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 September 29, 2013

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 October 25, 2013, 33,902,577 shares of Class A and 3,452,585 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		39 Weeks Ended	
	Sept. 29, 2013	Sept. 30, 2012	Sept. 29, 2013	Sept. 30, 2012
Revenue from services	$ 1,345.6	$ 1,354.2	$ 4,027.3	$ 4,075.1
Cost of services	1,125.2	1,126.7	3,369.3	3,400.7
Gross profit	220.4	227.5	658.0	674.4
Selling, general and administrative expenses	200.2	203.5	612.6	611.9
Asset impairments	-	-	1.7	-
Earnings from operations	20.2	24.0	43.7	62.5
Other expense, net	1.3	0.7	3.9	1.8
Earnings from continuing operations before taxes	18.9	23.3	39.8	60.7
Income tax expense (benefit)	0.1	6.7	(1.9)	19.9
Earnings from continuing operations	18.8	16.6	41.7	40.8
Earnings from discontinued operations, net of tax	-	-	-	0.4
Net earnings	$ 18.8	$ 16.6	$ 41.7	$ 41.2
Basic earnings per share:				
Earnings from continuing operations	$ 0.49	$ 0.43	$ 1.09	$ 1.07
Earnings from discontinued operations	$ -	$ -	$ -	$ 0.01
Net earnings	$ 0.49	$ 0.43	$ 1.09	$ 1.09
Diluted earnings per share:				
Earnings from continuing operations	$ 0.49	$ 0.43	$ 1.09	$ 1.07
Earnings from discontinued operations	$ -	$ -	$ -	$ 0.01
Net earnings	$ 0.49	$ 0.43	$ 1.09	$ 1.09
Dividends per share	$ 0.05	$ 0.05	$ 0.15	$ 0.15
Average shares outstanding (millions):				
Basic	37.4	37.1	37.2	37.0
Diluted	37.4	37.1	37.3	37.0

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		39 Weeks Ended	
	Sept. 29, 2013	Sept. 30, 2012	Sept. 29, 2013	Sept. 30, 2012
Net earnings	$ 18.8	$ 16.6	$ 41.7	$ 41.2
Other comprehensive income, net of tax:				
Foreign currency translation adjustments, net of tax benefit of $0.0, $0.3, $0.1 and $0.3, respectively	4.7	5.8	(4.7)	4.7
Unrealized gains (losses) on investment, net of tax expense of $2.3, $0.0, $13.3 and $0.0, respectively	4.5	(0.5)	28.3	9.8
Pension liability adjustments, net of tax	(0.2)	-	(0.2)	0.3
Other comprehensive income	9.0	5.3	23.4	14.8
Comprehensive Income	$ 27.8	$ 21.9	$ 65.1	$ 56.0

See accompanying unaudited Notes to Consolidated Financial Statements.

KELLY SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

(In millions)

	Sept. 29, 2013	Dec. 30, 2012
ASSETS		
CURRENT ASSETS:		
Cash and equivalents	$ 73.9	$ 76.3
Trade accounts receivable, less allowances of $10.0 and $10.4, respectively	1,071.8	1,013.9
Prepaid expenses and other current assets	62.0	57.5
Deferred taxes	40.3	44.9
Total current assets	1,248.0	1,192.6
PROPERTY AND EQUIPMENT:		
Property and equipment	343.0	337.6
Accumulated depreciation	(255.3)	(247.7)
Net property and equipment	87.7	89.9
NONCURRENT DEFERRED TAXES	104.5	82.8
GOODWILL, NET	90.3	89.5
OTHER ASSETS	241.0	180.9
TOTAL ASSETS	$ 1,771.5	$ 1,635.7
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term borrowings	$ 58.0	$ 64.1
Accounts payable and accrued liabilities	308.9	295.6
Accrued payroll and related taxes	300.9	264.5
Accrued insurance	30.7	32.8
Income and other taxes	71.5	65.3
Total current liabilities	770.0	722.3
NONCURRENT LIABILITIES:		
Accrued insurance	40.7	43.5
Accrued retirement benefits	129.3	111.0
Other long-term liabilities	28.0	17.9
Total noncurrent liabilities	198.0	172.4
Commitments and contingencies (See contingencies footnote)		
STOCKHOLDERS' EQUITY:		
Capital stock, $1.00 par value		
Class A common stock, shares issued 36.6 at 2013 and 2012	36.6	36.6
Class B common stock, shares issued 3.5 at 2013 and 2012	3.5	3.5
Treasury stock, at cost		
Class A common stock, 2.7 shares at 2013 and 2.9 at 2012	(56.9)	(61.0)
Class B common stock	(0.6)	(0.6)
Paid-in capital	26.1	27.1
Earnings invested in the business	736.0	700.0
Accumulated other comprehensive income	58.8	35.4
Total stockholders' equity	803.5	741.0
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,771.5	$ 1,635.7

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		39 Weeks Ended	
	Sept. 29, 2013	Sept. 30, 2012	Sept. 29, 2013	Sept. 30, 2012
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	(60.0)	(62.6)	(61.0)	(66.3)
Exercise of stock options, restricted stock and other	3.1	0.1	4.1	3.8
Balance at end of period	(56.9)	(62.5)	(56.9)	(62.5)
Class B common stock				
Balance at beginning of period	(0.6)	(0.6)	(0.6)	(0.6)
Exercise of stock options, 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	28.9	27.4	27.1	28.8
Exercise of stock options, restricted stock and other	(2.8)	0.3	(1.0)	(1.1)
Balance at end of period	26.1	27.7	26.1	27.7
Earnings Invested in the Business				
Balance at beginning of period	719.1	678.3	700.0	657.5
Net earnings	18.8	16.6	41.7	41.2
Dividends	(1.9)	(1.9)	(5.7)	(5.7)
Balance at end of period	736.0	693.0	736.0	693.0
Accumulated Other Comprehensive Income				
Balance at beginning of period	49.8	25.7	35.4	16.2
Other comprehensive income, net of tax	9.0	5.3	23.4	14.8
Balance at end of period	58.8	31.0	58.8	31.0
Stockholders' Equity at end of period	$ 803.5	$ 728.7	$ 803.5	$ 728.7

See accompanying unaudited Notes to Consolidated Financial Statements.

KELLY SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

(In millions of dollars)

	39 Weeks Ended	
	Sept. 29, 2013	Sept. 30, 2012
Cash flows from operating activities:		
Net earnings	$ 41.7	$ 41.2
Noncash adjustments:		
Impairment of assets	1.7	-
Depreciation and amortization	15.4	16.8
Provision for bad debts	1.1	1.2
Stock-based compensation	2.7	3.7
Other, net	0.7	-
Changes in operating assets and liabilities	(41.4)	(42.0)
Net cash from operating activities	21.9	20.9
Cash flows from investing activities:		
Capital expenditures	(11.7)	(13.9)
Other investing activities	-	0.1
Net cash used in investing activities	(11.7)	(13.8)
Cash flows from financing activities:		
Net change in short-term borrowings	(6.1)	(12.6)
Dividend payments	(5.7)	(5.7)
Other financing activities	0.3	0.1
Net cash used in financing activities	(11.5)	(18.2)
Effect of exchange rates on cash and equivalents	(1.1)	0.4
Net change in cash and equivalents	(2.4)	(10.7)
Cash and equivalents at beginning of period	76.3	81.0
Cash and equivalents at end of period	$ 73.9	$ 70.3

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. All adjustments, including normal recurring adjustments, have been made which, in the opinion of management, are necessary for a fair statement of the results of the interim periods. 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 30, 2012, included in the Company’s Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 14, 2013 (the 2012 consolidated financial statements). The Company’s third fiscal quarter ended on September 29, 2013 (2013) and September 30, 2012 (2012), each of which contained 13 weeks. The corresponding 2013 and 2012 year-to-date periods each contained 39 weeks.

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated. During the third quarter of 2013, the Company determined that both cash and equivalents and accrued payroll and related taxes were understated by $4.8 million as of December 30, 2012. The Company determined that the impact of this error on the consolidated balance sheets and consolidated statements of cash flows was not material. As a result of correcting the error in the third quarter of 2013, changes in operating assets and liabilities and net cash from operating activities are both overstated by $4.8 million in the consolidated statements of cash flows for the 39 weeks ended September 29, 2013.

Earnings from discontinued operations in 2012 represent adjustments to the estimated costs of litigation, net of tax, retained from the 2007 sale of the Kelly Home Care business unit.

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 third quarter-end 2013 and year-end 2012 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 Third Quarter-End 2013			
Description	Total	Level 1	Level 2	Level 3
	(In millions of dollars)			
Money market funds	$ 2.8	$ 2.8	$ -	$ -
Available-for-sale investment	76.3	76.3	-	-
Total assets at fair value	$ 79.1	$ 79.1	$ -	$ -

2. Fair Value Measurements (continued)

	Fair Value Measurements on a Recurring Basis As of Year-End 2012			
Description	Total	Level 1	Level 2	Level 3
	(In millions of dollars)			
Money market funds	$ 2.3	$ 2.3	$ -	$ -
Available-for-sale investment	37.7	37.7	-	-
Total assets at fair value	$ 40.0	$ 40.0	$ -	$ -

Money market funds as of third quarter-end 2013 and as of year-end 2012 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 as of third quarter-end 2013 and prepaid expenses and other current assets as of year-end 2012. 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 $4.5 million for the 13 weeks ended 2013 and unrealized loss of $0.5 million for the 13 weeks ended 2012 was recorded in other comprehensive income, as well as in accumulated other comprehensive income, a component of stockholders’ equity. The unrealized gain, net of tax, of $28.3 million for the 39 weeks ended 2013 and unrealized gain of $9.8 million for the 39 weeks ended 2012 were recorded in other comprehensive income, as well as in accumulated other comprehensive income. The cost of this yen-denominated investment was $21.1 million as of the third quarter-end 2013 and $24.1 million at year-end 2012.

Assets Measured at Fair Value on a Nonrecurring Basis
We evaluate long-lived assets, including intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable, based on estimated undiscounted future cash flows. During the second quarter of 2013, a triggering event for the evaluation of certain long-lived assets for impairment occurred as the Company made the decision to exit the executive search business operating in an asset group within Germany that was associated with the OCG business segment. Based on the Company’s estimates as of the 2013 second quarter end, a $1.7 million reduction in the carrying value of OCG intangible assets was recorded. The resulting expense was recorded in the asset impairments line on the consolidated statement of earnings.

3. Accumulated Other Comprehensive Income

The changes in accumulated other comprehensive income by component, net of tax, during the 39 weeks ended 2013 are included in the table below. Amounts in parentheses indicate debits. There were no reclassification adjustments out of accumulated other comprehensive income during the 13 and 39 weeks ended 2013.

	39 Weeks Ended 2013			
	Foreign Currency Translation Adjustments	Unrealized Gains and Losses on Investment	Pension Liability Adjustments	Total
	(In millions of dollars)			
Beginning balance	$ 24.9	$ 13.6	$ (3.1)	$ 35.4
Other comprehensive income (loss)	(4.7)	28.3	(0.2)	23.4
Ending balance	$ 20.2	$ 41.9	$ (3.3)	$ 58.8

4. Earnings Per Share

The reconciliation of basic and diluted earnings per share on common stock for the 13 and 39 weeks ended 2013 and 2012 follows (in millions of dollars except per share data):

	13 Weeks Ended		39 Weeks Ended	
	2013	2012	2013	2012
Earnings from continuing operations	$ 18.8	$ 16.6	$ 41.7	$ 40.8
Less: Earnings allocated to participating securities	(0.4)	(0.5)	(1.0)	(1.1)
Earnings from continuing operations available to common shareholders	$ 18.4	$ 16.1	$ 40.7	$ 39.7
Earnings from discontinued operations	$ -	$ -	$ -	$ 0.4
Less: Earnings allocated to participating securities	-	-	-	-
Earnings from discontinued operations available to common shareholders	$ -	$ -	$ -	$ 0.4
Net Earnings	$ 18.8	$ 16.6	$ 41.7	$ 41.2
Less: Earnings allocated to participating securities	(0.4)	(0.5)	(1.0)	(1.1)
Net Earnings available to common shareholders	$ 18.4	$ 16.1	$ 40.7	$ 40.1
Basic earnings per share on common stock:				
Earnings from continuing operations	$ 0.49	$ 0.43	$ 1.09	$ 1.07
Earnings from discontinued operations	$ -	$ -	$ -	$ 0.01
Net earnings	$ 0.49	$ 0.43	$ 1.09	$ 1.09
Diluted earnings per share on common stock:				
Earnings from continuing operations	$ 0.49	$ 0.43	$ 1.09	$ 1.07
Earnings from discontinued operations	$ -	$ -	$ -	$ 0.01
Net earnings	$ 0.49	$ 0.43	$ 1.09	$ 1.09
Average common shares outstanding (millions)				
Basic	37.4	37.1	37.2	37.0
Diluted	37.4	37.1	37.3	37.0

Stock options representing 0.2 million and 0.4 million shares, respectively, for the 13 weeks ended 2013 and 2012, and 0.3 million and 0.4 million shares, respectively, for the 39 weeks ended 2013 and 2012 were excluded from the computation of diluted earnings per share due to their anti-dilutive effect.

5. Other Expense, Net

Included in other expense, net for the 13 and 39 weeks ended 2013 and 2012 are the following:

	13 Weeks Ended		39 Weeks Ended	
	2013	2012	2013	2012
	(In millions of dollars)		(In millions of dollars)	
Interest income	$ 0.1	$ 0.1	$ 0.3	$ 0.9
Interest expense	(0.7)	(0.7)	(2.2)	(2.6)
Dividend income	-	-	0.3	0.3
Net loss on equity investment	(0.3)	-	(1.1)	-
Foreign exchange losses	(0.4)	(0.1)	(1.2)	(0.4)
Other expense, net	$ (1.3)	$ (0.7)	$ (3.9)	$ (1.8)

6. 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.

During the first quarter of 2013, the Company agreed to a settlement related to its unclaimed property examination by Delaware, its state of incorporation, for $4.5 million. Types of property under exam included payroll and accounts payable checks and accounts receivable credits, covering all reporting years through and including 2012. Accordingly, the Company recorded an additional reserve of $3.0 million in the first quarter of 2013. The Company paid this settlement during the second quarter of 2013.

7. 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 maker 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.

7. Segment Disclosures (continued)

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 from continuing operations before taxes, for the 13 and 39 weeks ended 2013 and 2012. 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.

	13 Weeks Ended		39 Weeks Ended	
	2013	2012	2013	2012
	(In millions of dollars)		(In millions of dollars)	
Revenue from Services:				
Americas Commercial	$ 617.0	$ 642.2	$ 1,904.1	$ 1,980.1
Americas PT	248.3	261.6	758.9	774.1
Total Americas Commercial and PT	865.3	903.8	2,663.0	2,754.2
EMEA Commercial	224.5	214.5	645.3	641.2
EMEA PT	45.1	41.5	131.7	125.3
Total EMEA Commercial and PT	269.6	256.0	777.0	766.5
APAC Commercial	87.6	85.7	256.8	258.3
APAC PT	9.1	14.3	29.3	39.9
Total APAC Commercial and PT	96.7	100.0	286.1	298.2
OCG	126.9	104.7	335.8	282.8
Less: Intersegment revenue	(12.9)	(10.3)	(34.6)	(26.6)
Consolidated Total	$ 1,345.6	$ 1,354.2	$ 4,027.3	$ 4,075.1

7. Segment Disclosures (continued)

	13 Weeks Ended		39 Weeks Ended	
	2013	2012	2013	2012
	(In millions of dollars)		(In millions of dollars)	
Earnings from Operations:				
Americas Commercial gross profit	$ 86.8	$ 96.4	$ 274.5	$ 292.1
Americas PT gross profit	40.9	40.9	122.4	120.8
Americas Region gross profit	127.7	137.3	396.9	412.9
Americas Region SG&A expenses	(101.5)	(101.5)	(314.5)	(303.4)
Americas Region Earnings from Operations	26.2	35.8	82.4	109.5
EMEA Commercial gross profit	33.9	33.4	98.8	101.1
EMEA PT gross profit	10.8	10.5	32.0	32.7
EMEA Region gross profit	44.7	43.9	130.8	133.8
EMEA Region SG&A expenses	(40.3)	(40.0)	(122.2)	(124.2)
EMEA Region Earnings from Operations	4.4	3.9	8.6	9.6
APAC Commercial gross profit	12.7	12.8	36.8	38.4
APAC PT gross profit	3.4	6.2	10.5	16.7
APAC Region gross profit	16.1	19.0	47.3	55.1
APAC Region SG&A expenses	(14.6)	(18.8)	(45.8)	(57.5)
APAC Region Earnings (Loss) from Operations	1.5	0.2	1.5	(2.4)
OCG gross profit	32.7	28.2	85.4	75.0
OCG SG&A expenses	(26.8)	(24.2)	(78.6)	(69.6)
OCG asset impairments	-	-	(1.7)	-
OCG Earnings from Operations	5.9	4.0	5.1	5.4
Less: Intersegment gross profit	(0.8)	(0.9)	(2.4)	(2.4)
Less: Intersegment SG&A expenses	0.8	0.9	2.4	2.4
Net Intersegment Activity	0.0	0.0	0.0	0.0
Corporate	(17.8)	(19.9)	(53.9)	(59.6)
Consolidated Total	20.2	24.0	43.7	62.5
Other Expense, Net	1.3	0.7	3.9	1.8
Earnings From Continuing Operations Before Taxes	$ 18.9	$ 23.3	$ 39.8	$ 60.7

8. New Accounting Pronouncements

In March 2013, the FASB issued amendments to address the accounting for the cumulative translation adjustment when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a nonprofit activity or a business within a foreign entity. The amendments are effective prospectively for fiscal years (and interim reporting periods within those years) beginning after December 15, 2013 (early adoption is permitted). The adoption of this guidance is not expected to have a material effect on our results of operations, financial position or liquidity.

In July 2013, the FASB amended its guidance on the financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, similar tax loss, or a tax credit carryforward exists. This guidance is effective for fiscal periods beginning after December 15, 2013, and is to be applied prospectively to all unrecognized tax benefits that exist at the effective date (retrospective and early adoption are also permitted). The amendments only affect gross versus net presentation and the adoption of this guidance is not expected to have a material effect on our results of operations, financial position or liquidity.

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

Executive Overview

The Staffing Industry

The worldwide staffing industry is competitive and highly fragmented. In the United States, approximately 100 competitors operate nationally, and approximately 10,000 smaller companies compete in varying degrees at local levels. Additionally, several staffing companies compete globally. Demand for temporary services is highly dependent on the overall strength of the global economy and labor markets. In periods of economic growth, demand for temporary services generally increases, and the need to recruit, screen, train, retain and manage a pool of employees who match the skills required by particular customers becomes critical. Conversely, during an economic downturn, demand drops, leading to competitive pricing pressures. Accordingly, the on-going economic crisis in the Eurozone and slow recovery from recession in the U.S. have impacted staffing firms of all sizes over the last several years.

Our Business

Kelly Services is a global staffing company, providing innovative workforce solutions for customers in a variety of industries. Our staffing operations are divided into three regions, Americas, EMEA and APAC, with commercial and professional and 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. We are forging strategic relationships with our customers to help them manage their flexible workforces, through outsourcing, consulting, recruitment, career transition and vendor management services.

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 and consulting 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. 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;
- Transform our OCG segment into a market-leading provider of talent supply chain management;
- Capture permanent placement growth in selected specialties; and
- Lower our costs through deployment of efficient service delivery models.

Although our objectives remain clear, sluggish global economic growth continues to impact our business, and Kelly's third quarter revenue was down 1% year over year. However, even with the challenging global economic backdrop, we delivered solid operational performance in two key areas. During the third quarter of 2013:

- We increased revenue and fees by more than 20% year over year in our OCG segment, confirming that our direction aligns with increased market demand for outsourced solutions. Growth was particularly strong in the core elements of our talent supply chain management model, which continues to be a key driver of our strategic and financial progress.

- While making additional investments, including significant investments in OCG, we continued to practice effective expense control. Total company expenses decreased by 2% in comparison to the prior year, underscoring our commitment to balancing fiscal discipline with targeted long-term growth.

At 1.4% for the third quarter of 2013, our return on sales ("ROS") is still well below our long-term goal of 4.0%. To make significant progress against our ROS goal and better leverage our business, we will need to see stronger, more sustained economic growth accompanied by growing demand for full-time and temporary labor in the sectors that Kelly supports. In the meantime, we will continue to focus on what we can control: executing a well-formed strategy with increased speed and precision.

Looking ahead, although the U.S. unemployment rate is currently below 8%, one of the primary drivers of the lower rate has been a shrinking labor force, rather than a growing demand for labor. Though modest job growth is occurring, we are not experiencing the corresponding across-the-board uplift in our industry that was typical in previous recoveries. Instead, the improvement in temporary employment in the U.S. as reported by the Bureau of Labor Statistics has primarily been driven by hiring in the construction, retail and hospitality sectors -- areas in which Kelly is not generally engaged. In Europe, we do not anticipate any significant changes to the current economic conditions that continue to take their toll on demand for our services.

An additional challenge for us will be to meet the provisions of the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (collectively, the "Acts"). The Acts represent comprehensive U.S. healthcare reform legislation that, in addition to other provisions, will subject us to potential penalties unless we offer to our employees minimal essential coverage that is affordable and provides minimum value. In order to comply with the Acts, Kelly intends to begin offering health care coverage in 2015 to all temporary employees eligible for coverage under the Acts. While we intend to pass related costs on to our customers, there can be no assurance that we will be able to increase pricing to our customers in a sufficient amount to cover the increased costs, either in total, or in the period in which costs are incurred, and the net financial impact on our results of operations could be significant.

Longer-term, we believe the trends in the staffing industry are positive: companies are becoming more comfortable with the use of flexible staffing models; there is increasing acceptance of free agents and contractual employment by companies and candidates alike; and companies are searching for more comprehensive workforce management solutions. This shift in demand for contingent labor plays to our strengths and experience -- particularly serving large companies.

Financial Measures – Operating Margin and Constant Currency

Operating margin (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 2013 financial data into U.S. dollars using the same foreign currency exchange rates used to translate financial data for 2012. We believe that CC measurements are an important analytical tool to aid in understanding underlying operating trends without distortion due to currency fluctuations.

Fee-Based Income

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 fee-based income. Therefore, increases or decreases in fee-based income can have a disproportionate impact on gross profit rates.

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

	2013	2012	Change	CC Change
Revenue from services	$ 1,345.6	$ 1,354.2	(0.6)%	(0.5)%
Fee-based income	38.9	38.2	2.3	3.3
Gross profit	220.4	227.5	(3.1)	(2.9)
SG&A expenses excluding restructuring charges	199.7	203.5	(1.8)	
Restructuring charges	0.5	-	NM	
Total SG&A expenses	200.2	203.5	(1.6)	(1.4)
Earnings from operations	20.2	24.0	(15.8)	
Gross profit rate	16.4%	16.8%	(0.4) pts.	
Expense rates (excluding restructuring charges):				
% of revenue	14.8	15.0	(0.2)	
% of gross profit	90.6	89.4	1.2	
Operating margin	1.5	1.8	(0.3)	

Total Company revenue from services for the third quarter of 2013 was flat in comparison to the prior year. This reflected a 4% decrease in hours worked, partially offset by a 2% increase in average bill rates on a CC basis. Hours decreased in our staffing business primarily in the Americas. The improvement in average bill rates was primarily due to the mix of countries.

Compared to the third quarter of 2012, the gross profit rate was down 40 basis points. The gross profit rate decreased in all regions and OCG.

Selling, general and administrative (“SG&A”) expenses decreased year over year as a result of continued efforts in controlling expenses, and continued to offset our investments in PT, centralized operations and technology infrastructure.

Restructuring costs in the third quarter of 2013 primarily relate to severance costs incurred from recently closed EMEA Commercial branches.

Income tax expense for the third quarter of 2013 was $0.1 million (0.3% effective tax rate), compared to $6.7 million (28.9%) for the third quarter of 2012. U.S. work opportunity credits provide a significant reduction to income tax expense and delivered $5.8 million (-30.8%) of benefit in the third quarter of 2013, compared to $1.8 million (-7.8%) in the third quarter of 2012 when the credits were generally not available for new hires. The work opportunity credit program is currently available for employees hired through 2013, and extension into 2014 is uncertain. Other items that favorably impacted the third quarter 2013 income tax rate as compared to the third quarter of 2012 include tax-free return on investments in company-owned variable universal life insurance policies that are used to fund non-qualified retirement plans, and the mix of income between jurisdictions. The Company is reviewing Mexico income tax law changes that, if enacted, could favorably impact income taxes in the fourth quarter of 2013 from the adjustment of deferred tax balances.

Diluted earnings from continuing operations per share for the third quarter of 2013 were $0.49, as compared to $0.43 for the third quarter of 2012.

Total Americas - Third Quarter
(Dollars in millions)

	2013	2012	Change	CC Change
Revenue from services	$ 865.3	$ 903.8	(4.3)%	(3.9)%
Fee-based income	8.4	8.1	4.3	5.2
Gross profit	127.7	137.3	(7.0)	(6.7)
Total SG&A expenses	101.5	101.5	-	0.4
Earnings from operations	26.2	35.8	(26.8)	
Gross profit rate	14.8%	15.2%	(0.4) pts.	
Expense rates:				
% of revenue	11.7	11.2	0.5	
% of gross profit	79.5	73.9	5.6	
Operating margin	3.0	4.0	(1.0)	

The change in Americas revenue from services represents a 5% decrease in hours worked, partially offset by a 1% increase in average bill rates on a CC basis. Americas represented 64% of total Company revenue in the third quarter of 2013 and 67% in the third quarter of 2012.

Revenue in our Commercial segment was down 4% and our PT revenue was down 5% in comparison to the prior year. The decrease in revenue in Commercial was due to revenue decreases in our office clerical and electronic assembly products, somewhat offset by increased revenue in our educational staffing business due to new customer wins. In the PT segment, we continued to see declines in revenue in our IT and finance products, partially offset by slight growth in revenue in our science product.

The decrease in the gross profit rate was due to lower adjustments to prior year workers' compensation costs and higher employee benefit costs. We regularly update our estimates of open workers' compensation claims. As a result, we reduced our estimated costs of prior year workers' compensation claims for the total Company by $1.5 million for the third quarter of 2013. This compares to a reduction of $4.3 million for the third quarter of 2012. The majority of these adjustments relate to the Americas Commercial and PT segments.

Although SG&A expenses were flat in comparison to the prior year, we continued to invest in PT, our centralized operations staff to support our largest customers and our technology infrastructure. These increased costs were offset by lower incentive-based compensation in the quarter.

Total EMEA - Third Quarter
(Dollars in millions)

	2013	2012	Change	CC Change
Revenue from services	$ 269.6	$ 256.0	5.3%	2.3%
Fee-based income	8.7	9.3	(5.8)	(6.6)
Gross profit	44.7	43.9	1.8	(0.9)
SG&A expenses excluding restructuring charges	40.0	40.0	-	
Restructuring charges	0.3	-	NM	
Total SG&A expenses	40.3	40.0	0.9	(2.1)
Earnings from operations	4.4	3.9	11.5	
Gross profit rate	16.6%	17.1%	(0.5) pts.	
Expense rates (excluding restructuring charges):				
% of revenue	14.8	15.6	(0.8)	
% of gross profit	89.5	91.1	(1.6)	
Operating margin	1.6	1.5	0.1	

The change in EMEA revenue from services reflected a 3% increase in average bill rates on a CC basis in most of the countries in the EMEA region, partially offset by a 1% decrease in hours worked. This change was due to strong performance in Switzerland, Portugal, Russia and Hungary. EMEA represented 20% of total Company revenue in the third quarter of 2013 and 19% in the third quarter of 2012.

The EMEA gross profit rate decreased due to unfavorable customer mix, with revenue from large customers increasing by 5% on a CC basis and revenue from retail customers with higher margins remaining flat in comparison to the prior year. Additionally, the gross profit rate was impacted by the decline in fee-based income. The effect of these decreases, which accounted for 100 basis points, was partially offset by the effect of the CICE tax credit in France. The CICE tax credit is related to a law which was introduced in 2013 to enhance the competitiveness of businesses in France. This credit of $1.3 million, which was recorded in cost of services, improved the reported gross profit rate by approximately 50 basis points.

The change in SG&A expenses was primarily due to bringing variable expenses more in line with the level of activity in specific countries. Restructuring costs recorded in the third quarter of 2013 reflect the adjustments to prior restructuring costs primarily in France.

Total APAC - Third Quarter
(Dollars in millions)

	2013	2012	Change	CC Change
Revenue from services	$ 96.7	$ 100.0	(3.3)%	3.0%
Fee-based income	4.8	7.7	(37.1)	(32.3)
Gross profit	16.1	19.0	(14.8)	(8.9)
SG&A expenses excluding restructuring charges	14.5	18.8	(22.6)	
Restructuring charges	0.1	-	NM	
Total SG&A expenses	14.6	18.8	(22.3)	(16.6)
Earnings from operations	1.5	0.2	NM	
Gross profit rate	16.7%	18.9%	(2.2) pts.	
Expense rates (excluding restructuring charges):				
% of revenue	15.1	18.8	(3.7)	
% of gross profit	90.2	99.3	(9.1)	
Operating margin	1.6	0.1	1.5	

The change in total APAC revenue from services reflected a 5% increase in average bill rates on a CC basis, combined with a 1% increase in hours worked. Excluding the 2012 results from the North Asia operations which were deconsolidated in the fourth quarter of 2012, APAC revenue increased 6% on a CC basis. The improvement in average bill rates was primarily due to higher bill rates in Singapore. APAC revenue represented 7% of total Company revenue in the third quarter of both 2013 and 2012.

Excluding the North Asia operations from 2012 results, the APAC gross profit rate decreased 70 basis points. As a result of the challenging economic environment in the APAC region, fee-based income decreased 10% on a CC basis excluding the North Asia operations, and reduced the gross profit rate by 90 basis points. Fees in most countries in the APAC region decreased compared to the prior year. This was partially offset by the effect of a wage credit related to a new law enacted in Singapore to promote the training and development of its citizens and incentivize companies to increase employee wages. The year-to-date credit of $0.6 million added 50 basis points to the APAC region gross profit rate in the third quarter of 2013.

SG&A expenses declined 6% on a CC basis, excluding the North Asia operations from 2012 results. This change was the result of the restructuring of the Australia and New Zealand management and lower country headquarters costs across the region.

OCG - Third Quarter
(Dollars in millions)

	2013	2012	Change	CC Change
Revenue from services	$ 126.9	$ 104.7	21.2%	21.7%
Fee-based income	17.0	13.2	29.4	29.5
Gross profit	32.7	28.2	15.7	16.1
SG&A expenses excluding restructuring charges	26.7	24.2	10.4	
Restructuring charges	0.1	-	NM	
Total SG&A expenses	26.8	24.2	10.7	10.9
Earnings from operations	5.9	4.0	45.4	
Gross profit rate	25.8%	27.0%	(1.2) pts.	
Expense rates (excluding restructuring charges):				
% of revenue	21.0	23.1	(2.1)	
% of gross profit	81.6	85.5	(3.9)	
Operating margin	4.7	3.9	0.8	

Revenue from services in the OCG segment increased during the third quarter of 2013 due primarily to growth in the BPO and CWO practice areas. Revenue in BPO grew by 31% year over year and revenue in CWO, which includes PPO, grew by 30%. These increases were partially offset by an 18% decrease in RPO revenue. The revenue growth in BPO and CWO was due to expansion of programs with existing customers. OCG revenue represented 9% of total Company revenue in the third quarter of 2013 and 8% in the third quarter of 2012.

The OCG gross profit rate decreased primarily due to higher growth in our lower margin businesses, such as BPO and PPO. The increase in SG&A expenses is primarily the result of support costs associated with increased volumes on existing programs in our BPO and CWO practice areas, as well as new customer program implementations.

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

	2013	2012	Change	CC Change
Revenue from services	$ 4,027.3	$ 4,075.1	(1.2)%	(1.1)%
Fee-based income	113.9	113.8	0.1	0.7
Gross profit	658.0	674.4	(2.4)	(2.3)
SG&A expenses excluding restructuring charges	611.3	614.1	(0.4)	
Restructuring charges	1.3	(2.2)	159.7	
Total SG&A expenses	612.6	611.9	0.1	0.2
Asset impairments	1.7	-	NM	
Earnings from operations	43.7	62.5	(30.0)	
Gross profit rate	16.3%	16.5%	(0.2) pts.	
Expense rates (excluding restructuring charges):				
% of revenue	15.2	15.1	0.1	
% of gross profit	92.9	91.1	1.8	
Operating margin	1.1	1.5	(0.4)	

Total Company revenue from services for the first nine months of 2013 was down 1% in comparison to the prior year and on a CC basis. This reflected a 5% decrease in hours worked, partially offset by a 3% increase in average bill rates on a CC basis. Hours decreased in our staffing business in all three regions. The decrease in the Americas and EMEA was due, in large part, to the economic uncertainty existing in both regions, while the decline in APAC was primarily due to decisions we made to exit low-margin business in India. The improvement in average bill rates was primarily due to the mix of countries, particularly India, where we exited business with very low average bill rates.

Compared to the first nine months of 2012, the gross profit rate was down 20 basis points. The gross profit rate decreased in all regions and OCG.

SG&A expenses increased slightly year over year. Included in SG&A expenses in the first nine months of 2013 is $3.0 million for a settlement with the state of Delaware related to unclaimed property examinations. Restructuring costs in the first nine months of 2013 primarily relate to severance costs incurred from the Company's decision to exit the OCG executive search business operating in Germany. Restructuring costs in the first nine months of 2012 related primarily to revisions of the estimated lease termination costs for previously closed EMEA branches.

Asset impairments represent the write-off of the carrying value of long-lived assets related to the decision to exit the executive search business operating in Germany.

Income tax benefit for the first nine months of 2013 was $1.9 million (-5.0% effective tax rate), compared to tax expense of $19.9 million (32.8%) for the first nine months of 2012. U.S. work opportunity credits provide a significant reduction to income tax expense and delivered $22.0 million (-55.2%) of benefit in the first nine months of 2013, compared to $6.7 million (-11.0%) in the first nine months of 2012 when the credits were generally not available for new hires. The impact of retroactive reinstatement of the work opportunity credit on January 2, 2013 added $9.7 million of credits to the first quarter of 2013 that would have been recognized in 2012 if the law had been in effect in 2012. The work opportunity credit program is currently available for employees hired through 2013, and extension into 2014 is uncertain. This benefit was partially offset by the recording of valuation allowances against deferred tax assets in certain foreign countries. The Company is reviewing Mexico income tax law changes that, if enacted, could favorably impact income taxes in the fourth quarter of 2013 from the adjustment of deferred tax balances.

Diluted earnings from continuing operations per share for the first nine months of 2013 were $1.09, as compared to $1.07 for the first nine months of 2012.

Earnings from discontinued operations for the first nine months of 2012 represent adjustments to the estimated costs of litigation, net of tax, retained from the 2007 sale of the Kelly Home Care business unit.

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

	2013	2012	Change	CC Change
Revenue from services	$ 2,663.0	$ 2,754.2	(3.3)%	(3.2)%
Fee-based income	24.3	23.4	3.9	4.5
Gross profit	396.9	412.9	(3.9)	(3.7)
Total SG&A expenses	314.5	303.4	3.6	3.9
Earnings from operations	82.4	109.5	(24.7)	
Gross profit rate	14.9%	15.0%	(0.1) pts.	
Expense rates:				
% of revenue	11.8	11.0	0.8	
% of gross profit	79.2	73.5	5.7	
Operating margin	3.1	4.0	(0.9)	

The change in Americas revenue from services represents a 4% decrease in hours worked, partially offset by a 1% increase in average bill rates on a CC basis. Americas represented 66% of total Company revenue in the first nine months of 2013 and 68% in the first nine months of 2012.

Revenue in our Commercial segment was down 4% and our PT revenue declined 2% in comparison to the prior year. The decrease in revenue in Commercial is due to revenue decreases in our office clerical and electronic assembly products, somewhat offset by increased revenue in our educational staffing business. In the PT segment, we continued to see declines in revenue in our science, IT and finance products, partially offset by growth in revenue in our engineering and health care products.

The decrease in the gross profit rate was due to lower adjustments to prior year workers' compensation costs. We regularly update our estimates of open workers' compensation claims. As a result, we reduced our estimated costs of prior year workers' compensation claims for the total Company by $4.8 million for the first nine months of 2013. This compares to an adjustment reducing prior year workers' compensation claims by $8.1 million for the first nine months of 2012. The majority of these adjustments relate to the Americas Commercial and PT segments.

The increase in SG&A expenses was due to a $3.0 million, one-time charge in the first quarter of 2013 relating to an unclaimed property settlement, coupled with our continued investment in PT, our centralized operations staff to support our largest customers and investments in our technology infrastructure. These increases have been somewhat offset by lower incentive-based compensation during the year.

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

	2013	2012	Change	CC Change
Revenue from services	$ 777.0	$ 766.5	1.4%	0.3%
Fee-based income	27.3	30.6	(10.9)	(11.0)
Gross profit	130.8	133.8	(2.2)	(3.3)
SG&A expenses excluding restructuring charges	122.1	126.4	(3.4)	
Restructuring charges	0.1	(2.2)	108.8	
Total SG&A expenses	122.2	124.2	(1.6)	(2.6)
Earnings from operations	8.6	9.6	(10.5)	
Gross profit rate	16.8%	17.5%	(0.7) pts.	
Expense rates (excluding restructuring charges):				
% of revenue	15.7	16.5	(0.8)	
% of gross profit	93.3	94.4	(1.1)	
Operating margin	1.1	1.3	(0.2)	

The change in EMEA revenue from services reflected a 3% increase in average bill rates on a CC basis, partially offset by a 2% decrease in hours worked. EMEA revenue represented 19% of total Company revenue in the first nine months of both 2013 and 2012.

The EMEA gross profit rate decreased due to unfavorable customer mix, with revenue from large customers increasing by 7% on a CC basis and revenue from retail customers with higher margins decreasing 3% in comparison to the prior year. Additionally, the gross profit rate was impacted by the decline in fee-based income. The effect of these decreases, which accounted for 120 basis points, was partially offset by the effect of the CICE tax credit in France. This credit of $4.0 million, which was recorded in cost of services, improved the reported gross profit rate by approximately 50 basis points.

The change in SG&A expenses excluding restructuring was primarily due to a reduction of full-time employees in specific countries. Restructuring costs recorded in the first nine months of 2013 reflect the adjustments to prior restructuring costs primarily in France. Restructuring costs recorded in the first nine months of 2012 reflect the adjustments to prior restructuring costs primarily in the U.K.

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

	2013	2012	Change	CC Change
Revenue from services	$ 286.1	$ 298.2	(4.1)%	(1.9)%
Fee-based income	14.9	22.2	(33.2)	(31.2)
Gross profit	47.3	55.1	(14.1)	(11.9)
SG&A expenses excluding restructuring charges	45.5	57.5	(20.9)	
Restructuring charges	0.3	-	NM	
Total SG&A expenses	45.8	57.5	(20.4)	(18.3)
Earnings from operations	1.5	(2.4)	NM	
Gross profit rate	16.5%	18.5%	(2.0) pts.	
Expense rates (excluding restructuring charges):				
% of revenue	15.9	19.3	(3.4)	
% of gross profit	96.2	104.4	(8.2)	
Operating margin	0.5	(0.8)	1.3	

The change in total APAC revenue from services reflected a 17% increase in average bill rates on a CC basis, partially offset by a 14% decrease in hours worked. Excluding the 2012 results from the North Asia operations which were deconsolidated in the fourth quarter of 2012, APAC revenue increased 1% on a CC basis. The improvement in average bill rates was primarily due to higher bill rates in India and Singapore. The change in hours worked was due declines in India, Malaysia and New Zealand. APAC revenue represented 7% of total Company revenue in the first nine months of both 2013 and 2012.

Excluding the North Asia operations from 2012 results, the APAC gross profit rate decreased 50 basis points, due primarily to a decrease in fee-based income. Fee-based income decreased 9% on a constant currency basis excluding the North Asia operations and negatively impacted the gross profit rate by 60 basis points. Fees in all countries in the APAC region, with the exception of India, decreased in comparison to the prior year. The year-to-date Singapore wage credit of $0.6 million increased the APAC gross profit rate by 20 basis points in the first nine months of 2013.

SG&A expenses declined 8% on a CC basis, excluding the North Asia operations from 2012 results. This change was the result of the restructuring of the Australia and New Zealand management and lower country headquarters costs across the region.

OCG - September Year to Date
(Dollars in millions)

	2013	2012	Change	CC Change
Revenue from services	$ 335.8	$ 282.8	18.8%	19.0%
Fee-based income	47.3	37.6	26.2	26.4
Gross profit	85.4	75.0	13.8	14.0
SG&A expenses excluding restructuring charges	77.7	69.6	11.6	
Restructuring charges	0.9	-	NM	
Total SG&A expenses	78.6	69.6	12.8	12.9
Asset impairments	1.7	-	NM	
Earnings from operations	5.1	5.4	(3.8)	
Gross profit rate	25.4%	26.5%	(1.1) pts.	
Expense rates (excluding restructuring charges):				
% of revenue	23.1	24.6	(1.5)	
% of gross profit	91.0	92.8	(1.8)	
Operating margin	1.6	1.9	(0.3)	

Revenue from services in the OCG segment increased during the first nine months of 2013 primarily due to growth in BPO of 31% and CWO growth, which includes PPO, of 23%. These increases were partially offset by a decrease in RPO revenue of 15%. The revenue growth in BPO and CWO was due to both expansion of programs with existing customers and new customers. OCG revenue represented 8% of total Company revenue in the first nine months of 2013 and 7% in the first nine months of 2012.

The OCG gross profit rate decreased primarily due to higher growth in our lower margin businesses, such as BPO and PPO, and increased costs to support growth in one of our strategic accounts. The increase in SG&A expenses excluding restructuring is primarily the result of support costs associated with increased volume with existing and new customers, mainly in BPO and CWO, including new customer implementations. Asset impairments and restructuring charges represent costs associated with the Company's decision to exit the executive search business operating in Germany.

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 $73.9 million at the end of the third quarter of 2013 and $76.3 million at year-end 2012. As further described below, we generated $21.9 million of cash from operating activities, used $11.7 million of cash for investing activities and used $11.5 million of cash for financing activities.

Operating Activities

In the first nine months of 2013, we generated $21.9 million of cash from operating activities, as compared to generating $20.9 million in the first nine months of 2012. Cash generated from operating activities in 2013 was consistent with the prior year. Included in net cash from operating activities for 2013 is an increase of $4.8 million related to the correction of an error from prior periods.

Trade accounts receivable totaled $1.1 billion at the end of the third quarter of 2013. Global days sales outstanding were 56 days at the end of the third quarter of 2013 and 54 days at the end of the third quarter of 2012.

Our working capital position was $478.0 million at the end of the third quarter of 2013, an increase of $7.7 million from year-end 2012. The current ratio (total current assets divided by total current liabilities) was 1.6% at the end of the third quarter of 2013 and 1.7% at year-end 2012.

Investing Activities

In the first nine months of 2013, we used $11.7 million of cash for investing activities, compared to $13.8 million in the first nine months of 2012. Capital expenditures in both years relate primarily to the Company's information technology programs, including costs for the implementation of the PeopleSoft payroll project.

Financing Activities

In the first nine months of 2013, we used $11.5 million of cash for financing activities, compared to using $18.2 million in the first nine months of 2012. Debt totaled $58.0 million at the end of the third quarter of 2013 and $64.1 million at year-end 2012. 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 6.7% at the end of the third quarter of 2013 and 8.0% at year-end 2012.

The net change in short-term borrowings in the first nine months of 2013 was primarily due to payments on our U.S. securitization facility as a result of lower working capital needs. The net change in short-term borrowings in the first nine months of 2012 was primarily due to payments on our U.S. and Brazilian revolving credit facilities.

We made dividend payments of $5.7 million in the first nine months of both 2013 and 2012.

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 14, 2013. 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- 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.

At the 2013 third quarter end, we had $150.0 million of available capacity on our $150.0 million revolving credit facility and $36.0 million of available capacity on our $150.0 million securitization facility. The securitization facility carried $58.0 million of short-term borrowings and $56.0 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 2013 third 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. We also 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.

As of the 2013 third quarter end, we had no holdings of sovereign debt in Italy, Portugal, Ireland, Spain or Greece. Our investment policy requires our international affiliates to contribute any excess cash balances to the Cash Pool. We then manage this as counterparty exposure and distribute the risk among our Cash Pool provider and other banks we may designate from time to time.

As of the 2013 third quarter end, our total exposure to European receivables from our customers was $327.4 million, which represents 30% of total trade accounts receivable, net. The percentage of trade accounts receivable over 90 days past due for Europe was consistent with our global experience. Net trade accounts receivable for Italy, Portugal and Ireland, specific countries currently experiencing economic volatility, totaled $49.3 million as of the 2013 third quarter end.

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, including our ability to successfully expand into new markets and service lines, material changes in demand from or loss of large corporate customers, impairment charges triggered by adverse industry or market developments, unexpected termination of customer contracts, availability of temporary workers with appropriate skills required by customers, liabilities for employment-related claims and losses, including class action lawsuits and collective actions, liability for improper disclosure of sensitive or private employee information, unexpected changes in claim trends on workers' compensation and benefit plans, our ability to maintain specified financial covenants in our bank facilities, our ability to access credit markets and continued availability of financing for funding working capital, our ability to sustain critical business applications through our key data centers, our ability to effectively implement and manage our information technology programs, our ability to retain the services of our senior management, local management and field personnel, the impact of changes in laws and regulations (including federal, state and international tax laws), the net financial impact of the Patient Protection and Affordable Care Act on our business, and risks associated with conducting business in foreign countries, including foreign currency fluctuations. 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 due to our net investment in foreign subsidiaries, which conduct business in their local currencies. We may also utilize local currency-denominated borrowings.

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 2013 third 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 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.

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 30, 2012 and Part II, Item 1A of the Company's Quarterly Report filed on Form 10-Q for the fiscal quarter ended March 31, 2013.

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

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)
July 1, 2013 through August 4, 2013	73,926	$ 17.66	-	$ -
August 5, 2013 through September 1, 2013	493	18.30	-	$ -
September 2, 2013 through September 29, 2013	-	-	-	$ -
Total	74,419	$ 17.67	-	

We may reacquire shares sold to cover taxes due upon the vesting of restricted stock held by employees. Accordingly, 74,419 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: November 6, 2013

/s/ Patricia Little
Patricia Little

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

Date: November 6, 2013

/s/ Michael E. Debs
Michael E. Debs

Senior Vice President 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 14, 2013 (Reference is made to Exhibit 10.1 to the Form 10-Q filed with the Commission on August 7, 2013, which is incorporated herein by reference).
10.17	Receivables Purchase Agreement Amendment No. 3.
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 10.17

RECEIVABLES PURCHASE AGREEMENT AMENDMENT No. 3

This RECEIVABLES PURCHASE AGREEMENT AMENDMENT No. 3 (this "Amendment"), dated as of October 4, 2013, among Kelly Receivables Funding, LLC, as Seller, Kelly Services, Inc., as Servicer, Market Street Funding LLC ("Market Street"), as a Conduit Purchaser, as a Related Committed Purchaser and as Assignor (as defined below), PNC Bank, National Association ("PNC"), as Purchaser Agent, as LC Bank, as an LC Participant and as Assignee (as defined below), and PNC Bank, National Association, as Administrator for each Purchaser Group (in such capacity, the "Administrator"), to RECEIVABLES PURCHASE AGREEMENT (as amended, supplemented or otherwise modified through the date hereof, the "Receivables Purchase Agreement"), dated as of December 4, 2009, among Seller, Servicer, the various Purchasers and Purchaser Agents from time to time party thereto, LC Bank, LC Participant, and Administrator.

W I T N E S S E T H:

WHEREAS, the Seller desires to amend the Receivables Purchase Agreement to modify the terms thereof.

WHEREAS, Market Street, as the assignor (in such capacity, the "Assignor"), desires to sell, assign and delegate to PNC, as the assignee (in such capacity, the "Assignee"), all of the Assignor's rights under, interest in, title to and obligations under the Receivables Purchase Agreement and the other Transaction Documents (collectively, the "Assigned Documents"), and the Assignee desires to purchase and assume from the Assignor all of the Assignor's rights under, interest in, title to and obligations under the Assigned Documents.

WHEREAS, After giving effect to the assignment and assumption contemplated in Section 3 of this Amendment, each of the parties hereto desires that Market Street cease to be a party to the Receivables Purchase Agreement and each of the other Assigned Documents to which it is a party and to be discharged from its duties and obligations as a Purchaser or otherwise under the Receivables Purchase Agreement and each of the other Assigned Documents.

WHEREAS, the Seller, Servicer, Purchaser Agent, Related Committed Purchaser, LC Bank, LC Participant, and Administrator agree to amend the Receivables Purchase Agreement pursuant to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual agreements herein contained and other good and valuable consideration, receipt and sufficiency of which are hereby acknowledged by the parties, Seller, Servicer, Purchaser Agent, Related Committed Purchaser, LC Bank, LC Participant, and Administrator hereto agree as follows:

Section 1. Definitions. Capitalized terms not otherwise defined herein shall have the meanings given to them in the Receivables Purchase Agreement.

Section 2. Amendments to the Receivables Purchase Agreement.

(a) The first sentence of Section 1.1 of the Receivables Purchase Agreement is hereby deleted in its entirety and replaced with the following:

> On the terms and subject to the conditions hereof, the Seller may, from time to time before the Facility Termination Date, (i) ratably (based on each Purchaser Group's Ratable Share) request that each Purchaser Group's Conduit Purchaser or, only if there is no Conduit Purchaser in such Purchaser Group or a Conduit Purchaser denies such request or is unable to fund (and provides notice of such denial or inability to the Seller, the Administrator and its Purchaser Agent), ratably (based on each Purchaser Group's Ratable Share) request that its Related Committed Purchasers, make purchases of and reinvestments in undivided percentage ownership interests with regard to the Purchased Interest from the Seller from time to time from the date hereof to the Facility Termination Date and (ii) request that the LC Bank issue or cause the issuance of Letters of Credit, in each case subject to the terms hereof (each such purchase, reinvestment or issuance is referred to herein as a "Purchase").

(b) The following defined terms appearing in Exhibit I of the Receivables Purchase Agreement are hereby deleted in their respective entireties and replaced with the following:

> "Alternate Rate" for any day during any Yield Period for any Portion of Capital funded by any Purchaser other than through the issuance of Notes, means an interest rate per annum equal to (a) if there is no Conduit Purchaser in such Purchaser's Purchaser Group, the weighted average LMIR for such Yield Period (subject however, to the provisions set forth in Section 1.11 hereof) or (b) if there is a Conduit Purchaser in such Purchaser's Purchaser Group, the greater of: (i) the Euro-Rate for such Yield Period (subject however, to the provisions set forth in Section 1.11 hereof) and (ii) the Base Rate for such day; provided, that the "Alternate Rate" for any day while a Termination Event or an Unmatured Termination Event exists shall be an interest rate equal to the greater of (i) 2.0% per annum above the Base Rate in effect on such day and (ii) 2.0% per annum above the "Alternate Rate" as calculated in clause (a) above.
>
> "Discount" means with respect to any Purchaser:
>
> (a) for any Portion of Capital for any Yield Period with respect to any Purchaser to the extent such Portion of Capital will be funded by such Purchaser during such Yield Period through the issuance of Notes:

$$CPR \times C \times ED/360 + YPF$$

(b) for any Portion of Capital for any Yield Period with respect to any Purchaser to the extent such Portion of Capital will not be funded by such Purchaser during such Yield Period through the issuance of Notes or, if the LC Bank and/or any LC Participant has deemed to have made a Funded Purchase in connection with any drawing under a Letter of Credit which accrues Discount pursuant to Section 1.2(e) of this Agreement:

AR x C x ED/Year + YPF

where:

AR	=	the Alternate Rate for such Portion of Capital for such Yield Period with respect to such Purchaser,
C	=	the Capital with respect to such Portion of Capital on such Yield Period with respect to such Purchaser,
CPR	=	the CP Rate for the Portion of Capital for such Yield Period with respect to such Purchaser,
ED	=	the actual number of days during such Yield Period,
Year	=	if such Portion of Capital is funded based upon: (i) LMIR or the Euro-Rate, 360 days, and (ii) the Base Rate,

365 or 366 days, as applicable, and

YPF	=	the Yield Protection Fee, if any, for the Portion of Capital for such Yield Period with respect to such Purchaser;

provided, that no provision of this Agreement shall require the payment or permit the collection of Discount in excess of the maximum permitted by applicable law; and provided further, that Discount for any Portion of Capital shall not be considered paid by any distribution to the extent that at any time all or a portion of such distribution is rescinded or must otherwise be returned for any reason.

"Facility Termination Date" means the earliest to occur of: (a) with respect to each Purchaser, December 4, 2014, (b) the date determined pursuant to Section 2.2 of this Agreement, (c) the date the Purchase Limit reduces to zero pursuant to Section 1.1(c) of this Agreement, (d) with respect to each Conduit Purchaser (if any), the date that the Commitments of all of the Liquidity Providers terminate under the related Liquidity Agreement, (e) with respect to each Purchaser Group, the date that the Commitment of all of the Related Committed Purchasers of such Purchaser Group terminate pursuant to Section 1.22, and (f) the date which is 60 days after the date on which the Administrator has received written notice from the Seller of its election to terminate the Purchase Facility.

> "Purchaser Group" means (a) for any Conduit Purchaser, such Conduit Purchaser, its Related Committed Purchaser, related Purchaser Agent and related LC Participants and (b) with respect to the PNC Purchaser Group, PNC's roles as Related Committed Purchaser, Purchaser Agent and LC Bank.

(c) Exhibit I of the Receivables Purchase Agreement is hereby further amended by adding the defined term "LMIR" in the appropriate alphabetical sequence to read as follows:

> "LMIR" means, for any day, the one-month eurodollar rate for U.S. dollar deposits as reported on the Reuters Screen LIBOR01 Page or any other page that may replace such page from time to time for the purpose of displaying offered rates of leading banks for London interbank deposits in United States dollars, as of 11:00 a.m. (London time) on such date, or if such day is not a Business Day, then the immediately preceding Business Day (or if not so reported, then as determined by the Administrator from another recognized source for interbank quotation), in each case, changing when and as such rate changes.

(d) Each signature block as well as notice information thereunder for Market Street set forth on the signature pages of the Receivables Purchase Agreement are hereby deleted in their entirety.

(e) Annex B to the Receivables Purchase Agreement is hereby amended and restated in its entirety and as so amended shall read as set forth on Annex B attached hereto.

(f) Annex E to the Receivables Purchase Agreement is hereby amended and restated in its entirety and as so amended shall read as set forth on Annex E attached hereto.

(g) The Receivables Purchase Agreement is hereby further amended by deleting each reference to the term "Euro-Rate" appearing in Sections 1.7, 1.8, 1.9, 1.11 and the definitions of "Business Day" and "Yield Period" and replacing such reference with the words "Euro-Rate or LMIR".

Section 3. Assignment and Assumption.

(a) Sale and Assignment by Assignor to Assignee. At or before 2:00 pm (New York time) on the date hereof, the Assignee shall pay to the Assignor, in immediately available funds, (i) the amount set forth on Exhibit A hereto (such amount, the "Capital Payment") representing 100.00% of the Aggregate Capital of the Assignor under the Receivables Purchase Agreement on the date hereof and (ii) the amount set forth on Exhibit A hereto representing all accrued but unpaid (whether or not then due) Discount, Fees and other costs and expenses payable in respect of such Capital to but excluding the date hereof (such amount, the "CP Costs and Other Costs"; together with the Capital Payment, collectively, the "Payoff Amount"). Upon the Assignor's receipt of the Payoff Amount in its entirety, the Assignor hereby sells, transfers, assigns and delegates to the Assignee, without recourse, representation or warranty except as otherwise provided herein, and the Assignee hereby irrevocably purchases, receives, accepts and assumes from the Assignor, all of the Assignor's rights under, interest in, title to and all its obligations under the Receivables Purchase Agreement and the other Assigned Documents. Without limiting the generality of the foregoing, the Assignor hereby assigns to the Assignee all of its right, title and interest in the Purchased Interest. Payment of each portion of the Payoff Amount shall be made by wire transfer of immediately available funds in accordance with the payment instructions set forth on Exhibit B hereto.

(b) Removal of Assignor. From and after the Effective Date (as defined below), the Assignor shall cease to be a party to the Receivables Purchase Agreement and each of the other Assigned Documents to which it was a party and shall no longer have any rights or obligations under the Receivables Purchase Agreement or any other Assigned Document (other than such rights which by their express terms survive termination thereof).

(c) Limitation on Liability. Notwithstanding anything to the contrary set forth in this Amendment, the Assignee does not accept or assume any liability or responsibility for any breach, failure or other act or omission on the part of the Assignor, or any indemnification or other cost, fee or expense related thereto, in each case which occurred or directly or indirectly arose out of an event which occurred prior to the Effective Date.

(d) Acknowledgement and Agreement. Each of the parties and signatories hereto (i) hereby acknowledges and agrees to the sale, assignment and assumption set forth in clause (a) above, (ii) expressly waives any notice or other applicable requirements set forth in any Transaction Document as a prerequisite or condition precedent to such sale, assignment and assumption (other than as set forth herein) and (iii) acknowledges and agrees that this Section 3 is in form and substance substantially similar to a Transfer Supplement.

Section 4. Joinder.

(a) PNC as a Related Committed Purchaser. From and after the date hereof, PNC shall be a Related Committed Purchaser party to the Receivables Purchase Agreement for all purposes thereof and of the other Transaction Documents as if PNC were an original party to the Receivables Purchase Agreement in such capacity, and PNC assumes all related rights and agrees to be bound by all of the terms and provisions applicable to Related Committed Purchasers contained in the Receivables Purchase Agreement and the other Transaction Documents.

(b) Appointment of PNC as Purchaser Agent of PNC's Purchaser Group. PNC hereby designates itself as, and PNC hereby agrees to perform the duties and obligations of, the Purchaser Agent for PNC's Purchaser Group. From and after the date hereof, PNC shall be a Purchaser Agent party to the Receivables Purchase Agreement, for all purposes of the Receivables Purchase Agreement and the other Transaction Documents as if PNC were an original party to the Receivables Purchase Agreement in such capacity, and PNC assumes all related rights and agrees to be bound by all of the terms and provisions applicable to Purchaser Agents contained in the Receivables Purchase Agreement and the other Transaction Documents.

(c) Commitment. The Commitment of PNC under the Receivables Purchase Agreement as a Related Committed Purchaser shall be the applicable amount set forth on Exhibit A hereto.

(d) Notice Address. PNC's address for notices under the Receivables Purchase Agreement in each of its capacities thereunder shall be the following:

Address: PNC Bank, National Association
225 Fifth Avenue
Pittsburgh, Pennsylvania 1522
Attention: Robyn A. Reeher, Vice President
Telephone: 412-768-3090
E-mail: robyn.reeher@pnc.com

(e) Consent to Joinder. Each of the parties hereto consents to the foregoing joinder of PNC as a party to the Receivables Purchase Agreement in the capacities of a Related Committed Purchaser and Purchaser Agent, and any otherwise applicable conditions precedent thereto under the Receivables Purchase Agreement and the other Transaction Documents (other than as set forth herein) are hereby waived.

Section 5. Representations of the Seller and Servicer. Each of Seller and Servicer hereby represent and warrant to the parties hereto that as of the date hereof each of the representations and warranties contained in Exhibit III of the Receivables Purchase Agreement and any other Transaction Documents to which it is a party are true and correct as of the date hereof and after giving effect to this Amendment (except to the extent that such representations and warranties expressly refer to an earlier date, in which case they are true and correct as of such earlier date).

Section 6. Conditions Precedent. This Amendment shall become effective and be deemed effective as of the date first written above (the "Effective Date") upon the satisfaction of the following conditions precedent:

(a) Administrator shall have received a fully executed counterpart of this Amendment;

(b) Administrator shall have received a fully executed Third Amended and Restated Fee Letter with respect to the PNC Bank Purchaser Group;

(c) each representation and warranty of Seller and Servicer contained herein or in any other Transaction Document (after giving effect to this Amendment) shall be true and correct; and

(d) no Termination Event, as set forth in Exhibit V of the Receivables Purchase Agreement, shall have occurred and be continuing.

Section 7. Amendment. The Seller, Servicer, Purchaser Agent, Related Committed Purchaser, LC Bank, LC Participant, and Administrator hereby agree that the provisions and effectiveness of this Amendment shall apply to the Receivables Purchase Agreement as of the date hereof. Except as amended by this Amendment, the Receivables Purchase Agreement remains unchanged and in full force and effect. This Amendment is a Transaction Document.

Section 8. Counterparts. This Amendment may be executed by the parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 9. Captions. The headings of the Sections of this Amendment are for convenience of reference only and shall not modify, define, expand or limit any of the terms or provisions of this Amendment.

Section 10. Successors and Assigns. The terms of this Amendment shall be binding upon, and shall inure to the benefit of, Seller, Servicer, Purchaser Agent, Related Committed Purchaser, LC Bank, LC Participant, and Administrator and their respective successors and permitted assigns.

Section 11. Severability. Any provision of this Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 12. Governing Law and Jurisdiction. The provisions of the Receivables Purchase Agreement with respect to governing law, jurisdiction, and agent for service of process are incorporated in this Amendment by reference as if such provisions were set forth herein.

[Signatures appear on following page.]

IN WITNESS WHEREOF, the Seller, Servicer, Purchaser Agent, Related Committed Purchaser, LC Bank, LC Participant, and Administrator have each caused this Amendment to be duly executed by their respective duly authorized officers as of the day and year first above written.

KELLY RECEIVABLES FUNDING, LLC, as Seller

By: /s/ Joel Starr
Name: Joel Starr
Title: VP & Treasurer

KELLY SERVICES, INC., as Servicer

By: /s/ Joel Starr
Name: Joel Starr
Title: VP & Treasurer

MARKET STREET FUNDING, LLC, as a Conduit Purchaser, a Related Committed Purchaser and as Assignor

By: /s/ Evelyn Echevarria__________________________
Name: Evelyn Echevarria__________________________
Title: Vice President______________________________

PNC BANK, NATIONAL ASSOCIATION, as Purchaser Agent for the PNC Bank Purchaser Group and as Assignee

By: /s/ Mark S. Falcione___________________________
Name: Mark S. Falcione___________________________
Title: Executive Vice President______________________

PNC BANK, NATIONAL ASSOCIATION,
as Related Committed Purchaser

By: /s/ Mark S. Falcione___________________________
Name: Mark S. Falcione___________________________
Title: Executive Vice President______________________

PNC BANK, NATIONAL ASSOCIATION, as the LC Bank and as an LC Participant

By: /s/ Mark S. Falcione___________________________
Name: Mark S. Falcione___________________________
Title: Executive Vice President______________________

PNC BANK, NATIONAL ASSOCIATION,
as Administrator

By: /s/ Mark S. Falcione___________________________
Name: Mark S. Falcione___________________________
Title: Executive Vice President______________________

EXHIBIT A

ASSIGNMENTS AND PAYMENT AMOUNTS

Section 1. Payoff Amount:

Capital Payment.

Aggregate Capital Assigned:	$58,000,000

CP Costs and Other Costs.

Discount in respect of Aggregate Capital Assigned:	$3,352.59
Fees in respect of Aggregate Capital Assigned:	$30,925.00
Other Costs and Expenses in respect of Aggregate Capital Assigned:	$0.00
Total:	$58,034,277.59

Section 2. Commitment Assigned:	$150,000,000

SCHEDULE I

WIRING INSTRUCTIONS

Wiring instructions with respect to amounts payable to the Assignor:

Bank Name: PNC Bank, National Association
ABA #: 043000096
Account #: 1002422076
Account Name: Market Street Funding LLC
Reference: Kelly Receivables Funding, LLC

ANNEX B-

FORM OF PURCHASE NOTICE[1]

Dated as of [________ __, 20__]

PNC Bank, National Association
Three PNC Plaza, Fourth Floor
225 Fifth Avenue
Pittsburgh, PA 15222-2707
Attention: Robyn Reeher, Fax No. (412) 705-1225

[Each Purchaser Agent]

Ladies and Gentlemen:

Reference is hereby made to the Receivables Purchase Agreement, dated as of December 4, 2009 (as amended, restated, supplemented or otherwise modified through the date hereof, the "Receivables Purchase Agreement"), among Kelly Receivables Funding, LLC, as Seller, Kelly Services, Inc., as Servicer, the various Conduit Purchasers, Related Committed Purchasers, Purchaser Agents and LC Participants from time to time party thereto and PNC Bank, National Association, as Administrator and as LC Bank. Capitalized terms used in this Purchase Notice and not otherwise defined herein shall have the meanings assigned thereto in the Receivables Purchase Agreement.

This letter constitutes a Purchase Notice pursuant to Section 1.2(a) of the Receivables Purchase Agreement. Seller desires to sell an undivided percentage ownership interest in a pool of Receivables on ___________, [20__], for a purchase price of $____________.2 Subsequent to this Purchase, the Aggregate Capital will be $___________.

Seller hereby represents and warrants as of the date hereof, and as of the date of Purchase, as follows:

(i) the representations and warranties contained in Exhibit III of the Receivables Purchase Agreement are true and correct in all material respects on and as of the date of such purchase as though made on and as of such date (except for representations and warranties which apply as to an earlier date, in which case such representations and warranties shall be true and correct as of such earlier date);

---

[1] Purchase Notice for requests for Funded Purchases.

[2] Such amount shall not be less than $300,000 (or such lesser amount as agreed to by the Administrator and the Majority Purchaser Agents) and shall be in integral multiples of $100,000 with respect to each Purchaser Group.

(ii) no event has occurred and is continuing, or would result from such Purchase, that constitutes a Termination Event or Unmatured Termination Event;

(iii) the sum of the Aggregate Capital plus the LC Participation Amount, after giving effect to any such Purchase shall not be greater than the Purchase Limit, and the Purchased Interest will not exceed 100%; and

(iv) the Facility Termination Date has not occurred.

IN WITNESS WHEREOF, the undersigned has caused this Purchase Notice to be executed by its duly authorized officer as of the date first above written.

KELLY RECEIVABLES FUNDING, LLC

By:______________________________
Name:____________________________
Title:_____________________________

FORM OF PURCHASE NOTICE[3]

Dated as of [________ __, 20__]

PNC Bank, National Association
Three PNC Plaza, Fourth Floor
225 Fifth Avenue
Pittsburgh, PA 15222-2707
Attention: Robyn Reeher, Fax No. (412) 705-1225

[Each Purchaser Agent]

Ladies and Gentlemen:

Reference is hereby made to the Receivables Purchase Agreement, dated as of December 4, 2009 (as amended, restated, supplemented or otherwise modified through the date hereof, the "Receivables Purchase Agreement"), among Kelly Receivables Funding, LLC, as Seller, Kelly Services, Inc., as Servicer, the various Conduit Purchasers, Related Committed Purchasers, Purchaser Agents and LC Participants from time to time party thereto and PNC Bank, National Association, as Administrator and as LC Bank. Capitalized terms used in this Purchase Notice and not otherwise defined herein shall have the meanings assigned thereto in the Receivables Purchase Agreement.

This letter constitutes a notice pursuant to Section 1.13(a) of the Receivables Purchase Agreement. Seller desires that the LC Bank issue Letters of Credit on __________, [20__], with a face amount of $____________. Subsequent to this Purchase, the LC Participation Amount will be $_______ and the Aggregate Capital will be $____________.

Seller hereby represents and warrants as of the date hereof, and as of the date of Purchase, as follows:

(i) the representations and warranties contained in Exhibit III of the Receivables Purchase Agreement are true and correct in all material respects on and as of the date of such purchase as though made on and as of such date (except for representations and warranties which apply as to an earlier date, in which case such representations and warranties shall be true and correct as of such earlier date);

(ii) no event has occurred and is continuing, or would result from such Purchase, that constitutes a Termination Event or Unmatured Termination Event;

(iii) the sum of the Aggregate Capital plus the LC Participation Amount, after giving effect to any such Purchase shall not be greater than the Purchase Limit, and the Purchased Interest will not exceed 100%; and

[3] Purchase Notice for requests for an issuance of a Letter of Credit.

(iv) the Facility Termination Date has not occurred.

IN WITNESS WHEREOF, the undersigned has caused this Purchase Notice to be executed by its duly authorized officer as of the date first above written.

KELLY RECEIVABLES FUNDING, LLC

By:______________________________
Name:______________________________
Title:______________________________

ANNEX E

FORM OF PAYDOWN NOTICE

Dated as of [_____________ __, 20__]

PNC Bank, National Association
Three PNC Plaza, Fourth Floor
225 Fifth Avenue
Pittsburgh, PA 15222-2707
Attention: Robyn Reeher, Fax No. (412) 705-1225

[Each Purchaser Agent]

Ladies and Gentlemen:

Reference is hereby made to the Receivables Purchase Agreement, dated as of December 4, 2009 (as amended, restated, supplemented or otherwise modified through the date hereof, the "Receivables Purchase Agreement"), among Kelly Receivables Funding, LLC, as Seller, Kelly Services Inc., as Servicer, the various Purchasers, Purchaser Agents and LC Participants from time to time party thereto and PNC Bank, National Association, as Administrator and as LC Bank. Capitalized terms used in this paydown notice and not otherwise defined herein shall have the meanings assigned thereto in the Receivables Purchase Agreement.

This letter constitutes a paydown notice pursuant to Section 1.4(f)(i) of the Receivables Purchase Agreement. The Seller desires to reduce the Aggregate Capital on ____________, _____ [4] by the application of $___________ in cash to pay Aggregate Capital and Discount to accrue (until such cash can be used to pay commercial paper notes) with respect to such Aggregate Capital, together with all costs related to such reduction of Aggregate Capital. Subsequent to this paydown, the aggregate outstanding Capital will be $___________.

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4 Notice must be given at least two Business Days prior to the date of such reduction for any reduction of the Aggregate Capital less than or equal to $25,000,000 (or such greater amount as agreed to by the Administrator and the Majority Purchaser Agents) and at least five Business Days prior to the date of such reduction for any reduction of the Aggregate Capital greater than $25,000,000.

IN WITNESS WHEREOF, the undersigned has caused this paydown notice to be executed by its duly authorized officer as of the date first above written.

KELLY RECEIVABLES FUNDING, LLC

By:_______________________________
Name:_____________________________
Title:______________________________

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: November 6, 2013

/s/ Carl T. Camden
Carl T. Camden

President and
Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Patricia Little, 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: November 6, 2013

/s/ Patricia Little
Patricia Little

Executive Vice President and
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 September 29, 2013 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: November 6, 2013

/s/CarlT.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 September 29, 2013 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Patricia Little, 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: November 6, 2013

/s/ Patricia Little
Patricia Little

Executive Vice President and
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.