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

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 28, 2015

OR

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

Commission File Number 0-1088

KELLY SERVICES, INC.

(Exact name of registrant as specified in its charter)

DELAWARE	38-1510762
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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)

No Change

(Former name, former address and former fiscal year, if changed since last report.)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for shorter period that the registrant was required to submit and post such files).
Yes [X] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "small reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer [ ]	Accelerated filer [X]
Non-accelerated filer [ ] (Do not check if a smaller reporting company)	Smaller reporting company [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes [ ] No [X]

At July 24, 2015, 34,403,801 shares of Class A and 3,451,261 shares of Class B common stock of the Registrant were outstanding.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

KELLY SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
(UNAUDITED)
(In millions of dollars except per share data)

	13 Weeks Ended		26 Weeks Ended	
	June 28, 2015	June 29, 2014	June 28, 2015	June 29, 2014
Revenue from services	$ 1,385.0	$ 1,410.5	$ 2,705.6	$ 2,741.3
Cost of services	1,162.7	1,182.4	2,263.0	2,290.9
Gross profit	222.3	228.1	442.6	450.4
Selling, general and administrative expenses	210.8	222.2	419.0	438.2
Earnings from operations	11.5	5.9	23.6	12.2
Other expense, net	1.0	0.3	3.5	2.0
Earnings before taxes	10.5	5.6	20.1	10.2
Income tax expense	3.7	2.8	9.6	4.9
Net earnings	$ 6.8	$ 2.8	$ 10.5	$ 5.3
Basic earnings per share	$ 0.18	$ 0.07	$ 0.27	$ 0.14
Diluted earnings per share	$ 0.18	$ 0.07	$ 0.27	$ 0.14
Dividends per share	$ 0.05	$ 0.05	$ 0.10	$ 0.10
Average shares outstanding (millions):				
Basic	37.7	37.4	37.7	37.4
Diluted	37.8	37.4	37.8	37.4

See accompanying unaudited Notes to Consolidated Financial Statements.

KELLY SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(UNAUDITED)

(In millions of dollars)

	13 Weeks Ended		26 Weeks Ended	
	June 28, 2015	June 29, 2014	June 28, 2015	June 29, 2014
Net earnings	$ 6.8	$ 2.8	$ 10.5	$ 5.3
Other comprehensive income, net of tax:				
Foreign currency translation adjustments, net of tax expense of $0.1 million, expense of $0.1 million, tax benefit of $0.2 million, and tax expense of $0.3 million, respectively	2.7	1.8	(5.7)	2.2
Less: Reclassification adjustments included in net earnings	—	—	(0.2)	—
Foreign currency translation adjustments	2.7	1.8	(5.9)	2.2
Unrealized gains on investment, net of tax expense of $2.1 million, $6.5 million, $3.8 million and $6.2 million, respectively	3.5	10.6	6.6	10.5
Other comprehensive income	6.2	12.4	0.7	12.7
Comprehensive income	$ 13.0	$ 15.2	$ 11.2	$ 18.0

See accompanying unaudited Notes to Consolidated Financial Statements.

KELLY SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

(In millions)

ASSETS	June 28, 2015	December 28, 2014
CURRENT ASSETS:		
Cash and equivalents	$ 48.7	$ 83.1
Trade accounts receivable, less allowances of $9.4 and $10.7, respectively	1,152.3	1,122.8
Prepaid expenses and other current assets	50.6	47.9
Deferred taxes	35.8	34.4
Total current assets	1,287.4	1,288.2
PROPERTY AND EQUIPMENT:		
Property and equipment	361.4	360.0
Accumulated depreciation	(272.8)	(267.0)
Net property and equipment	88.6	93.0
NONCURRENT DEFERRED TAXES	144.6	146.3
GOODWILL, NET	90.3	90.3
OTHER ASSETS	321.7	300.1
TOTAL ASSETS	$ 1,932.6	$ 1,917.9
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term borrowings	$ 89.9	$ 91.9
Accounts payable and accrued liabilities	380.4	364.0
Accrued payroll and related taxes	296.5	308.5
Accrued insurance	27.1	26.9
Income and other taxes	62.8	68.8
Total current liabilities	856.7	860.1
NONCURRENT LIABILITIES:		
Accrued insurance	44.3	43.9
Accrued retirement benefits	146.5	140.8
Other long-term liabilities	40.6	39.4
Total noncurrent liabilities	231.4	224.1
Commitments and contingencies (see contingencies footnote)		
STOCKHOLDERS' EQUITY:		
Capital stock, $1.00 par value		
Class A common stock, shares issued 36.6 at 2015 and 2014	36.6	36.6
Class B common stock, shares issued 3.5 at 2015 and 2014	3.5	3.5
Treasury stock, at cost		
Class A common stock, 2.3 shares at 2015 and 2.4 shares at 2014	(48.4)	(49.2)
Class B common stock	(0.6)	(0.6)
Paid-in capital	27.5	24.9
Earnings invested in the business	774.1	767.4
Accumulated other comprehensive income	51.8	51.1
Total stockholders' equity	844.5	833.7
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,932.6	$ 1,917.9

See accompanying unaudited Notes to Consolidated Financial Statements.

KELLY SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(UNAUDITED)

(In millions of dollars)

	13 Weeks Ended		26 Weeks Ended	
	June 28, 2015	June 29, 2014	June 28, 2015	June 29, 2014
Capital Stock				
Class A common stock				
Balance at beginning of period	$ 36.6	$ 36.6	$ 36.6	$ 36.6
Conversions from Class B	—	—	—	—
Balance at end of period	36.6	36.6	36.6	36.6
Class B common stock				
Balance at beginning of period	3.5	3.5	3.5	3.5
Conversions to Class A	—	—	—	—
Balance at end of period	3.5	3.5	3.5	3.5
Treasury Stock				
Class A common stock				
Balance at beginning of period	(49.1)	(55.4)	(49.2)	(55.6)
Issuance of restricted stock and other	0.7	0.5	0.8	0.7
Balance at end of period	(48.4)	(54.9)	(48.4)	(54.9)
Class B common stock				
Balance at beginning of period	(0.6)	(0.6)	(0.6)	(0.6)
Issuance of restricted stock and other	—	—	—	—
Balance at end of period	(0.6)	(0.6)	(0.6)	(0.6)
Paid-in Capital				
Balance at beginning of period	25.9	27.5	24.9	26.0
Issuance of restricted stock and other	1.6	1.5	2.6	3.0
Balance at end of period	27.5	29.0	27.5	29.0
Earnings Invested in the Business				
Balance at beginning of period	769.2	751.9	767.4	751.3
Net earnings	6.8	2.8	10.5	5.3
Dividends	(1.9)	(1.9)	(3.8)	(3.8)
Balance at end of period	774.1	752.8	774.1	752.8
Accumulated Other Comprehensive Income				
Balance at beginning of period	45.6	61.7	51.1	61.4
Other comprehensive income, net of tax	6.2	12.4	0.7	12.7
Balance at end of period	51.8	74.1	51.8	74.1
Stockholders' Equity at end of period	$ 844.5	$ 840.5	$ 844.5	$ 840.5

See accompanying unaudited Notes to Consolidated Financial Statements.

KELLY SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

(In millions of dollars)

	26 Weeks Ended	
	June 28, 2015	June 29, 2014
Cash flows from operating activities:		
Net earnings	$ 10.5	$ 5.3
Noncash adjustments:		
Depreciation and amortization	11.0	10.8
Provision for bad debts	2.1	2.6
Stock-based compensation	3.1	3.5
Other, net	(0.3)	0.7
Changes in operating assets and liabilities	(52.9)	(130.4)
Net cash used in operating activities	(26.5)	(107.5)
Cash flows from investing activities:		
Capital expenditures	(6.7)	(8.9)
Investment in equity affiliate	(0.5)	(5.4)
Other investing activities	(0.1)	0.4
Net cash used in investing activities	(7.3)	(13.9)
Cash flows from financing activities:		
Net change in short-term borrowings	(1.4)	61.2
Dividend payments	(3.8)	(3.8)
Net cash (used in) from financing activities	(5.2)	57.4
Effect of exchange rates on cash and equivalents	4.6	1.1
Net change in cash and equivalents	(34.4)	(62.9)
Cash and equivalents at beginning of period	83.1	125.7
Cash and equivalents at end of period	$ 48.7	$ 62.8

See accompanying unaudited Notes to Consolidated Financial Statements.

1. Basis of Presentation

The accompanying unaudited consolidated financial statements of Kelly Services, Inc. (the “Company,” “Kelly,” “we” or “us”) have been prepared in accordance with Rule 10-01 of Regulation S-X and do not include all the information and notes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments, including normal recurring adjustments, necessary for a fair statement of the results of the interim periods, have been made. The results of operations for such interim periods are not necessarily indicative of results of operations for a full year. The unaudited consolidated financial statements should be read in conjunction with the Company’s consolidated financial statements and notes thereto for the fiscal year ended December 28, 2014, included in the Company’s Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 12, 2015 (the 2014 consolidated financial statements). The Company’s second fiscal quarter ended on June 28, 2015 (2015) and June 29, 2014 (2014), each of which contained 13 weeks. The corresponding June year to date periods for 2015 and 2014 each contained 26 weeks.

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated.

2. Fair Value Measurements

Trade accounts receivable, accounts payable, accrued liabilities, accrued payroll and related taxes and short-term borrowings approximate their fair values due to the short-term maturities of these assets and liabilities.

Assets Measured at Fair Value on a Recurring Basis

The following tables present assets measured at fair value on a recurring basis on the consolidated balance sheet as of second quarter-end 2015 and year-end 2014 by fair value hierarchy level, as described below.

Level 1 measurements consist of unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 measurements include quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 3 measurements include significant unobservable inputs.

	Fair Value Measurements on a Recurring Basis As of Second Quarter-End 2015			
Description	Total	Level 1	Level 2	Level 3
	(In millions of dollars)			
Money market funds	$ 3.3	$ 3.3	$ —	$ —
Available-for-sale investment	107.8	107.8	—	—
Total assets at fair value	$ 111.1	$ 111.1	$ —	$ —

	Fair Value Measurements on a Recurring Basis As of Year-End 2014			
Description	Total	Level 1	Level 2	Level 3
	(In millions of dollars)			
Money market funds	$ 3.3	$ 3.3	$ —	$ —
Available-for-sale investment	97.9	97.9	—	—
Total assets at fair value	$ 101.2	$ 101.2	$ —	$ —

Money market funds as of second quarter-end 2015 and as of year-end 2014 represent investments in money market accounts, all of which are restricted as to use and are included in other assets on the consolidated balance sheet. The valuations were based on quoted market prices of those accounts as of the respective period end.

Available-for-sale investment represents the Company’s investment in Temp Holdings Co., Ltd. (“Temp Holdings”), a leading integrated human resources company in Japan, and is included in other assets on the consolidated balance sheet. The valuation is based on the quoted market price of Temp Holdings stock on the Tokyo Stock Exchange as of the period end. The unrealized gain, net of tax, of $3.5 million for the second quarter of 2015 and the unrealized gain, net of tax, of $10.6 million for the second quarter of 2014 was recorded in other comprehensive income, and in accumulated other comprehensive income, a component of stockholders’ equity. The unrealized gain, net of tax, of $6.6 million for June year to date 2015 and the unrealized gain, net of tax, of $10.5 million for June year to date 2014 was recorded in other comprehensive income, as well as in accumulated other comprehensive income. The cost of this yen-denominated investment, which fluctuates based on foreign exchange rates, was $16.7 million as of the second quarter-end 2015 and $17.2 million at year-end 2014.

3. Restructuring

A summary of our global restructuring balance sheet accrual, primarily included in accrued payroll and related taxes, is detailed below (in millions of dollars):

Balance as of year-end 2014	$	6.9
Reductions for cash payments related to all restructuring activities		(4.2)
Balance as of first quarter-end 2015		2.7
Reductions for cash payments related to all restructuring activities		(1.1)
Balance as of second quarter-end 2015	$	1.6

The remaining balance of $1.6 million as of the 2015 second quarter end represents primarily severance costs and the majority is expected to be paid in 2015.

4. Accumulated Other Comprehensive Income

The changes in accumulated other comprehensive income by component, net of tax, for the second quarter and June year to date 2015 and 2014 are included in the tables below. Amounts in parentheses indicate debits. Reclassification adjustments out of accumulated other comprehensive income, as shown in the tables below, were recorded in the other expense, net line item in the consolidated statement of earnings.

	Second Quarter 2015			
	Foreign Currency Translation Adjustments	Unrealized Gains and Losses on Investment	Pension Liability Adjustments	Total
	(In millions of dollars)			
Beginning balance	$ (11.6)	$ 59.4	$ (2.2)	$ 45.6
Other comprehensive income	2.7	3.5	—	6.2
Ending balance	$ (8.9)	$ 62.9	$ (2.2)	$ 51.8

	June Year to Date 2015			
	Foreign Currency Translation Adjustments	Unrealized Gains and Losses on Investment	Pension Liability Adjustments	Total
	(In millions of dollars)			
Beginning balance	$ (3.0)	$ 56.3	$ (2.2)	$ 51.1
Other comprehensive income (loss) before reclassifications	(5.7)	6.6	—	0.9
Amounts reclassified from accumulated other comprehensive income	(0.2)	—	—	(0.2)
Net current-period other comprehensive income (loss)	(5.9)	6.6	—	0.7
Ending balance	$ (8.9)	$ 62.9	$ (2.2)	$ 51.8

	Second Quarter 2014			
	Foreign Currency Translation Adjustments	Unrealized Gains and Losses on Investment	Pension Liability Adjustments	Total
	(In millions of dollars)			
Beginning balance	$ 18.5	$ 44.7	$ (1.5)	$ 61.7
Other comprehensive income	1.8	10.6	—	12.4
Ending balance	$ 20.3	$ 55.3	$ (1.5)	$ 74.1

	June Year to Date 2014			
	Foreign Currency Translation Adjustments	Unrealized Gains and Losses on Investment	Pension Liability Adjustments	Total
	(In millions of dollars)			
Beginning balance	$ 18.1	$ 44.8	$ (1.5)	$ 61.4
Other comprehensive income	2.2	10.5	—	12.7
Ending balance	$ 20.3	$ 55.3	$ (1.5)	$ 74.1

5. Earnings Per Share

The reconciliation of basic and diluted earnings per share on common stock for the second quarter and June year to date 2015 and 2014 follows (in millions of dollars except per share data):

	Second Quarter		June Year to Date	
	2015	2014	2015	2014
Net earnings	$ 6.8	$ 2.8	$ 10.5	$ 5.3
Less: earnings allocated to participating securities	(0.2)	(0.1)	(0.3)	(0.2)
Net earnings available to common shareholders	$ 6.6	$ 2.7	$ 10.2	$ 5.1
Basic earnings per share on common stock	$ 0.18	$ 0.07	$ 0.27	$ 0.14
Diluted earnings per share on common stock	$ 0.18	$ 0.07	$ 0.27	$ 0.14
Average common shares outstanding (millions):				
Basic	37.7	37.4	37.7	37.4
Diluted	37.8	37.4	37.8	37.4

Stock options excluded from the computation of diluted earnings per share due to their anti-dilutive effect for the second quarter 2015 and June year to date 2015 were not significant. Stock options representing 0.1 million shares for the second quarter of 2014 and 0.1 million for June year to date 2014 were excluded from the computation of diluted earnings per share due to their anti-dilutive effect.

6. Stock-Based Compensation

Performance Shares

Under the Equity Incentive Plan, amended and restated February 12, 2015 and approved by the stockholders of the Company on May 6, 2015, the Company granted performance awards associated with the Company’s Class A stock to certain senior officers. The payment of performance shares, which will be satisfied with the issuance of shares out of treasury stock, is contingent upon the achievement of specific performance goals over a stated period of time. The maximum number of performance shares that may be earned is 750,000, of which two-thirds may be earned upon the achievement of certain financial goals and one-third may be earned based on the Company’s total shareholder return (“TSR”) relative to the S&P SmallCap 600 Index. No dividends are paid on these performance shares.

The performance shares associated with the financial goals, which have a weighted average grant date fair value of $16.31, have a one-year performance measure and vest after the completion of an additional two-year service period. The performance shares related to relative TSR have a three-year performance measure with vesting at the end of the performance period. These shares have an estimated fair value of $16.01, which was computed using a Monte Carlo simulation model incorporating assumptions for inputs of expected stock price volatility, dividend yield and risk-free interest rate.

For June year to date 2015, total compensation expense related to performance shares totaled $0.3 million, and the related tax benefit was $0.1 million.

7. Other Expense, Net

Included in other expense, net for the second quarter and June year to date 2015 and 2014 are the following:

	Second Quarter		June Year to Date	
	2015	2014	2015	2014
	(In millions of dollars)			
Interest income	$ 0.1	$ 0.1	$ 0.2	$ 0.2
Interest expense	(0.9)	(0.7)	(1.8)	(1.3)
Dividend income	0.4	0.4	0.4	0.4
Net loss on equity investment	(0.5)	(0.4)	(0.6)	(0.8)
Foreign exchange (losses) gains	(0.1)	0.3	(1.7)	(0.5)
Other expense, net	$ (1.0)	$ (0.3)	$ (3.5)	$ (2.0)

8. Contingencies

The Company is continuously engaged in litigation arising in the ordinary course of its business, typically matters alleging employment discrimination, alleging wage and hour violations or enforcing the restrictive covenants in the Company's employment agreements. While there is no expectation that any of these matters will have a material adverse effect on the Company's results of operations, financial position or cash flows, litigation is always subject to inherent uncertainty and the Company is not able to reasonably predict if any matter will be resolved in a manner that is materially adverse to the Company.

9. Segment Disclosures

The Company's segments are based on the organizational structure for which financial results are regularly evaluated by the Company's chief operating decision makers (the Company's Chief Executive Officer and Chief Operating Officer) to determine resource allocation and assess performance. The Company's seven reporting segments are: (1) Americas Commercial, (2) Americas Professional and Technical ("Americas PT"), (3) Europe, Middle East and Africa Commercial ("EMEA Commercial"), (4) Europe, Middle East and Africa Professional and Technical ("EMEA PT"), (5) Asia Pacific Commercial ("APAC Commercial"), (6) Asia Pacific Professional and Technical ("APAC PT") and (7) Outsourcing and Consulting Group ("OCG").

The Commercial business segments within the Americas, EMEA and APAC regions represent traditional office services, contact-center staffing, marketing, electronic assembly, light industrial and, in the Americas, substitute teachers. The PT segments encompass a wide range of highly skilled temporary employees, including scientists, financial professionals, attorneys, engineers, IT specialists and healthcare workers. OCG includes recruitment process outsourcing ("RPO"), contingent workforce outsourcing ("CWO"), business process outsourcing ("BPO"), payroll process outsourcing ("PPO"), executive placement and career transition/outplacement services. Corporate expenses that directly support the operating units have been allocated to the Americas, EMEA and APAC regions and OCG based on a work effort, volume or, in the absence of a readily available measurement process, proportionately based on revenue from services.

The following tables present information about the reported revenue from services and gross profit of the Company by segment, along with a reconciliation to consolidated earnings before taxes, for the second quarter and June year to date 2015 and 2014. Asset information by reportable segment is not presented, since the Company does not produce such information internally nor does it use such data to manage its business.

	Second Quarter		June Year to Date	
	2015	2014	2015	2014
	(In millions of dollars)			
Revenue from Services:				
Americas Commercial	$ 651.3	$ 661.1	$ 1,292.7	$ 1,274.3
Americas PT	246.2	244.2	479.0	480.6
Total Americas Commercial and PT	897.5	905.3	1,771.7	1,754.9
EMEA Commercial	195.7	237.0	374.0	458.9
EMEA PT	42.9	49.7	83.2	97.4
Total EMEA Commercial and PT	238.6	286.7	457.2	556.3
APAC Commercial	90.3	86.5	175.9	169.5
APAC PT	10.3	10.0	20.8	18.6
Total APAC Commercial and PT	100.6	96.5	196.7	188.1
OCG	165.0	137.9	314.5	272.3
Less: Intersegment revenue	(16.7)	(15.9)	(34.5)	(30.3)
Consolidated Total	$ 1,385.0	$ 1,410.5	$ 2,705.6	$ 2,741.3

	Second Quarter		June Year to Date	
	2015	2014	2015	2014
	(In millions of dollars)			
Earnings from Operations:				
Americas Commercial gross profit	$ 95.9	$ 96.5	$ 193.7	$ 188.3
Americas PT gross profit	42.1	39.0	81.0	78.8
Americas Region gross profit	138.0	135.5	274.7	267.1
Americas Region SG&A expenses	(112.6)	(112.6)	(226.1)	(222.1)
Americas Region Earnings from Operations	25.4	22.9	48.6	45.0
EMEA Commercial gross profit	26.8	34.5	51.4	67.4
EMEA PT gross profit	9.1	11.3	17.8	22.4
EMEA Region gross profit	35.9	45.8	69.2	89.8
EMEA Region SG&A expenses	(34.2)	(43.1)	(67.7)	(85.0)
EMEA Region Earnings from Operations	1.7	2.7	1.5	4.8
APAC Commercial gross profit	11.2	11.7	24.2	24.0
APAC PT gross profit	2.7	3.3	5.6	6.1
APAC Region gross profit	13.9	15.0	29.8	30.1
APAC Region SG&A expenses	(12.3)	(15.8)	(24.4)	(30.1)
APAC Region Earnings from Operations	1.6	(0.8)	5.4	—
OCG gross profit	35.7	32.9	71.2	65.5
OCG SG&A expenses	(32.2)	(31.1)	(64.9)	(62.5)
OCG Earnings from Operations	3.5	1.8	6.3	3.0
Less: Intersegment gross profit	(1.2)	(1.1)	(2.3)	(2.1)
Less: Intersegment SG&A expenses	1.2	1.1	2.3	2.1
Net Intersegment Activity	—	—	—	—
Corporate	(20.7)	(20.7)	(38.2)	(40.6)
Consolidated Total	11.5	5.9	23.6	12.2
Other Expense, Net	1.0	0.3	3.5	2.0
Earnings Before Taxes	$ 10.5	$ 5.6	$ 20.1	$ 10.2

10. New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued new revenue recognition guidance under Accounting Standards Update ("ASU") 2014-09 that will supersede the existing revenue recognition guidance under U.S. Generally Accepted Accounting Principles. The new standard focuses on creating a single source of revenue guidance for revenue arising from contracts with customers for all industries. The objective of the new standard is for companies to recognize revenue when it transfers the promised goods or services to its customers at an amount that represents what the company expects to be entitled to in exchange for those goods or services. In July 2015, the FASB deferred the effective date by one year. This ASU will now be effective for annual periods, and interim periods within those annual periods, beginning on or after December 15, 2017. Early adoption is permitted, but not before the original effective date of December 15, 2016. We are currently evaluating the impact of the new guidance on our consolidated financial statements and related disclosures.

In August 2014, the FASB issued ASU 2014-15 requiring management to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern, which is currently performed by the external auditors. Management will be required to perform this assessment for both interim and annual reporting periods and must make certain disclosures if it concludes that substantial doubt exists. This ASU is effective for annual periods, and interim periods within those annual periods, beginning on or after December 15, 2016. The adoption of this guidance is not expected to have a material effect on our financial statements.

In April 2015, the FASB issued ASU 2015-03 amending current guidance for debt issuance costs. The new guidance requires debt issuance costs to be presented as a deduction from the carrying amount of the related debt liability rather than as an asset. This ASU is effective for annual periods, and interim periods within those annual periods, beginning on or after December 15, 2015 and early adoption is permitted. The new guidance will be applied retrospectively to all prior periods presented. The adoption of this guidance is not expected to have a material effect on our financial statements.

Management has evaluated other recently issued accounting pronouncements and does not believe that any of these pronouncements will have a significant impact on our consolidated financial statements and related disclosures.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Executive Overview

The Workforce Solutions Industry

The staffing industry has changed dramatically over the last decade—transformed by globalization, competitive consolidation and secular shifts in labor supply and demand. Global employment trends are reshaping and redefining traditional employment models, sourcing strategies and human resource capability requirements. In response, the industry has accelerated its evolution from commercial into professional/technical and outsourced solutions.

The broader workforce solutions industry has continued to transform to meet businesses' growing demand for total workforce or talent supply chain management ("TSCM") solutions. As clients' workforce solutions strategies move up the maturity model, the TSCM concept seeks to manage all categories of talent (temporary, project-based, outsourced and full-time) and thus, represents significant market potential.

Strategic clients are increasingly looking for global, flexible and holistic talent solutions that encompass all worker categories, driving adoption of our TSCM approach covering temporary staffing, Contingent Workforce Outsourcing ("CWO"), Recruitment Process Outsourcing ("RPO"), Business Process Outsourcing ("BPO"), independent contractor management, strategic workforce planning and more.

In the U.S., near-term demand for temporary staffing is benefiting from improving labor market conditions. Across all regions, the structural shifts toward higher-skilled, project-based professional/technical talent continue to represent long-term opportunities for the industry. In fact, professional/technical staffing is projected to steadily increase as a percent of the global market, with demand for specialty staffing projected to outpace commercial.

While the remaining outlook for 2015 is encouraging, expectations are being tempered by a global economy that is forecasted to accelerate only modestly in the short term, with both strengths and risks present in all regions.

Our Business

Kelly Services is a global workforce solutions company, serving customers of all sizes in a variety of industries. Our staffing operations are divided into three regions (Americas, EMEA and APAC), with commercial and professional/technical staffing businesses in each region. As the human capital arena has become more complex, we have also developed a suite of innovative solutions within our global OCG business. OCG delivers integrated talent management solutions to meet customer needs across the entire spectrum of talent categories. Using talent supply chain strategies, we help customers plan for and manage their acquisition of contingent and full-time labor, and gain access to service providers and quality talent at competitive rates with minimized risk.

We earn revenues from the hourly sales of services by our temporary employees to customers, as a result of recruiting permanent employees for our customers, and through our outsourcing activities. Our working capital requirements are primarily generated from temporary employee payroll and customer accounts receivable. The nature of our business is such that trade accounts receivable are our most significant financial asset. Average days sales outstanding varies within and outside the U.S., but is 56 days on a global basis as of the 2015 second quarter end, 54 days as of the 2014 year end and 57 days as of the 2014 second quarter end. Since receipts from customers generally lag temporary employee payroll, working capital requirements increase substantially in periods of growth.

Our Strategy and Outlook

Our long-term strategic objective is to create shareholder value by delivering a competitive profit from the best workforce solutions and talent in the industry. To achieve this, we are focused on the following key areas:

- Maintain our core strengths in commercial staffing in key markets;
- Grow our professional and technical solutions;
- Enhance our position as a market-leading provider of talent supply chain management in our OCG segment;
- Capture permanent placement growth in selected specialties; and
- Lower our costs through deployment of efficient service delivery models.

In order to accelerate our strategy, execute our commitment to growth and work toward our long-term goal of a 4.0% return on sales, we made targeted investments in 2014, which included adjusting our operating models and increasing the resources necessary for driving growth in higher margin specialties and solutions. Specifically, we designed our investments to align with our long-term strategic objectives including growing Americas PT staffing and expanding our global OCG solutions. These investments are intended to achieve strong sales growth in 2015 in both OCG and our Americas PT segments. We have seen strong growth in our OCG segment and encouraging signs of growth in our Americas PT segment. We will need to continue to accelerate PT growth, particularly within our centralized accounts, to fully realize the expected benefit of our investments.

To bring additional efficiency to our operating models across the organization, on September 15, 2014, the Board of Directors of the Company approved a management simplification restructuring plan ("Plan") that we completed during the fourth quarter of 2014. We expect that the total result of the Plan will reduce our year-over-year SG&A expense growth by approximately $35 million.

We have started to see the benefits of our 2014 actions in our 2015 year-to-date results and will continue to remain focused on executing a well-formed strategy with increased speed and precision, making the necessary investments to advance that strategy.

- Although total company revenue decreased 1%, reflecting the continued global currency volatility, year-to-date revenue was up 4% on a constant currency basis year over year, accelerating the trend we saw in 2014. This revenue growth was helped by stable economic conditions in the U.S., along with the investments we made in our U.S. PT and OCG operations.

- We increased year-to-date revenue in our OCG segment by 16% year over year (17% on a constant currency basis), confirming that our direction aligns with increased market demand for consultative outsourced solutions. Growth was particularly strong in BPO and CWO, which continue to be key drivers of our strategic and financial progress.

- While only halfway through the year, we nearly doubled our operating earnings in comparison to the same period last year.

For the balance of the year, we anticipate a stable U.S. labor market and an increasing demand for skilled workers. Long term, we believe the trends in the staffing industry are positive: companies are relying more heavily on the use of flexible staffing models; there is growing acceptance of free agents and contractual employment by companies and talent alike; and companies are seeking more comprehensive workforce management solutions that lend themselves to Kelly's talent supply chain management approach. This shift in demand for contingent labor and strategic solutions plays to our strengths and experience—particularly serving large companies whose needs span the globe and cross multiple labor categories.

Financial Measures

Return on sales (earnings from operations divided by revenue from services) in the following tables is a ratio used to measure the Company's pricing strategy and operating efficiency.

Constant currency ("CC") change amounts are non-GAAP measures. The CC change amounts in the following tables refer to the year-over-year percentage changes resulting from translating 2015 financial data into U.S. dollars using the same foreign currency exchange rates used to translate financial data for 2014. We believe that CC measurements are an important analytical tool to aid in understanding underlying operating trends without distortion due to currency fluctuations. Additionally, substantially all of our foreign subsidiaries derive revenues and incur cost of services and SG&A expenses within a single country and currency which, as a result, provide a natural hedge against currency risks in connection with their normal business operations.

Staffing Fee-Based Income

Staffing fee-based income, which is included in revenue from services in the following tables, has a significant impact on gross profit rates. There are very low direct costs of services associated with staffing fee-based income. Therefore, increases or decreases in staffing fee-based income can have a disproportionate impact on gross profit rates.

Results of Operations
Total Company - Second Quarter
(Dollars in millions)

	2015	2014	Change	CC Change
Revenue from services	$ 1,385.0	$ 1,410.5	(1.8)%	3.9%
Staffing fee-based income	16.8	19.8	(15.2)	(5.5)
Gross profit	222.3	228.1	(2.5)	2.9
SG&A expenses excluding restructuring charges	210.8	220.4	(4.4)	
Restructuring charges	—	1.8	(100.0)	
Total SG&A expenses	210.8	222.2	(5.2)	(0.4)
Earnings from operations	11.5	5.9	99.9	
Gross profit rate	16.1%	16.2%	(0.1) pts.	
Expense rates (excluding restructuring charges):				
% of revenue	15.2	15.6	(0.4)	
% of gross profit	94.8	96.6	(1.8)	
Return on sales	0.8	0.4	0.4	

Total Company revenue from services for the second quarter of 2015 was down 1.8% in comparison to the prior year, primarily as a result of currency fluctuations. Compared to the same period last year, the U.S. dollar strengthened against certain currencies, primarily the Russian ruble, Euro and Australian dollar. On a CC basis, total Company revenue increased 3.9% year over year, as more fully described in the following discussions.

The gross profit rate decreased by 10 basis points. An increase in the Americas region gross profit rate was more than offset by declines in the gross profit rate in EMEA, APAC and OCG, as more fully described in the following discussions.

Selling, general and administrative ("SG&A") expenses decreased 5.2% year over year, reflecting the impact of changes in foreign currency exchange rates. On a CC basis, SG&A expenses decreased 0.4%, due to the cost savings of our management simplification plan, partially offset by the year-over-year impact of investments made in the later quarters of 2014. Restructuring charges in the second quarter of 2014 relate to costs incurred for exiting the staffing business in Sweden and closing branches in Australia.

Income tax expense for the second quarter of 2015 was $3.7 million, compared to $2.8 million for the second quarter of 2014. The expense was higher primarily due to increased pretax income. The U.S. work opportunity credit expired at the end of 2014, making credits available only for employees hired before 2015. This is consistent with the second quarter of 2014, as the credit expired at the end of 2013 and was not retroactively reinstated until the fourth quarter. The credit, along with several other temporary income tax incentives, has previously expired and later been retroactively reinstated in what is commonly referred to as "extenders" legislation. If such extenders legislation is enacted, the retroactive reinstatement of the work opportunity credit would result in a significant benefit to income tax expense.

Diluted earnings per share for the second quarter of 2015 were $0.18, as compared to $0.07 for the second quarter of 2014.

Total Americas - Second Quarter
(Dollars in millions)

	2015	2014	Change	CC Change
Revenue from services	$ 897.5	$ 905.3	(0.9)%	0.7%
Staffing fee-based income	8.4	7.1	17.4	19.3
Gross profit	138.0	135.5	1.8	3.2
Total SG&A expenses	112.6	112.6	(0.1)	1.2
Earnings from operations	25.4	22.9	11.4	
Gross profit rate	15.4%	15.0%	0.4 pts.	
Expense rates:				
% of revenue	12.5	12.4	0.1	
% of gross profit	81.6	83.1	(1.5)	
Return on sales	2.8	2.5	0.3	

The change in Americas revenue from services was due to the impact of changes in average bill rates, with relatively flat hours volume in Americas Commercial. Average bill rates declined approximately 1% (and increased approximately 1% on a CC basis) in Americas Commercial. The increase in average bill rates on a CC basis was due to a combination of wage and bill rate inflation, coupled with increased pricing in a number of accounts serviced through our branch-based delivery model. Americas represented 65% of total Company revenue in the second quarter of 2015 and 64% in the second quarter of 2014.

Revenue in our Commercial segment was down 2% (up 1% on a CC basis) in comparison to the prior year. The CC increase in revenue in Commercial was primarily due to increases in our educational staffing business, as a result of new customer wins, and in our light industrial product, due to increased demand at existing customer locations, coupled with additional new customer wins. Light industrial business is up in accounts using our branch-based delivery model, while revenue in our large accounts using our centralized delivery model was down primarily due to our exit from certain large accounts due to pricing discipline. Office-clerical business for accounts serviced through our centralized delivery model was down year over year due to lower demand and project completions, while office-clerical revenue in the accounts serviced through our branch-based delivery model was basically flat compared to the prior year as volume demand softened in some accounts.

In the PT segment, reported and CC revenue increased 1% in comparison to the prior year. Revenue increased in our finance, science and IT products, primarily due to growth in accounts serviced through our branch-based delivery model. That growth was partially offset by lower revenue in our engineering product for customers serviced through the centralized delivery and branch-based delivery models. The year-over-year decrease in engineering was due primarily to the completion of certain projects.

The increase in the gross profit rate was primarily due to customer mix and increased staffing fee-based income.

SG&A expenses decreased 0.1% from the prior year due to the effect of exchange rates. On a CC basis, the 1.2% increase in SG&A expenses is attributable to the increased costs from the investments we started in the second half of last year, primarily in the sales and recruiting areas. The year-over-year impact of these investments was partially offset by the impact of the management simplification plan we implemented in the fourth quarter of last year.

Total EMEA - Second Quarter
(Dollars in millions)

	2015	2014	Change	CC Change
Revenue from services	$ 238.6	$ 286.7	(16.8)%	0.8%
Staffing fee-based income	5.7	8.6	(33.5)	(17.3)
Gross profit	35.9	45.8	(21.6)	(4.7)
SG&A expenses excluding restructuring charges	34.2	42.3	(19.1)	
Restructuring charges	—	0.8	(100.0)	
Total SG&A expenses	34.2	43.1	(20.6)	(5.0)
Earnings from operations	1.7	2.7	(38.1)	
Gross profit rate	15.0%	16.0%	(1.0) pts.	
Expense rates (excluding restructuring charges):				
% of revenue	14.3	14.7	(0.4)	
% of gross profit	95.3	92.3	3.0	
Return on sales	0.7	0.9	(0.2)	

The decrease in EMEA revenue from services was primarily due to the impact of changes in foreign currency exchange rates. On a CC basis, revenue increased 0.8%, due to a 5% increase in hours worked, partially offset by a 3% decrease in average bill rates on a CC basis and a decrease in staffing fee-based income. The decrease in average bill rates and increase in hours was due primarily to higher revenue in Portugal, a country with lower average bill rates. The increased hours in Portugal were partially offset by customer losses in the U.K. and a reduction of hours volume with larger customers in Switzerland and Ireland. EMEA represented 17% of total Company revenue in the second quarter of 2015 and 20% in the second quarter of 2014.

The EMEA gross profit rate decreased primarily due to a decline in the temporary gross profit rate and a decline in staffing fee-based income. The decline in the temporary gross profit rate was primarily driven by unfavorable country mix, as described above. Staffing fee-based income declined in both Commercial and PT, primarily in Russia, partially offset by increases in staffing fee-based income in other countries. Economic uncertainty is causing a postponement of recruitment decisions by customers in Russia resulting in the decline in staffing fee-based income. The declines in staffing fee-based income and temporary margins negatively impacted the gross profit rate by approximately 60 and 40 basis points, respectively.

SG&A expenses excluding restructuring charges decreased primarily due to cost reduction actions taken as a result of revenue declines, mainly in Switzerland and the U.K., and the exit of staffing operations in Sweden, partially offset by targeted PT investments in selected countries. Restructuring charges recorded in the second quarter of 2014 reflect the costs incurred for exiting the staffing business in Sweden.

Total APAC - Second Quarter
(Dollars in millions)

	2015	2014	Change	CC Change
Revenue from services	$ 100.6	$ 96.5	4.3 %	17.7%
Staffing fee-based income	3.3	4.1	(20.3)	(10.9)
Gross profit	13.9	15.0	(6.9)	4.8
SG&A expenses excluding restructuring charges	12.3	14.8	(17.0)	
Restructuring charges	—	1.0	(100.0)	
Total SG&A expenses	12.3	15.8	(22.5)	(12.9)
Earnings from operations	1.6	(0.8)	NM	
Gross profit rate	13.9%	15.5%	(1.6) pts.	
Expense rates (excluding restructuring charges):				
% of revenue	12.2	15.4	(3.2)	
% of gross profit	88.3	99.0	(10.7)	
Return on sales	1.6	(0.9)	2.5	

The 4.3% change in total APAC revenue from services was primarily the result of an increase in hours worked. On a CC basis, the 17.7% change in total APAC revenue from services reflected a 14% increase in hours worked, combined with a 4% increase in average bill rates. Hours worked increased primarily in India, Australia and Singapore. APAC revenue represented 7% of total Company revenue in the second quarter of both 2015 and 2014.

The gross profit rate decreased 160 basis points year over year, primarily due to decreases in the temporary gross profit rate and staffing fee-based income, which each reduced the gross profit rate by 100 basis points, partially offset by an increase of 40 basis points related to higher wage credits in Singapore. The reduction in the temporary gross profit rate is due to the increasing proportion of international and national large accounts with lower margins. Staffing fee-based income decreased due mainly to a weaker hiring climate in Australia. Wage credits in Singapore totaled approximately $0.9 million in the second quarter of 2015 and $0.6 million in the second quarter of 2014.

The decrease in SG&A expenses excluding restructuring charges was due to continuing productivity improvements primarily achieved by consolidating the Australia and New Zealand operations in the prior year. Restructuring charges in the second quarter of 2014 relate to costs for exiting branches in Australia.

OCG - Second Quarter
(Dollars in millions)

	2015	2014	Change	CC Change
Revenue from services	$ 165.0	$ 137.9	19.7 %	21.6%
Gross profit	35.7	32.9	8.4	11.4
Total SG&A expenses	32.2	31.1	3.6	6.4
Earnings from operations	3.5	1.8	88.8	
Gross profit rate	21.6%	23.9%	(2.3) pts.	
Expense rates:				
% of revenue	19.5	22.5	(3.0)	
% of gross profit	90.2	94.4	(4.2)	
Return on sales	2.1	1.3	0.8	

Revenue from services in the OCG segment increased during the second quarter of 2015 due primarily to growth in the BPO and CWO practice areas. Revenue in BPO grew by 29% year over year and CWO, which includes PPO, grew by 23% year over year. The revenue growth in BPO and CWO was due to new customers and the expansion of programs with existing customers. OCG revenue represented 12% of total Company revenue in the second quarter of 2015 and 10% in the second quarter of 2014.

The OCG gross profit rate decreased primarily due to a lower RPO gross profit rate due to customer mix, and the timing of investments in BPO in advance of business activity.

The increase in SG&A expenses is primarily a result of costs associated with increased volume with existing customers and implementation costs of new customers mainly in our CWO practice area.

Results of Operations
Total Company - June Year to Date
(Dollars in millions)

	2015	2014	Change	CC Change
Revenue from services	$ 2,705.6	$ 2,741.3	(1.3)%	4.1%
Staffing fee-based income	33.0	38.6	(14.9)	(4.9)
Gross profit	442.6	450.4	(1.7)	3.3
SG&A expenses excluding restructuring charges	419.0	436.4	(4.0)	
Restructuring charges	—	1.8	(100.0)	
Total SG&A expenses	419.0	438.2	(4.4)	0.3
Earnings from operations	23.6	12.2	96.9	
Gross profit rate	16.4%	16.4%	— pts.	
Expense rates (excluding restructuring charges):				
% of revenue	15.5	15.9	(0.4)	
% of gross profit	94.7	96.9	(2.2)	
Return on sales	0.9	0.4	0.5	

Total Company revenue from services for the first six months of 2015 was down 1.3% in comparison to the prior year. Increases in hours worked in the Americas, EMEA and APAC regions were more than offset by the impact of changes in foreign currency exchange rates. During the first six months of 2015, the U.S. dollar strengthened against certain currencies, primarily the Russian ruble, Euro, Canadian dollar and Australian dollar, as compared to the same period last year. On a CC basis, total Company revenue increased 4.1% year-over-year, as more fully described in the following discussions.

The gross profit rate was flat on a year-over-year basis. An increase in the Americas region gross profit rate was offset by declines in the gross profit rate in EMEA, APAC and OCG, as more fully described in the following discussions.

SG&A expenses decreased 4.4% year over year, reflecting the impact of changes in foreign currency exchange rates. On a CC basis, SG&A expenses increased 0.3% due to the year-over-year impact of investments made in the second half of 2014, partially offset by the cost savings of our management simplification plan in the fourth quarter of 2014. Restructuring charges in the first six months of 2014 relate to costs incurred for exiting the staffing business in Sweden and closing branches in Australia.

Income tax expense for the first six months of 2015 was $9.6 million, compared to $4.9 million for the first six months of 2014. The expense was higher primarily due to increased pretax income. The U.S. work opportunity credit expired at the end of 2014, making credits available only for employees hired before 2015. This is consistent with the first six months of 2014, as the credit expired at the end of 2013 and was not retroactively reinstated until the fourth quarter. The credit, along with several other temporary income tax incentives, has previously expired and later been retroactively reinstated in what is commonly referred to as “extenders” legislation. If such extenders legislation is enacted, the retroactive reinstatement of the work opportunity credit would result in a significant benefit to income tax expense.

Diluted earnings per share for the first six months of 2015 were $0.27, as compared to $0.14 for the first six months of 2014.

Total Americas - June Year to Date
(Dollars in millions)

	2015	2014	Change	CC Change
Revenue from services	$ 1,771.7	$ 1,754.9	1.0%	2.4%
Staffing fee-based income	15.4	13.9	9.6	11.2
Gross profit	274.7	267.1	2.9	4.1
Total SG&A expenses	226.1	222.1	1.8	3.0
Earnings from operations	48.6	45.0	8.4	
Gross profit rate	15.5%	15.2%	0.3 pts.	
Expense rates:				
% of revenue	12.8	12.7	0.1	
% of gross profit	82.3	83.2	(0.9)	
Return on sales	2.7	2.6	0.1	

The change in Americas revenue from services represents primarily an increase in hours worked, mainly in Americas Commercial, due to increases in hours worked for accounts serviced through our branch-based delivery model and our educational staffing business. Americas represented 66% of total Company revenue in the first six months of 2015 and 64% in the first six months of 2014.

Revenue in our Commercial segment was up 1% (up 3% on a CC basis) in comparison to the prior year. The increase in revenue in Commercial was primarily due to increases in our educational staffing business, as a result of new customer wins, and in our light industrial product, due to increased demand at existing customer locations, coupled with additional new customer wins. Light industrial business is up in accounts serviced through our branch-based delivery model, while volume in our large accounts using our centralized delivery model is down due to our exit from certain large accounts due to pricing discipline. While office-clerical business serviced through our branch-based delivery model was up year over year due to increased demand, volume decreases in large accounts serviced through the centralized delivery model resulted in a slight overall decline in year-over-year office-clerical revenue. The volume decreases in large accounts resulted from lower demand and project completions.

In the PT segment, reported and CC revenue was flat in comparison to the prior year. Decreases in our science and IT products for customers serviced through the centralized delivery model were offset by increases in PT revenue in accounts serviced through our branch-based delivery model. Revenue in our engineering product decreased for customers serviced through the centralized and branch-based delivery models due primarily to the completion of certain projects.

The increase in the gross profit rate was primarily due to improved pricing, customer mix and an increase in staffing fee-based income.

The increase in SG&A expenses is attributable to the increased costs from the investments we started in the second half of last year, primarily in the sales and recruiting areas. The year-over-year impact of these investments was partially offset by the impact of the management simplification plan we implemented in the fourth quarter of last year.

Total EMEA - June Year to Date
(Dollars in millions)

	2015	2014	Change	CC Change
Revenue from services	$ 457.2	$ 556.3	(17.8)%	(0.1)%
Staffing fee-based income	11.8	17.0	(30.7)	(13.1)
Gross profit	69.2	89.8	(23.0)	(6.2)
SG&A expenses excluding restructuring charges	67.7	84.2	(19.6)	
Restructuring charges	—	0.8	(100.0)	
Total SG&A expenses	67.7	85.0	(20.3)	(4.1)
Earnings from operations	1.5	4.8	(69.1)	
Gross profit rate	15.1%	16.1%	(1.0) pts.	
Expense rates (excluding restructuring charges):				
% of revenue	14.8	15.1	(0.3)	
% of gross profit	97.8	93.7	4.1	
Return on sales	0.3	0.9	(0.6)	

The decrease in EMEA revenue from services was primarily due to the impact of changes in foreign currency exchange rates. On a CC basis, revenue was flat; a 5% increase in hours was offset by a 4% decrease in average bill rates on a CC basis, combined with a decrease in staffing fee-based income. The increase in hours and decrease in average bill rates was due primarily to increasing revenue in Portugal, a country with lower average bill rates. The increased hours in Portugal were partially offset by customer losses in the U.K. and a reduction of hours volume with larger customers in Switzerland and Ireland. EMEA represented 17% of total Company revenue in the first six months of 2015 and 20% in the first six months of 2014.

The EMEA gross profit rate decreased primarily due to a decline in staffing fee-based income and a decline in the temporary gross profit rate, which each negatively impacted the gross profit rate by approximately 50 basis points. Staffing fee-based income declined in both Commercial and PT, primarily in Russia, partially offset by increases in staffing fee-based income in other countries. Economic uncertainty is causing a postponement of recruitment decisions by customers in Russia resulting in the decline in staffing fee-based income. The decrease in the temporary gross profit rate was primarily driven by unfavorable country mix, as described above.

SG&A expenses decreased primarily due to cost reduction actions taken as a result of revenue declines, primarily in Switzerland, and the exit of staffing operations in Sweden, partially offset by targeted PT investments in selected countries. Restructuring costs recorded in the first six months of 2014 reflect costs incurred for exiting the staffing business in Sweden.

Total APAC - June Year to Date
(Dollars in millions)

	2015	2014	Change	CC Change
Revenue from services	$ 196.7	$ 188.1	4.6 %	16.2%
Staffing fee-based income	6.4	7.7	(17.1)	(9.0)
Gross profit	29.8	30.1	(0.8)	9.7
SG&A expenses excluding restructuring charges	24.4	29.1	(16.3)	
Restructuring charges	—	1.0	(100.0)	
Total SG&A expenses	24.4	30.1	(19.2)	(10.7)
Earnings from operations	5.4	—	NM	
Gross profit rate	15.2%	16.0%	(0.8) pts.	
Expense rates (excluding restructuring charges):				
% of revenue	12.4	15.5	(3.1)	
% of gross profit	82.0	97.0	(15.0)	
Return on sales	2.7	(0.1)	2.8	

The 4.6% change in total APAC revenue from services was due primarily to an increase in hours worked. On a CC basis, the 16.2% increase in revenue from services reflected a 15% increase in hours worked, combined with a 3% increase in average bill rates. Hours worked increased primarily in India, Australia and Singapore. APAC revenue represented 7% of total Company revenue in the first six months of both 2015 and 2014.

The gross profit rate declined 80 basis points on a year-over-year basis due to decreases in the temporary gross profit rate and staffing fee-based income, which reduced the gross profit rate by 100 and 80 basis points, respectively. These decreases were partially offset by higher-than-expected wage credits in Singapore, which added approximately 100 basis points to the gross profit rate in the first six months of 2015. The reduction in the temporary gross profit rate was due to an increased proportion of international and national large accounts with lower margins. Staffing fee-based income decreased due mainly to a weaker hiring climate in Australia. Singapore wage credits include additional prior year credits received in the current year, and totaled $3.9 million in the first six months of 2015 and $1.9 million in the first six months of 2014.

The decrease in SG&A expenses was due to continuing productivity improvements primarily achieved by consolidating the Australia and New Zealand operations in the prior year. Restructuring charges in the first six months of 2014 relate to costs for exiting branches in Australia.

OCG - June Year to Date
(Dollars in millions)

	2015	2014	Change	CC Change
Revenue from services	$ 314.5	$ 272.3	15.5 %	17.1%
Gross profit	71.2	65.5	8.6	10.7
Total SG&A expenses	64.9	62.5	3.8	6.4
Earnings from operations	6.3	3.0	108.3	
Gross profit rate	22.6%	24.1%	(1.5) pts.	
Expense rates:				
% of revenue	20.6	22.9	(2.3)	
% of gross profit	91.1	95.4	(4.3)	
Return on sales	2.0	1.1	0.9	

Revenue from services in the OCG segment increased during the first six months of 2015 due primarily to growth in the BPO and CWO practice areas. Revenue in BPO grew by 22% year over year and CWO, which includes PPO, grew by 19% year over year. The revenue growth in BPO and CWO was due to new customers and the expansion of programs with existing customers. OCG revenue represented 12% of total Company revenue in the first six months of 2015 and 10% in the first six months of 2014.

The OCG gross profit rate decreased primarily due to a lower RPO gross profit rate due to customer mix, and the timing of investments in BPO in advance of business activity.

The increase in SG&A expenses was primarily a result of costs associated with increased volume with existing customers and implementation costs of new customers mainly in our CWO practice area.

Financial Condition

Historically, we have financed our operations through cash generated by operating activities and access to credit markets. Our working capital requirements are primarily generated from temporary employee payroll and customer accounts receivable. Since receipts from customers generally lag payroll to temporary employees, working capital requirements increase substantially in periods of growth. Conversely, when economic activity slows, working capital requirements may substantially decrease. As highlighted in the consolidated statements of cash flows, our liquidity and available capital resources are impacted by four key components: cash and equivalents, operating activities, investing activities and financing activities.

Cash and Equivalents

Cash and equivalents totaled $48.7 million at the end of the second quarter of 2015 and $83.1 million at year-end 2014. As further described below, we used $26.5 million of cash for operating activities, used $7.3 million of cash for investing activities and used $5.2 million of cash for financing activities.

Operating Activities

In the first six months of 2015, we used $26.5 million of net cash for operating activities, as compared to using $107.5 million in the first six months of 2014. This change was primarily due to lower growth in trade accounts receivable, along with the year-over-year impact of $20.0 million related to payments we received at year-end 2013 from our OCG customers, most of which we paid out to suppliers during the first quarter of 2014.

Trade accounts receivable totaled $1.2 billion at the end of the second quarter of 2015. Global days sales outstanding were 56 days at the end of the second quarter of 2015 and 57 at the end of the second quarter of 2014.

Our working capital position was $430.7 million at the end of the second quarter of 2015, an increase of $2.6 million from year-end 2014. The current ratio (total current assets divided by total current liabilities) was 1.5 at the end of the second quarter of 2015 and at year-end 2014.

Investing Activities

In the first six months of 2015, we used $7.3 million of cash for investing activities, as compared to using $13.9 million in the first six months of 2014. The decrease was primarily due to a year-over-year decrease in investments in our equity affiliate. These investments primarily represent cash contributions to TS Kelly, our equity affiliate, in which we have a 49% ownership interest. Capital expenditures in both years relate primarily to the Company’s technology programs.

Financing Activities

In the first six months of 2015, we used $5.2 million of cash for financing activities, as compared to generating $57.4 million in the first six months of 2014. The decrease in cash from financing activities was caused by decreased short-term borrowings. Debt totaled $89.9 million at the end of the second quarter of 2015 and $91.9 million at year-end 2014. Debt-to-total capital (total debt reported on the balance sheet divided by total debt plus stockholders’ equity) is a common ratio to measure the relative capital structure and leverage of the Company. Our ratio of debt-to-total capital was 9.6% at the end of the second quarter of 2015 and 9.9% at year-end 2014.

The net change in short-term borrowings in the first six months of 2015 was primarily due to payments on our U.S. and Brazilian revolving credit facilities. The net change in short-term borrowings in the first six months of 2014 was primarily due to additional borrowings on our securitization facility, used to fund our everyday operations.

We made dividend payments of $3.8 million in the first six months of both 2015 and 2014.

New Accounting Pronouncements

See New Accounting Pronouncements footnote in the Notes to Consolidated Financial Statements of this Quarterly Report on Form 10-Q for a description of new accounting pronouncements.

Contractual Obligations and Commercial Commitments

There are no material changes in our obligations and commitments to make future payments from those included in the Company's Annual Report on Form 10-K filed February 12, 2015. We have no material, unrecorded commitments, losses, contingencies or guarantees associated with any related parties or unconsolidated entities.

Liquidity

We expect to meet our ongoing short-term and long-term cash requirements principally through cash generated from operations, available cash and equivalents, securitization of customer receivables and committed unused credit facilities. Additional funding sources could include public or private bonds, asset-based lending, additional bank facilities, issuance of equity or other sources.

We utilize intercompany loans, dividends, capital contributions and redemptions to effectively manage our cash on a global basis. We periodically review our foreign subsidiaries' cash balances and projected cash needs. As part of those reviews, we may identify cash that we feel should be repatriated to optimize the Company's overall capital structure. At the present time, these reviews have not resulted in any specific plans to repatriate a majority of our international cash balances. We expect much of our international cash will be needed to fund working capital growth in our local operations. The majority of our international cash is concentrated in a cash pooling arrangement (the "Cash Pool") and is available to fund general corporate needs internationally. The Cash Pool is a set of cash accounts maintained with a single bank that must, as a whole, maintain at least a zero balance; individual accounts may be positive or negative. This allows countries with excess cash to invest and countries with cash needs to utilize the excess cash.

We manage our cash and debt very closely to optimize our capital structure. As our cash balances build, we tend to pay down debt as appropriate. Conversely, when working capital needs grow, we tend to use corporate cash and cash available in the Cash Pool first, and then access our borrowing facilities.

As of the 2015 second quarter end, we had $200.0 million of available capacity on our $200.0 million revolving credit facility and $5.5 million of available capacity on our $150.0 million securitization facility. The securitization facility carried $88.0 million of short-term borrowings and $56.5 million of standby letters of credit related to workers' compensation. Together, the revolving credit and securitization facilities provide the Company with committed funding capacity that may be used for general corporate purposes. While we believe these facilities will cover our working capital needs over the short term, if economic conditions or operating results change significantly, we may need to seek additional sources of funds. As of the 2015 second quarter end, we met the debt covenants related to our revolving credit facility and securitization facility.

We monitor the credit ratings of our major banking partners on a regular basis and have regular discussions with them. Based on our reviews and communications, we believe the risk of one or more of our banks not being able to honor commitments is insignificant. We also review the ratings and holdings of our money market funds and other investment vehicles regularly to ensure high credit quality and access to our invested cash.

Forward-Looking Statements

Certain statements contained in this report are “forward-looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements which are predictive in nature, which depend upon or refer to future events or conditions, or which include words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “estimates,” or variations or negatives thereof or by similar or comparable words or phrases. In addition, any statements concerning future financial performance (including future revenues, earnings or growth rates), ongoing business strategies or prospects, and possible future actions by us that may be provided by management, including oral statements or other written materials released to the public, are also forward-looking statements. Forward-looking statements are based on current expectations and projections about future events and are subject to risks, uncertainties, and assumptions about our company and economic and market factors in the countries in which we do business, among other things. These statements are not guarantees of future performance, and we have no specific intention to update these statements.

Actual events and results may differ materially from those expressed or forecasted in forward-looking statements due to a number of factors. The principal important risk factors that could cause our actual performance and future events and actions to differ materially from such forward-looking statements include, but are not limited to, competitive market pressures including pricing and technology introductions, changing market and economic conditions, our ability to achieve our business strategy, the risk of damage to our brand, our ability to successfully develop new service offerings, our exposure to risks associated with services outside traditional staffing, including business process outsourcing, our increasing dependency on third parties for the execution of critical functions, the risks associated with past and future acquisitions, exposure to risks associated with investments in equity affiliates, material changes in demand from or loss of large corporate customers, risks associated with conducting business in foreign countries, including foreign currency fluctuations, availability of full-time employees to lead complex talent supply chain sales and operations, availability of temporary workers with appropriate skills required by customers, liabilities for employment-related claims and losses, including class action lawsuits and collective actions, the risk of cyber attacks or other breaches of network or information technology security as well as risks associated with compliance on data privacy, our ability to sustain critical business applications through our key data centers, our ability to effectively implement and manage our information technology programs, our ability to maintain adequate financial and management processes and controls, impairment charges triggered by adverse industry or market developments, unexpected changes in claim trends on workers’ compensation, disability and medical benefit plans, the impact of the Patient Protection and Affordable Care Act on our business, the impact of changes in laws and regulations (including federal, state and international tax laws and the expiration and/or reinstatement of the U.S. work opportunity credit program), the risk of additional tax or unclaimed property liabilities in excess of our estimates, our ability to maintain specified financial covenants in our bank facilities to continue to access credit markets, and other risks, uncertainties and factors discussed in this release and in the Company’s filings with the Securities and Exchange Commission. Actual results may differ materially from any forward looking statements contained herein, and we have no intention to update these statements. Certain risk factors are discussed more fully under “Risk Factors” in Part I, Item 1A of the Company’s Annual Report on Form 10-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to foreign currency risk primarily related to our foreign subsidiaries. Exchange rates impact the U.S. dollar value of our reported earnings, our investments in subsidiaries, local currency denominated borrowings and intercompany transactions with and between subsidiaries. Our foreign subsidiaries primarily derive revenues and incur expenses within a single country and currency which, as a result, provide a natural hedge against currency risks in connection with normal business operations. Accordingly, changes in foreign currency rates vs. the U.S. dollar generally do not impact local cash flows. Intercompany transactions which create foreign currency risk include services, royalties, loans, contributions and distributions.

In addition, we are exposed to interest rate risks through our use of the multi-currency line of credit and other borrowings. A hypothetical fluctuation of 10% of market interest rates would not have had a material impact on 2015 second quarter earnings.

Marketable equity investments, representing our investment in Temp Holdings, are stated at fair value and marked to market through stockholders’ equity, net of tax. Impairments in value below historical cost, if any, deemed to be other than temporary, would be expensed in the consolidated statement of earnings. See the Fair Value Measurements footnote in the Notes to Consolidated Financial Statements of this Quarterly Report on Form 10-Q for further discussion.

We are exposed to market risk as a result of our obligation to pay benefits under our nonqualified deferred compensation plan and our related investments in company-owned variable universal life insurance policies. The obligation to employees increases and decreases based on movements in the equity and debt markets. The investments in mutual funds, as part of the company-owned variable universal life insurance policies, are designed to mitigate, but not eliminate, this risk with offsetting gains and losses.

Overall, our holdings and positions in market risk-sensitive instruments do not subject us to material risk.

Item 4. Controls and Procedures.

Based on their evaluation as of the end of the period covered by this Form 10-Q, the Company's Chief Executive Officer and Acting Chief Financial Officer have concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) are effective at a reasonable assurance level.

There were no changes in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

The Company is continuously engaged in litigation arising in the ordinary course of its business, typically matters alleging employment discrimination, alleging wage and hour violations or enforcing the restrictive covenants in the Company's employment agreements. While there is no expectation that any of these matters will have a material adverse effect on the Company's results of operations, financial position or cash flows, litigation is always subject to inherent uncertainty and the Company is not able to reasonably predict if any matter will be resolved in a manner that is materially adverse to the Company.

Item 1A. Risk Factors.

There have been no material changes in the Company's risk factors disclosed in Part I, Item 1A of the Company's Annual Report filed on Form 10-K for year ended December 28, 2014.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

(a) Sales of Equity Securities Not Registered Under the Securities Exchange Act of 1933

None.

(c) Issuer Repurchases of Equity Securities

During the second quarter of 2015, we reacquired shares of our Class A common stock as follows:

Period	Total Number of Shares (or Units) Purchased	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) That May Yet Be Purchased Under the Plans or Programs (in millions of dollars)
March 30, 2015 through May 3, 2015	874	$ 17.19	—	$ —
May 4, 2015 through May 31, 2015	453	16.73	—	$ —
June 1, 2015 through June 28, 2015	929	15.33	—	$ —
Total	2,256	$ 16.33	—	

We may reacquire shares sold to cover taxes due upon the vesting of restricted stock held by employees. Accordingly, 2,256 shares were reacquired in transactions during the quarter.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 6. Exhibits.

See Index to Exhibits required by Item 601, Regulation S-K, set forth on page 34 of this filing.

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, thereunto duly authorized.

KELLY SERVICES, INC.

Date: August 5, 2015

/s/ Olivier G. Thirot
Olivier G. Thirot

Senior Vice President and
Acting Chief Financial Officer
(Principal Financial Officer)

Date: August 5, 2015

/s/ Laura S. Lockhart
Laura S. Lockhart

Vice President, Corporate Controller
and Chief Accounting Officer
(Principal Accounting Officer)

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

Exhibit No.	Description
10.1*	Kelly Services, Inc. Short-Term Incentive Plan, as amended and restated February 12, 2015.
10.2*	Kelly Services, Inc. Equity Incentive Plan, as amended and restated February 12, 2015.
31.1	Certification Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act, as amended.
31.2	Certification Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act, as amended.
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Indicates a management contract or compensatory plan or arrangement.

Exhibit 10.1

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

(Amended and Restated February 12, 2015)

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.

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, no later than the first 90 days of the year (except in limited circumstances), shall establish one or more performance objectives on a Company-wide and/or divisional/departmental basis, which may consist of quantitatively measurable performance standards or qualitative performance standards, the achievement of which requires subjective assessment, or both. For any award opportunities granted after the first 90 days of a year, the Committee can use the performance period that starts on the first day of the fiscal year or calendar year, the Committee may choose to prorate such performance period, or the Committee may select such other period and designate as the performance period. The Committee shall take into account which (if any), types or categories of extraordinary, unusual, non-recurring or other items or events shall be excluded or otherwise not fully taken into account when actual 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.

No later than the first 90 days of each year (except in limited circumstances), target award levels will be established and expressed as a percentage of eligible earnings, for employees selected to participate under the Plan, and the Committee will establish target award levels for each NEO and Prospective NEO. The Committee may establish target award levels 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, bonuses, dividends and other reimbursements and allowances. Except as otherwise designated, individual participants may earn an award payout ranging from threshold to the maximum as a percentage of their target award opportunity that the Committee may set in place from time to time (if actual Company results for the period do not at least equal threshold performance amount or level specified by the Committee, then payout will be zero). The Committee shall also approve guidelines established annually that determine what portion of the target award opportunity, 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.

Except as provided in Section 8, the Committee shall have discretion to adjust final awards up or down from the target award opportunity 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 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.

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, 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 NEO or Prospective NEO may be increased pursuant to this Section 7.

Section 8 – Special Provisions Applicable to NEOs and Prospective NEOs.

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

The Committee shall select one or a combination of the following as objective performance standards:

(a) Earnings (which includes 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) Gross Profits;
(d) Cash flow;
(e) Return on revenues, gross profits, sales, assets or equity;
(f) Customer or employee retention;
(g) Customer satisfaction;
(h) Expenses or expense levels;
(i) One or more operating ratios;
(j) Stock price;
(k) Market share;
(l) Capital expenditures;
(m) Net borrowing, debt leverage levels, credit quality or debt ratings;
(n) The accomplishment of mergers, acquisitions, dispositions, public offerings or similar extraordinary business transactions;
(o) The Company's Quality Management System;
(p) Shareholder return;
(q) Organizational health/productivity;
(r) Sales volume; and/or
(s) Brand or product recognition/acceptance.

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

With respect to a NEO who is newly hired or is promoted by the Company during a performance period, the Committee shall grant an award opportunity, or adjust an award opportunity previously granted, to such NEO for such performance period pursuant to the provisions of this Section 8; provided, however, that no award opportunity shall be granted or adjusted in such a manner as to cause any such award to fail as "qualified performance-based compensation" within the meaning of section 162(m).

(a). Pro-Rated Awards for Newly-Eligible Executives. A NEO who is granted an award opportunity more than 90 days after the beginning of the performance period, either because the NEO is newly hired or is promoted into a NEO position, will be granted an award opportunity under the Plan for such performance period based on the award levels established by the Committee during the first 90 days of the performance period for similar employees at the new or promoted NEO's award level, with the threshold, target, and maximum award that can be earned at each level pro-rated based on the ratio of the number of full months remaining in the performance period on and after the date of hire or promotion (as applicable) to the total number of months in the performance period. For any award level created between the award levels for which the Committee has established the threshold, target, and maximum levels, straight-line interpolation shall be used to determine the pro-rated threshold, target, and maximum award opportunity in accordance with this Section 8.

(b). Adjustments to Outstanding Awards. If a NEO is promoted after the beginning of a performance period, such employee's outstanding award level for such performance period will be adjusted, effective as of the date of such promotion, based on the award levels established by the Committee during the first 90 days of the performance period for similar employees at such employee's new award level. The adjustments to each such NEO's award level shall be pro-rated on a monthly basis, with the threshold, target, and maximum award level for the employee's original position and the original performance goals applicable for the number of full months preceding the effective date of the promotion and the threshold, target, and maximum award level for the employee's new position and any revised performance goals applicable for the remaining number of months in the performance period. For any award level created between the award levels for which the Committee has established the threshold, target, and maximum levels as described above, straight-line interpolation shall be used to determine the pro-rated threshold, target, and maximum award opportunity in accordance with this Section 8.

(c). Negative Discretion. Notwithstanding any other provision of this Section 8, the Committee retains the discretion to reduce the amount of any award opportunity, including a reduction of such amount to zero. By way of illustration, and not in limitation of the foregoing, the Committee may, in its discretion, determine (i) not to grant a pro-rated award opportunity pursuant to Section 8, (ii) not to adjust an outstanding award opportunity pursuant to Section 8, (iii) to grant a pro-rated award opportunity in a smaller amount than would otherwise be provided by Section 8, or (iv) to adjust an outstanding award opportunity to produce a smaller award than would otherwise be provided by Section 8, above.

The Committee 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 award opportunities 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 NEO's or Prospective NEO's Plan award opportunity, 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 NEO's or Prospective NEO's Plan target award opportunity, the Committee shall specify the amount that will be based on that objective. The Committee will 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 NEO or Prospective NEO, including the non-performance-based portion, exceed $3,000,000 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 2-1/2 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 employee shall have any claim or right to receive an award, and participation in the Plan shall not confer upon any employee a right 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 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 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 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.

Exhibit 10.2

KELLY SERVICES, INC.
EQUITY INCENTIVE PLAN
(As Amended and Restated February 12, 2015)

Section 1 — Purposes

This KELLY SERVICES, INC. EQUITY INCENTIVE PLAN (the "Plan") provides for long-term incentive stock-related or other performance-related compensation to selected key employees of the Company or an Affiliated Entity for their contributions to the Company's growth and profitability. Such compensation is intended to help the Company attract and retain superior employees, and it gives those employees shared financial interests with the Company's stockholders that are believed to positively affect their job performance.

Section 2 — Definitions and Rules of Construction

(a) The terms in quotation marks below have the following meanings under the Plan:

"Additional Shares" means immediately vested shares of Company Stock awarded pursuant to Section 9A(c) of the Plan.

"Affiliated Entity" means a corporation, partnership or other business enterprise in which the Company directly or indirectly has a significant equity interest under United States generally accepted accounting principles.

"Award" means a Restricted Award, Performance Award, Other Stock-Based Award, award of Additional Shares, Option, SAR, or Foreign Award granted under the Plan.

"Board" means the Board of Directors of the Company.

"Cause" means the occurrence of any one or more of the following:

(i) The grantee's willful and continued failure to substantially perform his duties with the Company (other than any such failure resulting from the grantee's Disability), after a written demand for substantial performance is delivered to the grantee, by the Board or the Chief Executive Officer of the Company, that specifically identifies the manner in which the Board or the Chief Executive Officer believes that the grantee has not substantially performed his duties, and the grantee has been given an opportunity, within thirty (30) days following grantee's receipt of such notice, to meet in person with the Board (or its designee) to explain or defend the alleged act or acts, or failure or failures to act relied upon by the Company and, to the extent such cure is possible, the grantee has not cured such act or acts or failure or failures to act within the thirty (30) day period;

(ii) The grantee's gross negligence or willful engagement in conduct that is demonstrably and materially injurious to the Company, monetarily or otherwise;

(iii) The grantee's conviction of, or plea of guilty or nolo contendere, to any felony or to any other crime which involves the personal enrichment of the grantee at the expense of the Company; and

(iv) The grantee's material breach of the Company's Code of Business Conduct and Ethics.

Notwithstanding the above, for purposes of this provision, no act or failure to act shall be considered "willful" or "intentional" unless done or omitted to be done, by the grantee in bad faith or without reasonable belief that the grantee's act or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or based upon the instructions of the Chief Executive Officer or a senior officer of the Company or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the grantee in good faith and in the best interests of the Company

"Code" means the Internal Revenue Code of 1986, as amended.

"Committee" means the Compensation Committee of the Board or any other committee designated by the Board to administer this Plan. The Committee shall be comprised of two or more "non-employee directors" within the meaning of Rule 16b-3 of the Securities and Exchange Commission. Further, to the extent that the Company determines it desirable to qualify Awards granted hereunder as “qualified performance-based compensation” within the meaning of Section 162(m), the Committee shall be comprised solely of two or more “outside directors” within the meaning of Section 162(m).

“Company” means Kelly Services, Inc.

“Company Stock” means the Class A Common Stock, $1.00 par value, of the Company.

“Disability” means the total and permanent inability of an Employee by reason of sickness or injury to perform the material duties of such Employee’s regular occupation with his or her Employer where such inability has existed for at least six continuous months.

“Employee” means an employee of the Company or an Affiliated Entity.

“Employer” means the Company or the Affiliated Entity which employs an Employee.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Fair Market Value” means, for any given date, the closing market price for a share of Company Stock as a Nasdaq Stock Market LLC security reported by the National Association of Securities Dealers, Inc. Automated Quotation System (“Nasdaq”) for that date (or if no such prices are so reported for such date, for the latest preceding date on which such sale prices were so reported). If the Fair Market Value for a given date cannot be determined by reference to Nasdaq, it shall be determined by the reasonable application of a reasonable valuation method that satisfies the requirements of Treasury Regulation Section 1.409A-1(b)(iv)(B).

“Foreign Award” means an award granted pursuant to Section 10 of the Plan.

“Incentive Stock Option” or “ISO” means an Option that meets the requirements of Section 422 of the Code (or any successor provision) and that is identified as intended to be an ISO in the written agreement evidencing the Option.

“Named Executive Officer” means, for purposes of Section 9B, an 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 given fiscal year, whose compensation is subject to disclosure under 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 Code pursuant to Treasury Regulations or other Internal Revenue Service guidance.

“Nonqualified Stock Option” or “NQSO” means an Option that is not an ISO.

“Option” means an Option to purchase Company Stock granted pursuant to Section 6 of the Plan.

“Other Performance Award” means a cash-denominated award granted under Section 9A or 9B of the Plan which, until vested, is subject to forfeiture.

“Over-10% Owner” means an owner of over 10% of the total combined outstanding voting power of all classes of capital stock of the Company.

“Performance Award” means an award of Performance Shares, Performance Share Units or Other Performance Award.

“Performance Shares” and “Performance Share Units” mean, respectively, shares of Company Stock and Share Units granted under Section 9A or 9B of the Plan which, until vested, are subject to forfeiture.

“Protected Information” means trade secrets, confidential and proprietary business information of the Company and Affiliated Entities, and any other information of the Company, including, but not limited to, customer lists (including potential customers), sources of supply, processes, plans, materials, pricing information, internal memoranda, marketing plans, internal policies, and products and services which may be developed from time to time by the Company and its agents or employees, including the grantee; provided, however, that information that is in the public domain (other than as a result of a breach of this Plan) is not Protected Information.

“Restoration Option” means an Option granted under, and subject to the conditions set forth in, Section 6(f) of the Plan.

“Restricted Award” means an award of Restricted Shares or Restricted Share Units.

“Restricted Shares” and “Restricted Share Units” mean, respectively, shares of Company Stock and Share Units granted under Section 8 of the Plan which, until vested, are subject to forfeiture.

"Rule 16b-3" means Securities and Exchange Commission Rule 16b-3, as amended.

"Section 16 Reporting Person" means a person required by Section 16 of the Exchange Act and related rules to file reports concerning such person's ownership of and transactions in Company equity securities.

"Section 162(m)" means Section 162(m) of the Code (or any successor), together with the related U.S. Department of Treasury regulations.

"Share Unit" means a unit available for award under the Plan which: (1) upon vesting or payout, shall entitle the holder to receive from the Company for each Share Unit vested or paid, a share of Company Stock, and (2) until settled after vesting, or until forfeited, shall entitle the holder to be paid by the Company the equivalent of any cash dividend paid on Company Stock to which the holder would have been entitled if, on the date of grant of such Share Unit, the grantee of the Share Unit had instead been granted a Restricted Share or Performance Share.

"Solicitation" means to solicit, divert or attempt to solicit or divert from the Company and its Affiliated Entities, any work or business related to the employee staffing and consulting services business, which includes, but is not limited to, direct placement, outplacement, outsourcing, recruitment, recruitment process outsourcing, temporary staffing services, management services, vendor on-site, vendor management, and consulting services (the "Company's Business"), or otherwise related to any activity that is in competition with the Company and its Affiliated Entities, from any client or customer, or potential client or customer, of the Company and its Affiliated Entities for either grantee or any other entity that may employ, engage, or associate with grantee in any fashion, or have any contact, through business-oriented social networking sites or otherwise, with any client or customer, or potential client or customer, of the Company and its Affiliated Entities for either grantee or any other entity that may employ, engage or associate with grantee in any fashion, for purposes of influencing any such client or customer, or potential client or customer, to not use or not continue to use the Company or its Affiliated Entities for work or business related to the Company's Business (provided, however, that notwithstanding anything to the contrary contained in the Plan, a grantee may own up to two percent (2%) of the outstanding shares of the capital stock of a company whose securities are registered under Section 12 of the Securities Exchange Act of 1934). For purposes of this section, "client(s)" or "customer(s)" of the Company and its Affiliated Entities, shall mean any individual, corporation, limited liability company, partnership, proprietorship, firm, association, or any other entity that the Company or its Affiliated Entities has invoiced during the preceding twelve (12) months, and "potential client(s) or customer(s)" shall be any individual, corporation, limited liability company, partnership, proprietorship, firm, association, or any other entity that the grantee knew or should have known was a potential customer through personal knowledge or had any personal exposure through Company meetings or marketing efforts, during the preceding twelve (12) months.

"Stock Appreciation Right" or "SAR" means a right granted pursuant to Section 7 of the Plan which, upon exercise, shall entitle the holder to receive from the Company the Fair Market Value of a share of Company Stock on the exercise date minus the Fair Market Value of such a share on the date of grant.

(b) References in this Plan to the "issuance" of shares, to shares "issued" or "issuable," and the like, include transfers of treasury shares as well as new issuances of authorized but previously unissued shares.

Section 3 — Administration

(a) *General.* The Plan shall be administered by the Committee, subject to the express limitations set forth in the Plan. The Committee may, by majority vote, grant Awards and determine the type, amount and other terms and conditions of each Award. The Committee shall have authority to prescribe the forms of written agreements to evidence Awards, to interpret the Plan and the provisions of such agreements, to adopt administrative rules and procedures concerning administration of the Plan and to take such other action as it determines to be necessary, advisable, appropriate or convenient for the administration of the Plan in accordance with its purposes, including certifying whether any performance measures have been met.

The Committee may delegate to the chief executive officer of the Company, if also a director, some or all of its authority to grant Awards under the Plan to Employees who are not Section 16 Reporting Persons or Senior Vice Presidents or officers of higher rank, in which case actions taken by the chief executive officer pursuant to such delegated authority shall have the same effect as if taken by the Committee. The chief executive officer shall periodically notify the Committee of any grants made pursuant to such delegation of authority.

The Committee may delegate performance of recordkeeping and other ministerial functions concerning the Plan and its day-to-day operations to such persons as it may specify from time to time.

(b) *Repricing.* Absent stockholder approval, neither the Committee nor the Board shall approve a program providing for either (i) the cancellation of outstanding Options and/or SARs and the grant in substitution therefore of new Options and/or SARs having a lower exercise price or (ii) the amendment of outstanding Options and/or SARs to reduce the exercise price thereof. This paragraph shall not be construed to apply to "issuing or assuming a stock option in a transaction to which section 424(a) applies," within the meaning of Code Section 424.

(c) *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 established and 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.

Section 4 — Eligibility for Awards; No Requirement of Uniformity

Any type of Award may be granted to any Employee at any time, except that Foreign Awards may be granted only as permitted under Section 10 of the Plan. The type, amount, timing and other terms and conditions of Awards made to a grantee need not be uniform, comparable or proportionate among grantees.

Section 5 — Maximum Number of Shares; Other Award Limits

(a) *Maximum Number of Shares.* For purposes of this section, "Affected Shares" are shares of Company Stock that have been issued as Restricted Shares or Units, Performance Awards, Additional Shares or similar Foreign Awards or that have been made subject to future issuance in settlement of Options (whether or not with related SARs), Share Units or Foreign Awards. For a given date, the "Adjustment Period" comprises the Company's current fiscal year to date, plus its four immediately preceding fiscal years.

The total number of Affected Shares shall never exceed 15% of the number of outstanding shares of Company Stock (exclusive of treasury shares) at the end of the immediately preceding Company fiscal year (rounded downward, if necessary to eliminate fractional shares)

(i) minus the sum, for the Adjustment Period, of the numbers of:

(A) Shares awarded as Restricted Shares or Performance Awards

(B) Share Units awarded

(C) Shares made subject to Option grants (including Restoration Options)

(D) Shares issued or granted for future issuance as Foreign Awards.

(ii) plus the sum, for the Adjustment Period, of the numbers of:

(A) Shares as to which Options have expired or terminated for any reason other than exercise of such Options or of related Tandem SARs

(B) Shares as to which Restricted Awards and Performance Awards have been both granted and forfeited

(C) Shares transferred to the Company (actually or constructively) to satisfy the exercise price of outstanding Options.

Stock options, SARs and other equity-based awards assumed by the Company in a merger or acquisition of another company shall not count against the shares available for Award under the Plan.

(b) *ISO Award Limits.* The number of shares covered by outstanding ISOs plus the number of shares issued in settlement of exercised ISOs under this Plan may not exceed 4,000,000 shares.

(c) *Options, SARs, Restricted Awards, Performance Awards and Other Stock-Based Awards.* The number of shares of Company Stock subject to an Option, SAR, Restricted Award, Performance Award or Other Stock-Based Award shall be specified at the time of grant. Subject to the limits on Award amounts set forth in Section 5(b) above, this Section 5(c) and any adjustment under Section 14 of the Plan: (i) the maximum number of shares of Company Stock that may be granted as Options (whether or not in tandem with SARs) during any consecutive five calendar years to any single Employee shall be 750,000; (ii) the maximum number of shares of Company Stock that may be granted in connection with stand-alone SARs during any consecutive five calendar years to any single Employee shall be 750,000; (iii) the maximum number of shares of Company Stock that may be granted in connection with Other Stock-Based Awards during any consecutive five calendar years to any single Employee shall be 750,000; (iv) the maximum number of shares of Company Stock subject to Restricted Awards that may be granted to any single Employee with respect to a single performance period during any consecutive five calendar years to any single Employee shall be 750,000; and (v) the maximum number of shares of Company

Stock subject to Performance Shares and/or Performance Share Units that may be granted to any single Employee with respect to a single performance period is 500,000.

(d) *Cash Denominated Award Limits.* The maximum amount of an Other Performance Award payable with respect to any single Employee shall be $1,000,000 multiplied by the number of years included in any applicable performance period(s) (and any applicable fraction for any portion of a performance period of less than one year) relating to such Awards.

Section 6 — Options

(a) *Incentive Stock Options and Nonqualified Stock Options.* At the time of the grant of an Option, the Committee shall specify whether it is intended to be an Incentive Stock Option or a Nonqualified Stock Option, and the agreement evidencing such Option shall designate the Option accordingly. However, notwithstanding such designation, to the extent that the aggregate Fair Market Value of the shares with respect to which ISOs are exercisable for the first time by the grantee during any calendar year exceeds $100,000 (or such other amount as permitted by Code Section 422(d)) such Options shall be treated as Nonqualified Stock Options. For purposes of this Section 6(a), ISOs shall be taken into account in the order in which they were granted. The Committee may prescribe such terms and conditions for an ISO grant, other than those specified in the Plan, as it deems desirable to qualify the Option as an incentive stock option under the Code. If an Option (or any portion thereof) intended by the Committee to be an ISO fails to qualify as an ISO, either at the time of grant or subsequently, such failure to qualify shall not invalidate the Option (or such portion), and instead the nonqualified portion (or, if necessary, the entire Option) shall be deemed to have been granted as a Nonqualified Stock Option regardless of its designation in the grant and in the Option agreement.

(b) *Exercisability.* The time at which any portion of an Option first becomes exercisable (which may be at or after the date of grant) and the latest date on which the Option may be exercised (the "expiration date") shall be as specified at the time of grant. However, the expiration date for any ISO granted to an Over-10% Owner may be no later than five years after the grant, and the expiration date for any other Option may be no later than ten years after the date of grant. The Committee may, in its discretion, accelerate the exercisability of any portion of an Option or provide for automatic acceleration of exercisability of any portion of an Option upon the occurrence of such events as it may specify, such as upon the death or Disability of a grantee. However, no acceleration of exercisability of any portion of an ISO shall be effective without the consent of the Option holder if such acceleration would cause the ISO or any other ISO of such holder (or any portion thereof) to become a Nonqualified Stock Option. During the lifetime of the grantee of an Option, the Option may be exercised only by the grantee or the grantee's legal representative.

(c) *Exercise Price.* Unless a higher price is specified at the time of grant, the per share exercise price of each Option shall be the Fair Market Value of a share of Company Stock on the date of grant, except that the per share exercise price of any ISO granted to an Over-10% Owner shall be at least 110% of such Fair Market Value on the grant date.

(d) *Exercise Procedures and Payment.* The holder of an exercisable Option (or Option portion) may exercise it in whole or in part by complying with such procedures for exercise as are then in effect and tendering payment in full of the aggregate exercise price for the number of shares in respect of which the Option is then being exercised. Except to the extent further restricted or limited at the time of grant, payment may be made (1) entirely in cash, (2) by delivery of whole shares of Company Stock owned by the Option holder for more than six months on the date of surrender, (3) pursuant to a cashless exercise program implemented by the Company in connection with the Plan or (4) by any combination of the foregoing methods of payment. Any shares delivered in payment shall be valued at their Fair Market Value on the date of delivery.

(e) *Effect of Employment Termination.* The Committee shall determine the disposition of the grant of each Option in the event of the disability, death or other termination of employment of an Employee.

(f) *Restoration Options.* Subject to the provisions below, the Committee may provide that an Option shall also carry with it a right to receive another Option (a "Restoration Option") in certain circumstances. A Restoration Option may be created at the time of grant of an Option (for purposes of this paragraph, an "original Option") that is not itself a Restoration Option at the time a Restoration Option arises (so as to provide a subsequent Restoration Option to it), or at any other time while the grantee continues to be eligible for Awards and the original or Restoration Option (the "prior Option") is outstanding. In addition to any other terms and conditions (including additional limitations on exercisability) that the Committee deems appropriate, each Restoration Option shall be subject to the following:

(i) A Restoration Option may arise only if, earlier than six months before the expiration date of the prior Option, the grantee exercises the prior Option (or a portion thereof) while still an Employee and pays all or some of the relevant exercise price in shares of Company Stock that have been owned by the grantee for at least six months prior to exercise

(ii) The number of shares subject to the Restoration Option shall be the number of whole shares delivered in exercise of the prior Option, except that the number will be reduced to the extent necessary for the Plan to comply with the limitations imposed by Section 5 of the Plan

(iii) The Restoration Option shall arise and be granted (if ever) at the time of payment of the relevant exercise price in respect of the prior Option

(iv) The per share exercise price of the Restoration Option shall be the Fair Market Value of a share of Company Stock on the date the Restoration Option arises

(v) The expiration date of the Restoration Option shall be the same as that of the prior Option

(vi) The Restoration Option shall first become exercisable six months after it arises

(vii) The Restoration Option shall be a Nonqualified Stock Option.

Section 7 — Stock Appreciation Rights

(a) *Types of SARs Authorized.* SARs may be granted in tandem with all or any portion of a related Option (a "Tandem SAR") or may be granted independently of any Option (a "Stand-Alone SAR"). A Tandem SAR may be granted either concurrently with the grant of the related Option or at any time thereafter prior to the complete exercise, termination, expiration or cancellation of such related Option.

(b) *Exercise Price.* The exercise price for each SAR shall be established in the discretion of the Committee; provided, however, that (i) the exercise price per share subject to a Tandem SAR shall be the exercise price per share under the related Option (but not less than the Fair Market Value per share of Company Stock on the effective date of grant of the SAR) and (ii) the exercise price per share subject to a Stand-Alone SAR shall not be less than the Fair Market Value of a share of Company Stock on the effective date of grant of the SAR.

(c) *Exercisability and Termination.*

(i) Tandem SARs. Tandem SARs shall be exercisable as follows, subject to such other provisions as the Committee may specify when the Tandem SAR is granted:

(A) The only persons entitled to exercise such SARs shall be the holder of the related Option or such holder's legal representative

(B) The expiration date of such SARs shall be the same as that of the related Option

(C) SARs shall be exercisable if (and only if) and to the extent that the related Option is then exercisable, except that SARs shall not be exercisable by a Section 16 Reporting Person at any time within six months after the date on which the SARs were granted even if the related Option is then exercisable

(D) Exercise of SARs shall automatically terminate the related Option with respect to the same number of shares as the number of SARs being exercised

(E) Exercise, cancellation or termination of an Option shall automatically terminate the same number of related SARs as the number of shares with respect to which the Option is being exercised, canceled or terminated

(F) Tandem SARs related to an Incentive Stock Option shall be exercisable only when the then Fair Market Value of a share of Company Stock exceeds the exercise price of the Incentive Stock Option.

(ii) Stand-Alone SARs. Stand-Alone SARs shall be exercisable at such time or times, or upon such event or events, and subject to such terms, conditions, performance criteria and restrictions as shall be determined by the Committee and set forth in the Award agreement evidencing such SAR; provided, however, that no Stand-Alone SAR shall be exercisable after the expiration of ten (10) years after the effective date of grant of such SAR.

(d) *Exercise Procedures and Settlement Elections.* Exercisable SARs may be exercised at any time in accordance with such exercise procedures as are then in effect. Except to the extent further restricted at the time of grant, at or prior to exercise of SARs, the holder may elect to have the exercised SARs settled (1) entirely in cash, (2) to the extent possible, in whole shares of Company

Stock and the balance in cash, or (3) partially in cash in an amount specified by the holder and the balance in whole shares of Company Stock plus cash in lieu of any fractional share. If no election is made, the SARs shall be settled in any of the foregoing manners as the Committee shall determine. For purposes of settlement, shares of Company Stock shall be valued at their Fair Market Value as of the settlement date.

(e) *Effect of Termination of Employment.* A SAR shall be exercisable after a grantee's termination of employment to the extent and during such period as determined by the Committee, in its discretion, and as set forth in the Award agreement evidencing such SAR.

Section 8 — Restricted Awards

(a) *General.* Awards of Restricted Shares are awards of actual Company Stock, while Awards of Restricted Share Units are awards that may consist of Company Stock, cash equivalents of Company Stock, or a combination of both. The restrictions that may be imposed relate to possession, vesting and conditions to vesting, payment of dividends and potential forfeiture.

(b) *Restriction Period.* At the time of grant of a Restricted Award, the Committee shall establish a period of no less than twelve months with respect to such Restricted Award, which period (the "restriction period") shall commence on the date of grant or such other date selected by the Committee. The Committee may provide for such restriction period to lapse in installments. The Committee may impose such restrictions or conditions to the vesting of a Restricted Award as it, in its sole discretion, deems appropriate. By way of example and not by way of limitation, the Committee may require, as a condition to the vesting of any Restricted Award, that the grantee or the Company achieves such performance goals as the Committee may specify. If a Restricted Award is intended to qualify as "qualified performance-based compensation" under Code Section 162(m), all requirements set forth in Section 9B that otherwise apply to Performance Awards must also be satisfied with respect to such Restricted Award in order for a grantee to be entitled to payment.

(c) *Vesting and Forfeiture.* If the grantee of a Restricted Award remains an Employee throughout the applicable restriction period, and any other conditions imposed by the Committee are satisfied, the entire Restricted Award shall become fully vested and no longer subject to forfeiture at the end of the restriction period. If the grantee ceases to be an Employee during the restriction period due to death or Disability (including during the first twelve months following the date of grant), the Award shall be vested in proportion to the then elapsed portion of the restriction period, and the remainder of such Award shall be forfeited, unless the Committee determines to waive such forfeiture, in whole or in part, and vest those Shares or Units. If the grantee otherwise ceases to be an Employee during the restriction period, the Committee shall determine the disposition of the Award.

(d) *Restricted Share Certificates and Dividends or Distributions.* Restricted Shares shall be issued to the grantee as promptly as practicable after the grant, but the certificates representing such Restricted Shares shall bear an appropriate legend and shall be held by the Company. Non-cash dividends or other distributions upon Restricted Shares shall be retained and held by the Company, pending vesting or forfeiture of the Restricted Shares. Such retained non-cash dividends and other distributions shall be vested or forfeited, as the case may be, upon the vesting or forfeiture of such Restricted Shares. Non-cash dividends and other distributions that vest shall be distributed to the grantee of the Restricted Shares as promptly as practicable after the vesting date. The grantee of Restricted Shares shall be entitled to receive any cash dividends paid with respect to such Shares during the restriction period.

(e) *Settlement of Restricted Share Units.* An Award of Restricted Share Units that vests shall be settled in cash, whole shares of Company Stock (valued at Fair Market Value as of the settlement date), or a combination thereof, as the Committee shall determine. The mode of settlement shall not violate the Plan's limitations on available shares or any limitations imposed by the Committee at the time of grant of the Award or at any other time while the Award is unvested and the grantee is still an Employee. Restricted Share Units that vest shall be settled in full during or soon after the year that the vesting date occurs, and no later than two and one-half months after the year in which vesting occurs.

Section 9A — Performance Awards and Additional Shares in General

(a) *Performance Period and Goals.* At the time of grant of a Performance Award, the Committee shall establish one or more performance periods with respect to such Performance Award. If the Award is granted during the first fiscal quarter of the Company's fiscal year, the performance period will commence on the first day of that fiscal year and can also be based on calendar years. For grants made after the first fiscal quarter of the Company's fiscal year, the Committee can also use the performance period that starts on the first day of the fiscal year or calendar year; the Committee may choose to prorate such grants. Otherwise, the performance period will commence on the date of grant or such other period selected by the Committee. At the time of grant of the Performance Award, the Committee shall also establish one or more business performance goals for the performance period and, if it establishes more than one, the weight to be given each such goal (collectively, "performance goals"). The initial performance goals with respect to a Performance Award may be modified or adjusted during the performance period in light of previously unforeseen transactions, events or circumstances occurring after the initial performance goals are established. All performance goals shall be subject to the approval of the Board.

(b) *Performance Assessment, Vesting and Forfeiture.* As soon as practicable after the end of a performance period for a Performance Award, the Committee shall determine the extent to which the performance goals for that Award were attained. Subject to the terms of any applicable award agreement (which terms shall govern), if the grantee of a Performance Award remains an Employee throughout the applicable performance period, and any other conditions imposed by the Committee are satisfied, the Performance Award (or any applicable portion thereof based on the extent the performance goals are satisfied) shall become vested according to its terms and no longer subject to forfeiture at the end of the applicable performance period. If the grantee ceases to be an Employee during the performance period due to his or her death, Disability, termination by the Company without Cause, or following normal retirement as defined by the Committee, then as soon as practicable following termination of employment for these reasons (but not earlier than after the applicable performance periods are completed and the date the Committee determines that the performance goals are attained) the grantee shall be entitled to receive a pro-rata portion of the portion of the Performance Award that would have otherwise vested if his or her employment had continued until the end of such performance period, based on the portion of the performance period that the grantee was employed by the Company, and the remainder of such Performance Award shall be forfeited, unless the Committee determines to waive such forfeiture in whole or in part; provided, however, that in the event of a termination by the Company without Cause, the Committee has no such discretion to waive such forfeiture if the grantee is a Named Executive Officer or an individual that the Committee reasonably believes may become a Named Executive Officer and designates the Performance Award as subject to Section 162(m)'s requirements (a "Prospective NEO"). In the event of termination by the Company without Cause, the grantee must be employed for at least one year after the date the grants were approved by the Committee to be entitled to a pro rata award. If a grantee who is not a Named Executive Officer otherwise ceases to be an Employee during the applicable performance period for any reason other than death, Disability, termination by the Company without Cause, or other than following normal retirement, as defined by the Committee, the Committee shall determine the disposition of the Performance Award. If a grantee who is a Named Executive Officer otherwise ceases to be an Employee during the performance period for any reason other than death, Disability, termination by the Company without Cause, or other than following normal retirement, as defined by the Committee, the Performance Award will be forfeited in its entirety. Performance Awards that vest shall be settled during or soon after the year that the vesting date occurs, and no later than two and one-half months after the year in which vesting occurs.

(c) *Additional Shares* At the end of the performance period, the Committee may recommend a grant of Additional Shares to the grantee of a Performance Award that is settled in Company Stock if the grantee is then an Employee and is not a Named Executive Officer, and the Committee determines that satisfaction of the performance goals so warrants. Additional Shares awarded to a grantee shall be immediately vested and shall be issued to the grantee as soon as practicable after the grant.

(d) *Other Matters.* The provisions of Section 8(d) of the Plan shall also apply to Performance Shares, and the provisions of Section 8(e) shall also apply to Performance Share Units. The Committee may make interim grants of Awards to new Employees in a fair and equitable manner. The Committee may, in its sole discretion, settle any vested and payable Other Performance Award (1) entirely in cash, (2) to the extent possible, in whole shares of Company Stock and the balance in cash, or (3) partially in cash in an amount specified by the Committee and the balance in whole shares of Company Stock. For purposes of settlement, shares of Company Stock shall be valued at their Fair Market Value as of the settlement date.

Section 9B — Performance Awards to Named Executive Officers

(a) *Special Provisions Applicable.* Notwithstanding other provisions of the Plan, the provisions of this Section 9B shall apply to all Performance Awards granted to Named Executive Officers that are intended to qualify as "qualified performance-based compensation" and that are not subject to the tax deduction limit imposed by Section 162(m). Except as superseded by this Section 9B and unless otherwise stated, all provisions of the Plan applicable to Performance Awards shall also apply to such Performance Awards granted to Named Executive Officers.

(b) *Timing of Grants.* Performance Awards may be granted to Named Executive Officers only during the first 90 days of the Company's applicable performance period, except in limited circumstances.

(c) *Performance Objectives and Payout Schedules.* At or prior to the grant of each Performance Award to a Named Executive Officer or Prospective NEO, the Committee shall establish one or more objectively determinable performance goals (which may be annual, cumulative or based on some other portion of the performance period) for the Award relating to one or more or any combination of the following areas of Company or other business unit performance over the relevant performance period.

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

(ii) Revenues;

(iii) Gross Profits;

(iv) Cash flow;

(v) Return on revenues, gross profits, sales, assets or equity;

(vi) Customer or employee retention;

(vii) Customer satisfaction;

(viii) Expenses or expense levels;

(ix) One or more operating ratios;

(x) Stock price;

(xi) Market share;

(xii) Capital expenditures;

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

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

(xv) The Company's Quality Management System;

(xvi) Shareholder return;

(xvii) Organizational health/productivity;

(xviii) Sales volume; and/or

(xix) Brand or product recognition/acceptance

At the same time, the Committee shall establish a payout schedule for each performance goal established for the Performance Award, which shall be a predetermined range from threshold performance amount or level of the target Other Performance Award, Performance Shares and/or Performance Share Units constituting the Award (if actual Company results for the period do not at least equal threshold performance amount or level specified by the Committee, then payout will be zero) to maximum performance amount or level of such target Award and shall be structured so as to permit objective determination of payouts over the full range of actual Company results. At the time any Performance Award is granted, the Committee shall specify which (if any) types or categories of extraordinary, unusual, non-recurring, or other items or events shall be excluded or otherwise not fully taken into account when actual Company results relating to such goal(s) are calculated, and the only adjustments in actual Company results which thereafter shall be permissible for purposes of applying the established payout schedule for the Performance Award shall be objectively determinable adjustments for the items or events so specified.

(d) *No Discretion to Increase Awards or Waive Forfeitures.* The Committee may establish other preconditions to payout of a Performance Award to a Named Executive Officer, including preconditions that may call for subjective determinations by the Committee. The otherwise scheduled payout on any Performance Award granted to a Named Executive Officer may be reduced by the Committee to the extent it deems appropriate if, in the Committee's judgment, the Named Executive Officer's individual performance during the performance period has not warranted the scheduled payout. However, for so long as Code Section 162(m) may require, the payout on any Performance Award granted to a Named Executive Officer that is intended to qualify as "qualified performance-based compensation" shall not exceed the payout permissible under the Award's payout schedule, and no Additional Shares or additional cash amount shall be granted to any Named Executive Officer.

(e) *Promotions and New Hires.* With respect to a Named Executive Officer who is newly hired or is promoted by the Company during a performance period, the Committee shall grant a Performance Award, or adjust a Performance Award previously granted, to such Named Executive Officer for such performance period pursuant to the provisions of this Section 9B(e); provided, however, that no Performance Award shall be granted or adjusted in such a manner as to cause any such award to fail as "qualified performance-based compensation" within the meaning of section 162(m)(4)(C) of the Code and Section 1.162-27 of the Treasury Regulations promulgated thereunder.

(i). Pro-Rated Performance Awards for Newly-Eligible Executives. A Named Executive Officer who is granted a Performance Award more than 90 days after the beginning of the performance period, either because the Named Executive Officer is newly hired or is promoted into a Named Executive Officer position, will be granted a Performance Award under the Plan for such performance period based on the threshold, target, and maximum levels established by the Committee during the first 90 days of the performance period for similar Employees at the new or promoted Named Executive Officer's award level, with the number of threshold, target, and maximum shares that can be earned at each level pro-rated based on the ratio of the number of full months remaining in the performance period on and after the date of hire or promotion (as applicable) to the total number of months in the performance period. For any award level created between the award levels for which the Committee has established the threshold, target, and maximum levels, straight-line interpolation shall be used to determine the pro-rated number of threshold, target, and maximum shares in accordance with this Section 9B(e).

(ii). Adjustments to Outstanding Performance Awards. If a Named Executive Officer is promoted after the beginning of a performance period, such Employee's outstanding Performance Award granted for such performance period will be adjusted, effective as of the date of such promotion, based on the threshold, target, and maximum levels established by the Committee during the first 90 days of the Performance Period for similar employees at such Employee's new award level. The adjustments to each such Named Executive Officer's Performance Award shall be pro-rated on a monthly basis, with the number of threshold, target, and maximum shares for the Employee's original position applicable for the number of full months preceding the effective date of the promotion and the number of threshold, target, and maximum shares for the Employee's new position applicable for the remaining number of months in the performance period. For any award level created between the award levels for which the Committee has established the number of threshold, target, and maximum shares as described above, straight-line interpolation shall be used to determine the pro-rated number of threshold, target, and maximum shares in accordance with this Section 9B(e).

(iii). Negative Discretion. Notwithstanding any other provision of this Section 9B(e), the Committee retains the discretion to reduce the amount of any Performance Award to be granted to a newly hired or promoted Named Executive Officer, including a reduction of such amount to zero. By way of illustration, and not in limitation of the foregoing, the Committee may, in its discretion, determine (A) not to grant a pro-rated Performance Award pursuant to Section 9B(e), (B) not to adjust an outstanding Performance Award pursuant to Section 9B(e), (C) to grant a pro-rated Performance Award in a smaller amount than would otherwise be provided by Section 9B(e), or (D) to adjust an outstanding Performance Award to produce a smaller award than would otherwise be provided by Section 9B(e), above.

(f) *Certification by Committee.* As soon as practicable following the completion of the performance period applicable to a Performance Award, the Committee shall certify in writing the extent to which the applicable performance goals have been attained and the resulting final value of the Award earned by the Named Executive Officer.

Section 10 — Foreign Awards

The Committee may modify the terms of any type of Award described in Sections 6, 7, 8 or 9A of the Plan for grant to an Employee who is subject to tax or similar laws of a country other than the United States and may grant such modified Award, and structure and grant other types of awards related to appreciation in value of Company Stock, to such an Employee, as the Committee determines necessary or advisable in order to provide such grantee with benefits and incentives comparable (to the extent practically possible) to those which would be provided the grantee if the grantee were not subject to such foreign laws. Notwithstanding the foregoing, if the Employee is also subject to Code Section 409A, the modifications of any type of Award described in Sections 6, 7, 8, or 9A of the Plan, or the structure of other types of awards related to appreciation in value of Company Stock may not be made in a manner that would cause non-compliance with Code Section 409A.

Section 11 — Other Stock-Based Awards

The Committee may, in its sole discretion, grant Awards of Company Stock or Awards that are valued in whole or in part by reference to, or are otherwise based on the Fair Market Value of Company Stock ("Other Stock-Based Awards"). Such Other Stock-Based Awards shall be in such form, and dependent on such conditions, as the Committee shall determine including, without limitation, the right to receive one or more shares of Company Stock (or the equivalent cash value of such shares) upon the completion of a specified period of service, the occurrence of an event, the attainment of performance objectives and/or other criteria specified by the Committee. Other Stock-Based Awards may be granted alone or in addition to any other Awards granted under the Plan. Subject to the provisions of the Plan, the Committee shall determine to whom and when Other Stock-Based Awards will be made; the number of shares to be awarded under (or otherwise related to) such Other Stock-Based Awards; whether such Other Stock-Based Awards shall be settled in cash, Company Stock or a combination of cash and Company Stock; and all other terms and conditions of such Awards (including, without limitation, the vesting provisions thereof). If an Other Stock-Based Award is intended to qualify as "qualified performance-based compensation" under Code Section 162(m), all requirements set forth in Section 9B that otherwise apply to Performance Awards must also be satisfied with respect to such Other Stock-Based Award in order for a grantee to be entitled to payment. Other Stock-Based Awards must provide either that they will be paid no later than 2 $^{1}/2$ months after the end of the year in which they vest or that they will be paid in a lump-sum payment at a specified time, within the meaning of Treasury Regulation Section 1.409A-3(i)(1)(i).

Section 12 — Certain Provisions Generally Applicable to Awards

(a) *Award Agreements.* Each Award (other than any award of Additional Shares and any similar Foreign Award unless the Committee otherwise determines) shall be evidenced by a written agreement setting forth the type, amount and other terms and conditions of such Award, as are not inconsistent with the Plan as the Committee shall have specified with respect to such Award.

(b) *Transfer Restrictions; Potential Forfeiture.* No Option or SAR, no Other Stock-Based Award, no unvested Performance Award or Restricted Award, no Foreign Award similar to any of the foregoing, and none of the rights or privileges conferred by any such Award may be sold, assigned, pledged, hypothecated or otherwise transferred in any manner whatsoever, except that, if the Committee determines that such transfer will not violate any requirements of the Securities and Exchange Commission or the Internal Revenue Service, the Committee may permit an intervivos transfer by gift to or for the benefit of a family member of the grantee. Any attempt to sell, assign, pledge, hypothecate or otherwise transfer any such Award or any of the rights and privileges conferred thereby contrary to the provisions of the Plan shall be void and unenforceable against the Company.

(c) *Overriding Precondition; Potential Forfeiture.* It shall be an overriding precondition to the vesting of each Performance Award, Restricted Award, Other Stock-Based Award, and similar Foreign Award and the exercisability of each Option, SAR and similar Foreign Award: (1) that the grantee of such Award 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 is otherwise inimical to the best interests of the Company and that has not been approved by the Board or the Committee and (2) that the grantee furnish the Committee with all the information confirming satisfaction of the foregoing condition that the Committee reasonably requests. If the Committee determines that a grantee has engaged in any activity prohibited by the foregoing conditions, all of the grantee's then outstanding Options, SARs and similar Foreign Awards shall immediately be cancelled, and all of the grantee's then unvested Restricted Awards, Performance Awards, Other Stock-Based Awards, and similar Foreign Awards shall immediately be forfeited.

For this purpose, the Awards shall state that the grantee agrees that for a period of twelve (12) months after a grantee's termination of employment, the grantee shall not directly or indirectly, individually, or as a director, employee, officer, principal, agent, or in any other 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 as then being carried out (provided, however, that notwithstanding anything to the contrary contained in the Plan, a grantee may own up to two percent (2%) of the outstanding shares of the capital stock of a company whose securities are registered under Section 12 of the Securities Exchange Act of 1934). A Grantee will acknowledge that Company has operations in all 50 states, the District of Columbia and at least twenty-nine other countries, that the Company's strategic plan is to continue to expand its operations and presence both domestically and internationally and that grantee's services are integral to these operations and expansion plans.

In addition, during grantee's employment with the Company, and any subsidiary thereof, and during the twelve (12) month period following any termination of grantee's employment for any reason, grantee shall not, except in the course of carrying out his duties hereunder, directly or indirectly induce any employee of the Company or any of its subsidiaries to terminate employment with such entity, and shall not directly or indirectly, either individually or as owner, agent, employee, consultant or otherwise, knowingly employ or offer employment to any person who is or was employed by the Company or a subsidiary thereof unless such person shall have ceased to be employed by such entity for a period of at least six (6) months.

Grantee shall not, directly or indirectly, during his employment with the Company and during the twelve (12) month period following any termination of grantee's employment for any reason engage in any Solicitation.

Grantee shall not disparage, slander or injure the business reputation or goodwill of the Company in any material way, including, by way of illustration, through any contact with vendors, suppliers, employees or agents of the Company which could harm the business reputation or goodwill of the Company.

The Company has advised the grantee and the grantee acknowledges that it is the policy of the Company to maintain as secret and confidential all Protected Information, and that Protected Information has been and will be developed at substantial cost and effort to the Company. All Protected Information shall remain confidential permanently, and the grantee shall not, at any time, directly or indirectly, divulge, furnish, or make accessible to any person, firm, corporation, association, or other entity (otherwise than as may be required in the regular course of the grantee's employment with the Company), nor use in any manner, either during the term of employment or after termination, at any time, for any reason, any Protected Information, or cause any such information of the Company to enter public domain.

In the event of a violation of this provision, the Company retains all rights to seek monetary damages against a grantee or to seek other equitable remedies against the grantee.

(d) *Tax Withholding; Notice to Company of Certain Actions.* Whenever cash is to be paid pursuant to the settlement of an Award, the Company shall have the right to deduct therefrom an amount sufficient to satisfy any federal, state and local withholding tax requirements related thereto.

The Committee may provide, on request of a grantee, for withholding of otherwise issuable shares upon the grant, exercise, vesting or settlement of Awards or for the tender of other shares of Company Stock owned by such grantee or holder in order to satisfy tax withholding obligations arising in connection with the grant, exercise, vesting or settlement of an Award. If the Committee grants such elections, it may condition, limit or qualify them in any manner it deems appropriate.

If any grantee shall, in connection with the acquisition of shares of Company Stock under the Plan, make the election permitted under Code Section 83(b) (i.e., an election to include in gross income in the year of transfer the amounts specified in Code Section 83(b)), the grantee shall notify the Company of such election within ten days of filing notice with the Internal Revenue Service, in addition to any filing and notification required pursuant to regulations issued under the authority of Code Section 83(b).

(e) *Stockholder Status.* The grantee of an Award, and other persons to whom the Award or the grantee's rights thereunder may pass, shall have no rights or privileges of a holder of shares of Company Stock, in respect of any shares issuable pursuant to or in settlement of such Award, unless and until certificates representing such shares have been issued in their name(s).

Section 13 — No Right to Employment or Award

No person shall have any claim or right to be granted an Award. The grant of an Award shall not confer upon any Employee a right with respect to continued employment by the Company or an Affiliated Entity. Further, the Company and each Affiliated Entity reaffirms its at-will employment relationship with its Employees and expressly reserves the right to dismiss a grantee at any time free from any liability or claim, except as provided under this Plan.

Section 14 — Adjustments upon Changes in Capitalization

In the event of a stock split, stock dividend, reverse stock split, combination of shares or conversion or exchange of voting shares for non-voting shares, the Board shall make a proportionate adjustment to the number and kind of shares available for issuance in the aggregate and to any individual under and pursuant to the Plan (including the settlement of ISOs), the number and kind of shares covered by outstanding Options and the per share exercise price of such Options, the numbers of outstanding SARs and Share Units and the terms of Foreign Awards. In the event of a reorganization or recapitalization, merger, consolidation or similar transaction involving the Company, a rights offering or any other change in the corporate or capital structure of the Company (other than as provided in the immediately preceding sentence), the Board shall make such adjustments as it may deem appropriate in the number and kind of shares available for issuance in the aggregate and to any individual under and pursuant to the Plan (including in settlement of ISOs), the number and kind of shares covered by outstanding Options and the per share exercise price of such Options, the numbers of outstanding SARs and Share Units and the terms of Foreign Awards. Any adjustment with respect to an ISO in connection with a transaction to which Section 424(a) of the Code (or its successor) applies shall be made in accordance therewith unless the Board specifically determines otherwise. Notwithstanding the foregoing, the Board shall not make any adjustment to the number of shares covered by outstanding Options or the per share exercise price of such Options or the number of outstanding SARs that would cause the exercise price to be less than the Fair Market Value of the underlying shares on the date the Option or SAR was granted or cause the number of shares subject to the Option or SAR to be other than fixed on the original date of grant of the Option or SAR.

Section 15 — Duration, Amendment, Suspension and Termination

The Plan shall become effective upon approval by the Board, subject to approval of the stockholders of the Company, and shall continue in effect for a term of ten (10) years unless terminated by the Board. The Board may amend, suspend or terminate any portion or all of the Plan at any time, but no such Board action shall adversely affect the rights of any grantee or other holder of any Award then outstanding or unvested without the consent of such grantee or holder, unless such amendment or termination is necessary to comply with any applicable law, regulation or rule. Notwithstanding the foregoing, the Plan shall not be amended without the approval of the Company's stockholders (a) to increase the maximum aggregate number of shares of Company Stock that may be issued under the Plan (except by operation of Section 14); (b) to change the class of persons eligible to receive Incentive Stock Options; or (c) to make any other amendment that would require approval of the Company's stockholders under any applicable law, regulation or rule.

Section 16 — Miscellaneous Provisions

(a) *Governing Law.* The Plan shall be governed by and construed in accordance with the laws of the State of Delaware applicable to contracts made and to be performed in the State of Delaware.

(b) *Severability.* If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or as to any grantee or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be construed or deemed stricken as to such jurisdiction, grantee or Award, and the remainder of the Plan and any such Award shall remain in full force and effect.

Adopted by the Board of Directors of the Company: February 7, 2005, As Amended November 6, 2006, November 8, 2007, February 18, 2010, December 31, 2011, and February 12, 2015.

Exhibit 31.1

CERTIFICATIONS

I, Carl T. Camden, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kelly Services, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2015

/s/ Carl T. Camden

Carl T. Camden

President and
Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Olivier G. Thirot, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kelly Services, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2015

/s/ Olivier G. Thirot

Olivier G. Thirot

Senior Vice President and
Acting Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Kelly Services, Inc. (the “Company”) on Form 10-Q for the period ended June 28, 2015 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Carl T. Camden, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 5, 2015

/s/ Carl T. Camden
Carl T. Camden
President and
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Kelly Services, Inc. and will be retained by Kelly Services, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Kelly Services, Inc. (the "Company") on Form 10-Q for the period ended June 28, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Olivier G. Thirot, Acting Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 5, 2015

/s/ Olivier G. Thirot

Olivier G. Thirot

Senior Vice President and
Acting Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Kelly Services, Inc. and will be retained by Kelly Services, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.