

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

FORM 8-K

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

Date of Report (Date of earliest event reported): January 21, 2009

KELLY SERVICES, INC.

(Exact name of Registrant as specified in its charter)

<u>DELAWARE</u>	0-1088	38-1510762
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification Number)

999 WEST BIG BEAVER ROAD, TROY, MICHIGAN 48084

(Address of principal executive offices)
(Zip Code)

(248) 362-4444

(Registrant's telephone number, including area code)

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

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

Item 2.02. Results of Operations and Financial Condition

On January 22, 2009, Kelly Services, Inc. (the "Company") released financial information containing highlighted financial data for the three months and year ended December 28, 2008. A copy of the press release is attached as exhibit 99.1 herein.

Item 2.05. Costs Associated with Exit or Disposal Activities

On January 21, 2009, the Chief Executive Officer of Kelly Services, Inc. authorized a restructuring plan for our United Kingdom operations ("Kelly U.K."). The plan is the result of management's strategic review of the operations of Kelly U.K. which identified the opportunity for additional operational cost savings. We have not yet identified specific branches or employees affected, but expect that the plan will result in the consolidation of certain operations and staff reductions. We expect that the plan will be completed by the end of 2009.

We currently estimate that we will incur total pre-tax charges associated with these actions of approximately \$11 million to \$14 million, including approximately \$9 million to \$11 million in facility exit costs and approximately \$2 million to \$3 million in severance expenses. We recorded \$1.5 million of severance costs in the fourth quarter of 2008 and expect the remainder to be recorded in 2009 in accordance with generally accepted accounting principles. We expect all of the expense will result from future cash expenditures.

Item 5.02(e). Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

At its meeting held January 21, 2009, the Board of Directors, based upon the recommendation of the Benefit Plans Committee and the Compensation Committee, respectively, approved a recommendation to freeze the Company matching contribution under Section 4.4 of the Company's 2008 Management Retirement Plan ("MRP") by indefinitely suspending the Company matching contribution with respect to employee deferrals credited under the Plan on and after February 1, 2009. The MRP is a non-qualified defined contribution/deferred compensation plan available to all highly compensated employees, including the Company's named executive officers. But for the suspension of the match, the Company would have credited a matching credit to an eligible employee's account in an amount equal to 50% of the first 8% of the employee's base salary that was deferred for a payroll period and an amount equal to 50% of the first 8% of an eligible employee's commissions and bonus that were deferred.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

99.1 Press Release dated January 22, 2009.

SIGNATURES

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

KELLY SERVICES, INC.

Date: January 22, 2009

/s/ Patricia Little
Patricia Little

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

Date: January 22, 2009

/s/ Michael E. Debs
Michael E. Debs

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

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release dated January 22, 2009



KELLY SERVICES REPORTS 4th QUARTER AND FULL YEAR 2008 RESULTS

TROY, MI (January 22, 2009) – Kelly Services, Inc., a world leader in human resources solutions, today announced results for the fourth quarter and year ended December 28, 2008.

Carl T. Camden, President and Chief Executive Officer, announced revenue for the fourth quarter of 2008 totaled \$1.3 billion, a 13% decrease compared to the corresponding quarter in 2007. Revenue for the full year totaled \$5.5 billion, a 3% decrease compared to 2007.

Losses from operations for the fourth quarter of 2008 totaled \$83.6 million, compared to earnings from operations of \$26.5 million reported for the fourth quarter of 2007. Included in the results from operations for the fourth quarter 2008 are impairment charges totaling \$80.5 million and \$1.5 million of restructuring costs relating to the Company's UK operations. Earnings from operations in the fourth quarter 2007 included \$1.3 million of restructuring costs related primarily to our Americas Commercial operations. Excluding the impairment and restructuring charges, the loss from operations was \$1.6 million for the fourth quarter of 2008, compared to earnings from operations of \$27.9 million in the fourth quarter of 2007.

Losses from operations for the full year of 2008 totaled \$70.3 million, compared to earnings from operations of \$80.1 million in 2007. The results for the full year 2008 include the \$80.5 million of impairment charges, the \$1.5 million of restructuring in the UK as well as a \$22.5 million third quarter charge related to several litigation matters. Included in earnings from operations for 2007 are \$8.9 million of costs related to the restructuring of the Americas Commercial and UK operations.

Diluted losses per share from continuing operations in the fourth quarter of 2008 were \$2.55, compared to fourth quarter 2007 earnings of \$0.52 per share. The impairment charges totaled \$2.22 per share and the UK restructuring charges totaled \$0.04 per share in 2008. Fourth quarter 2007 diluted earnings include the \$0.02 per share cost of the Americas Commercial restructuring.

Diluted losses per share from continuing operations for the full year of 2008 were \$2.35, compared to 2007 earnings per share of \$1.47. The impairment charges totaled \$2.22, the UK restructuring charges totaled \$0.04 and the litigation charges totaled \$0.40 per diluted share from continuing operations in 2008. The Americas Commercial and UK restructuring costs totaled \$0.21 per share in 2007.

The fourth quarter impairment charges include adjustments to the value of goodwill for the Company's EMEA Commercial segment, the Company's investment in Temp Holdings Co. Ltd. (formerly Tempstaff), a Japanese staffing company, and assets related to operations in the UK. The UK restructuring charge is part of a plan to further consolidate and close branches in the UK during 2009.

Commenting on the fourth quarter results, Camden called the Company's loss disappointing, but not unexpected.

"This year, we've witnessed a widespread economic slowdown as anxiety over the global financial crisis intensified. With the loss of 2.6 million jobs in the U.S. alone, it comes as no surprise that demand for temporary staffing has declined dramatically – here, and throughout the world."

Camden emphasized that Kelly is making prudent decisions to reduce costs and be responsive to the economic times. He added that the Company continues to execute a strategic plan aimed at building long-term value for its stakeholders.

"We remain focused on diversifying globally, expanding our professional and technical staffing, and growing our outsourcing and consulting services," said Camden.

In conjunction with its fourth quarter earnings release, Kelly Services, Inc. will host a conference call at 9:00 a.m. (ET) on January 22, 2009 to review the results and answer questions. The call may be accessed in one of the following ways:

Via the Telephone:

U.S.	1 888 428-4480
International	1 651 291-5254

The pass code is Kelly Services

Via the Internet:

The call is also available via the internet through the Kelly Services website:

www.kellyservices.com

This release contains statements that are forward looking in nature and accordingly, are subject to risks and uncertainties. These factors include: competition, changing market and economic conditions, currency fluctuations, changes in laws and regulations, including tax laws, and other factors discussed in this release and in the Company's filings with the Securities and Exchange Commission. Actual results may differ materially from any forward looking statements contained herein.

A reconciliation of certain non-GAAP financial measures discussed in this release is included in the attached financial information schedules.

About Kelly Services

Kelly Services, Inc. (NASDAQ: KELYA, KELYB) is a world leader in human resources solutions headquartered in Troy, Michigan, offering temporary staffing services, outsourcing, vendor on-site and full-time placement to clients on a global basis. Kelly provides employment to more than 750,000 employees annually, with skills including office services, accounting, engineering, information technology, law, science, marketing, creative services, light industrial, education, and health care. Revenue in 2008 was \$5.5 billion. Visit www.kellyservices.com.

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KELLY SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
FOR THE 13 WEEKS ENDED DECEMBER 28, 2008 AND DECEMBER 30, 2007
(UNAUDITED)

(In thousands of dollars except per share data)

	2008	2007	Change	% Change
Revenue from services	\$1,279,091	\$1,475,759	\$(196,668)	(13.3)%
Cost of services	1,054,445	1,210,323	(155,878)	(12.9)
Gross profit	224,646	265,436	(40,790)	(15.4)
Selling, general and administrative expenses	227,734	238,895	(11,161)	(4.7)
Asset impairments	80,533	—	80,533	N/A
(Loss) earnings from operations	(83,621)	26,541	(110,162)	(415.1)
Other (expense) income, net	(3,426)	1,021	(4,447)	(435.6)
(Loss) earnings from continuing operations before taxes	(87,047)	27,562	(114,609)	(415.8)
Income taxes	1,536	9,089	(7,553)	(83.1)
(Loss) earnings from continuing operations	(88,583)	18,473	(107,056)	(579.5)
(Loss) earnings from discontinued operations, net of tax	(186)	158	(344)	(217.7)
Net (loss) earnings	\$ (88,769)	\$ 18,631	\$(107,400)	(576.5)%
Basic (loss) earnings per share				
(Loss) earnings from continuing operations	\$ (2.55)	\$ 0.52	\$ (3.07)	(590.4)%
(Loss) earnings from discontinued operations	(0.01)	—	(0.01)	N/A
Net (loss) earnings	\$ (2.55)	\$ 0.52	\$ (3.07)	(590.4)%
Diluted (loss) earnings per share				
(Loss) earnings from continuing operations	\$ (2.55)	\$ 0.52	\$ (3.07)	(590.4)%
(Loss) earnings from discontinued operations	(0.01)	—	(0.01)	N/A
Net (loss) earnings	\$ (2.55)	\$ 0.52	\$ (3.07)	(590.4)%

STATISTICS:

Gross profit rate	17.6%	18.0%	(0.4) pts.
Selling, general and administrative expenses:			
% of revenue	17.8	16.2	1.6
% of gross profit	101.4	90.0	11.4
% Return - (Loss) earnings from operations	(6.5)	1.8	(8.3)
(Loss) earnings from continuing operations before taxes	(6.8)	1.9	(8.7)
(Loss) earnings from continuing operations	(6.9)	1.3	(8.2)
Net (loss) earnings	(6.9)	1.3	(8.2)
Effective income tax rate	(1.8)%	33.0%	(34.8) pts.
Average number of shares outstanding (thousands):			
Basic	34,764	35,759	
Diluted	34,764	35,858	

KELLY SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
FOR THE 52 WEEKS ENDED DECEMBER 28, 2008 AND DECEMBER 30, 2007

(In thousands of dollars except per share data)

	2008	2007	Change	% Change
Revenue from services	\$5,517,290	\$5,667,589	\$(150,299)	(2.7)%
Cost of services	4,539,639	4,678,500	(138,861)	(3.0)
Gross profit	977,651	989,089	(11,438)	(1.2)
Selling, general and administrative expenses	967,389	909,009	58,380	6.4
Asset impairments	80,533	—	80,533	N/A
(Loss) earnings from operations	(70,271)	80,080	(150,351)	(187.8)
Other (expense) income, net	(3,452)	3,211	(6,663)	(207.5)
(Loss) earnings from continuing operations before taxes	(73,723)	83,291	(157,014)	(188.5)
Income taxes	7,992	29,567	(21,575)	(73.0)
(Loss) earnings from continuing operations	(81,715)	53,724	(135,439)	(252.1)
(Loss) earnings from discontinued operations, net of tax	(524)	7,292	(7,816)	(107.2)
Net (loss) earnings	\$ (82,239)	\$ 61,016	\$(143,255)	(234.8)%
Basic (loss) earnings per share				
(Loss) earnings from continuing operations	\$ (2.35)	\$ 1.48	\$ (3.83)	(258.8)%
(Loss) earnings from discontinued operations	(0.02)	0.20	(0.22)	(110.0)
Net (loss) earnings	\$ (2.37)	\$ 1.68	\$ (4.05)	(241.1)%
Diluted (loss) earnings per share				
(Loss) earnings from continuing operations	\$ (2.35)	\$ 1.47	\$ (3.82)	(259.9)%
(Loss) earnings from discontinued operations	(0.02)	0.20	(0.22)	(110.0)
Net (loss) earnings	\$ (2.37)	\$ 1.67	\$ (4.04)	(241.9)%

STATISTICS:

Gross profit rate	17.7%	17.5%	0.2 pts.
Selling, general and administrative expenses:			
% of revenue	17.5	16.0	1.5
% of gross profit	99.0	91.9	7.1
% Return - (Loss) earnings from operations	(1.3)	1.4	(2.7)
(Loss) earnings from continuing operations before taxes	(1.3)	1.5	(2.8)
(Loss) earnings from continuing operations	(1.5)	0.9	(2.4)
Net (loss) earnings	(1.5)	1.1	(2.6)
Effective income tax rate	(10.8)%	35.5%	(46.3) pts.
Average number of shares outstanding (thousands):			
Basic	34,760	36,357	
Diluted	34,760	36,495	

KELLY SERVICES, INC. AND SUBSIDIARIES
RESULTS OF OPERATIONS BY SEGMENT
(UNAUDITED)

(In millions of dollars)

	Fourth Quarter			Constant Currency Change
	2008	2007	Change	
Americas Commercial				
Revenue from services (including fee-based income)	\$591.9	\$695.8	(14.9)%	(12.9)%
Fee-based income	2.7	4.9	(42.2)	(37.8)
Earnings from operations	16.3	26.5	(38.8)	
Earnings from operations (excluding restructuring charges)	16.3	27.9	(42.0)	
Gross profit rate	16.3%	16.1%	0.2 pts.	
Expense rates:				
% of revenue	13.5	12.3	1.2	
% of gross profit	83.2	76.4	6.8	
Operating margin	2.7	3.8	(1.1)	
Americas PT				
Revenue from services (including fee-based income)	\$212.8	\$229.5	(7.3) %	(7.1)%
Fee-based income	3.6	5.0	(27.5)	(27.1)
Earnings from operations	9.5	13.0	(26.6)	
Gross profit rate	17.5%	18.1%	(0.6) pts.	
Expense rates:				
% of revenue	13.0	12.5	0.5	
% of gross profit	74.4	68.9	5.5	
Operating margin	4.5	5.6	(1.1)	
EMEA Commercial				
Revenue from services (including fee-based income)	\$283.2	\$340.8	(16.9) %	(5.0)%
Fee-based income	7.5	10.0	(25.0)	(14.7)
Earnings from operations	(6.8)	6.1	(210.4)	
Earnings from operations (excluding restructuring charges)	(5.3)	6.0	(187.3)	
Gross profit rate	16.8%	18.6%	(1.8) pts.	
Expense rates:				
% of revenue	19.2	16.8	2.4	
% of gross profit	114.2	90.4	23.8	
Operating margin	(2.4)	1.8	(4.2)	
EMEA PT				
Revenue from services (including fee-based income)	\$ 38.4	\$ 43.1	(10.8)%	1.6%
Fee-based income	5.5	6.4	(14.0)	(3.7)
Earnings from operations	(0.5)	0.6	(189.0)	
Gross profit rate	29.1%	28.9%	0.2 pts.	
Expense rates:				
% of revenue	30.5	27.6	2.9	
% of gross profit	104.7	95.2	9.5	
Operating margin	(1.4)	1.4	(2.8)	

KELLY SERVICES, INC. AND SUBSIDIARIES
RESULTS OF OPERATIONS BY SEGMENT (continued)
(UNAUDITED)

(In millions of dollars)

	Fourth Quarter			Constant Currency Change
	2008	2007	Change	
APAC Commercial				
Revenue from services (including fee-based income)	\$ 73.5	\$ 89.3	(17.7)%	(5.5)%
Fee-based income	3.1	4.0	(23.4)	(13.2)
Earnings from operations	(1.1)	(0.1)	(869.7)	
Gross profit rate	15.5%	16.8%	(1.3) pts.	
Expense rates:				
% of revenue	16.9	16.9	0.0	
% of gross profit	109.3	100.7	8.6	
Operating margin	(1.4)	(0.1)	(1.3)	
APAC PT				
Revenue from services (including fee-based income)	\$ 7.2	\$ 8.2	(12.2)%	(2.4)%
Fee-based income	0.8	1.3	(44.8)	(37.7)
Earnings from operations	(0.3)	0.4	(165.1)	
Gross profit rate	26.4%	31.9%	(5.5) pts.	
Expense rates:				
% of revenue	29.9	27.2	2.7	
% of gross profit	113.1	85.3	27.8	
Operating margin	(3.5)	4.7	(8.2)	
OCG				
Revenue from services (including fee-based income)	\$ 72.1	\$ 69.0	4.4%	6.3%
Fee-based income	7.2	5.0	43.9	50.7
Earnings from operations	0.6	5.0	(86.7)	
Gross profit rate	26.6%	26.2%	0.4 pts.	
Expense rates:				
% of revenue	25.6	19.0	6.6	
% of gross profit	96.5	72.4	24.1	
Operating margin	0.9	7.2	(6.3)	
Corporate Expense	\$ (20.9)	\$ (24.9)	15.9%	

KELLY SERVICES, INC. AND SUBSIDIARIES
RESULTS OF OPERATIONS BY SEGMENT
(UNAUDITED)

(In millions of dollars)

	December Year to Date			Constant Currency Change
	2008	2007	Change	
Americas Commercial				
Revenue from services (including fee-based income)	\$2,504.3	\$2,759.4	(9.2)%	(9.3)%
Fee-based income	15.7	18.9	(16.5)	(16.7)
Earnings from operations	70.0	95.6	(26.8)	
Earnings from operations (excluding restructuring charges)	70.0	98.5	(29.0)	
Gross profit rate	15.9%	15.9%	0.0 pts.	
Expense rates:				
% of revenue	13.1	12.4	0.7	
% of gross profit	82.4	78.2	4.2	
Operating margin	2.8	3.5	(0.7)	
Americas PT				
Revenue from services (including fee-based income)	\$ 911.6	\$ 929.1	(1.9)%	(1.9)%
Fee-based income	19.4	20.6	(5.8)	(6.0)
Earnings from operations	47.7	53.5	(10.8)	
Gross profit rate	17.6%	17.8%	(0.2) pts.	
Expense rates:				
% of revenue	12.4	12.0	0.4	
% of gross profit	70.3	67.6	2.7	
Operating margin	5.2	5.8	(0.6)	
EMEA Commercial				
Revenue from services (including fee-based income)	\$1,310.4	\$1,292.4	1.4%	(1.6)%
Fee-based income	39.5	38.2	3.5	0.0
Earnings from operations	(3.0)	8.9	(133.5)	
Earnings from operations (excluding restructuring charges)	(1.5)	14.8	(109.9)	
Gross profit rate	17.4%	17.7%	(0.3) pts.	
Expense rates:				
% of revenue	17.6	17.0	0.6	
% of gross profit	101.3	96.1	5.2	
Operating margin	(0.2)	0.7	(0.9)	
EMEA PT				
Revenue from services (including fee-based income)	\$ 172.5	\$ 158.8	8.7%	4.6%
Fee-based income	26.8	21.9	22.4	15.8
Earnings from operations	2.3	2.4	(5.7)	
Gross profit rate	29.7%	28.2%	1.5 pts.	
Expense rates:				
% of revenue	28.3	26.7	1.6	
% of gross profit	95.5	94.6	0.9	
Operating margin	1.3	1.5	(0.2)	

KELLY SERVICES, INC. AND SUBSIDIARIES
RESULTS OF OPERATIONS BY SEGMENT (continued)
(UNAUDITED)

(In millions of dollars)

	December Year to Date			Constant Currency Change
	2008	2007	Change	
APAC Commercial				
Revenue from services (including fee-based income)	\$ 336.0	\$310.6	8.2%	5.2%
Fee-based income	17.0	15.0	13.2	9.1
Earnings from operations	(0.3)	3.2	(109.1)	
Gross profit rate	16.8%	17.1%	(0.3) pts.	
Expense rates:				
% of revenue	16.8	16.0	0.8	
% of gross profit	100.5	93.9	6.6	
Operating margin	(0.1)	1.0	(1.1)	
APAC PT				
Revenue from services (including fee-based income)	\$ 34.3	\$ 26.7	28.3%	22.4%
Fee-based income	5.1	5.0	1.0	(4.3)
Earnings from operations	(0.5)	0.1	(491.6)	
Gross profit rate	29.8%	33.0%	(3.2) pts.	
Expense rates:				
% of revenue	31.2	32.6	(1.4)	
% of gross profit	104.6	98.6	6.0	
Operating margin	(1.4)	0.4	(1.8)	
OCG				
Revenue from services (including fee-based income)	\$ 248.2	\$190.6	30.2%	29.3%
Fee-based income	27.8	16.7	66.6	65.1
Earnings from operations	3.4	8.0	(57.2)	
Gross profit rate	29.7%	26.4%	3.3 pts.	
Expense rates:				
% of revenue	28.3	22.2	6.1	
% of gross profit	95.3	84.0	11.3	
Operating margin	1.4	4.2	(2.8)	
Corporate Expense	\$(109.4)	\$(91.7)	(19.3)%	

KELLY SERVICES, INC. AND SUBSIDIARIES
SUMMARY OF DISCONTINUED OPERATIONS
(UNAUDITED)

(In thousands of dollars)

	<u>Fourth Quarter</u>		<u>December Year to Date</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenue from services	\$ —	\$ —	\$ —	\$ 14,777
Operating (loss) income from discontinued operations	\$(302)	\$(119)	\$ (849)	\$ 1,454
Less: Income taxes	(116)	(277)	(325)	328
(Loss) earnings from discontinued operations, net of tax	(186)	158	(524)	1,126
Gain on sale of discontinued operations	—	—	—	10,153
Less: Income taxes	—	—	—	3,987
Gain on sale of discontinued operations, net of tax	—	—	—	6,166
Discontinued operations, net of tax	<u>\$(186)</u>	<u>\$ 158</u>	<u>\$ (524)</u>	<u>\$ 7,292</u>

Effective March 31, 2007, the Company sold Kelly Home Care (“KHC”), a wholly owned subsidiary.

Effective December 31, 2006, the Company sold Kelly Staff Leasing (“KSL”), a wholly owned subsidiary.

The operating results for KHC and KSL, as well as the gain on the sale of KHC, have been excluded from earnings from continuing operations. This schedule provides information on KHC’s and KSL’s results from operations for the fourth quarter of 2008 and 2007 and December year to date 2008 and 2007, as well as the gain on the sale of KHC, all of which are included as discontinued operations on the face of the statements of earnings.

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

	December 28, 2008	December 30, 2007
Current Assets		
Cash and equivalents	\$ 118,277	\$ 92,817
Trade accounts receivable, less allowances of \$17,003 and \$18,172, respectively	815,789	888,334
Prepaid expenses and other current assets	61,959	53,392
Deferred taxes	31,929	29,294
Total current assets	1,027,954	1,063,837
Property and Equipment, Net	151,292	178,019
Noncurrent Deferred Taxes	40,020	43,436
Goodwill, Net	117,824	147,168
Other Assets	120,165	141,537
Total Assets	<u>\$1,457,255</u>	<u>\$1,573,997</u>
Current Liabilities		
Short-term borrowings	\$ 35,197	\$ 49,729
Accounts payable and accrued liabilities	244,119	171,471
Accrued payroll and related taxes	243,160	270,575
Accrued insurance	26,312	23,696
Income and other taxes	51,809	69,779
Total current liabilities	600,597	585,250
Noncurrent Liabilities		
Long-term debt	80,040	48,394
Accrued insurance	46,901	60,404
Accrued retirement benefits	61,576	78,382
Other long-term liabilities	15,234	13,338
Total noncurrent liabilities	203,751	200,518
Stockholders' Equity		
Common stock	40,116	40,116
Treasury stock	(111,229)	(106,312)
Paid-in capital	35,788	34,500
Earnings invested in the business	676,047	777,338
Accumulated other comprehensive income	12,185	42,587
Total stockholders' equity	652,907	788,229
Total Liabilities and Stockholders' Equity	<u>\$1,457,255</u>	<u>\$1,573,997</u>

STATISTICS:

Working Capital	\$ 427,357	\$ 478,587
Current Ratio	1.7	1.8
Debt-to-capital %	15.0%	11.1%
Global Days Sales Outstanding	50	49

KELLY SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE 52 WEEKS ENDED DECEMBER 28, 2008 AND DECEMBER 30, 2007
(In thousands of dollars)

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities		
Net (loss) earnings	\$ (82,239)	\$ 61,016
Noncash adjustments:		
Depreciation and amortization	45,958	42,601
Impairment of assets	80,533	—
Provision for bad debts	6,712	6,654
Stock-based compensation	4,440	3,941
Gain on sale of discontinued operations	—	(6,166)
Other, net	3,721	(573)
Changes in operating assets and liabilities	42,472	(34,129)
Net cash from operating activities	<u>101,597</u>	<u>73,344</u>
Cash flows from investing activities		
Capital expenditures	(31,136)	(45,975)
Acquisition of companies, net of cash received	(32,712)	(48,417)
Proceeds from sale of discontinued operations	—	12,500
Other investing activities	(236)	(532)
Net cash from investing activities	<u>(64,084)</u>	<u>(82,424)</u>
Cash flows from financing activities		
Net change in revolving line of credit	(34,174)	17,500
Proceeds from debt	42,450	57,277
Repayment of debt	—	(49,054)
Dividend payments	(19,052)	(19,114)
Purchase of treasury stock	(7,975)	(34,703)
Stock options and other stock sales	111	5,781
Other financing activities	9,874	(165)
Net cash from financing activities	<u>(8,766)</u>	<u>(22,478)</u>
Effect of exchange rates on cash and equivalents	<u>(3,287)</u>	<u>5,947</u>
Net change in cash and equivalents	25,460	(25,611)
Cash and equivalents at beginning of period	92,817	118,428
Cash and equivalents at end of period	<u>\$ 118,277</u>	<u>\$ 92,817</u>

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

	Fourth Quarter (Commercial, PT and OCG)			
	2008	2007	% Change	
			US\$	Constant Currency
Americas				
United States	\$ 781,496	\$ 881,640	(11.4)%	(11.4)%
Canada	50,225	69,041	(27.3)	(10.8)
Puerto Rico	18,606	19,431	(4.2)	(4.2)
Mexico	18,060	18,557	(2.7)	15.8
Total Americas	868,387	988,669	(12.2)	(10.7)
EMEA				
United Kingdom	80,659	114,113	(29.3)	(9.0)
France	75,121	87,084	(13.7)	(5.4)
Switzerland	41,467	50,199	(17.4)	(16.6)
Italy	25,209	31,893	(21.0)	(13.1)
Russia	22,309	19,652	13.5	25.0
Germany	17,642	20,091	(12.2)	(3.5)
Norway	16,995	21,527	(21.1)	(2.4)
Portugal	15,604	—	N/A	N/A
Other	32,693	42,402	(22.9)	(14.1)
Total EMEA	327,699	386,961	(15.3)	(3.3)
APAC				
Australia	25,966	39,779	(34.7)	(14.1)
Singapore	16,124	18,373	(12.2)	(10.3)
Other	40,915	41,977	(2.5)	5.8
Total APAC	83,005	100,129	(17.1)	(5.0)
Total Kelly Services, Inc.	\$1,279,091	\$1,475,759	(13.3)%	(8.3)%

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

	December Year to Date (Commercial, PT and OCG)			
	2008	2007	% Change	
			US\$	Constant Currency
Americas				
United States	\$3,237,137	\$3,454,922	(6.3)%	(6.3)%
Canada	237,809	260,050	(8.6)	(9.7)
Puerto Rico	77,406	76,772	0.8	0.8
Mexico	76,179	73,406	3.8	5.2
Total Americas	3,628,531	3,865,150	(6.1)	(6.2)
EMEA				
United Kingdom	397,987	469,903	(15.3)	(9.0)
France	350,848	315,008	11.4	3.4
Switzerland	184,930	180,951	2.2	(8.1)
Italy	131,863	124,674	5.8	(2.2)
Russia	90,893	68,528	32.6	29.0
Norway	86,138	78,050	10.4	4.6
Germany	82,951	65,593	26.5	17.5
Portugal	27,469	—	N/A	N/A
Other	154,427	153,209	0.8	(6.0)
Total EMEA	1,507,506	1,455,916	3.5	0.3
APAC				
Australia	133,599	135,886	(1.7)	(3.7)
Singapore	71,285	62,447	14.2	7.0
Other	176,369	148,190	19.0	16.5
Total APAC	381,253	346,523	10.0	6.9
Total Kelly Services, Inc.	\$5,517,290	\$5,667,589	(2.7)%	(3.7)%

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

(In thousands of dollars except per share data)

	Fourth Quarter			
	2008		2007	
	Amount	Per Share	Amount	Per Share
(Loss) earnings from continuing operations	\$ (88,583)	\$ (2.55)	\$ 18,473	\$ 0.52
Restructuring charges, net of taxes (Notes 1 and 2)	1,500	0.04	802	0.02
Asset impairments, net of taxes (Note 3)	77,172	2.22	—	—
(Loss) earnings from continuing operations excluding restructuring and asset impairment charges, net of taxes	<u>\$ (9,911)</u>	<u>\$ (0.29)</u>	<u>\$ 19,275</u>	<u>\$ 0.54</u>
	Fourth Quarter			% Change
	2008	2007		
	Amount	Amount	Amount	
Selling, general and administrative expenses	\$ 227,734	\$ 238,895		
Restructuring charges (Notes 1 and 2)	(1,500)	(1,343)		
Selling, general and administrative expenses excluding restructuring charges	<u>\$ 226,234</u>	<u>\$ 237,552</u>		(4.8%)
(Loss) earnings from operations	\$ (83,621)	\$ 26,541		
Restructuring charges (Notes 1 and 2)	1,500	1,343		
Asset impairments (Note 3)	80,533	—		
(Loss) earnings from operations excluding restructuring and asset impairment charges	<u>\$ (1,588)</u>	<u>\$ 27,884</u>		(105.7%)
Americas Commercial selling, general and administrative expenses	\$ 80,014	\$ 85,696		
Americas restructuring charge (Note 1)	—	(1,442)		
Americas Commercial selling, general and administrative expenses excluding the Americas restructuring charge	<u>\$ 80,014</u>	<u>\$ 84,254</u>		(5.0%)
Americas Commercial earnings from operations	\$ 16,207	\$ 26,485		
Americas restructuring charge (Note 1)	—	1,442		
Americas Commercial earnings from operations excluding the Americas restructuring charge	<u>\$ 16,207</u>	<u>\$ 27,927</u>		(42.0%)
EMEA Commercial selling, general and administrative expenses	\$ 54,376	\$ 57,377		
U.K. restructuring charge (Note 2)	(1,500)	99		
EMEA Commercial selling, general and administrative expenses excluding the U.K. restructuring charge	<u>\$ 52,876</u>	<u>\$ 57,476</u>		(8.0%)
EMEA Commercial (loss) earnings from operations	\$ (6,741)	\$ 6,105		
U.K. restructuring charge (Note 2)	1,500	(99)		
EMEA Commercial (loss) earnings from operations excluding the U.K. restructuring charge	<u>\$ (5,241)</u>	<u>\$ 6,006</u>		(187.3%)

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

(In thousands of dollars except per share data)

	December Year to Date			
	2008		2007	
	Amount	Per Share	Amount	Per Share
(Loss) earnings from continuing operations	\$ (81,715)	\$ (2.35)	\$ 53,724	\$ 1.47
Restructuring charges, net of taxes (Notes 1 and 2)	1,500	0.04	7,766	0.21
Asset impairments, net of taxes (Note 3)	77,172	2.22	—	—
(Loss) earnings from continuing operations excluding restructuring and asset impairment charges, net of taxes	<u>\$ (3,043)</u>	<u>\$ (0.09)</u>	<u>\$ 61,490</u>	<u>\$ 1.68</u>
	December Year to Date			
	2008	2007	% Change	
Selling, general and administrative expenses	\$967,389	\$909,009		
Restructuring charges (Notes 1 and 2)	(1,500)	(8,889)		
Selling, general and administrative expenses excluding restructuring charges	<u>\$965,889</u>	<u>\$900,120</u>		7.3%
(Loss) earnings from operations	\$ (70,271)	\$ 80,080		
Restructuring charges (Notes 1 and 2)	1,500	8,889		
Asset impairments (Note 3)	80,533	—		
Earnings from operations excluding restructuring and asset impairment charges	<u>\$ 11,762</u>	<u>\$ 88,969</u>		(86.8%)
Americas Commercial selling, general and administrative expenses	<u>\$328,435</u>	<u>\$342,197</u>		
Americas restructuring charge (Note 1)	—	(2,953)		
Americas Commercial selling, general and administrative expenses excluding the Americas restructuring charge	<u>\$328,435</u>	<u>\$339,244</u>		(3.2%)
Americas Commercial earnings from operations	<u>\$ 69,956</u>	<u>\$ 95,566</u>		
Americas restructuring charge (Note 1)	—	2,953		
Americas Commercial earnings from operations excluding the Americas restructuring charge	<u>\$ 69,956</u>	<u>\$ 98,519</u>		(29.0%)
EMEA Commercial selling, general and administrative expenses	<u>\$230,364</u>	<u>\$220,135</u>		
U.K. restructuring charge (Note 2)	(1,500)	(5,936)		
EMEA Commercial selling, general and administrative expenses excluding the U.K. restructuring charge	<u>\$228,864</u>	<u>\$214,199</u>		6.8%
EMEA Commercial (loss) earnings from operations	<u>\$ (2,971)</u>	<u>\$ 8,871</u>		
U.K. restructuring charge (Note 2)	1,500	5,936		
EMEA Commercial (loss) earnings from operations excluding the U.K. restructuring charge	<u>\$ (1,471)</u>	<u>\$ 14,807</u>		(109.9%)

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

(In thousands of dollars except per share data)

Management believes that the non-GAAP (Generally Accepted Accounting Principles) information excluding the impairment and restructuring charges is useful to understand the Company's fiscal 2008 financial performance and increases comparability. Specifically, Management believes that excluding these items allows for a more meaningful comparison of current period operating performance with the operating results of prior periods. These non-GAAP measures may have limitations as analytical tools because they exclude items which can have a material impact on cash flow and earnings per share. As a result, Management considers these measures, along with reported results, when it reviews and evaluates the Company's financial performance. Management believes that these measures provide greater transparency to investors and provide insight into how Management is evaluating the Company's financial performance. Non-GAAP measures should not be considered a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP.

(1) The Americas restructuring charge is comprised of facility exit costs associated with the closure of 42 branch locations and the accelerated depreciation of the leasehold improvements and personal property at the impacted locations.

(2) The 2007 UK restructuring charge is comprised of facility exit costs associated with the closure of 22 branch locations and the accelerated depreciation of the leasehold improvements and personal property at the impacted locations. The 2008 U.K. restructuring charge represents severance costs related to 2009 planned branch consolidations and closures.

(3) The impairment charges include adjustments to the value of goodwill for the Company's EMEA Commercial segment, the Company's investment in Tempstaff, and assets related to operations in the U.K.