



## Kelly Services® Reports 3rd Quarter Results

November 6, 2013

TROY, MI -- (Marketwired) -- 11/06/13 -- Kelly Services, Inc. (NASDAQ: KELYA) (NASDAQ: KELYB), a leader in providing [workforce](#) solutions, today announced results for the third quarter of 2013.

Carl T. Camden, President and Chief Executive Officer, announced revenue for the third quarter of 2013 totaled \$1.3 billion, a 0.6% decrease compared to the corresponding quarter of 2012.

Earnings from operations for the third quarter of 2013 totaled \$20.2 million. Included in the results of operations in the third quarter of 2013 are restructuring charges of \$0.5 million. Excluding the restructuring charges, earnings from operations were \$20.7 million in the third quarter of 2013, compared to earnings of \$24.0 million last year.

Diluted earnings per share from continuing operations in the third quarter of 2013 were \$0.49. Adjusted earnings per share were \$0.51 in the third quarter of 2013 compared to \$0.43 in the third quarter of 2012.

"We're pleased that our third quarter performance surpassed our expectations despite an erratic and lackluster economy," said Camden. "The Americas delivered a nice turnaround in fee performance and KellyOCG brought in strong revenue growth and outsized operating profits. Overall, our results continue to demonstrate that Kelly's strategy is responding to market demands for more holistic workforce solutions, access to skilled talent, and workforce models that help companies achieve their short- and long-term business goals."

Kelly also reported that on November 5, its board of directors declared a dividend of \$0.05 per share. The dividend is payable December 6 to shareholders of record as of the close of business on November 18.

In conjunction with its third quarter earnings release, Kelly Services, Inc. will host a conference call at 9:00 a.m. (ET) on November 6, to review the results and answer questions. The call may be accessed in one of the following ways:

Via the Telephone:  
U.S. 1 800 288-9626  
International 1 651 291-5254

The pass code is Kelly Services

Via the Internet:

The call is also available via the internet through the Kelly Services website:  
[kellyservices.com](http://kellyservices.com).

This release contains statements that are forward looking in nature and accordingly, are subject to risks and uncertainties. These factors include, but are not limited to, competitive market pressures including pricing 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, risks associated with conducting business in foreign countries, including foreign currency fluctuations, and other risks, uncertainties and factors discussed in this release and in the Company's filings with the Securities and Exchange Commission. Actual results may differ materially from any forward looking statements contained herein, and we have no intention to update these statements.

### **About Kelly Services®**

Kelly Services, Inc. (NASDAQ: KELYA) (NASDAQ: KELYB) is a leader in providing workforce solutions. Kelly® offers a comprehensive array of [outsourcing and consulting](#) services as well as world-class staffing on a temporary, temporary-to-hire, and [direct-hire](#) basis. Serving clients around the globe, Kelly provides [employment](#) to more than 560,000 employees annually. Revenue in 2012 was \$5.5 billion. Visit [kellyservices.com](http://kellyservices.com) and connect with us on [Facebook](#), [LinkedIn](#), & [Twitter](#). Download [The Talent Project](#), a free iPad® app by Kelly Services.

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**FOR THE 13 WEEKS ENDED SEPTEMBER 29, 2013 AND SEPTEMBER 30, 2012**  
**(UNAUDITED)**

(In millions of dollars except per share data)

	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>% Change</u>
<b>Revenue from services</b>	\$ 1,345.6	\$ 1,354.2	\$ (8.6 )	(0.6 )%
Cost of services	<u>1,125.2</u>	<u>1,126.7</u>	<u>(1.5 )</u>	<u>(0.1 )</u>
<b>Gross profit</b>	220.4	227.5	(7.1 )	(3.1 )
Selling, general and administrative expenses	<u>200.2</u>	<u>203.5</u>	<u>(3.3 )</u>	<u>(1.6 )</u>
<b>Earnings from operations</b>	20.2	24.0	(3.8 )	(15.8 )
Other expense, net	<u>1.3</u>	<u>0.7</u>	<u>0.6</u>	<u>88.9</u>
<b>Earnings from continuing operations before taxes</b>	18.9	23.3	(4.4 )	(19.0 )
Income tax expense	<u>0.1</u>	<u>6.7</u>	<u>(6.6 )</u>	<u>(99.2 )</u>
<b>Earnings from continuing operations</b>	18.8	16.6	2.2	13.6
Earnings from discontinued operations, net of tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>NM</u>
<b>Net earnings</b>	<u>\$ 18.8</u>	<u>\$ 16.6</u>	<u>\$ 2.2</u>	<u>13.5 %</u>
<b>Basic earnings per share on common stock</b>				
Earnings from continuing operations	\$ 0.49	\$ 0.43	\$ 0.06	14.0 %
Earnings from discontinued operations	-	-	-	NM
Net earnings	0.49	0.43	0.06	14.0
<b>Diluted earnings per share on common stock</b>				
Earnings from continuing operations	\$ 0.49	\$ 0.43	\$ 0.06	14.0 %
Earnings from discontinued operations	-	-	-	NM
Net earnings	0.49	0.43	0.06	14.0

**STATISTICS:**

Gross profit rate	16.4 %	16.8 %	(0.4 )pts.
Selling, general and administrative expenses:			
% of revenue	14.9	15.0	(0.1 )
% of gross profit	90.8	89.4	1.4
% Return:			
Earnings from operations	1.5	1.8	(0.3 )
Earnings from continuing operations before taxes	1.4	1.7	(0.3 )
Earnings from continuing operations	1.4	1.2	0.2
Net earnings	1.4	1.2	0.2
Effective income tax rate	0.3 %	28.9 %	(28.6 )pts.

Average number of shares outstanding (millions):

Basic	37.4	37.1
Diluted	37.4	37.1
Shares adjusted for nonvested restricted awards (millions):		
Basic	38.1	38.3
Diluted	38.1	38.3

**KELLY SERVICES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF EARNINGS**  
**FOR THE 39 WEEKS ENDED SEPTEMBER 29, 2013 AND SEPTEMBER 30, 2012**  
**(UNAUDITED)**

(In millions of dollars except per share data)

	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>% Change</u>
<b>Revenue from services</b>	\$ 4,027.3	\$ 4,075.1	\$ (47.8 )	(1.2 )%
Cost of services	<u>3,369.3</u>	<u>3,400.7</u>	<u>(31.4 )</u>	<u>(0.9 )</u>
<b>Gross profit</b>	658.0	674.4	(16.4 )	(2.4 )
Selling, general and administrative expenses	612.6	611.9	0.7	0.1
Asset impairments	<u>1.7</u>	<u>-</u>	<u>1.7</u>	<u>NM</u>
<b>Earnings from operations</b>	43.7	62.5	(18.8 )	(30.0 )
Other expense, net	<u>3.9</u>	<u>1.8</u>	<u>2.1</u>	<u>118.3</u>
<b>Earnings from continuing operations before taxes</b>	39.8	60.7	(20.9 )	(34.4 )
Income tax (benefit) expense	<u>(1.9 )</u>	<u>19.9</u>	<u>(21.8 )</u>	<u>(109.9 )</u>
<b>Earnings from continuing operations</b>	41.7	40.8	0.9	2.4
Earnings from discontinued operations, net of tax	<u>-</u>	<u>0.4</u>	<u>(0.4 )</u>	<u>(99.8 )</u>
<b>Net earnings</b>	<u>\$ 41.7</u>	<u>\$ 41.2</u>	<u>\$ 0.5</u>	<u>1.3 %</u>
<b>Basic earnings per share on common stock</b>				
Earnings from continuing operations	\$ 1.09	\$ 1.07	\$ 0.02	1.9 %
Earnings from discontinued operations	-	0.01	(0.01 )	(100.0 )
Net earnings	1.09	1.09	-	-
<b>Diluted earnings per share on common stock</b>				
Earnings from continuing operations	\$ 1.09	\$ 1.07	\$ 0.02	1.9 %
Earnings from discontinued operations	-	0.01	(0.01 )	(100.0 )
Net earnings	1.09	1.09	-	-

**STATISTICS:**

Gross profit rate 16.3 % 16.5 % (0.2 )pts.

Selling, general and administrative expenses:

% of revenue	15.2	15.0	0.2
% of gross profit	93.1	90.7	2.4
<b>% Return:</b>			
Earnings from operations	1.1	1.5	(0.4 )
Earnings from continuing operations before taxes	1.0	1.5	(0.5 )
Earnings from continuing operations	1.0	1.0	0.0
Net earnings	1.0	1.0	0.0
Effective income tax rate	(5.0 )%	32.8 %	(37.8 )pts.
<b>Average number of shares outstanding (millions):</b>			
Basic	37.2	37.0	
Diluted	37.3	37.0	
<b>Shares adjusted for nonvested restricted awards (millions):</b>			
Basic	38.2	38.0	
Diluted	38.2	38.0	

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

	<u>Third Quarter</u>			<u>Constant Currency Change</u>
	<u>2013</u>	<u>2012</u>	<u>Change</u>	
<b>AMERICAS</b>				
<b>Commercial</b>				
Revenue from services (including fee-based income)	\$ 617.0	\$ 642.2	(3.9 )%	(3.5 )%
Fee-based income	4.1	4.4	(6.6 )	(5.2 )
Gross profit	86.8	96.4	(10.1 )	(9.6 )
Gross profit rate	14.1 %	15.0 %	(0.9 )pts.	
<b>PT</b>				
Revenue from services (including fee-based income)	\$ 248.3	\$ 261.6	(5.1 )%	(5.0 )%
Fee-based income	4.3	3.7	17.2	17.5
Gross profit	40.9	40.9	0.2	0.3
Gross profit rate	16.5 %	15.6 %	0.9 pts.	
<b>Total Americas</b>				
Revenue from services (including fee-based income)	\$ 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.	
<b>Expense rates:</b>				
% 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 )	

**EMEA****Commercial**

Revenue from services (including fee-based income)	\$	224.5	\$	214.5	4.7 %	1.8 %
Fee-based income		4.8		5.2	(7.5 )	(8.0 )
Gross profit		33.9		33.4	1.6	(1.1 )
Gross profit rate		15.1 %		15.6 %	(0.5 )pts.	

**PT**

Revenue from services (including fee-based income)	\$	45.1	\$	41.5	8.7 %	5.1 %
Fee-based income		3.9		4.1	(3.6 )	(4.8 )
Gross profit		10.8		10.5	2.5	(0.3 )
Gross profit rate		23.9 %		25.4 %	(1.5 )pts.	

**Total EMEA**

Revenue from services (including fee-based income)	\$	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	
Earnings from operations excluding restructuring charges		4.7		3.9	19.7	
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 (excluding restructuring charges)		1.7		1.5	0.2	

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

(In millions of dollars)

**Third Quarter**

		<u>2013</u>		<u>2012</u>	<u>Change</u>	<u>Constant Currency Change</u>
<b>APAC</b>						
<b>Commercial</b>						
Revenue from services (including fee-based income)	\$	87.6	\$	85.7	2.2 %	8.6 %
Fee-based income		2.6		2.9	(8.7 )	(1.2 )
Gross profit		12.7		12.8	(0.6 )	6.1
Gross profit rate		14.5 %		14.9 %	(0.4 )pts.	
<b>PT</b>						
Revenue from services (including fee-based income)	\$	9.1	\$	14.3	(36.1) %	(30.6) %
Fee-based income		2.2		4.8	(54.0 )	(50.8 )
Gross profit		3.4		6.2	(44.3 )	(40.0 )
Gross profit rate		37.5 %		43.0 %	(5.5 )pts.	
<b>Total APAC</b>						

Revenue from services (including fee-based income)	\$	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	
Earnings from operations excluding restructuring charges		1.6		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 (excluding restructuring charges)		1.6		0.1	1.5	

**OCG**

Revenue from services (including fee-based income)	\$	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	
Earnings from operations excluding restructuring charges		6.0		4.0	47.2	
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 (excluding restructuring charges)		4.7		3.9	0.8	

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

(In millions of dollars)

	September Year to Date			Constant Currency Change		
	2013	2012	Change			
<b>AMERICAS</b>						
<b>Commercial</b>						
Revenue from services (including fee-based income)	\$	1,904.1	\$	1,980.1	(3.8 )%	(3.6 )%
Fee-based income		12.0		12.1	(0.3 )	0.7
Gross profit		274.5		292.1	(6.1 )	(5.8 )
Gross profit rate		14.4 %		14.8 %	(0.4 )pts.	
<b>PT</b>						
Revenue from services (including fee-based income)	\$	758.9	\$	774.1	(2.0 )%	(2.0 )%
Fee-based income		12.3		11.3	8.3	8.5
Gross profit		122.4		120.8	1.3	1.3
Gross profit rate		16.1 %		15.6 %	0.5 pts.	
<b>Total Americas</b>						
Revenue from services (including fee-based income)	\$	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 )	

#### EMEA

##### Commercial

Revenue from services (including fee-based income)	\$	645.3	\$	641.2	0.6 %	(0.4 )%
Fee-based income		15.5		17.5	(11.7 )	(11.6 )
Gross profit		98.8		101.1	(2.2 )	(3.3 )
Gross profit rate		15.3 %		15.8 %	(0.5 )pts.	

##### PT

Revenue from services (including fee-based income)	\$	131.7	\$	125.3	5.1 %	3.8 %
Fee-based income		11.8		13.1	(9.8 )	(10.0 )
Gross profit		32.0		32.7	(2.2 )	(3.1 )
Gross profit rate		24.3 %		26.1 %	(1.8 )pts.	

##### Total EMEA

Revenue from services (including fee-based income)	\$	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 )	
Earnings from operations excluding restructuring charges		8.7		7.4	17.9	
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 (excluding restructuring charges)		1.1		1.0	0.1	

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

(In millions of dollars)

	September Year to Date			Constant Currency Change		
	2013	2012	Change			
<b>APAC</b>						
<b>Commercial</b>						
Revenue from services (including fee-based income)	\$	256.8	\$	258.3	(0.6 )%	1.6 %
Fee-based income		8.2		9.3	(12.0 )	(9.0 )
Gross profit		36.8		38.4	(4.1 )	(1.8 )

Gross profit rate		14.3 %	14.9 %	(0.6 )pts.	
<b>PT</b>					
Revenue from services (including fee-based income)	\$	29.3	\$ 39.9	(26.6 )%	(24.1 )%
Fee-based income		6.7	12.9	(48.6 )	(47.1 )
Gross profit		10.5	16.7	(37.2 )	(35.3 )
Gross profit rate		35.7 %	41.8 %	(6.1 )pts.	
<b>Total APAC</b>					
Revenue from services (including fee-based income)	\$	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	
Earnings from operations excluding restructuring charges		1.8	(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 (excluding restructuring charges)		0.6	(0.8 )	1.4	
<b>OCG</b>					
Revenue from services (including fee-based income)	\$	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 )	
Earnings from operations excluding restructuring charges		6.0	5.4	11.1	
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 (excluding restructuring charges)		1.8	1.9	(0.1 )	

**KELLY SERVICES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**(UNAUDITED)**

(In millions of dollars)

	<u>Sept. 29, 2013</u>	<u>Dec. 30, 2012</u>	<u>Sept. 30, 2012</u>
<b>Current Assets</b>			
Cash and equivalents	\$ 73.9	\$ 76.3	\$ 70.3
Trade accounts receivable, less allowances of \$10.0 and \$10.4 and \$11.9, respectively	1,071.8	1,013.9	1,018.8
Prepaid expenses and other current assets	62.0	57.5	62.9
Deferred taxes	40.3	44.9	38.1
Total current assets	<u>1,248.0</u>	<u>1,192.6</u>	<u>1,190.1</u>
<b>Property and Equipment, Net</b>	87.7	89.9	90.4

<b>Noncurrent Deferred Taxes</b>	104.5	82.8	88.8
<b>Goodwill, Net</b>	90.3	89.5	91.2
<b>Other Assets</b>	<u>241.0</u>	<u>180.9</u>	<u>174.8</u>
<b>Total Assets</b>	<u>\$ 1,771.5</u>	<u>\$ 1,635.7</u>	<u>\$ 1,635.3</u>
<b>Current Liabilities</b>			
Short-term borrowings	\$ 58.0	\$ 64.1	\$ 83.6
Accounts payable and accrued liabilities	308.9	295.6	279.1
Accrued payroll and related taxes	300.9	264.5	269.9
Accrued insurance	30.7	32.8	28.8
Income and other taxes	<u>71.5</u>	<u>65.3</u>	<u>62.7</u>
Total current liabilities	770.0	722.3	724.1
<b>Noncurrent Liabilities</b>			
Accrued insurance	40.7	43.5	48.9
Accrued retirement benefits	129.3	111.0	108.5
Other long-term liabilities	<u>28.0</u>	<u>17.9</u>	<u>25.1</u>
Total noncurrent liabilities	198.0	172.4	182.5
<b>Stockholders' Equity</b>			
Common stock	40.1	40.1	40.1
Treasury stock	(57.5 )	(61.6 )	(63.1 )
Paid-in capital	26.1	27.1	27.7
Earnings invested in the business	736.0	700.0	693.0
Accumulated other comprehensive income	<u>58.8</u>	<u>35.4</u>	<u>31.0</u>
Total stockholders' equity	<u>803.5</u>	<u>741.0</u>	<u>728.7</u>
<b>Total Liabilities and Stockholders' Equity</b>	<u>\$ 1,771.5</u>	<u>\$ 1,635.7</u>	<u>\$ 1,635.3</u>

**STATISTICS:**

Working Capital	\$ 478.0	\$ 470.3	\$ 466.0
Current Ratio	1.6	1.7	1.6
Debt-to-capital %	6.7 %	8.0 %	10.3 %
Global Days Sales Outstanding	56	53	54

**KELLY SERVICES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE 39 WEEKS ENDED SEPTEMBER 29, 2013 AND SEPTEMBER 30, 2012**  
**(UNAUDITED)**  
(In millions of dollars)

	<u>2013</u>	<u>2012</u>
<b>Cash flows from operating activities</b>		
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)
<b>Net cash from operating activities</b>	<b>21.9</b>	<b>20.9</b>
<b>Cash flows from investing activities</b>		
Capital expenditures	(11.7)	(13.9)
Other investing activities	-	0.1
<b>Net cash used in investing activities</b>	<b>(11.7)</b>	<b>(13.8)</b>
<b>Cash flows from financing activities</b>		
Net change in short-term borrowings	(6.1)	(12.6)
Dividend payments	(5.7)	(5.7)
Other financing activities	0.3	0.1
<b>Net cash used in financing activities</b>	<b>(11.5)</b>	<b>(18.2)</b>
<b>Effect of exchange rates on cash and equivalents</b>	<b>(1.1)</b>	<b>0.4</b>
<b>Net change in cash and equivalents</b>	<b>(2.4)</b>	<b>(10.7)</b>
<b>Cash and equivalents at beginning of period</b>	<b>76.3</b>	<b>81.0</b>
<b>Cash and equivalents at end of period</b>	<b>\$ 73.9</b>	<b>\$ 70.3</b>

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

	<b>Third Quarter (Commercial, PT and OCG)</b>			
	<b>2013</b>	<b>2012</b>	<b>US\$</b>	<b>% Change Constant Currency</b>
<b>Americas</b>				
United States	\$ 843.5	\$ 853.4	(1.2)%	(1.2)%
Canada	52.9	61.9	(14.5)	(10.8)
Mexico	33.1	31.1	6.6	4.5
Puerto Rico	24.4	24.5	(0.3)	(0.3)
Brazil	13.1	14.3	(8.0)	1.8
<b>Total Americas</b>	<b>967.0</b>	<b>985.2</b>	<b>(1.8)</b>	<b>(1.5)</b>
<b>EMEA</b>				
Switzerland	68.6	61.0	12.3	8.8
France	62.4	60.3	3.6	(2.2)
Russia	32.9	31.7	3.7	6.6
United Kingdom	26.5	25.6	3.6	5.6
Portugal	24.1	18.8	28.2	21.2
Germany	17.4	17.8	(1.9)	(7.4)
Norway	16.1	17.6	(8.3)	(7.2)
Italy	13.8	13.1	4.9	(0.8)
Other	16.0	17.2	(7.5)	(11.6)
<b>Total EMEA</b>	<b>277.8</b>	<b>263.1</b>	<b>5.5</b>	<b>2.6</b>

<b>APAC</b>				
Australia	32.4	35.4	(8.5 )	3.8
Singapore	29.4	26.0	12.8	14.8
Malaysia	17.2	19.1	(9.7 )	(6.2 )
New Zealand	12.6	13.0	(2.6 )	(1.3 )
Other	9.2	12.4	(26.2 )	(18.1 )
<b>Total APAC</b>	<u>100.8</u>	<u>105.9</u>	(4.9 )	1.5
<b>Total Kelly Services, Inc.</b>	<u>\$ 1,345.6</u>	<u>\$ 1,354.2</u>	(0.6 )%	(0.5 )%

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

	<u>September Year to Date (Commercial, PT and OCG)</u>			
	<u>2013</u>	<u>2012</u>	<u>US\$</u>	<u>% Change</u> <u>Constant</u> <u>Currency</u>
<b>Americas</b>				
United States	\$ 2,547.3	\$ 2,586.3	(1.5 )%	(1.5 )%
Canada	163.9	183.4	(10.6 )	(8.8 )
Mexico	99.4	82.4	20.7	15.6
Puerto Rico	73.6	76.3	(3.6 )	(3.6 )
Brazil	45.0	46.7	(3.7 )	6.6
<b>Total Americas</b>	<u>2,929.2</u>	<u>2,975.1</u>	(1.5 )	(1.4 )
<b>EMEA</b>				
Switzerland	185.6	174.4	6.4	5.7
France	182.0	184.2	(1.2 )	(3.9 )
Russia	102.0	97.1	5.0	7.1
United Kingdom	78.1	79.3	(1.5 )	0.5
Portugal	63.0	56.0	12.5	9.3
Germany	49.3	53.9	(8.5 )	(11.0 )
Norway	46.3	50.8	(8.8 )	(9.5 )
Italy	43.6	44.5	(2.0 )	(4.5 )
Other	50.7	48.4	4.6	2.1
<b>Total EMEA</b>	<u>800.6</u>	<u>788.6</u>	1.5	0.4
<b>APAC</b>				
Australia	100.4	101.6	(1.2 )	4.3
Singapore	83.5	75.1	11.2	10.7
Malaysia	51.1	54.9	(6.9 )	(5.8 )
New Zealand	36.1	39.5	(8.5 )	(9.8 )
Other	26.4	40.3	(34.6 )	(30.2 )
<b>Total APAC</b>	<u>297.5</u>	<u>311.4</u>	(4.5 )	(2.2 )
<b>Total Kelly Services, Inc.</b>	<u>\$ 4,027.3</u>	<u>\$ 4,075.1</u>	(1.2 )%	(1.1 )%

**RECONCILIATION OF NON-GAAP MEASURES**  
**FOR THE 13 WEEKS ENDED SEPTEMBER 29, 2013 AND SEPTEMBER 30, 2012**  
**(UNAUDITED)**

(In millions of dollars except per share data)

	2013			2012	
	<u>As reported</u>	<u>Restructuring Charges (Note 1)</u>	<u>Adjusted Earnings</u>	<u>Earnings</u>	<u>% Change</u>
<b>Revenue from services</b>	\$ 1,345.6	\$ -	\$ 1,345.6	\$ 1,354.2	(0.6)%
Cost of services	<u>1,125.2</u>	<u>-</u>	<u>1,125.2</u>	<u>1,126.7</u>	<u>(0.1)</u>
<b>Gross profit</b>	220.4	-	220.4	227.5	(3.1)
Selling, general and administrative expenses	<u>200.2</u>	<u>(0.5)</u>	<u>199.7</u>	<u>203.5</u>	<u>(1.8)</u>
<b>Earnings from operations</b>	20.2	0.5	20.7	24.0	(13.9)
Other expense, net	<u>1.3</u>	<u>-</u>	<u>1.3</u>	<u>0.7</u>	<u>(88.9)</u>
<b>Earnings from continuing operations before taxes</b>	18.9	0.5	19.4	23.3	(17.1)
Income tax expense (benefit)	<u>0.1</u>	<u>-</u>	<u>0.1</u>	<u>6.7</u>	<u>(99.2)</u>
<b>Earnings from continuing operations</b>	<u>\$ 18.8</u>	<u>\$ 0.5</u>	<u>\$ 19.3</u>	<u>\$ 16.6</u>	<u>16.3%</u>
<b>Earnings per share from continuing operations:</b>					
Basic	\$ 0.49	\$ 0.01	\$ 0.51	\$ 0.43	18.6%
Diluted	\$ 0.49	\$ 0.01	\$ 0.51	\$ 0.43	18.6%

Note: Earnings per share amounts for each quarter are required to be computed independently and may not equal the amounts computed for the total year.

**KELLY SERVICES, INC. AND SUBSIDIARIES**  
**RECONCILIATION OF NON-GAAP MEASURES**  
**FOR THE 39 WEEKS ENDED SEPTEMBER 29, 2013 AND SEPTEMBER 30, 2012**  
**(UNAUDITED)**

(In millions of dollars except per share data)

	2013			2012		
	<u>As reported</u>	<u>Restructuring Charges (Note 1)</u>	<u>Asset Impairments (Note 2)</u>	<u>Adjusted Earnings</u>	<u>Adjusted Earnings</u>	<u>% Change</u>
<b>Revenue from services</b>	\$ 4,027.3	\$ -	\$ -	\$ 4,027.3	\$ 4,075.1	(1.2)%
Cost of services	<u>3,369.3</u>	<u>-</u>	<u>-</u>	<u>3,369.3</u>	<u>3,400.7</u>	<u>(0.9)</u>
<b>Gross profit</b>	658.0	-	-	658.0	674.4	(2.4)
Selling, general and administrative expenses	612.6	(1.3)	-	611.3	614.1	(0.4)
Asset impairments	<u>1.7</u>	<u>-</u>	<u>(1.7)</u>	<u>-</u>	<u>-</u>	<u>NM</u>
<b>Earnings from operations</b>	43.7	1.3	1.7	# 46.7	60.3	(22.6)

Other expense, net	<u>3.9</u>	<u>-</u>	<u>-</u>	<u>3.9</u>	<u>1.8</u>	<u>(118.3)</u>
<b>Earnings from continuing operations before taxes</b>	<b>39.8</b>	<b>1.3</b>	<b>1.7</b>	<b>42.8</b>	<b>58.5</b>	<b>(27.0)</b>
Income tax expense (benefit)	<u>(1.9)</u>	<u>0.1</u>	<u>-</u>	<u>(1.8)</u>	<u>19.9</u>	<u>(109.4)</u>
<b>Earnings from continuing operations</b>	<b>\$ <u>41.7</u></b>	<b>\$ <u>1.2</u></b>	<b>\$ <u>1.7</u></b>	<b>\$ <u>44.6</u></b>	<b>\$ <u>38.6</u></b>	<b><u>(15.5)</u>%</b>
<b>Earnings per share from continuing operations:</b>						
Basic	\$ 1.09	\$ 0.03	\$ 0.04	\$ 1.17	\$ 1.02	14.7 %
Diluted	\$ 1.09	\$ 0.03	\$ 0.04	\$ 1.17	\$ 1.02	14.7 %

	<u>2012</u>		
	<u>As reported</u>	<u>Restructuring Charges (Note 1)</u>	<u>Adjusted Earnings</u>
<b>Revenue from services</b>	\$ 4,075.1	\$ -	\$ 4,075.1
Cost of services	<u>3,400.7</u>	<u>-</u>	<u>3,400.7</u>
<b>Gross profit</b>	674.4	-	674.4
Selling, general and administrative expenses	<u>611.9</u>	<u>2.2</u>	<u>614.1</u>
<b>Earnings from operations</b>	62.5	(2.2)	60.3
Other expense, net	<u>1.8</u>	<u>-</u>	<u>1.8</u>
<b>Earnings from continuing operations before taxes</b>	60.7	(2.2)	58.5
Income tax expense (benefit)	<u>19.9</u>	<u>-</u>	<u>19.9</u>
<b>Earnings from continuing operations</b>	<b>\$ <u>40.8</u></b>	<b>\$ <u>(2.2)</u></b>	<b>\$ <u>38.6</u></b>
<b>Earnings per share from continuing operations:</b>			
Basic	\$ 1.07	\$ (0.06)	\$ 1.02
Diluted	\$ 1.07	\$ (0.06)	\$ 1.02

Note: Earnings per share amounts for each quarter are required to be computed independently and may not equal the amounts computed for the total year.

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

Management believes that the non-GAAP (Generally Accepted Accounting Principles) information excluding the restructuring charges and asset impairment charges is useful to understand the Company's fiscal 2013 financial performance and increases comparability. Specifically, Management believes that excluding these items allows for a more meaningful comparison of current period operating performance with the operating results of prior periods. These non-GAAP measures may have limitations as analytical tools because they exclude items which can have a material impact on cash flow and earnings per share. As a result, Management considers these measures, along with reported results, when it reviews and evaluates the Company's financial performance. Management believes that these measures provide greater transparency to investors and provide insight into how Management is evaluating the Company's financial performance. Non-GAAP measures should not be considered a substitute for, or superior to,

measures of financial performance prepared in accordance with GAAP.

- (1) In 2013, restructuring charges relate to severance costs from exiting the executive search business in Germany, along with severance costs for EMEA Commercial branches that closed in prior years. In 2012, restructuring costs relate primarily to revisions of the estimated lease termination costs for EMEA Commercial branches that closed in prior years.
- (2) Asset impairment charges 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.

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