Index to Exhibits on page 14

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

FORM 10-Q

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

For the quarterly period ended April 4, 1999

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 ___

At May 7, 1999, 32,268,706 shares of Class A and 3,566,931 shares of Class B common stock of the Registrant were outstanding.

KELLY SERVICES, INC. AND SUBSIDIARIES

	Page Number
PART I. FINANCIAL INFORMATION	
Statements of Earnings	3

	Balance Sheets	4
	Statements of Stockholders' Equity	5
	Statements of Cash Flows	6
	Notes to Financial Statements	7
	Management's Discussion and Analysis of Results of Operations and Financial Condition	8
PART II.	OTHER INFORMATION	12
	Signature	13
	Index to Exhibits Required by Item 601, Regulation S-K	14

KELLY SERVICES, INC. and SUBSIDIARIES

STATEMENTS OF EARNINGS
(UNAUDITED)
(In thousands of dollars except per share data)

	13 Weeks Ended	
	April 4, 1999	March 29, 1998
Sales of services	$1,025,959	$ 959,382
Cost of services	846,828	791,472
Gross profit	179,131	167,910
Selling, general and administrative expenses	153,539	143,069
Earnings from operations	25,592	24,841
Interest income, net	151	693
Earnings before income taxes	25,743	25,534
Income taxes	10,555	10,470
Net earnings	$ 15,188	$ 15,064
Earnings per share:		
Basic	$ .42	$ .39
Diluted	.42	.39
Average shares outstanding (thousands):		
Basic	35,814	38,177
Diluted	35,953	38,384
Dividends per share	$ .23	$ .22

See accompanying Notes to Financial Statements.

KELLY SERVICES, INC. and SUBSIDIARIES

BALANCE SHEETS AS OF APRIL 4, 1999 AND JANUARY 3, 1999
(In thousands of dollars)

ASSETS	1999	1998
CURRENT ASSETS:	(UNAUDITED)	
Cash and equivalents	$ 74,379	$ 59,799
Short-term investments	12,290	12,069
Accounts receivable, less allowances of $13,575 and $13,035, respectively	589,691	584,653
Prepaid expenses and other current assets	14,203	15,012
Deferred taxes	48,658	48,343
Total current assets	739,221	719,876
PROPERTY AND EQUIPMENT:		
Land and buildings	46,712	44,135
Equipment, furniture and leasehold improvements	189,797	179,707
Accumulated depreciation	(84,319)	(77,491)
Total property and equipment	152,190	146,351
INTANGIBLES AND OTHER ASSETS	101,803	98,020
TOTAL ASSETS	$ 993,214	$ 964,247

LIABILITIES & STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term borrowings	$ 52,095	$ 47,629
Accounts payable	72,106	79,089
Payroll and related taxes	217,955	195,670
Accrued insurance	67,816	66,830
Income and other taxes	43,507	37,265
Total current liabilities	453,479	426,483
STOCKHOLDERS' EQUITY:		
Capital stock, $1 par value		
Class A common stock, shares issued 36,540,770 in 1999 and 1998	36,541	36,541
Class B common stock, shares issued 3,575,096 in 1999 and 1998	3,575	3,575
Treasury stock, at cost		
Class A common stock, 4,270,320 shares in 1999 and 4,301,321 in 1998	(81,080)	(81,669)
Class B common stock, 7,767 shares in 1999 and 1998	(248)	(248)
Paid-in capital	15,205	14,844
Earnings invested in the business	579,468	572,517
Accumulated foreign currency adjustments	(13,726)	(7,796)
Total stockholders' equity	539,735	537,764
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	$ 993,214	$ 964,247

See accompanying Notes to Financial Statements.

KELLY SERVICES, INC. AND SUBSIDIARIES

STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)
(In thousands of dollars)

	13 Weeks Ended	
	April 4, 1999	March 29, 1998
Capital Stock		
Class A common stock		
Balance at beginning of period	$ 36,541	$ 36,538
Conversions from Class B	--	2
Balance at end of period	36,541	36,540
Class B common stock		
Balance at beginning of period	3,575	3,578
Conversions to Class A	--	(2)
Balance at end of period	3,575	3,576
Treasury Stock		
Class A common stock		
Balance at beginning of period	(81,669)	(6,029)
Exercise of stock options, restricted stock awards and other	589	(68)
Balance at end of period	(81,080)	(6,097)
Class B common stock		
Balance at beginning of period	(248)	(185)
Purchase of treasury stock	--	--
Balance at end of period	(248)	(185)
Paid-in Capital		
Balance at beginning of period	14,844	10,980
Exercise of stock options, restricted stock awards and other	361	1,647
Balance at end of period	15,205	12,627
Earnings Invested in the Business		
Balance at beginning of period	572,517	522,039
Net earnings	15,188	15,064
Cash dividends	(8,237)	(8,400)
Balance at end of period	579,468	528,703
Accumulated Foreign Currency Adjustments		
Balance at beginning of period	(7,796)	(7,092)
Equity adjustment for foreign currency	(5,930)	(1,333)
Balance at end of period	(13,726)	(8,425)
Stockholders' Equity at end of period	$ 539,735	$ 566,739
Comprehensive Income		
Net earnings	$ 15,188	$ 15,064
Other comprehensive income - Foreign currency adjustments	(5,930)	(1,333)
Comprehensive Income	$ 9,258	$ 13,731

See accompanying Notes to Financial Statements.

KELLY SERVICES, INC. AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS
(UNAUDITED)
FOR THE 13 WEEKS ENDED APRIL 4, 1999 AND MARCH 29, 1998
(In thousands of dollars)

	1999	1998
Cash flows from operating activities:		
Net earnings	$ 15,188	$ 15,064
Noncash adjustments:		
Depreciation and amortization	8,129	6,802
Changes in certain working capital components	15,319	36,677
Net cash from operating activities	38,636	58,543
Cash flows from investing activities:		
Capital expenditures	(15,224)	(7,031)
Proceeds from sales and maturities of short-term investments	298,598	409,802
Purchases of short-term investments	(298,819)	(410,129)
(Increase) decrease in intangibles and other assets	(3,455)	1,539
Acquisition of company, net of cash received	(2,205)	--
Net cash from investing activities	(21,105)	(5,819)
Cash flows from financing activities:		
(Decrease) increase in short-term borrowings	4,466	(7,100)
Dividend payments	(8,237)	(8,400)
Exercise of stock options and restricted stock awards	820	1,579
Net cash from financing activities	(2,951)	(13,921)
Net change in cash and equivalents	14,580	38,803
Cash and equivalents at beginning of period	59,799	76,690
Cash and equivalents at end of period	$ 74,379	$ 115,493

See accompanying Notes to Financial Statements.

KELLY SERVICES, INC. AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)
(In thousands of dollars)

1. Basis of Presentation
The accompanying unaudited condensed consolidated financial statements of the Company 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, consisting only of normal recurring adjustments, have been made which, in the opinion of management, are necessary for a fair presentation 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 condensed consolidated financial statements should be read in conjunction with the Company's consolidated financial statements and notes thereto for the fiscal year ended January 3, 1999 (the 1998 consolidated financial statements).

2. Segment Disclosures
The Company's reportable segments, which are based on the Company's method of internal reporting, are: (1) U.S. Commercial Staffing, (2) Professional, Technical and Staffing Alternatives (PTSA) and (3) International. The following table presents information about the reported operating income of the Company for the 13-week periods ended April 4, 1999 and March 29, 1998. Segment data presented is net of intersegment revenues. Asset information by reportable segment is not presented, since the Company does not produce such information internally.

	13 Weeks Ended	
	1999	1998
Sales:		
U.S. Commercial Staffing	$ 580,743	$ 560,082
PTSA	198,910	182,992
International	246,306	216,308
Consolidated Total	$ 1,025,959	$ 959,382
Earnings from Operations:		
U.S. Commercial Staffing	$ 46,514	$ 45,730
PTSA	9,584	7,758
International	4,299	3,083
Corporate	(34,805)	(31,730)
Consolidated Total	$ 25,592	$ 24,841

3. Contingencies
The Company is subject to various legal proceedings, claims and liabilities which arise in the ordinary course of its business. Litigation is subject to many uncertainties, the outcome of individual litigated matters is not predictable with assurance and it is reasonably possible that some of the foregoing matters could be decided unfavorably to the Company. Although the amount of the liability at April 4, 1999 with respect to these matters cannot be ascertained, the Company believes that any resulting liability will not be material to the financial statements of the Company at April 4, 1999.

MANAGEMENT'S DISCUSSION AND

ANALYSIS OF RESULTS OF OPERATIONS

AND FINANCIAL CONDITION

Results of Operations:

First Quarter

Sales of services in the first quarter of 1999 were $1.026 billion, an increase of 6.9% from the same period in 1998. Sales in the U.S. Commercial Staffing segment grew by 3.7%, while Professional, Technical and Staffing Alternatives (PTSA) sales grew by 8.7% compared to last year. International sales grew by 13.9% as compared to the first quarter of 1998.

Cost of services, consisting of payroll and related tax and benefit costs of employees assigned to customers, increased 7.0% in the first quarter as compared to the same period in 1998. Direct wage costs have increased from 1998 at a rate somewhat higher than the general inflation rate, due to strong worldwide demand for labor.

Gross profit of $179.1 million was 6.7% higher than the first quarter of 1998, and gross profit as a percentage of sales was 17.5% in 1999 and 1998. Although the total company gross profit rate was consistent with last year, a continued mix shift to larger national account customers reduced the U.S. Commercial Staffing gross profit rate slightly, which was offset by increases in gross profit rate in the International segment.

Selling, general and administrative expenses were $153.5 million in the first quarter, an increase of 7.3% over the same period in 1998. Expenses averaged 15.0% of sales as compared to 14.9% in last year's first quarter. The rate of growth of these expenses reflects spending for the year 2000 project and amortization of costs associated with the Company's information technology programs.

Earnings from operations of $25.6 million were 3.0% greater than the first quarter of 1998. Interest income (net) of $0.2 million decreased as compared to the first quarter of 1998 due to lower average cash and short-term investment balances, primarily as a result of the $76 million utilized in the fourth quarter of 1998 for the Company's share repurchase program.

Earnings before income taxes were $25.7 million, an increase of .8%, compared to pretax earnings of $25.5 million for the same period in 1998. The pretax margin was 2.5% as compared to 2.7% in last year's first quarter, due primarily to the effect of lower interest income (net) noted above. Income taxes were 41.0% of pretax income in the first quarters of 1999 and 1998.

Net earnings were $15.2 million in the first quarter of 1999, an increase of .8% over the first quarter of 1998. Basic and diluted earnings per share were $.42 compared to $.39 in the same period last year, a 7.7% increase. The rate of growth of earnings per share exceeded the rate of growth of net earnings as a result of the 2.5 million shares repurchased during the fourth quarter of 1998.

Financial Condition

Assets totaled $993.2 million at April 4, 1999, an increase of 3.0% over the $964.2 million at January 3, 1999. Working capital decreased $7.7 million during the three-month period. The current ratio was 1.6 at April 4, 1999 and 1.7 at January 3, 1999.

During the first three months of 1999, net cash from operating activities was $38.6 million, a decrease of 34.0% over the comparable period in 1998. This decrease resulted principally from an increase in the accounts receivable balance and a decrease in the growth of accrued liability balances. The Company's global days sales outstanding improved to 52 days in 1999, as compared to 54 days in 1998.

Capital expenditures of $15.2 million in 1999 and $7.0 million in 1998 were principally for developing new information systems.

The quarterly dividend rate applicable to Class A and Class B shares outstanding was $.23 per share in the first quarter of 1999. This represents a 5% increase compared to a dividend rate of $.22 per share in the first quarter of 1998.

The Company's financial position continues to be strong. This strength will allow it to continue to aggressively pursue growth opportunities, while supporting current operations.

Year 2000 Systems Update

The Year 2000 problem is an issue regarding computer programs and non-information technology systems that use embedded computer chips such as microcontrollers. Many of these programs are unable to distinguish between a year that begins with "20" instead of the familiar "19" and therefore could fail or produce incorrect results.

In 1995, the Company embarked upon a global Year 2000 Project. The project scope includes hardware, software and embedded chip technology. A formal Project Office was established with complete executive sponsorship and funding in February 1997. This initiated a global business system strategy that included a wide-scale Oracle implementation of business and financial systems, plus major enhancements to branch automation systems. Included in these initiatives is the remediation of Year 2000 non-compliant systems.

The Company's State of Readiness

Plans for remediation of Year 2000 non-compliant systems are divided into the following major initiatives: mainframe, client server, domestic and international subsidiaries. The common project phases consisted of: inventory all hardware, software and embedded systems; prioritize systems based on business criticality; complete a risk assessment based on interviews with business users and subject matter experts, analysis of date functionality, and vendor documentation; test and decide to upgrade, replace or retire, as appropriate; internal certification; and a return to production. As a part of the risk assessment process, contingency plans will be developed in the event of system failure. Compuware Corporation was selected to assist in the inventory remediation and testing process.

The inventory and assessment phase is 100% complete for all business areas. Remediation and testing is 100% complete for some of the Kelly business units. Overall completion is approximately 85% when all countries and business units are considered. The Company was 100% remediated of all mission-critical customer support systems at year-end 1998. Testing will continue throughout 1999 with planned completion during the third quarter of 1999. Testing teams are in place for mainframe, client server and international. The testing process includes a detailed risk assessment to determine the necessity and scope of testing. In some instances internal certification is recommended without testing, based on the risk assessment. This process will ensure resources remain focused on areas of greatest risk.

External communications and readiness assessments have been distributed to all customers, landlords, vendors, suppliers and facilities for North America. International communications and assessments were 100% complete at year-end 1998. Ongoing analysis of responses will determine follow-up action including additional contingency plans.

The Costs To Address The Company's Year 2000 Issues

The total cost of the Year 2000 project is expected to be at least somewhat offset by the benefits to be realized by the Company. These include: enhanced functionality at the branch level; a worldwide inventory of information technology and systems; a high-level documentation of business processes used by strategic business units; rationalization and standardization of diverse information systems; upgrades and standardization of desktop computing; upgrade of wide area network to remote business units; improved software quality assurance; and clean-up and documentation of older program code.

Total cost of the Year 2000 remediation project is estimated to be approximately $21 million. The total amount incurred to date is $11.1 million, of which $1 million was expended in 1997, $8 million in 1998 and $2.1 million in 1999. Approximately $5.6 million of the total cost has been incurred for remediation (code remediation, project management compliance and risk assessment), $3.5 million for testing, and the balance for contingency development.

The estimated future cost of completing the Year 2000 project is approximately $9.9 million to be incurred throughout 1999 and early 2000. Of these future costs the Company estimates approximately $2.4 million will relate to remediation, $4.5 million for testing and the balance for contingency activities. Funds for the project are budgeted separately from other Information Technology initiatives. These costs are being expensed as an element of Selling, General and Administrative expense and are funded from cash provided by operations.

The Risks Of The Company's Year 2000 Issues

The failure to correct a material Year 2000 problem could result in an interruption, or a failure of, certain normal business activities or operations. Such failures could materially and adversely affect the Company's results of operations, liquidity and financial condition. It is believed the most significant of risks concern the Year 2000 readiness of third party customers and suppliers. Due to the general uncertainty inherent in the Year 2000 problem, resulting in part from the uncertainty of the Year 2000 readiness of third-party suppliers and customers, the Company is unable to determine at this time whether the consequences of Year 2000 failures will have a material impact on the Company's results of operations, liquidity or financial condition. The Year 2000 Project is expected to significantly reduce the Company's level of uncertainty about the Year 2000 problem and through, in particular, the Year 2000 readiness of its internal systems and processes and its assessment of third-party preparedness.

In general, all reasonable steps have been taken or are in process to ensure operations will continue without disruption. Additionally, in the event of circumstances resulting from the failure of a third party, all reasonable steps will have been taken to ensure appropriate contingency plans exist or are being developed to minimize the impact of these failures.

Market Risk Sensitive Instruments And Positions

The market risk inherent in the Company's market risk sensitive instruments and positions is the potential loss arising from adverse changes in foreign currency exchange rates and interest rates. Foreign currency exchange risk is mitigated by the availability of the Company's multi-currency line of credit. This credit facility can be used to borrow in the local currencies that can effectively hedge the exchange rate risk resulting from foreign currencies weakening in relation to the U.S. dollar.

The Company's holdings and positions in market risk sensitive instruments do not subject the Company to material risk exposures.

New Accounting Standards

In the first quarter of 1999, the Company adopted Statement of Position ("SOP") 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." This SOP requires entities to capitalize certain internal-use software costs once certain criteria are met. Adoption of this standard did not have a material effect on first quarter earnings.

In the first quarter of 1999, the Company adopted SOP 98-5, "Reporting on the Costs of Start-Up Activities." This SOP requires start-up activities and organization costs to be expensed as incurred. Adoption of this standard did not have a material effect on first quarter earnings.

Forward-Looking Statements

Except for the historical statements and discussions contained herein, statements contained in this report relate to future events that are subject to risks and uncertainties, such as: competition, changing market and economic conditions, currency fluctuations, changes in laws and regulations, the Company's ability to effectively implement and manage its information technology programs, including the Year 2000 project, and other factors discussed in the report and in the Company's filings with the Securities and Exchange Commission. Actual results may differ materially from any projections contained herein.

Companies for which this report is filed are:

Kelly Services, Inc. and its subsidiaries:

- Kelly Assisted Living Services, Inc.
- Kelly Properties, Inc.
- Kelly Professional and Technical Services, Inc.
- Kelly Services (Canada), Ltd.
- Kelly Services (UK), Ltd.
- Kelly Services (Ireland), Ltd.
- Kelly Services (Australia), Ltd.
- Kelly Services (New Zealand), Ltd.
- Kelly Services (Nederland), B.V.
- Kelly Services of Denmark, Inc.
- Kelly de Mexico, S.A. de C.V.
- Kelly Services Norge A.S.
- KSI Acquisition Corp.
- Kelly Staff Leasing, Inc.
- The Law Registry
- Kelly Services (Suisse) Holding S.A.
- Kelly Professional Services (France), Inc.
- Kelly Services France S.A.
- Kelly Formation S.A.R.L.
- Kelly Services Luxembourg S.A.R.L.
- Kelly Services Italia Srl
- Kelly Services Iberia Holding Company, S.L.
- Kelly Services Empleo Empresa de Trabajo Temporal, S.L.
- Kelly Services Seleccion y Formacion, S.L.
- Kelly Services CIS, Inc.
- ooo Kelly Services
- Kelly Services (societa di fornitura di lavaro temporaneo) SpA
- Kelly Services Interim, S.A.
- Kelly Services Deutchland GmbH
- Kelly Services Consulting GmbH
- Kelly Services Interim (Belgium) S.A., N.V.
- Kelly Services Select (Belgium) S.A., N.V.
- Kelly Services Sverige A.B.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K.

(a) See Index to Exhibits required by Item 601, Regulation S-K, set forth on page 14 of this filing.

(b) No reports on Form 8-K were filed during the quarter for which this report is filed.

SIGNATURE

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: May 18, 1999

/s/ William K. Gerber

William K. Gerber

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

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

Exhibit No.	Description	Document
4	Rights of security holders are defined in Articles Fourth, Fifth, Seventh, Eighth, Ninth, Tenth, Eleventh, Twelfth, Thirteenth, Fourteenth and Fifteenth of the Certificate of Incorporation. (Reference is made to Exhibit 3.2 to the Form 10-Q for the quarterly period ended June 30, 1996, filed with the Commission in August, 1996, which is incorporated herein by reference).	
10.1	Kelly Services, Inc. 1999 Non-Employee Directors Stock Option Plan. (Reference is made to Exhibit A to the Definitive Proxy for the fiscal year ended January 3, 1999, filed with the Commission in April, 1999, which is incorporated herein by reference).	
11	Additional Earnings Per Share Information.	2
27	Financial Data Schedule for three months ended April 4, 1999.	3

ADDITIONAL EARNINGS PER SHARE INFORMATION

Kelly Services, Inc. and Subsidiaries

Details of the common shares used to compute earnings per share are as follows in thousands except per share items:

	13 Weeks Ended	
	April 4, 1999	March 29, 1998
Weighted average shares outstanding	35,814	38,177
Adjustment for dilutive shares from stock options under the treasury stock method:		
Shares assumed issued	448	1,335
Less - Shares assumed repurchased	(309)	(1,128)
Additional shares assumed outstanding	139	207
Applicable shares as adjusted	35,953	38,384
Net earnings	$ 15,188	$ 15,064
Diluted earnings per common share	$ .42	$ .39

This calculation is submitted in accordance with Regulation S-K item 601(b)(11).

5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE BALANCE SHEET AND STATEMENT OF EARNINGS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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3-MOS
JAN-02-2000
APR-04-1999
74,379
12,290
603,266
13,575
0
739,221
236,509
84,319
993,214
453,479
0
40,116
0
0
499,619
993,214
0
1,025,959
0
846,828
0
0
0
25,743
10,555
15,188
0
0
0
15,188
0.42
0.42