directors comprised of independent directors. Director nominees are not required to be selected or recommended for the Board's consideration by a majority of independent directors or a nominating committee comprised solely of independent directors, nor do the Nasdaq Global Market listing standards require a controlled company to certify adoption of a formal written charter or Board resolution, as applicable, addressing the nominations process. A controlled company is also exempt from Nasdaq Global Market requirements regarding the determination of officer compensation by a majority of independent directors or a compensation committee comprised solely of independent directors. A controlled company is required to have an audit committee composed of at least three directors, who are independent as defined under the rules of both the SEC and the Nasdaq Global Market. The Nasdaq Global Market further requires that all members of the audit committee have the ability to read and understand fundamental financial statements and that at least one member of the audit committee possesses financial sophistication. The independent directors must also meet at least twice a year in meetings at which only they are present.

We comply voluntarily with the listing standards of the Nasdaq Global Market that otherwise do not apply to controlled companies, except that our Corporate Governance and Nominating Committee is not composed entirely of independent directors.

Board of Directors

Our Board of Directors is responsible for providing stewardship and oversight of the business of the Company.

At its meeting in February 2013, our Board affirmatively determined that directors J. E. Dutton, M. A. Fay, T. B. Larkin, C. L. Mallett, Jr., L. A. Murphy, D. R. Parfet, T. Saburi and B. J. White, who are nominees for election at the Annual Meeting, are independent as that term is defined by the Nasdaq Global Market listing standards, and that none of them had a material relationship with the Company.

The full text of our Board's Corporate Governance Principles and the charters of the Board's three standing committees, which are an Audit Committee, a Compensation Committee and a Corporate Governance and Nominating Committee, are available on the Company's website at *kellyservices.com.*

Directors are expected to attend the Annual Meeting of the Stockholders, all Board meetings and all meetings of the committees on which they individually serve. The Board held seven meetings during 2012. All Directors then in office except T. Saburi attended the 2012 Annual Meeting of Stockholders. All Directors except T. Saburi attended at least seventy-five percent of the aggregate number of meetings of the Board of Directors and the Committees on which they served during 2012. The independent directors are required to and did meet in meetings at which only they were present at least twice during 2012.

Governance Structure and Risk Oversight

The Company's leadership is vested in the Executive Chairman and Chairman of the Board of Directors (the Company's controlling stockholder), a Lead Independent Director and the Chief Executive Officer, subject to the overall authority of the Board of Directors. The Executive Chairman and Chairman of the Board of Directors' duties include establishing the schedule of Board meetings; establishing the agenda for Board meetings; presiding over meetings of the Board of Directors and stockholders; and leading the Directors in the exercise of their stewardship and oversight obligations. The Executive Chairman and Chairman of the Board of Directors is also charged with facilitating communication between the Board of Directors and management, both inside and outside of meetings of the Board. As long as the Executive Chairman and Chairman of the Board of Directors is not an independent Director, the independent Directors are required under the Board's Corporate Governance Principles to elect one of the independent Directors as Lead Director. The Lead Director's principal duties are to ensure the Board functions independent of management, to preside at meetings of the Board of Directors in the absence of the Executive Chairman and Chairman of the Board, to assist in the development of the agendas for meetings of the Board, to preside over meetings of the independent Directors in executive session and to provide feedback to the Executive Chairman and Chairman of the Board and the Chief Executive Officer on those sessions. The principal responsibilities of the Chief Executive Officer are to develop and lead the company's management team to effectively and efficiently produce results that are in keeping with the strategic initiatives and corporate policies established by the Board of Directors.

This leadership approach is intended to serve the interests of all stockholders of this controlled Company which has historically recognized the importance of an independent majority of its Board of Directors.

The Board's oversight responsibilities include consideration of strategic issues and risks to the Company as well as management's actions to address and mitigate those risks. Through its charter, the Audit Committee is charged by the Board with overseeing the Company's risk assessment and risk management processes. The Audit Committee and Board focus on risk management strategy and risks of greatest significance, and also seek to ensure that risks assumed by the Company are consistent with the Board's risk tolerance and risk appetite.

While the Audit Committee has responsibility for the oversight of the risk assessment and risk management process, it is the duty of the Company's management to develop and execute its Enterprise Risk Management ("ERM") program. The Company's risk-related departments and functions are under the direction of the Senior Vice President and General Counsel.

The Company continues to support and expand upon its formal ERM program established in 2007, which is a critical means of identifying and managing the Company's key risks. Since its inception, the Company's ERM team has, among other activities, performed assessments of risks to the Company, assisted in the development and execution of mitigation programs for critical risks, facilitated the establishment of a corporate risk appetite and tolerance statement and participated in the integration of risk concepts within the Company's strategic planning process.

The ERM team reports its findings to the Audit Committee on a quarterly basis. Its current activities remain focused on mitigation of specific risk exposures, analysis of the breadth and effectiveness of existing risk management practices, and maturation of measurement and monitoring practices concerning high-priority strategic and operational risks.

In addition to the reports submitted quarterly by the Company's Vice President — Risk Management Group, the Vice President — Internal Audit independently assesses the Company's risk management process and separately reports to the Audit Committee concerning the Company's risk identification, prioritization and mitigation processes.

Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee**,** whose members are C. M. Adderley, T. E. Adderley, J. E. Dutton (Vice Chair), M. A. Fay (Chair), T. B. Larkin, C. L. Mallett, Jr., L. A. Murphy, D. R. Parfet, and B. J. White, held four meetings during 2012. The Committee's responsibilities include assisting the Board of Directors in identifying individuals qualified to become directors, recommending to the Board the nominees for the next annual meeting of stockholders or to otherwise fill vacancies and newly created directorships, overseeing the composition, organization and governance of the Board and its committees, monitoring and evaluating Board and committee effectiveness and developing and overseeing compliance with the Board's Corporate Governance Principles.

Director Qualifications, Background and Diversity

The Corporate Governance and Nominating Committee makes recommendations to the Board of Directors regarding its size and composition. The Committee reviews annually with the Board the composition of the Board as a whole and proposes nominees for election to the Board who reflect the balance of qualifications, skills, experience and attributes that may provide the diversity of opinion and thought appropriate to fulfill the Board's obligations of stewardship and oversight on behalf of stockholder interests.

In evaluating Director candidates the Committee assesses foundation qualities, takes into account special considerations and considers descriptive characteristics in light of the then current composition of the Board of Directors and the Company's strategic objectives. Foundation qualities include personal and professional ethics; integrity and values; reputation; a record of achievement in business, academia or areas relevant to the Company's activities; independence of thought and flexibility; financial acumen and an understanding of the complexities of business organizations; independence; a willingness to devote sufficient time to become knowledgeable about the Company's business and to carry out the duties and responsibilities of the office; and an intention to serve a sufficient time to make a meaningful contribution to the Board and the Company. Special considerations include under-represented minorities including, but not limited to, gender, race or ethnicity; international experience; experience as a Chairman or Chief Executive Officer or in a significant role at a complex, well-run company or organization; management or other relevant experience; controlling stockholder representation; experience and skill in human resource and workforce solutions; experience in a service industry; an entrepreneurial spirit; financial and accounting expertise; and/or experience as a director of a complex, well-run private or public company or organization. Descriptive characteristics include age; gender; race; education; civic and community involvement; and professional accomplishments.

The Board of Directors is responsible for approving director nominees based on the recommendation of the Committee. The Board has not adopted a policy whereby stockholders may recommend nominees for election because of the Company's status as a controlled company.

Set forth below are the conclusions reached by the Board with regard to the nominees for election at the 2013 Annual Meeting of Stockholders.

Terence E. Adderley, Executive Chairman and Chairman of the Board of Directors, has had a distinguished fifty-five year career in the staffing industry with extensive executive management experience including many years as the Company's Chief Executive Officer. He has served as a director of large publicly held companies and numerous civic and community organizations. Mr. Adderley brings to the Board a keen sense of the staffing industry, economic and labor trends and fiscal conservatism. He is a member of the Company's founding family and represents its interests as the controlling stockholder.

Carol M. Adderley is the daughter of Terence E. Adderley, the controlling stockholder, and the granddaughter of W. R. Kelly, the Company's founder. It is the opinion of the Board of Directors that it is in the best interests of the Company to have the next generation of the Adderley family serve as a Director and become immersed in the operations of the Company. Ms. Adderley holds advanced degrees in the humanities and is a published author.

Carl T. Camden has served as Chief Executive Officer of the Company since 2006 and prior thereto as Chief Operating Officer. Mr. Camden has significant experience and expertise in labor markets and labor economics, marketing and leadership. He serves as a Director of Temp Holdings, Co., Ltd. ("THD"), which is one of the largest staffing firms in Japan and the Asia Pacific market. He has led the Company through one of the most difficult economic periods in its history and has strategically positioned the Company to emerge as a leader in workforce solutions.

Jane E. Dutton is an expert in the field of organization behavior and has researched and published numerous works on best practices related to engagement, commitment and productivity of employees. Her understanding of factors contributing to organizational excellence provides the Board with a vital perspective on the Company's mission to be the world's best workforce solutions company.

Maureen A. Fay, O.P., has had a successful career in education and administrative leadership. Her extensive board experiences with education, banking, staffing, health services, economic development, eleemosynary and religious organizations together with her long tenure as the chief executive officer of a large urban university provides the Board a unique and balanced view of the needs and expectations of the Company's several constituencies.

Terrence B. Larkin is an attorney with twenty-nine years experience in a business law practice. He is currently a member of the senior management team of a global manufacturing company with responsibility for legal affairs, internal audit, and global business development for mergers, acquisitions and joint ventures. He brings to the Board a unique combination of complex problem solving skills and global experience which should well serve the stockholders as the Company continues its transition to a global workforce solutions company.

Conrad L. Mallett, Jr. has extensive experience as a chief executive as well as an administrator, jurist and attorney. He brings a level of expertise in corporate governance, executive compensation, healthcare and community service that provides the Board with a diverse view of the needs and expectations of executive leadership and labor in complex organizations.

Leslie A. Murphy is a certified public accountant, former chair of the American Institute of Certified Public Accountants and former Group Managing Partner of a major independent registered public accounting firm. The Board has determined that Ms. Murphy qualifies as an "audit committee financial expert" within the meaning of applicable SEC regulations and has the leadership skills to chair the Audit Committee. Her analytical capability, understanding of the economics and strategic elements of business and her expertise in enterprise risk management are especially valuable to the Board.

Donald R. Parfet brings extensive financial and operating experiences to the Board as an executive with responsibilities for numerous global businesses. He now leads business development and venture capital firms focused on the development of emerging medicines. He also serves as a director of two large publicly held companies. His global operating experience, strong financial background and proven leadership capabilities are especially important to the Board's consideration of product and geographic expansion.

Toshio Saburi is the Executive Director and Member of the Board of Directors of THD, which is listed on the Tokyo Stock Exchange. THD and the Company entered into a strategic alliance in 2010 as a result of which Mr. Saburi was designated to serve as THD's representative on the Company's Board of Directors. He is also the Chief Executive Officer of TS Kelly Workforce Solutions, a joint venture between THD and the Company in North Asia. He is a certified public accountant and is responsible for THD's financial operations, compliance and overseas operations. Mr. Saburi's financial expertise and knowledge of Asian markets is especially valuable to the Board and management as the Company expands in the Asia Pacific market.

B. Joseph White has had a long and distinguished career in academia and business. He has special expertise in leadership, management, human resource management, organizational change and governance. His executive experience includes management development, personnel and public affairs with a global manufacturing company, leadership of a major public university, and a decade as dean of a top business school. His considerable experience as a director of for-profit and non-profit organizations serves the Board well as he is often the catalyst for ensuring effective stewardship in the interests of stockholders.

Compensation Committee

The Compensation Committee is charged with developing the Company's compensation philosophy and establishing and monitoring compensation programs for all employees. The Committee held five meetings in 2012.

The Committee reviews and approves all adjustments in compensation for senior officers including the administration of salary increases, short-term incentive awards under the Company's Short-Term Incentive Plan and grants of restricted stock/units and long-term performance awards under the Company's Equity Incentive Plan. The authority of the Committee is detailed in its charter, which is posted on the Company's website at *kellyservices.com*, and in the Compensation Discussion and Analysis of this proxy statement.

To assist the Committee in making compensation recommendations for senior officers, the Company's Human Resources Division provides the Committee with historical, survey and benchmark compensation data. The Committee also relies on the Chief Executive Officer and the other named executive officers to provide performance evaluations and compensation recommendations to assist it in its decisions regarding the total compensation of senior officers. The Committee has delegated to the Chief Executive Officer the authority to approve salary recommendations and incentive awards to officers below the rank of senior vice president.

The Committee has the authority to retain independent consultants. Consultants retained by the Committee report directly to the Committee and the Committee determines the consultants' scope of work and fees. In 2012, the Committee retained Aon Hewitt to provide assistance with the review of executive compensation. The selection of Aon Hewitt was unanimously approved following an analysis of the consultant's independence using factors established by the SEC.

Compensation Committee Interlocks and Insider Participation

In 2012 the Compensation Committee members were J. E. Dutton, M. A. Fay, T. B. Larkin, C. L. Mallett, Jr., L. A. Murphy, D. R. Parfet and B. J. White (Chair), all of whom are independent Directors. During 2012, none of the Company's executive officers served on the board of directors of any entities whose directors or officers served on the Company's Compensation Committee. No current or past executive officers of the Company or its subsidiaries serve on the Compensation Committee.

Audit Committee

The Audit Committee is composed of J. E. Dutton, M. A. Fay, T. B. Larkin, C. L. Mallett, Jr., L. A. Murphy (Chair), D. R. Parfet and B. J. White, all of whom are independent directors. The Audit Committee held five meetings in 2012. The Audit Committee's purpose is to oversee the accounting and financial reporting processes of the Company and the audits of the financial statements of the Company. The Audit Committee's responsibilities include monitoring the integrity of the Company's financial statements, the Company's system of internal controls over financial reporting, the qualifications, independence and performance of the Company's independent registered public accounting firm, the qualifications and performance of the Company's internal auditors, the Company's risk assessment and risk management processes and the Company's compliance with legal and regulatory requirements. The Committee approves or ratifies if approved under authority delegated to the Chief Financial Officer all audit, audit related, internal control related, tax and permitted non-audit services of the independent registered public accounting firm prior to engagement. The Committee also serves as the Company's Qualified Legal Compliance Committee.

The Board has unanimously determined that L. A. Murphy qualifies as an "audit committee financial expert" within the meaning of SEC regulations and as such meets the "financial sophistication" requirements under current Nasdaq Global Market listing standards. The other members of the Audit Committee have the requisite understanding of financial statements to serve as a member of the Audit Committee. At least one member of the Audit Committee has financial management expertise.

Code of Business Conduct and Ethics

The Board has adopted a Code of Business Conduct and Ethics (the "Code") that applies to all directors, officers and employees to help them recognize and deal with ethical issues, deter wrongdoing, provide mechanisms to report dishonest or unethical conduct and help foster a culture of honesty and accountability. The Code addresses conflicts of interest, corporate opportunities, confidentiality, protection and proper use of assets, fair dealing, compliance with laws, rules and regulations, and Company policies, public company reporting requirements and provides an enforcement mechanism.

The full text of the Code of Business Conduct and Ethics is posted on the Company's website, at *kellyservices.com.* This information is available in print to any stockholder who requests it from the Investor Relations Department. The Company will disclose future amendments to, or waivers from the Code for its Directors, Executive Officers and senior financial officers on its website within five business days following the date of amendment or waiver, or such earlier period as may be prescribed by the SEC.

RISK ASSESSMENT OF EMPLOYEE COMPENSATION PROGRAMS

As set forth in its charter, the Compensation Committee of the Board of Directors is charged with reviewing the Company's compensation program risk assessment for all employee compensation programs and to report to the Board if any compensation program is reasonably likely to have a material adverse effect on the Company.

At its February 2013 meeting, the Committee received management's Compensation Program Risk Assessment report. The report was prepared by the Company's Human Resources Division in collaboration with the Company's Internal Audit Department and Enterprise Risk Management Team. The existing compensation program risk assessment framework was reviewed and updated as needed to ensure a robust and comprehensive assessment process. The report was furnished to the Committee in advance of the meeting, including a summary of key changes and enhancements from the prior year report.

The Company's Executive Compensation Program Risk Assessment meets the requirements of the framework developed by the Center on Executive Compensation. The factors considered in assessing executive compensation program risk were as follows:

- The performance criteria and corresponding objectives should include a balance of performance and the quality of such performance;
- The mix of compensation should be balanced between annual and long-term incentive opportunities; annual incentives should not provide for unlimited payouts; and annual incentive opportunities in excess of fifty percent of the total compensation opportunity should trigger additional Compensation Committee scrutiny;
- The relationship between performance and incentive plan payouts should fall within the range of competitive practices determined by comparison with a representative peer group;
- There should be a relationship between performance and payouts under the annual incentive award and the long-term incentive awards;
- Long-term incentive performance measures or equity devices should not encourage excessive risk behavior;
- A portion of the shares received from incentive award payouts should be retained by the participants through ownership/retention approaches;
- The Company should adopt a clawback policy that applies in the event of the restatement of financial results or other performance criteria that impact compensation; and
- Excessive risk should be discussed with the Compensation Committee, recorded in Committee minutes and discussed in the Compensation Discussion and Analysis section of the Company's annual proxy statement.

To assess the risk of employee compensation programs below the executive level, the Company utilized its existing Incentive Plan Design checklist and matrix to specifically consider the risks and links to strategy associated with the payout threshold levels and significant design updates for each material incentive plan. The risks associated with each of the following elements of the design and implementation of an incentive plan were considered, as well as the steps in place to mitigate risk and ensure alignment with the Company’s strategic plan:

- Linkage of incentive measures with business objectives, analysis of total compensation market data, determination of design elements/payout threshold levels and timely and accurate tracking of performance data;
- Modeling, approval and communication of incentive plans;
- Calculation, approval and communication of incentive payments; and
- Annual plan reviews to ensure planned design updates align with business goals and budgets.

After due consideration of management’s 2013 Compensation Program Risk Assessment Report, the Compensation Committee concluded that the Company’s compensation programs do not create a reasonable likelihood of a material adverse effect on the Company.

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

The Compensation Discussion and Analysis explains the objectives of our compensation programs, performance outcomes the programs are designed to reward, the material elements of the compensation earned by or paid to the named executive officers, the basis for choosing and setting the amount of each element of compensation and how the elements fit into the Company's overall compensation objectives, including pay for performance.

Our Named Executive Officers for 2012, as that term is defined by the SEC, were as follows:

- Carl T. Camden — President and Chief Executive Officer
- George S. Corona — Executive Vice President and Chief Operating Officer
- Patricia A. Little — Executive Vice President and Chief Financial Officer
- Michael S. Webster — Executive Vice President and General Manager — Americas
- Daniel T. Lis — Senior Vice President, General Counsel and Corporate Secretary

Executive Summary

Fiscal 2012 Performance

Following a year of improved Company performance in 2011, we entered 2012 with continued focus on our operational, financial and strategic goals. The business environment in 2012 reflected an uncertain global market and a slower than anticipated economic recovery. Anxiety over fiscal policy in the U.S., turbulence leading up to the presidential election, and recessionary conditions across Europe slowed progress in those regions. In light of these conditions, U.S. companies were cautious about hiring both temporary and permanent employees in 2012. Despite the challenges of a sluggish labor market and lower revenues in 2012, the Company increased gross profit and improved operating profit, due to strong performance of our U.S. operations, growth in our Outsourcing and Consulting Group (OCG) and higher-end staffing services, targeted expansion of our global presence and tight control of expenses. During 2012, we maintained our competitive position in key staffing markets, grew our professional and technical business by 3% despite a 2% decline in total Company revenue and increased our OCG revenue by 25% and improved earnings from operations in that business by over $11 million. At the same time, we were able to reduce Company expenses by 1% through improved operational efficiency. In 2012, we entered into a venture with Temp Holdings Co., Ltd., an integrated Human Resources services provider headquartered in Japan, expanding our global coverage in the North Asia market. Despite the economic headwinds, we more than held our own and continued to make steady progress toward our strategic goals in 2012.

Fiscal 2012 Compensation Decisions and Actions

The Committee set goals for 2012 that were designed to drive improved performance and achieve the targeted business results. For fiscal year 2012, the Company continued to use Earnings Per Share ("EPS") as the corporate performance measure under the Short Term Incentive Plan ("STIP"). For the new performance-based Long Term Incentive Plan ("LTIP"), the Committee set performance measures of Cumulative After-Tax Earnings and Return on Sales ("ROS") for the three-year period covering fiscal years 2012 through 2014. The Committee believes these measures will drive strategic long-term business performance and reinforce the alignment between executive compensation and Company performance.

With the continuation of improved profitability and recognizing the need to appropriately reward and retain our key leaders, in 2012 the Compensation Committee:

- Reviewed an internally prepared competitive benchmarking analysis, using a broader array of executive compensation survey sources. The Committee determined that annual target total cash compensation was within a reasonable range of the market median for some of the named executive officers, while others fell slightly below this range. For target total direct compensation, competitive market positioning was lower for all of the named executive officers, due to the Company's conservative long-term incentives;
- Approved base salary increases averaging 4.6% for named executive officers (generally aligned with the 4% salary increase budget for U.S. employees);
- Increased the STIP target opportunity for one of our named executive officers, in order to align annual target total cash compensation closer to the market median;
- Made a regular annual grant of restricted stock (subject to a 4-year retention vesting schedule) to key executives including our named executive officers;
- Made a grant of performance awards in January 2012 under the new LTIP to senior officers, including the named executive officers, for the three-year period covering fiscal years 2012 through 2014;
- Approved a discretionary contribution to the U.S. retirement plans equal to 2.0% of 2012 eligible compensation; and
- Based on 2012 EPS of $1.54, as adjusted for STIP, and in consideration of plan threshold EPS performance level of $0.82 and a target EPS performance level of $1.63, made payouts to named executive officers for corporate performance under our annual STIP equal to 89.0% of target incentive.

All of these compensation decisions and actions are discussed in more detail below.

Compensation Objectives

The Compensation Committee has established compensation programs designed to achieve the following objectives:

- Align pay with short- and long-term performance results that directly influence stockholder value;
- Motivate executives to achieve performance goals that should, over time, lead to increased stockholder value;
- Retain executives necessary to successfully lead and manage the organization;
- Attract key executives critical to the organization's long-term success; and
- Reward executives fairly for Company and individual performance.

Elements of Compensation for Named Executive Officers

The total compensation program for the named executive officers consists of the following major components:

- Base Salary — necessary to attract key executives and reward them fairly for their day-to-day responsibilities;

- Annual Cash Incentive — the core element of our pay-for-performance compensation that places a portion of each executive's total compensation at risk by aligning payouts under the plan with short-term Company performance (and business unit performance as applicable);
- Long-term Incentives — annual grants of restricted stock and a new long-term (three-year) performance-based incentive plan that emphasizes the achievement of strategic long-term goals and objectives designed to improve shareholder value. Both vehicles support retention and align the interests of executive officers and shareholders;
- Retirement Plan — contributions to a nonqualified retirement program available to all highly compensated U.S. employees to provide a competitive total reward package; and
- Perquisites — a modest level of perquisites available to attract and retain key executives, including the named executive officers.

Benchmarking

The Committee understands the significance of its responsibilities and receives a substantial amount of information and input from both internal and external resources as a reference in support of its decision making. The Committee uses available peer group data for companies in our industry and third-party survey data for companies with similar revenue in determining the competitive positioning of total compensation.

Each executive's performance is reviewed and compensation decisions are made on an annual basis (or as an executive's duties and responsibilities change). Base salaries, target annual cash incentives and target long-term incentive opportunities are benchmarked against a group of comparable executive positions in companies of similar revenue size as reflected in multiple third-party survey data. The composition of companies within the various surveys changes from time to time. The Committee generally manages target total compensation at levels that approximate the median of the competitive market data. Although total compensation is targeted at the median value of the executive's position in the marketplace, individual target total compensation may be above or below the median depending on the level of job responsibility, Company performance and individual performance.

In 2012, a competitive executive compensation analysis was performed internally by the Company's Human Resources Division, which included both a peer group review and an analysis of third-party survey data. The peer group analysis included a review of the most recent proxy filings of Manpower Inc. and Robert Half International Inc., companies in our industry with which we compete for talent. Proxy data for a third peer company, SFN Group, was no longer available due to its acquisition in 2011. Third-party survey data was purchased from Aon Hewitt, The Conference Board, Mercer and Towers Watson, with the Aon Hewitt survey added in 2012 to enhance the survey array. While peer group proxy data is used as a reference point for our industry, more emphasis is given to the third-party surveys due to the strength of the data. The peer group analysis and third-party survey data represent "Market Data" when referenced throughout this Compensation Discussion and Analysis. The Human Resources Division provides the Committee historical and prospective compensation components for each executive officer. The Committee considers the results of this analysis and the recommendations of the Company's Chief Executive Officer (the "CEO") regarding total compensation for those executives reporting to him.

Compensation Committee's Role in Determining Executive Compensation

Annually, the Committee conducts a thorough review and assessment of each executive's performance, compensation, development objectives and succession strategies. The Committee reviews and makes recommendations to the Board for approval of executive compensation and executive compensation programs, performance objectives and financial targets. The Committee reviews each element of total compensation individually (base salary, annual cash incentive, long-term incentives) and total compensation in aggregate.

The Committee establishes performance objectives for the CEO on an annual basis in accordance with the process set forth in the Corporate Governance Principles at *kellyservices.com*. The Committee also evaluates the CEO's performance and determines the CEO's compensation. The CEO's total compensation is comprised of the same elements as all of the other named executive officers. The determination of the CEO's compensation is based on the measures and responsibilities deemed by the Committee to be relevant, including appropriate market comparisons. The CEO reviews the performance of the other named executive officers on an annual basis and makes recommendations on their compensation to the Committee. The CEO does not participate in recommendations or discussions related to his own compensation.

On an annual basis, the Committee determines corporate financial goals and target awards for the named executive officers in accordance with the terms of the Company's Short-Term Incentive Plan. The Committee approves award payouts to the named executive officers individually based on the achievement of these pre-determined goals, as well as business unit results where applicable.

The Committee annually considers the grant of restricted stock, restricted stock units, stock options, long-term performance awards and other stock and cash-based awards to the Company's senior officers pursuant to the terms of the Company's Equity Incentive Plan ("EIP"), including vesting schedules, performance goals, exercisability and term, and reviews such awards made under delegated authority to other employees.

The Committee annually considers the shareholder advisory vote on executive compensation as disclosed in the Company's proxy statement and determines whether the voting results warrant consideration of changes in the pay programs for named executive officers. Based on the results of the 2012 vote, the Committee concluded that its executive compensation decisions were supported by shareholders.

The Committee has the authority to retain independent consultants. Consultants retained by the Committee report directly to the Committee and the Committee determines the consultants' scope of work and fees. In 2012 the Committee continued to retain a consultant from Aon Hewitt's Executive Compensation Consulting Group to provide assistance with the review and design of our executive compensation programs. An annual assessment of the consultant's independence using factors established by the SEC is conducted to ensure independence has been maintained. In 2012 the Committee reviewed and reaffirmed the independence of the compensation consultant to the Committee.

Compensation Decisions and Actions in 2012

Daniel T. Lis Retirement

Mr. Lis retired from the Company effective December 31, 2012. In recognition of his service to the Company, in October 2012 the Committee approved the accelerated vesting of a portion of Mr. Lis' outstanding restricted stock totaling 9,000 shares, with an effective vesting date of December 31, 2012. The incremental fair value of the modified award is computed as of the date of modification, October 8, 2012, in accordance with FASB ASC Topic 718. The incremental fair value of the modified restricted shares is reflected in the Stock Awards column of the Summary Compensation Table and the Grants of Plan-Based Awards table.

Base Salary

Base salaries for the named executive officers are targeted to be competitive with Market Data to ensure that the Company can retain and attract the executives necessary to successfully lead and manage the organization. Base salaries are targeted to correspond within a range (typically plus/minus 10%) around the median of salaries in the Market Data, as individual base salaries will vary based upon the factors described below. Base salary is only one component of target total compensation and may be affected by other components to ensure that target total compensation meets compensation objectives.

The Committee reviews the base salaries of senior officers, including the named executive officers, on an annual basis, typically in May (or as an executive's duties and responsibilities change). Increases in salary are based on an individual's performance and level of pay compared to Market Data, internal pay equity and consideration of the Company's salary budget. The Committee reviews proposed salary increases and makes recommendations to the Board for senior officers.

In May 2012, the Committee reviewed base salaries of the named executive officers and considered the recommendation of the Chief Executive Officer in determining the salary adjustments for each of the other named executive officers. In consideration of the factors noted above, the following base salary adjustments for the named executive officers were recommended by the Committee and approved by the Board:

Named Executive Officer	2011 Base Salary	2012 Base Salary	Adjustment %
Carl T. Camden	$ 985,000	$ 1,000,000	1.5%
George S. Corona	$ 585,000	$ 635,000	8.5%
Patricia A. Little	$ 530,000	$ 550,000	3.8%
Michael S. Webster	$ 475,000	$ 500,000	5.3%
Daniel T. Lis	$ 424,000	$ 440,000	3.8%

Notes:

- A modest adjustment to base salary was provided to Mr. Camden, in light of an increased focus on the CEO's long-term incentives in order to move his target total direct compensation toward a more reasonable position relative to market median.
- The salary adjustment for Mr. Corona included an additional amount to bring his base salary closer to market median and reflect his performance and the experience he brings to the role.

The salary adjustments for the named executive officers averaged 4.6% and were generally aligned with the budgeted 4% salary increase for all U.S. salaried employees. Base salary changes approved by the Board were effective July 1, 2012.

Annual Cash Incentive

The Committee believes that the named executive officers should have a meaningful percentage of their total compensation earned through annual "at risk" pay-for-performance cash incentives. The percentage of target total compensation at risk under the terms of the STIP increases significantly as the individual executive's responsibilities and influence on overall corporate performance results increase. The STIP is designed to encourage the executives to meet the Company's short-term goals that align with overall corporate strategy and improve stockholder value.

In December of each year, the Committee approves the STIP target opportunity for the following plan year for each named executive officer. The STIP target opportunity is established as a percentage of each individual's actual base salary earnings and is targeted to correspond with median Market Data, but may vary based upon individual factors. STIP payments for all participants are capped at 200% of target incentive; the STIP payment for each named executive officer is also capped at $2.0 million per year. The STIP target opportunity is reviewed by the Committee in May of each year (or as an executive's duties and responsibilities change) and may increase based on Market Data, individual performance and the percentage of the executive's compensation that is intended to be "at risk." Any increases in STIP target that are approved by the Committee in May are effective July 1. In May 2012, the Committee reviewed the target incentive opportunity of the named executive officers and found that all but one were appropriately positioned relative to the median of the Market Data; accordingly, one target incentive change was made as noted below. The following STIP target opportunities were established in December 2011 unless otherwise noted:

Named Executive Officer	2012 STIP Target
Carl T. Camden	130%
George S. Corona	90%
Patricia A. Little	75%
Michael S. Webster	75%
Daniel T. Lis	65%

Notes:

- As a result of the May 2012 Compensation Committee review, Ms. Little's STIP target was increased from 65% to 75% effective July 1, 2012.

In December of each year, the Committee also determines the objective and, when appropriate, qualitative performance measures and the other terms and conditions of the STIP for the following plan year. For 2012, the Committee approved the continued use of EPS as the corporate performance measure for the STIP. EPS is seen as a robust and all-inclusive objective measure of the Company's overall profitability. EPS for this purpose is the same as defined in the Company's GAAP financial statements, excluding unusual or non-recurring items (e.g., changes in accounting principles, gains or losses from acquisitions or divestitures, restructuring costs and "extraordinary items").

For the named executive officers, the STIP calculations were based entirely on EPS. Beginning in 2012, the Committee approved a change in the STIP performance measures for Mr. Webster from 70% based on performance of his business unit and 30% on corporate performance as measured by EPS to 100% based on corporate performance as measured by EPS, in order to better reflect his broad accountability as an Executive Vice President of the Company.

In December 2011, the Committee approved management's recommendation to set $0.82 as the threshold EPS level for the 2012 STIP. Payout for threshold (or lower) performance under STIP is 0% of eligible base salary earnings. Each additional increment above the threshold earns prorated incentive payments up to the maximum. The threshold was set at a level equal to 50% of the target EPS result required to achieve the target level of incentive payout. This is generally consistent with the approach used in prior years, where threshold EPS ranged from 40% to 55% of target. The target EPS of $1.63 was seen as challenging, requiring strong execution against the Company's strategic plan and continued vigilance around expense control. The maximum of $2.00 EPS required to attain a maximum payout under the 2012 STIP was set at a level deemed a substantial stretch and would have been the best result that the Company achieved since 2000.

Based on 2012 fiscal year STIP EPS of $1.54, and in consideration of plan threshold and target EPS performance levels, the Committee approved payouts to named executive officers for corporate performance under our annual STIP equal to 89.0% of target incentive.

Performance Measure	2012 Goals Threshold	2012 Goals Target	2012 Goals Maximum	2012 Actual Result	2012 Payout as % of Target
Earnings Per Share (EPS)	$ 0.82	$1.63	$ 2.00	$1.54	89.0%

Under the terms of the STIP, the Committee retains the right in its discretion to reduce a STIP award based on Company, business unit or individual performance. The Committee has no discretion to increase a STIP award for named executive officers (though the Committee may approve a special bonus for named executives on a discretionary basis to recognize exceptional performance or actions not related to objectives set forth in the STIP).

Based on these performance results, at its February 13, 2013 meeting the Committee reviewed and approved payments to the named executive officers in accordance with the STIP program as follows:

Named Executive Officer	2012 Base Salary Earnings	Year-End STIP Target %	2012 Payout as a Percentage of Target	2012 STIP Payout
Carl T. Camden	$ 992,500	130%	89.0%	$1,148,300
George S. Corona	$ 610,000	90%	89.0%	$ 488,600
Patricia A. Little	$ 540,000	75%	89.0%	$ 336,900
Michael S. Webster	$ 487,500	75%	89.0%	$ 325,400
Daniel T. Lis	$ 432,000	65%	89.0%	$ 249,900

Notes:

- The STIP Target percentage shown for Ms. Little is the target in effect at year end 2012. The target for Ms. Little was adjusted during 2012 from 65% to 75% effective July 1 as explained earlier in this section. The STIP payout for Ms. Little was prorated based on the period of time each percentage was in effect during the performance period.
- Payouts are rounded to the nearest $100 using standard rounding.

Work Opportunity Tax Credits

Even though the federal Work Opportunity Tax Credit (“WOC”) expired on December 31, 2011, the benefit of this credit was included in the 2012 EPS goal of the STIP at the time it was established by the Compensation Committee in December 2011. At that time, it was expected that lawmakers would retroactively reinstate the WOC before the Company’s next fiscal year end, December 30, 2012, consistent with the practice in prior years. The Company operated in a manner during 2012 that would maximize the WOC if retroactively reinstated. Because reinstatement of the WOC had not occurred at the time of the Committee’s December 2012 meeting, it approved a provision that would allow for computation of the 2012 STIP EPS result as if the WOC had been available for 2012, in the case that lawmakers retroactively reinstated WOC for 2012 after December 30, 2012 and before January 18, 2013. The Committee also provided that the EPS result for the 2013 STIP would be negatively adjusted for any WOC applied for purposes of calculating 2012 STIP EPS. On January 2, 2013 Congress retroactively extended the WOC for 2012 through 2013; therefore the 2012 STIP EPS result was calculated to include the WOC as approved by the Committee at its December 2012 meeting and the 2013 result will exclude this amount.

Requesting Shareholder Approval of STIP in 2013

As required under Section 162(m) of the Internal Revenue Code (the "Code"), we are seeking re-approval of the STIP performance goals at the Company's annual shareholder meeting in May 2013, since this is the fifth year following the last year in which the performance goals were approved by shareholders. We are also seeking approval of other changes that update the STIP's terms and conditions to conform with the Company's EIP approved by shareholders in 2012. See Proposal 3 below.

Long-Term Incentives

The EIP provides for incentives that reward executives for achieving the Company's long-term growth and profitability goals. Such compensation is also intended to help the Company retain key employees, and it gives those employees shared financial interests with the Company's stockholders that are believed to positively influence their job performance and longer-term strategic focus. The EIP allows for grants of equity and non-equity awards; with the addition of the new LTIP in 2012, both types of awards were granted under the plan to the named executive officers in 2012.

Long Term Incentive Plan

In December 2011, the Committee approved a new performance-based long-term incentive plan for senior officers, including the named executive officers. The LTIP was put in place to support a focus on performance against long-term strategic measures and as a step in improving the competitive positioning of the Company's long-term incentive compensation, particularly at the EVP and above level. The Committee engaged Aon Hewitt for assistance in the design of the LTIP. The plan provides for grants of cash-based performance awards that vest based upon achievement of specific Company performance measures over a three-year period. Specific performance goals for each grant are established by the Committee at its December meeting, prior to the beginning of the three-year performance period. Individual LTIP target award amounts are established based upon each senior officer's level within the Company and as approved by the Committee. Grants of performance awards can only be made to named executive officers during the first quarter of the Company's fiscal year.

The first performance period under the new LTIP covers fiscal years 2012 through 2014. The performance awards are earned based upon achievement of specific Company measures. The measures for the 2012-2014 performance period include a balance of performance as measured by Cumulative After-Tax Earnings and quality of such performance as measured by ROS during the final year of the performance period, each weighted equally at 50%. Award amounts earned are based on the level of achievement for each of the performance measures, as indicated in the following chart:

	Results as % of Target			Opportunity Per Participant by Performance Level (Cash Value)			
	Cumulative After-Tax Earnings (weighted 50%)	Return on Sales (weighted 50%)	Payout as % of Target	CEO	COO	EVP	SVP
Threshold	80%		50%	$112,500	$ 87,500	$ 62,500	$ 37,500
Target	100%		100%	$225,000	$175,000	$125,000	$ 75,000
Maximum	120%		150%	$337,500	$262,500	$187,500	$112,500

Performance awards are not payable to participants unless at least a threshold level of performance is attained. Under the terms of the EIP, the Committee retains the right in its discretion to reduce an LTIP award based on individual performance. The Committee has no discretion to increase an LTIP award for named executive officers. The LTIP is designed to comply with the requirements of Section 162(m) of the Code and any awards made under the LTIP are subject to the Company's Incentive Compensation Recovery (Clawback) Policy.

Based on Company performance for 2012, the first fiscal year of the three-year 2012-2014 LTIP performance period, the likelihood that a threshold level of performance will be achieved is low; as such, we are not currently accruing for a payout.

Restricted Stock

Restricted stock had been the exclusive form of long-term incentive compensation for the seven years prior to approval of the LTIP beginning in fiscal year 2012, because it is considered by the Committee to be an effective vehicle to achieve the Company's long-term compensation objectives:

- Alignment with stockholder interests;
- Facilitate retention; and
- Support meaningful stock ownership.

The decision to grant stock-based awards to the named executive officers is considered by the Committee on an annual basis at their May meeting. The Committee considers Market Data, Company financial performance, individual performance, long-term potential, critical retention, award history and internal comparisons to determine individual awards.

At its May 9, 2012 meeting the Committee approved the four-year restricted stock grants effective July 1, 2012 to the named executive officers, as detailed in the Summary Compensation Table and the Grants of Plan Based Awards Table. The Company believes that such awards are an important component of competitive total compensation for our named executive officers and the four-year vesting feature supports the Company's retention objective. On an exception basis, the Committee has the authority to grant a restricted award with a vesting period of no less than twelve months. The value of the restricted shares granted to each named executive officer provides a meaningful award that is still conservative relative to Market Data. The Committee increased the size of the restricted stock grants made to Mr. Camden and Mr. Corona in 2012 as compared to prior years, in order to have a greater portion of each executive's total compensation allocated to long-term incentives, thereby creating a pay mix that is still conservative but moving toward a more reasonable position relative to market median. In establishing the amount of the awards, the Committee took into account that the slowly recovering economy and uncertain global market were still creating challenges for the Company.

Retirement Plan

In order to provide a competitive total compensation package, the Company has established a nonqualified retirement plan. The named executive officers based in the U.S. are eligible to participate in the Company's Management Retirement Plan (the "MRP"). The MRP is a U.S. nonqualified defined contribution/deferred compensation plan available to all highly compensated employees as outlined by Section 414(q)(1)(B)(i) of the Code. All participants in the MRP can elect to defer from 2% to 25% of their annual base earnings and 2% to 50% of their annual incentive earnings. Matching and/or discretionary contributions may be made by the Company. There are no additional pension plans or qualified plans available to highly compensated U.S. employees including the named executive officers. The MRP provides all participants, including the named executive officers, with a tax gross-up of Medicare taxes incurred on contributions to the plan. The Medicare tax gross-up provides for parity with other employees who are eligible to participate in the Company's tax-qualified 401(k) plan.

The Committee periodically reviews the Company matching contribution rate for the MRP. In February 2009, due to Company performance, the Company suspended this match. With the improvement in Company performance during 2010, the match was reinstated effective January 1, 2011.

On an annual basis, the Committee also reviews consideration of a discretionary Company contribution to the MRP based on Company financial performance. Discretionary contributions were suspended in 2008 and 2009 due to economic conditions and were reinstated for 2010 with the Company's return to profitability. In February 2013, the Committee determined that MRP participants and participants in the tax-qualified 401(k) plan should receive a discretionary Company contribution equal to 2.0% of 2012 eligible compensation, to be contributed in the First Quarter 2013. Eligible compensation is defined as a participant's taxable base, commission and eligible bonus compensation paid by the Company as reported on Form W-2 for the Plan Year.

Health and Welfare Benefits

The health and welfare plans provided to the named executive officers are the same plans available to all regular staff employees, including Company-provided life insurance.

Perquisites

A modest level of perquisites is available to named executive officers:

Company aircraft — To facilitate conducting the Company's business and provide a competitive advantage, a private aircraft service is available. Senior executives may utilize the aircraft service for business purposes. On rare occasions, when approved by the Chief Executive Officer, an executive may use the aircraft service for personal non-business purposes. None of the named executive officers used the aircraft service for personal purposes in 2012.

Vacation facility — Two Company-owned condominiums are available on a limited basis to employees at the Vice President level and above.

The total amount of perquisites in 2012 for each named executive officer was less than $10,000.

Executive Compensation Governance

Stock Ownership and Retention Requirements

The Committee seeks to encourage meaningful stock ownership by the Company's executives so as to align their interests more closely with stockholders' interests. In 2005, the Committee approved the Executive Stock Ownership Requirements Plan (the "Stock Ownership Plan") for senior officers.

"Stock Ownership" is defined in the Stock Ownership Plan to include stock owned by the executive officer and immediate family members directly, the "net value" of any restricted stock awards not vested and shares held in trust. Net value is defined as 60% of the restricted stock award. The minimum share ownership requirement for senior officers by title is:

	Minimum Share Ownership Requirements		
CEO	COO	EVP	SVP
70,000	50,000	30,000	10,000

The Stock Ownership Plan allows six years for senior officers to meet their stock ownership requirements. Upon achievement of the minimum share ownership requirement, all executives are required to retain ownership of 50% of the net value of all restricted stock awards granted in the future, in order to build stock ownership over time. Stock ownership levels must be maintained as long as the executive is employed by the Company and is a participant in the Stock Ownership Plan. The Committee reviews each executive's progress towards and compliance with the share ownership requirements on an annual basis. If the required level of ownership is not achieved within the specified time period, the Committee can eliminate or adjust the amount of any future equity awards.

In November 2009, the Committee suspended compliance with the Stock Ownership Plan's minimum share ownership requirements due to the ongoing suspension of annual stock awards. The Committee reinstated compliance with the Stock Ownership Plan minimum share ownership requirements effective July 1, 2011, concurrent with the reinstatement of annual restricted stock awards for officers.

As of December 31, 2012, all named executive officers had met their stock ownership requirement.

Incentive Compensation Recovery (Clawback) Policy

To support the Company's focus on compensation program governance, the Committee approved implementation of an Incentive Compensation Recovery (Clawback) Policy at its February 17, 2011 meeting. This policy applies to awards granted under STIP and LTIP on or after January 1, 2011 to officers of the Company who are subject to Section 16(b) of the Securities Exchange Act of 1934. These officers are required to repay or forfeit, to the fullest extent permitted by law and as directed by the Committee, any performance-based annual or long-term incentive compensation, based on the achievement of financial results that were subsequently restated due to the Company's material non-compliance with the financial disclosure requirements of the federal securities laws, provided the amount of incentive compensation that would have been received or earned would have been lower had the financial results been properly reported. This policy exceeds the requirements of the Sarbanes-Oxley Act of 2002. When the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act are finalized by the SEC, we will modify the terms of our policy as needed to ensure compliance.

Pledging of Shares

The EIP does not allow the pledging, sale, assignment or transfer of shares in any manner, except if the Committee determines that a transfer will not violate any requirements of the SEC or IRS. The Committee may permit an inter vivos transfer by gift to or for the benefit of a family member of the grantee.

Tax and Accounting Implications

Deductibility of Executive Compensation

The STIP and LTIP have been designed so that the Company can provide performance-based compensation that allows for maximum deductibility under Section 162(m) of the Code and related regulations. The Code places a limit of $1 million on the amount of non performance-based compensation that can be deducted for tax purposes for the Chief Executive Officer and the other three highest paid executives (excluding the Chief Financial Officer) listed in the Summary Compensation Table. However, tax deductibility is only one factor considered in any decision regarding executive compensation. In order to best serve the Company and the interests of its stockholders, the Company may determine that payment of non-deductible compensation is necessary and appropriate to provide rewards consistent with the overall philosophy and objectives of the compensation program.

Compensation Committee Report

Prior to and at its meeting held on February 13, 2013 the Compensation Committee reviewed and discussed the Compensation Discussion and Analysis presented in this proxy statement. Based on its review and subsequent discussions with management, the Committee approved the Compensation Discussion and Analysis and directed management to include it in this proxy statement.

This report is submitted by the Compensation Committee of the Board of Directors.

B. JOSEPH WHITE, CHAIR
JANE E. DUTTON
MAUREEN A. FAY
TERRENCE B. LARKIN
CONRAD L. MALLETT, JR.
LESLIE A. MURPHY
DONALD R. PARFET

SUMMARY COMPENSATION TABLE 2012

Name and Principal Position	Year	Salary ($) (1)	Bonus ($)	Stock Awards ($) (2)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)(3)	Total ($)
Carl T. Camden	2012	992,500	—	968,250	—	1,148,300	—	189,243	3,298,293
President and	2011	966,800	—	1,007,400	—	1,747,000	—	98,921	3,820,121
Chief Executive Officer	2010	934,650	—	1,098,000	—	583,200	—	6,653	2,622,503
George S. Corona	2012	610,000	—	645,500	—	488,600	—	71,653	1,815,753
Executive Vice	2011	573,000	—	587,650	—	716,800	—	50,017	1,927,467
President and Chief Operating Officer	2010	552,750	—	640,500	—	238,800	—	4,216	1,436,266
Patricia A. Little	2012	540,000	—	322,750	—	336,900	—	79,576	1,279,226
Executive Vice	2011	520,000	—	646,415	—	469,800	—	45,189	1,681,404
President and Chief Financial Officer	2010	502,500	—	643,800	—	156,800	—	3,833	1,306,933
Michael S. Webster	2012	487,500	—	322,750	—	325,400	—	51,238	1,186,888
Executive Vice	2011	467,000	—	419,750	—	391,200	—	39,506	1,317,456
President and General Manager - Americas	2010	452,250	—	457,500	—	162,800	—	3,449	1,075,999
Daniel T. Lis	2012	432,000	—	273,000	—	249,900	—	46,163	1,001,063
Senior Vice President, General Counsel and Corporate Secretary	2011	416,000	—	201,480	—	375,900	—	31,736	1,025,116

(1) Represents 2010, 2011 and 2012 actual base salary earnings. Mr. Lis was not a named executive officer for fiscal year 2010.

(2) Reflects market value as determined by multiplying the number of shares granted by the Fair Market Value (FMV) on the grant date. FMV is determined by the closing price on the date of grant. The FMV for Restricted Stock Awards granted on July 1, 2012 is $12.91. The incremental fair value of the modified Restricted Stock Award for Mr. Lis is computed as of October 8, 2012 using a closing stock price of $13.12 as explained in the section, “Daniel T. Lis Retirement” and detailed in the “Grants of Plan-Based Awards” table. The FMV for Restricted Stock Awards granted on July 1, 2011 is $16.79. The FMV for the Restricted Stock Awards granted on July 1, 2010 to Ms. Little is $13.80 and to all named executive officers on December 1, 2010 is $18.30.

(3) Amounts for named executive officers include premiums paid for life insurance, dividends on unvested restricted shares, company contributions to the Management Retirement Plan (MRP) and Medicare tax gross-ups on those MRP contributions. (See table below.) No highly compensated employees as outlined by Section 414(q)(1)(B)(i) of the Internal Revenue Code, including the named executive officers, are eligible to participate in the Company's tax-qualified retirement plan. The amount reported for Mr. Lis includes a payment he received for unused vacation at the time of his retirement on December 31, 2012, as noted in the table below. Dividends are included here beginning in 2012. As a result, we have updated the numbers in this column and the "Total" column for 2011 to include dividends paid during that year. The Company did not pay dividends in 2010. Perquisites provided to the other named executive officers were less than $10,000 per individual and in accordance with the rules were not included in the amounts reported above.

Name	Group Term Life Premiums	Dividends on Restricted Shares	Company MRP Contributions	MRP Gross-ups	Amount Payable Upon Retirement	Total All Other Compensation
Carl T. Camden	$ 1,980	$ 28,250	$ 155,635	$ 3,378	—	$ 189,243
George S. Corona	$ 1,544	$ 18,125	$ 50,936	$ 1,048	—	$ 71,653
Patricia A. Little	$ 1,399	$ 16,188	$ 60,588	$ 1,401	—	$ 79,576
Michael S. Webster	$ 1,254	$ 12,125	$ 37,074	$ 785	—	$ 51,238
Daniel T. Lis	$ 1,119	$ 5,425	$ 31,346	$ 658	$ 7,615	$ 46,163

GRANTS OF PLAN-BASED AWARDS 2012(1)

Name	Grant Date	Approval Date (3)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (4)(5) Threshold ($)	Target ($)	Maximum ($)	All Other Stock Awards: Number of Shares or Stock Units (#) (6)	Grant date fair value of stock and option awards ($)(7)
Carl T. Camden	(2)		0	1,290,250	2,000,000		
	1/24/2012		112,500	225,000	337,500		
	7/1/2012	5/9/2012				75,000	968,250
George S. Corona	(2)		0	549,000	1,098,000		
	1/24/2012		87,500	175,000	262,500		
	7/1/2012	5/9/2012				50,000	645,500
Patricia A. Little	(2)		0	378,500	757,000		
	1/24/2012		62,500	125,000	187,500		
	7/1/2012	5/9/2012				25,000	322,750
Michael S. Webster	(2)		0	365,625	731,250		
	1/24/2012		62,500	125,000	187,500		
	7/1/2012	5/9/2012				25,000	322,750
Daniel T. Lis	(2)		0	280,800	561,600		
	1/24/2012		37,500	75,000	112,500		
	7/1/2012	5/9/2012				12,000	154,920
	10/8/2012					9,000	118,080

(1) The Company did not maintain an equity incentive plan (as defined under the executive compensation disclosure rules) and did not grant stock options during the 2012 fiscal year. Accordingly, these columns have been eliminated from the table.

(2) There is no grant date for these awards. This row relates to awards made under the Company's annual cash-based Short-Term Incentive Plan (STIP).

(3) The grants dated July 1, 2012 to named executive officers were annual grants and were approved by the Compensation Committee on May 9, 2012.

(4) The Company granted cash-based Performance Awards on January 24, 2012. The Performance Awards are subject to achievement of specified performance goals over the three-year performance period for fiscal years 2012—2014. If earned, these awards will be paid in the first quarter of 2015.

(5) Payout for threshold performance under the STIP is 0% of eligible base salary earnings. Each additional increment above the threshold earns prorated incentive payments up to the maximum as discussed in the Compensation Discussion and Analysis in the Annual Cash Incentive section. STIP maximum payout is 200% of target with an individual maximum payout of no more than $2,000,000 as required under the STIP.

(6) Restricted Stock Awards granted July 1, 2012 vest ratably on each of the first four anniversaries of the date of grant (25% per year).

(7) Market value is determined by multiplying the number of shares granted by the Fair Market Value (FMV) on the grant date. FMV is determined by the closing price on the date of grant. The FMV for the Restricted Stock Awards granted on July 1, 2012 is $12.91. The incremental fair value of the modified Restricted Stock Award for Mr. Lis is computed as of October 8, 2012 using a closing stock price of $13.12 as explained in the section, "Daniel T. Lis Retirement."

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END 2012

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($) (6)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
Carl T. Camden	20,926	—		24.53	6/2/2013				
	4,074	—		24.53	6/2/2013				
	20,000	—		25.15	11/6/2013				
	3,942	—		28.02	6/1/2014				
	14,058	—		28.02	6/1/2014				
	63,000	—				150,000(1)	$ 2,332,500	—	—
George S. Corona	2,870	—		24.53	6/2/2013				
	4,548	—		28.02	6/1/2014				
	2,952	—		28.02	6/1/2014				
	10,370	—				100,000(2)	$ 1,555,000	—	—
Patricia A. Little	—	—				76,500(3)	$ 1,189,575	—	—
Michael S. Webster	1,516	—		28.02	6/1/2014				
	984	—		28.02	6/1/2014				
	2,500	—				61,250(4)	$ 952,438	—	—
Daniel T. Lis	3,750	—		24.91	7/29/2013				
	7,371	—		28.02	6/1/2014				
	1,629	—		28.02	6/1/2014				
	12,750	—				27,000(5)	$ 419,850	—	—

(1) Represents total number of unvested shares from the following grant dates and original vesting schedules: December 1, 2010 — 4-year graded vesting/30,000 shares remaining, July 1, 2011 — 4-year graded vesting/45,000 shares remaining, and July 1, 2012 — 4-year graded vesting/75,000 shares remaining.

(2) Represents total number of unvested shares from the following grant dates and original vesting schedules: January 2, 2009 — 4 year graded vesting/6,250 shares remaining, December 1, 2010 — 4-year graded vesting/17,500 shares remaining, July 1, 2011 — 4-year graded vesting/26,250 shares remaining, and July 1, 2012 — 4-year graded vesting/50,000 shares remaining.

(3) Represents total number of unvested shares from the following grant dates and original vesting schedules: July 1, 2009 — 4 year graded vesting/3,375 shares remaining, July 1, 2010 — 4-year graded vesting/6,750 shares remaining, December 1, 2010 — 4-year graded vesting/12,500 shares remaining, July 1, 2011 — 4-year graded vesting/28,875 shares remaining, and July 1, 2012 — 4-year graded vesting/25,000 shares remaining.

(4) Represents total number of unvested shares from the following grant dates and original vesting schedules: January 2, 2009 — 4 year graded vesting/5,000 shares remaining, December 1, 2010 — 4-year graded vesting/12,500 shares remaining, July 1, 2011 — 4-year graded vesting/18,750 shares remaining, and July 1, 2012 — 4-year graded vesting/25,000 shares remaining.

(5) Represents total number of unvested shares from the following grant dates and original vesting schedules: December 1, 2010 — 4-year graded vesting/6,000 shares remaining, July 1, 2011 — 4-year graded vesting/9,000 shares remaining, and July 1, 2012 — 4-year graded vesting/12,000 shares remaining. Note: Shares for Mr. Lis were not cancelled or vested until the effective date of his retirement, December 31, 2012. On the fiscal year end of December 30, 2012 they were still outstanding.

(6) The market value is determined based on the closing market price of our common shares on the last trading day of the 2012 fiscal year, December 28, 2012 ($15.55).

OPTION EXERCISES AND STOCK VESTED 2012

Name	Option Awards: Number of Shares Acquired on Exercise (#)	Option Awards: Value Realized on Exercise ($)	Stock Awards: Number of Shares Acquired on Vesting (#)	Stock Awards: Value Realized on Vesting ($) (1) (2)
Carl T. Camden	—	—	42,500	543,675
George S. Corona	—	—	28,750	376,038
Patricia A. Little	—	—	27,625	361,326
Michael S. Webster	—	—	22,500	292,513
Daniel T. Lis	—	—	9,250	117,443

(1) Value Realized on Vesting is calculated by multiplying the shares vested times the stock closing price on the day of vesting. Closing prices for shares that vested during the period were as follows:

January 2, 2012 - $13.68
June 1, 2012 - $11.61
July 1, 2012 - $12.91
December 1, 2012 - $13.66

(2) Shares for Mr. Lis were not cancelled or vested until the effective date of his retirement, December 31, 2012. On the fiscal year end of December 30, 2012 they were still outstanding.

NONQUALIFIED DEFERRED COMPENSATION 2012

Name	Executive Contributions in Last Fiscal Year ($)(1)	Registrant Contributions in Last Fiscal Year ($)(2)	Aggregate Earnings in Last Fiscal Year ($)(3)	Aggregate Withdrawals/ Distributions ($)(4)	Aggregate Balance at Last Fiscal Year End ($)(5)
Carl T. Camden	201,690	155,635	328,441	—	2,891,617
George S. Corona	48,800	50,936	105,520	—	1,035,167
Patricia A. Little	80,784	60,588	35,800	—	441,958
Michael S. Webster	48,750	37,074	(11,837)	—	648,642
Daniel T. Lis	37,590	31,346	78,247	—	1,238,466

(1) Executives may defer a percentage of their base salary (up to 25%) and incentive earnings (up to 50%) for retirement. These amounts, as applicable, are reported as a part of the salary or incentive earnings found in the Summary Compensation Table.

(2) For 2012, the Company authorized a discretionary contribution for all participants in MRP (as well as all participants in the tax-qualified 401(k) plan) equal to 2.0% of 2012 eligible earnings as defined in the section, Retirement Plan. The Company also provides matching contributions (50% of the first 8% of salary and incentive deferrals). Registrant Contributions in Last Fiscal Year above represent discretionary and Company matching contributions, and they are also reported as “All Other Compensation” in the Summary Compensation Table.

(3) Represents actual earnings from the investment of the prior year aggregate balance plus the earnings on current year executive and Company contributions. The aggregate earnings are based on investment options that are also offered to employees who participate in the tax-qualified 401(k) plan and are not “above market”; therefore, they are not included in the Summary Compensation Table.

(4) Participants may elect to receive distributions after separation from service or the later of a specified age and separation of service. Amounts may be paid as a lump sum, monthly installments for up to 20 years, or a combination of the two as elected by the participant.

(5) Amounts reported in this column include the following amounts that have been reported in the Summary Compensation Table in 2006-2012: Carl T. Camden ($1,382,241), George S. Corona ($481,419), Michael S. Webster ($340,915); Named in the 2008-2012 proxies, beginning with her hire in 2008: Patricia A. Little ($336,070); Named in the 2006, 2011 and 2012 proxies only: Daniel T. Lis ($312,158).

Potential Payments Upon Termination or Change in Control

In order to provide a mechanism to ensure retention of the named executive officers, the Board of Directors, upon the recommendation of the Compensation Committee, adopted an Executive Severance Plan (the “Severance Plan”) in April 2006. The Severance Plan provides severance benefits to certain executive officers of the Company as outlined in the Plan, in the event their employment is terminated under certain circumstances as explained below. The Company does not provide special benefits upon a change in control or upon a termination following a change in control.

Under the portion of the Severance Plan covering the eligible named executive officers, each would be entitled to severance payments and benefits in the event that he or she experiences a “qualifying termination” (i.e., termination without cause by the Company or for good reason by the named executive officer, each as is defined in the Severance Plan). In the event of a termination for any reason, eligible named executive officers would be entitled to any earned compensation owed but not yet paid as of the date of termination. The eligible named executive officer would also be entitled to payment of vested benefits, if any.

If the eligible named executive officer experiences a qualifying termination under the Severance Plan, the named executive officer would be entitled to the then-current target incentive established under the Company’s annual incentive plan for the year in which the named executive officer’s termination occurs. The target incentive would be adjusted on a pro rata basis according to the number of calendar days the eligible named executive officer was actually employed during such plan year. The named executive officer would not be eligible to receive a payment under STIP for the year in which their termination occurs since a participant must be employed on the date the STIP award is paid, following the completion of the performance period.

The eligible named executive officer would receive salary continuation payments in an amount equal to such multiple as may be identified in the Plan times the named executive officer’s base salary. The table following indicates the applicable multiple for each named executive officer. As identified in the table, certain named executive officers would be eligible to receive incentive continuation payments. The combination of salary continuation (and incentive continuation if applicable) amounts would be paid by the Company in installments over the severance period and in accordance with the Company’s standard payroll practice, subject to the requirements of Section 409A. The Company would provide comparable medical, dental, vision and hospitalization benefits to the eligible named executive officer and his or her eligible dependents for the severance period, provided the named executive officer continues to pay the applicable employee rate for such coverage.

The named executive officer, identified in the Severance Plan, will be eligible to receive reimbursement for professional outplacement services actually incurred during the initial 12-month period following termination, not to exceed $10,000.

The eligible named executive officers, as a condition to receiving payments under the Severance Plan, are required to agree not to directly or indirectly, individually or in any capacity or relationship, engage in any business or employment, or aid or endeavor to assist any business or legal entity, that is in direct competition with the business of the Company for the 12 months following termination.

During this period the eligible named executive officers must also agree to not induce any employee of the Company to terminate employment with the Company, nor knowingly offer employment to any person who is or who was employed by the Company unless such person has ceased to be employed by the Company for a period of at least six months.

Named executive officers covered under the Severance Plan may not disparage, slander or injure the business reputation or goodwill of the Company. Noncompliance may result in the loss of severance benefits.

The following tables include the eligible named executive officers covered by the Severance Plan. The tables reflect different elements payable under the Severance Plan and their value if a named executive officer, who is a party to the Severance Plan, would experience a qualifying termination on December 30, 2012. All continuation amounts would be paid over the salary continuation period in compliance with Section 409A.

Executive Severance Plan Elements 2012

Name	Severance Plan Multiple (#)	Eligible for Incentive Earned but Not Paid As of 12/30/12	Eligible for Salary Continuation	Eligible for Incentive Continuation	Medical Plan Provided During Continuation Period	Reimbursement of Professional Outplacement Services
Carl T. Camden	2	Yes	Yes	Yes	Yes	Yes
George S. Corona	1	Yes	Yes	No	Yes	Yes
Patricia A. Little	1	Yes	Yes	Yes	Yes	Yes
Michael S. Webster	1	Yes	Yes	No	Yes	Yes
Daniel T. Lis	2	Yes	Yes	Yes	Yes	Yes

Executive Severance Values 2012

Name	Value of Incentive Earned but Not Paid as of 12/30/12 ($)(1)	Value of Salary Continuation ($)(2)	Value of Incentive Continuation ($)(3)	Value of Medical Plan Provided During Continuation Period ($)(4)	Allowed Reimbursement of Professional Outplacement Services ($)	Total Company Severance Expense ($)(5)
Carl T. Camden	1,290,250	2,000,000	2,580,500	20,840	10,000	5,901,590
George S. Corona	549,000	635,000	—	9,924	10,000	1,203,924
Patricia A. Little	378,500	550,000	378,500	11,880	10,000	1,328,880
Michael S. Webster	365,625	500,000	—	9,924	10,000	885,549
Daniel T. Lis	280,800	880,000	561,600	17,287	10,000	1,749,687

(1) The Value of Incentive Earned but Not Paid represents the calculated target incentive for the named executive officers if they had terminated on December 30, 2012. If the termination date is other than the last day of the year, incentive earned would equal the target incentive prorated for the number of days worked in the year.

(2) The Value of Salary Continuation is calculated by taking the annual salary times the relevant severance plan multiple according to the Severance Plan.

(3) The Value of Incentive Continuation is calculated by taking the annual target incentive times the relevant severance plan multiple according to the Severance Plan, for the named executive officers to whom this element applies.

(4) The value of Medical Plan Provided is calculated as the Company-paid portion of the Medical Plan cost, times the number of months eligible according to the Severance Plan. Costs include medical, dental and vision (assumes no change in Health Plan or coverage type) and assumes a 10% health care coverage cost increase in second year (as applicable). Executive continues to make normal employee contributions during the severance period.

(5) Total Company Severance Expense is the sum of the Value of Incentive Earned but Not Paid, Salary Continuation, Incentive Continuation, Medical Plan Provided and Allowed Reimbursement of Outplacement Services.

Payment Upon Death

In the event of a named executive officer's death while employed, the named executive officer's beneficiary would receive a group-term life insurance benefit equal to the lesser of two times current base salary or $1.5 million. The amounts shown in the following table would have been payable under the Company-paid group term life plan if the named individuals had died on the last business day of the fiscal year.

Name	Group Term Life Death Benefit ($)
Carl T. Camden	1,500,000
George S. Corona	1,270,000
Patricia A. Little	1,100,000
Michael S. Webster	1,000,000
Daniel T. Lis	880,000

Treatment of Unvested Equity Awards in the Event of Death or Disability

In the event of a named executive officer's termination of employment due to disability or death, the named executive officer (or the named executive officer's beneficiary) would receive a pro rata settlement of unvested restricted stock outstanding at the time of termination. For each grant of restricted stock, the number of restricted shares settled would equal the total number of restricted shares originally granted times the ratio of days employed since the grant date divided by total number of days in the vesting period less the number of restricted shares already settled on the anniversary dates of the grant. The value of this pro rata settlement (assuming the December 28, 2012 stock value of $15.55) is shown in the table below.

Name	Value of Accelerated Restricted Stock ($)
Carl T. Camden	276,666
George S. Corona	269,217
Patricia A. Little	181,126
Michael S. Webster	180,007
Daniel T. Lis	49,589

Treatment of LTIP Performance Awards in the Event of Death, Disability or Termination Without Cause

In the event of a named executive officer's termination of employment due to disability, death or termination by the Company without Cause, at the end of the performance period the named executive officer (or the named executive officer's beneficiary) would receive a pro rata portion of the Performance Award that would have otherwise vested if employment had continued until the end of the performance period, based on the portion of the performance period that the officer was employed and based on the performance level achieved. Based on Company performance for the first fiscal year of the three-year 2012-2014 LTIP performance period, the likelihood that a threshold level of performance will be achieved is low and as such, we are not accruing for a payout.

Name	Value of Prorated Performance Awards ($)
Carl T. Camden	0
George S. Corona	0
Patricia A. Little	0
Michael S. Webster	0
Daniel T. Lis	0

Director Compensation

Effective January 1, 2012 the Board of Directors reinstated the ten percent reduction in annual compensation first initiated in 2009. A pro rata adjustment for the reinstatement is reflected in the full year compensation paid in 2012.

A Director's base retainer is $150,000. The Lead Director receives an additional retainer of $20,000. The Chair of the Audit Committee receives an additional retainer of $12,500 and the Chairs of the Compensation Committee and the Corporate Governance and Nominating Committee each receive an additional retainer of $7,500. Under the Non-Employee Directors Stock Plan, which was approved at the May 6, 2008 Annual Meeting of Stockholders, the Board of Directors is required to determine annually the percentage of their base retainer which will be used to acquire shares of Class A Common Stock and thus meet their stock ownership requirements. At the meeting of the Board of Directors following the 2012 Annual Meeting of Stockholders the Board agreed that one-third of their adjusted base retainer be applied to the purchase of shares.

The Directors were not awarded options pursuant to the 1999 Non-Employee Directors Stock Option Plan during 2012.

The following table sets forth the compensation paid to Mr. Adderley in his capacity as Executive Chairman and Chairman of the Board of Directors and to each of the non-officer Directors.

Name	Fees Earned or Paid in Cash	Stock Awards(1)	Option Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
C. M. Adderley	$105,405	$ 49,995	—	—	—	—	$155,400
T. E. Adderley	—	—	—	—	—	$ 980,389	$980,389(2)
J. E. Dutton	$105,405	$ 49,995	—	—	—	—	$155,400
M. A. Fay	$113,175	$ 49,995	—	—	—	—	$163,170
T. B. Larkin	$105,405	$ 49,995	—	—	—	—	$155,400
C. L. Mallett, Jr.	$105,405	$ 49,995	—	—	—	—	$155,400
L. A. Murphy	$118,355	$ 49,995	—	—	—	—	$168,350
D. R. Parfet	$126,125	$ 49,995	—	—	—	—	$176,120
B. J. White	$113,175	$ 49,995	—	—	—	—	$163,170
T. Saburi(3)	—	—	—	—	—	—	—

(1) Represents the aggregate fair market value of grants of 3,636 shares of the Company's Class A common stock having a fair market value of $13.75 per share on the award date of May 10, 2012.

(2) Mr. Adderley is eligible to participate in the Company's benefit plans and Management Retirement Plan. Other compensation includes base salary of $958,100, employer provided life insurance in the amount of $17,304, the incremental cost to the Company for personal use of airplane totaling $3,554 and a Medicare tax gross-up on the Company's contributions to the Management Retirement Plan in the amount of $1,431. Mr. Adderley is not eligible to participate in the Company's Short-Term Incentive Plan or Equity Incentive Plan. The Company also furnishes administrative staff support to Mr. Adderley related to his duties as Executive Chairman and Chairman of the Board.

(3) Mr. Saburi serves as a designated representative on the Board of Directors of the Company; such service is without compensation.

Election of Directors

Proposal 1

Under our Restated Certificate of Incorporation the Board of Directors is to consist of no fewer than five and no more than eleven members, the exact number of directors to be determined from time to time by the Board of Directors. The Board of Directors has fixed the number of directors constituting the whole Board at eleven. Directors are elected annually for one year terms.

The Board of Directors recommends that the nominees named on the following page be elected to serve as Directors for the one year term ending at the Annual Meeting of Stockholders held after the close of the fiscal year ending December 29, 2013.

If a nominee is unavailable for election for any reason on the date of the election of the director (which event is not anticipated), the persons named in the enclosed form of proxy may vote for the election of a person designated by a majority of the proxy attorneys present at the Annual Meeting. The Director will be elected by a plurality of the votes cast by holders of Class B common stock who are present in person, or represented by proxy, and entitled to vote at the Annual Meeting.

Listed on the following page are the names of the persons nominated for election as directors of the Company, each of whom is currently a director of the Company, their ages, principal occupations, other public companies of which they are directors, occupations held during the past five years (unless otherwise stated, the occupations listed have been held during the entire past five years) and the year in which they first became a director of the Company.

Nominees for Election as Director to be Elected for a One-Year Term

Name and Age	Year of Expiration of Elective Term	Principal Occupation	Year First Elected as Director
Terence E. Adderley Age 79	2013	Executive Chairman and Chairman of the Board of Directors.	1962
Carol M. Adderley Age 53	2013	Writer and researcher in the Humanities.	2010
Carl T. Camden Age 58	2013	President and Chief Executive Officer. Director, Temp Holdings Co., Ltd.	2002
Jane. E. Dutton Age 60	2013	Robert L. Kahn, Distinguished University Professor of Business Administration and Psychology, The University of Michigan Business School.	2004
Maureen A. Fay, O.P. Age 78	2013	President Emerita of the University of Detroit Mercy. Trustee, St. Joseph University, Philadelphia; Trustee, University of St. Thomas, Minneapolis, St. Paul; Trustee, Jesuit Theological School, Santa Clara University; Trustee, St. John Vianney Seminary, Minneapolis, St. Paul.	1997
Terrence B. Larkin Age 58	2013	Executive Vice President, Business Development, General Counsel and Corporate Secretary, Lear Corporation (2008 — present).	2010
Conrad L. Mallett, Jr. Age 59	2013	DMC Chief Administrative Officer (2011 — present). Formerly: President and Chief Executive Officer, Sinai-Grace Hospital (2004 — 2011). Director, Lear Corporation.	2011
Leslie A. Murphy Age 61	2013	President and CEO, Murphy Consulting, Inc. (2008 —present); Certified Public Accountant. Past Chair of the Board of Directors of the American Institute of Certified Public Accountants; Continued service as member of AICPA's Governing Council and member of Assurance Services Executive Committee. Director, Detroit Legal News Company and Chair of Audit Committee.	2008
Donald R. Parfet Age 60	2013	Managing Director of Apjohn Group, LLC; General Partner of Apjohn Ventures Fund. Director, Rockwell Automation, Inc. and member of Audit Committee and Compensation and Management Development Committee (2008 — present). Director, Masco Corporation and member of Audit Committee.	2004
Toshio Saburi Age 63	2013	Executive Director and Member of the Board of Directors of Temp Holdings Co., Ltd. (2008 — present); Tempstaff Corporate Planning Division (2005). Chief Executive Officer, TS Kelly Workforce Solutions (2012).	2010
B. Joseph White Age 66	2013	President Emeritus and the James F. Towey Professor of Business and Leadership, University of Illinois (2009 —present); Trustee, Equity Residential, Inc. (Chairman, Corporate Governance Committee; Member, Compensation Committee). Formerly: President, University of Illinois (2005 — 2009).	1995

Advisory Vote on Executive Compensation

Proposal 2

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or the Dodd-Frank Act, enables our stockholders to vote to approve, on an advisory (nonbinding) basis, the compensation of our named executive officers as disclosed in this proxy statement in accordance with the SEC's rules.

As described in detail in the "*Compensation Discussion and Analysis*," our executive compensation program is designed to align pay "at risk" with performance and retain, attract and reward our named executive officers, who are critical to our success. Under this program, our named executive officers are rewarded for the Company's financial performance, individual performance, long-term potential and critical retention as well as market realities. Please read the *"Compensation Discussion and Analysis"* for additional details about our executive compensation program, including information about the fiscal year 2012 compensation of our named executive officers.

We are asking our stockholders to indicate their support for our named executive officers' compensation as described in this proxy statement. This proposal, commonly known as a "say-on-pay" proposal, gives our stockholders the opportunity to express their views on our named executive officers' compensation. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers and the philosophy, policies and practices described in this proxy statement. Accordingly, we ask our stockholders to vote "FOR" the following resolution:

> "RESOLVED, that the Company's stockholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed in the Company's Proxy Statement for the 2013 Annual Meeting of Stockholders pursuant to the compensation disclosure rules of the SEC, including the Compensation Discussion and Analysis, the 2012 Summary Compensation Table and the other related tables and disclosure."

The say-on-pay vote is advisory, and therefore not binding on the Company, the Compensation Committee or our Board of Directors. Our Board of Directors and our Compensation Committee value the opinions of our stockholders and to the extent there is any significant vote against the named executive officer compensation as disclosed in this proxy statement, we will consider our stockholders' concerns and the Compensation Committee will evaluate whether any actions are necessary to address those concerns.

The Board of Directors unanimously recommends a vote "FOR" the approval of the compensation of our named executive officers, as disclosed in this proxy statement pursuant to the compensation disclosure rules of the SEC.

Approval of the Company's Short-Term Incentive Plan

Proposal 3

Description of the Short-Term Incentive Plan

In 1993, the Board of Directors of the Company adopted an annual cash award plan, the Short-Term Incentive Plan or STIP, which is designed to provide incentive awards to certain officers and other management-level employees based on their contributions to the Company's growth and profitability. Participants in the STIP are selected by authority of the Compensation Committee, delegated in some instances to the Company's Chief Executive Officer. When the performance objectives of a fiscal year are met, incentive payments are made early in the following fiscal year.

The STIP generally contemplates that at least one of the performance goals established by the Compensation Committee of the Board of Directors each year will be a quantitatively measured Company performance objective. The Plan also gives the Compensation Committee discretion to establish other goals, the achievement of which may require subjective assessment. The Board of Directors believes that this flexibility generally afforded the Compensation Committee under the STIP is beneficial and in the best interest of the Company and its stockholders.

The STIP has been amended by action of the Company's Board of Directors on several occasions since its adoption in 1993. The most recent amendment was adopted by the Board of Directors on November 8, 2007, and subsequently approved by the shareholders of the Company at the Company's Annual Meeting of Stockholders on May 6, 2008.

Background for the Proposal; Deductibility and Conforming Changes

Section 162(m) of the Internal Revenue Code establishes a limit of $1,000,000 per year on the tax deductibility of annual compensation payable to the chief executive officer and the three highest compensated officers (other than the chief executive officer or the chief financial officer) for each tax year, except that compensation that qualifies as "performance-based" is deductible even though, when combined with other compensation, would in the aggregate exceed $1,000,000. Conditions for qualifying as "performance based" compensation include:

- that an award under an incentive plan be objectively determinable based on a performance standard or standards;
- that the eligible employees covered, nature of business criteria on which the performance goals under the plan are based and individual award maximums be approved by the Company's stockholders at least once every five years; and
- that changes in any of these conditions be approved by the stockholders.

The Company is submitting this proposal to stockholders: to allow for the grant of awards that would comply with the condition under Section 162(m) requiring stockholder approval of the employees covered, nature of the business criteria on which performance goals are based and individual award maximums under the STIP at least once every five years; and to obtain approval of other changes to the STIP intended to conform certain provisions of the STIP to the Kelly Services, Inc. Equity Incentive Plan ("EIP"), which was approved by the Company's shareholders at the Company's Annual Meeting of Stockholders on May 9, 2012.

The proposed amended and restated Short Term Incentive Plan is set forth in Exhibit A hereto.

Executives Covered

Under the amended STIP, provisions intended to permit compliance with the Section 162(m) exemption for performance-based compensation apply to the Company's chief executive officer and, for any given year, among the three highest compensated officers (other than the chief executive officer or the chief financial officer) of the Company, whose compensation is subject to disclosure under the Exchange Act rules, and who is a Section 16 Reporting Person, and any other employee of the Company who is included in the definition of "covered employee" for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended, pursuant to Treasury Regulations or other Internal Revenue Service guidance (referred to in the STIP as a "NEO") or an individual that the Compensation Committee reasonably believes may become a NEO and designates the award as subject to the requirements of Section 162(m) (referred to in the STIP as a "Prospective NEO"). These definitions conform to the Company's EIP.

Business Criteria and Award Maximum

Under Section 8 of the STIP, the business criteria on which performance goals are based, and which match those set forth in the Company's EIP, are as follows:

(a) Earnings (which includes similar measurements such as net profits, operating profits, operating earnings, and net income, and which may be calculated before or after taxes, interest, depreciation, or amortization, as specified at the time the Performance Award is granted) or earnings per share of Company Stock;

(b) Revenues;

(c) Cash flow;

(d) Return on revenues, sales, assets or equity;

(e) Customer or employee retention;

(f) Customer satisfaction;

(g) Expenses or expense levels;

(h) One or more operating ratios;

(i) Stock price;

(j) Market share;

(k) Capital expenditures;

(l) Net borrowing, debt leverage levels, credit quality or debt ratings;

(m) The accomplishment of mergers, acquisitions, dispositions, public offerings or similar extraordinary business transactions;

(n) The Company's Quality Management System;

(o) Shareholder return;

(p) Organizational health/productivity;

(q) Sales volume; and/or

(r) Brand or product recognition/acceptance.

Under Section 8 of the STIP, individual award maximums applicable to NEOs and Prospective NEOs are $2,000,000 per year.

Section 8 — Special Provisions Applicable to Named Officers

The STIP under consideration has not been amended since it was last approved by shareholders. Revisions have been made for the STIP provisions to be consistent with the terms of the Kelly EIP, including the list of objective performance standards that can be used.

2013 Awards to NEOs and Prospective NEOs

Consistent with the criteria described above, the Compensation Committee, during December 2012, designated the NEOs and Prospective NEOs for 2013, which include certain of the officers shown in the Summary Compensation Table of this proxy statement. The Compensation Committee also determined the target incentive award for each such person, established the 2013 earnings per share performance standard and the percentage of the 2013 target award each person may receive under the STIP if that performance standard is achieved, and approved a schedule of possible STIP payouts for 2013 ranging from zero percent (if the specified earnings per share threshold is not achieved) to the maximum percent of each NEO's or Prospective NEO's target award salary percentage, depending on the extent to which actual earnings per share are less or more than the target amount. Because of the contingent nature of the performance criteria and the potential for base salaries of the covered employees to be changed during 2013 pursuant to the Company's regular compensation review process, the actual amount, if any, that any executive officer will receive for 2013 performance (or for performance in any later year) is not now determinable, provided that any STIP award will not exceed $2,000,000 each year.

Effect of Stockholder Approval; Subsequent Amendments

The Board believes that if this proposal is approved by the Company's stockholders, the full amount of each STIP award to an NEO or Prospective NEO based on quantitatively determinable standards will continue to be eligible to qualify as performance-based compensation excluded from Section 162(m)'s deduction limits. Under the current Section 162(m) regulations, any STIP awards attributable to a given year with respect to executives whose compensation is subject to the compensation deduction limitation will not be excluded from the section's $1,000,000 per executive annual deduction limit. However, Section 162(m) only affects the deductibility of that portion of non-excluded compensation which exceeds $1,000,000; it has no effect on the deductibility of non-excluded compensation at or below that amount.

Assuming stockholder approval of this proposal, the current Section 162(m) regulations will permit the Compensation Committee to use any or all of the approved business criteria for quantitatively determinable STIP awards that are eligible for a deduction for up to five years (that is, for awards granted prior to the first shareholder meeting in 2018) without seeking further stockholder approval of those criteria. The Board also may terminate the STIP at any time and may further amend it from time to time, with or without stockholder approval. However, any amendment that, within the meaning of the Section 162(m) regulations, would materially change the employees covered, the business criteria on which performance goals are based or individual award maximums would be subject to stockholder approval to assure that eligible "performance based" awards could be granted following such amendments.

Effect of Non-Approval

If this proposal is not approved by the Company's stockholders, the Compensation Committee, acting within its delegated authority, will continue from time to time to consider how best to structure the compensation of these and other executive officers of the Company, which compensation may include non-STIP incentive bonuses to such officers for achievement of performance objectives set by the Committee.

Required Vote

This proposal will be approved if it receives the affirmative vote of the holders of a majority of the Company's Class B common stock present in person or by proxy and entitled to vote at the Annual Meeting. For purposes of this stockholder vote, any shares that are the subject of a so-called "broker non-vote" will not be considered present, but any shares for which an abstention is registered will be considered present. Therefore, any broker non-vote on the proposal will have no effect on the outcome of the vote, while any abstention registered with respect to the proposal will have the same effect as a vote "Against" the proposal.

The Board of Directors unanimously recommends a vote "FOR" the approval of the Company's amended and Restated Short Term Incentive Plan in substantially the form set forth in Exhibit A.

Independent Registered Public Accounting Firm

Management is responsible for the preparation of the Company's financial statements in accordance with generally accepted accounting principles and for the report on the effectiveness of the Company's internal control over financial reporting. The Company's independent registered public accounting firm is responsible for auditing those financial statements and expressing an opinion as to their conformity with generally accepted accounting principles and for attesting to the operating effectiveness of the Company's internal controls over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board.

PricewaterhouseCoopers LLP ("PwC") served as the Company's independent registered public accounting firm for the fiscal year ended December 30, 2012. Representatives of PwC are expected to be present at the Annual Meeting to respond to appropriate questions and make statements if they desire to do so. The Audit Committee has not selected the Company's independent registered public accounting firm for fiscal year 2013, but intends to do so after the date of this proxy statement.

Service Fees Paid to PricewaterhouseCoopers LLP, the Company's Independent Registered Public Accounting Firm

	2012 ($)	2011 ($)
Audit Fees	$2,878,050	$2,492,031
Audit Related Fees	—	—
Tax Fees	5,240	10,000
All Other Fees	1,800	2,600
Total	$2,885,090	$2,504,631

Audit Fees: Services rendered during the years ended December 30, 2012 and January 1, 2012 were for the audits and quarterly reviews of our consolidated financial statements, statutory audits, attestation of controls, issuance of consents and assistance with review of documents filed with the SEC.

Tax Fees: Services rendered during the year ended December 30, 2012 were related to assistance with worthless stock deductions related to foreign subsidiaries.

All Other Fees: Fees for the year ended December 30, 2012 were for services related to an insurance claim and for accounting research tools. Services rendered during the year ended January 1, 2012 were for assistance with testing and plan design related to the Company's employee benefit plans and for accounting research tools.

Pre-Approval Policy

The Audit Committee has adopted a policy requiring pre-approval of all audit and non-audit services of the independent registered public accounting firm prior to their engagement by the Company. In conjunction with the pre-approval the Audit Committee considers whether non-audit services are consistent with the rules and regulations of the SEC on auditor independence. The authority of the Committee is detailed in its charter, which is posted on the Company's website at *kellyservices.com*.

Report of the Audit Committee

In connection with the financial statements for the fiscal year ended December 30, 2012, the Audit Committee has:

(1) reviewed and discussed the audited financial statements with management;

(2) discussed with PwC, the matters required to be discussed by the statement on PCAOB AU Section 380 Communication With Audit Committees; and

(3) has received the written disclosures and the letter from PwC required by applicable requirements of the Public Company Accounting Oversight Board regarding PwC's communications with the Audit Committee concerning independence, and has discussed with PwC its independence.

Based upon these reviews and discussions, the Audit Committee recommended to the Board at its February 14, 2013 meeting that the Company's audited financial statements be included in the Annual Report on Form 10-K for the year ended December 30, 2012 filed with the SEC. The Board approved this inclusion.

THE AUDIT COMMITTEE

LESLIE A. MURPHY, CHAIR
JANE E. DUTTON
MAUREEN A. FAY
TERRENCE B. LARKIN
CONRAD L. MALLETT, JR.
DONALD R. PARFET
B. JOSEPH WHITE

Stockholder Communications

Stockholders may communicate with the Board of Directors, in writing, addressed to the Board of Directors and mailed to the Corporate Secretary, Kelly Services, Inc., 999 West Big Beaver Road, Troy, Michigan 48084. All written stockholder communications will be summarized and reported to the Board at its regularly scheduled meetings.

Stockholder Proposals

Proposals of stockholders intended to be included in the proxy statement to be prepared by the Company in connection with the Company's 2014 Annual Meeting of Stockholders must be received by the Corporate Secretary, Kelly Services, Inc., 999 West Big Beaver Road, Troy, Michigan 48084, no later than December 10, 2013.

Other Matters

At the date of this proxy statement the Company knows of no matters, other than the matters described herein, that will be presented for consideration at the Annual Meeting. If any other matters do properly come before the Annual Meeting, all proxies signed and returned by holders of the Class B common stock, if not limited to the contrary, will be voted thereon in accordance with the best judgment of the persons voting the proxies.

A copy of the Company's Annual Report and Annual Report on Form 10-K as of December 30, 2012, the close of the Company's latest fiscal year, has been mailed or otherwise made available to each stockholder of record. The expense of preparing, printing, assembling, and mailing the accompanying form of proxy and the material used in the solicitation of proxies will be paid by the Company. In addition, the Company may reimburse brokers or nominees for their expenses in transmitting proxies and proxy material to principals.

It is important that the proxies be returned promptly. Therefore, stockholders are urged to execute and return the enclosed form of proxy in the enclosed postage prepaid envelope or vote via the internet or telephone.

By Order of the Board of Directors

JAMES M. POLEHNA
Vice President and Corporate Secretary

Exhibit A

KELLY SERVICES, INC.
SHORT-TERM INCENTIVE PLAN
KELLY SERVICES, INC.

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~~.~~, which for purposes of establishing and administering awards pursuant to Section 8 shall consist of outside directors as defined under Section 162(m) of the Internal Revenue Code of 1986, as amended, pursuant to Treasury Regulations or other Internal Revenue Service guidance ("Section 162(m)"). 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~~ Except for awards pursuant to Section 8, 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~~no later than the first ~~quarter~~90 days of the year, shall establish one or more performance objectives which may consist of quantitatively measurable performance standards or qualitative performance standards, the achievement of which requires subjective assessment, or both. ~~With respect to those senior executive officers determined by the Committee most likely to be named in the Summary Compensation Table of the Company's proxy statement for the following year's Annual Meeting of Stockholders (the "Named Officers"), the Committee shall apply the special provisions of Section 8.~~ The Committee shall ~~specify during the first quarter~~ take into account which~~,~~ (if any~~,~~), types or categories of extraordinary, unusual, non-recurring or other items ~~of gain~~ or ~~loss~~events shall be excluded or otherwise not fully taken into account when actual ~~corporate~~Company or divisional/departmental results are calculated.

With respect to any employee who is the chief executive officer or among the three highest compensated officers (other than the chief executive officer or the chief financial officer) of the Company for any fiscal year, whose compensation is subject to disclosure under the Exchange Act rules, and who is a Section 16 Reporting Person (Named Executive Officer — "NEO"), and any other employee of the Company who is included in the definition of "covered employee" for purposes of Section 162(m) or an individual that the Committee reasonably believes may become a NEO and designates the award as subject to Section 162(m)'s requirements ("Prospective NEO"), the Committee shall apply the special provisions of Section 8.

Section 5 — Establishing Target Awards.

~~During~~No later than the first ~~quarter~~90 days of each year the Committee shall establish a target award, expressed as a percentage of eligible ~~salary for that year (annual~~earnings, for employees selected to participate under the Plan. The Committee may establish target awards by individual employee (e.g., for NEOs/Prospective NEOs) or by category of employee (e.g., senior vice presidents). Eligible earnings are defined as paid base salary and interim/secondment/assignment pay, excluding pay for disability, ~~overtime,~~ bonuses, ~~sick pay~~dividends 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~~approve guidelines established annually that determine what portion of the target award, if any, is based on the achievement of the Company performance objective(s) 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 (or objectives) is or is not achieved or exceeded.

Section 6 — Determining Final Awards.

~~The~~ Except as provided in Section 8, 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~~under the circumstances.

Section 7 — Windfalls and Catastrophic Losses

A Windfall is an excessively large potential payment for results not driven by participant actions (e.g., acquisitions, market reconfigurations, significant changes in the Company's business) or due to inequities or errors in the Plan.

~~A~~ Catastrophic Loss is a situation where incentive payments are unexpectedly reduced or eliminated due to business situations that were not foreseeable or preventable by participants (e.g. tornadoes, floods ~~or~~, other natural disasters, etc.).

If any situation is identified as a Windfall or Catastrophic Loss, participants will be notified if there is to be any adjustment in the calculation or payment; provided, however, that no award to a ~~Named Officer~~NEO or Prospective NEO may be increased pursuant to this Section 7.

Section 8 — Special Provisions Applicable to ~~the Named Officers~~NEOs and Prospective NEOs.

~~During~~ No later than the first ~~quarter~~90 days of each year the Committee shall consider the establishment of a Plan target award, expressed as a percentage of eligible ~~salary~~earnings, for each of the ~~Named Officers~~NEOs and Prospective NEOs.

The Committee shall next establish objective performance standards for the ~~corporate~~Company and/or divisional/departmental portions of the awards, and determine what percentage of the target award, if any, will be based on each such objective performance standard.

The Committee ~~will~~shall select one or a combination of the following as objective performance standards: ~~pre-tax~~

(a) Earnings (which includes similar measurements such as net profits, operating profits, operating earnings, and net income, and which may be calculated before or after ~~tax corporate earnings~~ ~~for~~taxes, interest, depreciation, or amortization, as specified at the ~~year or~~time the ~~equivalent of such amounts in basic~~Performance Award is granted) or ~~diluted~~ earnings per share of Company Stock;

(b) Revenues;

(c) Cash flow;

(d) Return on revenues, sales, ~~gross profit, earnings from operations, net operating profit after taxes above the cost of capital, market share, customer~~assets or equity;

(e) Customer or employee retention;

(f) Customer satisfaction~~,~~;

(g) Expenses or expense levels;

(h) One or more operating ratios;

(i) Stock price;

(j) Market share;

(k) Capital expenditures;

(l) Net borrowing, debt leverage levels, credit quality ~~metrics, shareholder value and~~ or debt ratings;

(m) The accomplishment of mergers, acquisitions, dispositions, public offerings or similar extraordinary business transactions;

(n) The Company's Quality Management System;

(o) Shareholder return ~~on assets, investment or equity.~~;

(p) Organizational health/productivity;

(q) Sales volume; and/or

(r) Brand or product recognition/acceptance.

The Committee shall also specify ~~during~~no later than the first ~~quarter~~90 days of the year which~~,~~ (if any~~,~~), types or categories of extraordinary, unusual, non-recurring or other items ~~of gain~~ or ~~loss~~events shall be excluded or otherwise not fully taken into account when actual ~~corporate~~Company or divisional/departmental results are calculated.

The Committee ~~will~~shall finally establish and certify an award payout schedule based upon the extent to which the Company objective performance standard(s) is or is not achieved or exceeded. The Committee retains the right in its discretion to reduce an award based on Company, divisional/departmental or individual performance, but will have no discretion to increase any award so calculated.

In addition to awards based on quantitatively determinable performance standards, the Committee may, in its discretion and acting in the best interests of the Company, set one or more other incentive goals for a portion or all of a ~~Named Officer's~~NEO's or Prospective NEO's Plan award, the achievement of which need not be quantitatively determinable but, instead, may require subjective assessments of the quality of performance to which the goals relate ("qualitative performance standards"). If a qualitative performance standard is established with respect to a ~~Named Officer's~~NEO's or Prospective NEO's Plan target award, the Committee shall specify ~~at~~ the ~~time of the award what percentage of the total award~~ amount that will be based on that objective. The Committee will~~, however,~~ have discretion to increase or decrease that portion of an award which does not qualify for the performance-based exclusion from the Section 162(m) cap on compensation deductibility.

In no event shall the total annual Plan award to a ~~Named Officer~~NEO or Prospective NEO, including the non-performance-based portion, exceed $2,000,000 a year.

Section 9 — Time of Distribution.

Distribution of awards shall be made as soon as practicable following the close of the year for which earned, but in no event later than ~~March~~ 2-1~~ of the year~~/2 months following the award year~~.~~ unless otherwise determined by the Committee or its designee.

Section 10 — 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. A participant on an approved leave of absence as of the payment date is not eligible to receive payment of an award until the participant returns to active status. 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 11 — 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. Such payment will be made no later than 2-1/2 months following the award year.

Section 12 — Compliance with Section 409A of the U.S. Internal Revenue Code.

It is intended that awards made under the STIP shall not constitute the deferral of compensation under Section 409A of the U.S. Internal Revenue Code ("Code"). STIP shall be construed, administered, and governed in a manner that effects such intent, and the Committee shall not take any action that would be inconsistent with such intent. Without limiting the foregoing, the STIP payment shall not be deferred, accelerated, extended, paid out, settled, adjusted, substituted, exchanged or modified in a manner that would cause the payment to fail to satisfy the conditions of an applicable exception from the requirements of Section 409A of the Code or otherwise would subject the Grantee to the additional tax imposed under Section 409A of the Code.

Section 13 — No Right to Employment or Award.

No ~~person~~employee shall have any claim or right to receive an award, and ~~selection to participate~~participation 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~~terminate an employee for any reason or no reason at any time except as modified by an authorized written agreement or if prohibited by applicable law.

Section ~~13~~14 — 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 8 cannot be changed in ~~anyway~~any way which would violate IRS regulations under Internal Revenue Code Section 162(m) without stockholder approval.

Section 15 — Sources.

The Company's operating statements, human resources and payroll records will be used to determine eligible participants, eligible earnings and applicable business results used in all incentive calculations.

Section 16 — Compensation Changes/Transfers.

If a participant's eligible earnings or STIP target percentage changes during the year, or if an employee transfers into or out of STIP during the year, any STIP award will be pro-rated appropriately, provided that any adjustments to awards pursuant to Section 8 will be adjusted as permitted under Section 162(m).

Section 17 — Assignment.

No funds, assets or other property of Kelly, and no obligation or liability of Kelly under any incentive plan, will be subject to any claim of any participant, nor will any participant have any right or power to pledge, encumber or assign an incentive payment.

Section 18 — Unauthorized Representations.

No director, officer, employee or other person has the authority to enter into any agreement, either written or oral, with any person or participant concerning the Plan or payment of an incentive, or to make any representation or warranty with respect to any incentive award. Only the President/CEO or the Senior Vice President of Global Human Resources will have such authority.

Section 19 — Tax-Related Liabilities.

The federal supplemental income tax withholding rate will be applied to all STIP payments for U.S. participants and appropriate tax withholdings will be applied in the other countries outside of U.S. Participants are responsible for determining the tax consequences of incentive payments and arranging for appropriate withholding. The Company will not be responsible for and will be held harmless and indemnified by participants from liability for payments, interest, penalties, costs, or expenses incurred as a result of not arranging for sufficient withholding or deductions from incentive payments.

Section 20 — Interpretation and Construction.

If an Award is intended to qualify as performance-based compensation under Section 162(m), any provision of the Plan that would prevent such Award from so qualifying shall be administered, interpreted and construed to carry out such intention and any provision that cannot be so administered, interpreted and construed shall to that extent be disregarded.

KELLY SERVICES

IMPORTANT ANNUAL MEETING INFORMATION

Electronic Voting Instructions

Available 24 hours a day, 7 days a week.

Instead of mailing your proxy, you may choose one of the voting methods outlined below to vote your proxy.

VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.

Proxies submitted by the Internet or telephone must be received by 11:59 p.m., Central Time, on May 7, 2013.

Vote by Internet

- Go to **www.envisionreports.com/kelyb**
- Or scan the QR code with your smartphone
- Follow the steps outlined on the secure website

Vote by telephone

- Call toll free 1-800-652-VOTE (8683) within the USA, US territories & Canada on a touch tone telephone
- Follow the instructions provided by the recorded message

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas. ☒

Annual Meeting Proxy Card

IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.

A Proposals — The Board of Directors recommends a vote FOR all the nominees listed and FOR Proposals 2 and 3.

1. Election of Directors:

	For	Withhold		For	Withhold		For	Withhold
01 - T.E. Adderley	☐	☐	02 - C.M. Adderley	☐	☐	03 - C.T. Camden	☐	☐
04 - J.E. Dutton	☐	☐	05 - M.A. Fay, O.P.	☐	☐	06 - T.B. Larkin	☐	☐
07 - C.L. Mallett, Jr.	☐	☐	08 - L.A. Murphy	☐	☐	09 - D.R. Parfet	☐	☐
10 - T. Saburi	☐	☐	11 - B.J. White	☐	☐			

	For	Against	Abstain		For	Against	Abstain
2. To approve, by advisory vote, the Company's executive compensation.	☐	☐	☐	3. To approve the Company's amended and restated Short-term Incentive Plan.	☐	☐	☐

4. To transact any other business as may properly come before the Meeting or any postponement or adjournment thereof.

B Non-Voting Items

Change of Address — Please print new address below.

Comments — Please print your comments below.

C Authorized Signatures — This section must be completed for your vote to be counted. — Date and Sign Below

NOTE: Please sign as name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such.

Date (mm/dd/yyyy) — Please print date below.	Signature 1 — Please keep signature within the box.	Signature 2 — Please keep signature within the box.
/ /		

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Important notice regarding the Internet availability of proxy materials for the Annual Meeting of Stockholders.
The Proxy Statement and the 2012 Annual Report to stockholders are available at:
www.edocumentview.com/kelyb

IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.

KELLY® SERVICES

Proxy — Kelly Services, Inc.

999 West Big Beaver Road
Annual Meeting of Stockholders - May 8, 2013
THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS OF THE COMPANY

The undersigned hereby names, constitutes and appoints George S. Corona and Peter W. Quigley, and each of them, with power to act without the other and with power of substitution, as proxies and attorneys-in-fact and hereby authorizes them to represent and vote, as provided on the other side, all the shares of Kelly Services, Inc. Class B Common Stock which the undersigned is entitled to vote, and, in their discretion, to vote upon such other business as may properly come before the Annual Meeting of Stockholders of the Company to be held May 8, 2013 or at any adjournment or postponement thereof, with all powers which the undersigned would possess if present at the Meeting.

THIS PROXY WILL BE VOTED AS DIRECTED, OR IF NO DIRECTION IS INDICATED, WILL BE VOTED "FOR" THE PROPOSALS.

(Continued to be marked, dated and signed, on the other side.)