Kelly Services

2003 Summary Annual Report

Kelly Services

CORPORATE PROFILE

Kelly Services, Inc., was founded in 1946 by William Russell Kelly, the pioneer of the modern temporary help industry. Today, Kelly® is a leading global provider of staffing services. Over the past 57 years, Kelly's range of staffing solutions has grown steadily to match the needs of our global customers.

Kelly temporary employees work in a wide variety of businesses and disciplines, including office services, finance, engineering, law, science, healthcare, information technology, marketing, call centers, light industrial, homecare, and education.

Last year, the company operated 2,500 offices and assigned nearly 700,000 employees in 26 countries. Sales in 2003 totaled $4.3 billion. Kelly Services is headquartered in Troy, Michigan, U.S.A.

SUMMARY ANNUAL REPORT

This is a summary annual report. Complete financial statements, including Management's Discussion and Analysis of Financial Condition and Results of Operations, and Notes to Financial Statements, are contained in Kelly Services' Annual Report on Form 10-K, available on our Company's website, www.kellyservices.com, or through our Investor Relations office. A copy of our Code of Business Conduct and Ethics is also available. Please see page 28 for contact information.

Kelly Services

2003 Summary Annual Report

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Kelly's commitment to quality service, customer satisfaction, and exemplary conduct has become a benchmark for the staffing industry.

OUR VISION

To be the world's best staffing services company and to be recognized as the best.

OUR MISSION

To serve our customers, employees, shareholders, and society by providing a broad range of staffing services and products.

To achieve our Mission:

- We will develop innovative staffing services which meet the needs of our customers and contribute to their success.
- We will foster an environment which stimulates professional excellence and encourages contribution by all employees.
- We will provide our shareholders a fair return on their investment.
- We will demonstrate good corporate citizenship through the ethical conduct of our business.

OUR SHARED VALUES

- Integrity, Honesty, and Ethical Behavior
- Commitment to Quality and Customer Satisfaction
- Dedication to Service and Personal Responsiveness
- Professional Excellence and High Performance
- Innovation, Creativity, and Open-Mindedness
- Employee Participation, Contribution, and Teamwork
- Diversity, Individual Dignity, and Mutual Respect
- Growth, Profitability, and Industry Leadership

OUR QUALITY POLICY

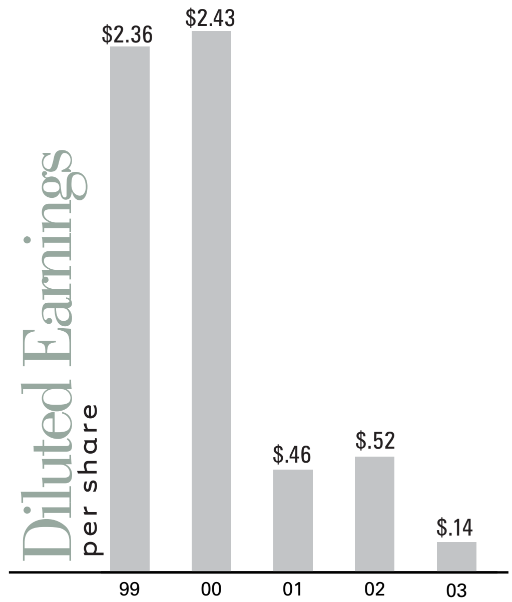
We are committed to quality and to the processes, measurement, and continuous improvement which are the foundations of quality management.

Quality is a basic business principle for Kelly Services®.

Quality means providing our internal and external customers innovative services and products that meet or exceed their expectations.

Quality improvement is the job of every Kelly Services employee.

Financial Highlights



(In thousands of dollars, except per share items)	**2003**	2002	Change
Revenue From Services	**$ 4,325,155**	$ 4,056,945	6.6%
Earnings Before Income Taxes	**8,660**	30,754	(71.8%)
Income Taxes	**3,550**	12,185	(70.9%)
Net Earnings	**5,110**	18,569	(72.5%)
Basic Earnings Per Share	**.14**	.52	(73.1%)
Diluted Earnings Per Share	**.14**	.52	(73.1%)
Dividends Per Share	**.40**	.40	0.0%
Working Capital	**374,355**	352,161	6.3%
Stockholders' Equity	**613,633**	619,064	(0.9%)
Total Assets	**1,137,737**	1,072,133	6.1%

To Our Stockholders

Terence E. Adderley
Chairman and Chief Executive Officer (right)

Carl T. Camden
President and Chief Operating Officer (left)

2003 was a transitional year for the staffing industry. Sporadic economic conditions and a weak labor market marked the first half of the year. Finally, well into the third quarter, the recovery began to take hold and the labor market started to pick up. Concurrent with this, demand for our services began to show real strength.

2003 Results

Kelly's sales during 2003 totaled $4.325 billion, a 6.6 percent increase over 2002. Net earnings were $5.1 million, a 72.5 percent decrease from the $18.6 million we earned in 2002. Diluted earnings per share were $.14 compared with $.52 achieved during the prior year.

Escalating workers' compensation claims and higher state unemployment taxes were primary contributors to our earnings decline during the year. These issues are quite typical coming out of a recession and should have only a short-term effect.

Positioned for the Recovery

Kelly Services emerges from the recession well-positioned for growth. We own and operate 2,500 offices in 26 countries. We employ nearly 700,000 skilled, capable employees to fill positions at a variety of companies around the world—including more than 90 percent of the Fortune 500.

We are ready to meet the accelerated increase in demand for temporary staffing that is common early in a recovery. Companies, still wary of the economy, often add temporary employees to gear up. As confidence builds and those same companies assemble a permanent workforce, we can expect to see temporary-to-permanent fees increase along with continuing solid increases in demand for temporary labor.

During the recession, we sacrificed short-term earnings in order to secure long-term growth. We preserved our strong balance sheet and capital structure, and closely managed expenses. Our branch network and product line-up are intact. We do not need to rebuild to meet the expected increased demand for temporary staff. The actions we have taken give us a head start in this recovery.

Long-Term Optimism

We see a bright, long-term future for temporary staffing, and for Kelly Services.

Our focus on serving large customers and market-dominant companies allows us to expand quickly to new geographic areas in concert with their needs. Over the remainder of this decade, one of our goals is to fill out our existing branch networks in several countries and expand into new countries through limited acquisitions and startups. We also have many opportunities to further globalize our Professional, Technical and Staffing Alternatives businesses. Demand for these specialty services is accelerating around the world.

The temporary staffing concept continues to expand rapidly into exciting new areas. For example, in 2003 Kelly began offering a new service called Kelly FedSecure™ to help customers meet the growing demand for employees with security clearance.

Demand for temporary employees typically accelerates early in a recovery, and Kelly is ready to meet that demand.

We see a bright, long-term future for temporary staffing, and for Kelly Services.

T. E. ADDERLEY

Our focus on serving large customers and market-dominant companies allows us to expand quickly to new geographic areas in concert with their needs.

And we continued to expand Kelly Educational Staffing®, our substitute teacher and educational staffing business that now serves more than 1,600 schools in 39 states and the District of Columbia.

Demographic and workplace trends also bode well for our industry. Looking for balance between work and leisure, controllable schedules, and variety in their jobs, employees are seeking more flexible arrangements. In the 1990's, the percentage of temporary employees in the U.S. workforce increased from 1.3 percent to 2.3 percent. While it declined slightly during the recession, we expect it to increase to 3.3 percent by the end of the decade.

At the same time, job life cycles—the length of time a job can be expected to exist—are shortening. Project work is increasing. Technology continues to reshape work. And, to stay competitive, companies will need a larger component of their workforce to be flexible.

Kelly Services is at the intersection of these two trends. Temporary employees allow our customers to quickly adjust staffing levels and skill sets to match the changing demand for their services and products. With our variety of service offerings and exceptional programs, Kelly is both a trusted manager and an experienced supplier of human resource solutions for today's innovative employers and employees.

The Kelly Difference

Business ethics and credibility continue to be issues of concern, even as new regulations address the ways in which companies conduct and report corporate activities.

At Kelly, we embrace the tried and true values of our founder, and our standards are clearly expressed in the Company's Vision, Mission, Shared Values, and Quality Policy. We will continue to operate as a company grounded in strong principles as we pursue innovative staffing solutions, growth, and opportunity.

Following this letter, you will find an essay about "SUTA Dumping"—an unethical scheme used by some companies to avoid paying their fair share of unemployment taxes. Although adhering to the spirit of the law has caused Kelly's unemployment taxes to increase significantly, our Company has not engaged in this unprincipled practice. In fact, we worked throughout 2003 to bring this issue to the forefront by talking to federal and state legislative groups about the hardships that SUTA Dumping inflicts on all legitimate businesses.

Recognizing Leadership

This year, we were pleased to promote Allison M. Everett to Senior Vice President of Information Technology and Chief Information Officer, and Dana M. Warren to Senior Vice President of Service.

In early 2004, we welcomed Jane E. Dutton to our board of directors. Dr. Dutton is the William Russell Kelly professor of business administration at the University of Michigan Business School, and her expertise will be a valuable addition to our board.

We wish to thank our customers for their confidence and loyalty, our nearly 700,000 full-time and temporary employees who are the heart of Kelly Services, our stockholders for their faith and continuing support, and our board of directors for their ongoing commitment to our company and their guidance during the past year.

T. E. Adderley

Terence E. Adderley
Chairman and Chief Executive Officer

Carl T. Camden

Carl T. Camden
President and Chief Operating Officer

A Fair Share for SUTA

Comments from Carl T. Camden, President and COO

Our nation's unemployment insurance system is under silent siege. The State Unemployment Tax Act (SUTA), which was created under the Social Security Act in 1935 to provide a safety net for jobless Americans and benefit the economy, is being manipulated by companies seeking to avoid paying their fair share of unemployment compensation insurance taxes. In November 2003, Kelly COO Carl Camden appeared before the U.S. House Ways and Means Committee to urge passage of HR 3463, the SUTA Dumping Prevention Act. If passed, the act would close loopholes and strengthen the underpinning of our nation's unemployment insurance system.

The recession may be over, but its lingering effects can still be felt in the form of high unemployment taxes.

Under federal law, states are required to enact and administer unemployment compensation programs commonly known as State Unemployment Tax Acts, or SUTA. These state programs provide temporary financial assistance to eligible employees who are out of work through no fault of their own.

In most states, unemployment benefits are based on a tax imposed on employers—and the rate of tax is determined by the number of claims made by former employees. Employers with high unemployment activity—and thus a higher "experience rating"—are assigned higher unemployment tax rates. Employers with lower activity and a lower experience rating pay less.

The problem? Many companies are engaging in questionable and unethical efforts to avoid paying their share of unemployment compensation taxes. This corporate tax scheme depletes state coffers, encourages government borrowing, and increases taxes.

The urgency of this issue was highlighted last November with introduction of the SUTA Dumping Prevention Act, federal legislation that would help end the practice of avoiding unemployment taxes in a uniform fashion and create a nationwide level playing field.

According to Congressional testimony, some accounting, law, and consulting firms are actually encouraging companies to use SUTA dumping to disguise their true unemployment claims experience and avoid unemployment taxes.

SUTA dumping involves companies creating related shell organizations populated with few employees at first to make it "legitimate."

An earlier version of this essay appeared in the *Detroit Free Press* in 2003.

Via this new entity, a company is able to manipulate its unemployment claims experience to obtain very low—or even zero—SUTA rates. The company later transfers a large population of workers into the shell firm to significantly reduce its tax obligations. Although this is the most common SUTA dumping scheme, other tactics include the use of mergers, acquisitions, and reorganizations as loopholes to dodge paying a fair share of unemployment taxes.

SUTA dumping undermines the integrity of state unemployment insurance systems, harming both workers and employers who play by the rules.

Workers are hurt because this questionable practice depletes state trust funds. Because companies escape the financial harm that comes with laying off employees, it eliminates their incentive to keep people working. Ethical employers are hurt because they must pay more to make up for the taxes that other companies avoid.

The Department of Labor suggests SUTA dumping could be costing states billions of dollars in lost unemployment funds. While more study is needed, it's already clear that increased unemployment over the last two years has negatively impacted the solvency of unemployment trust funds in most states.

SUTA dumping schemes are most pervasive in businesses such as staffing, hospitality, and construction—but they can be found wherever payroll taxes are a large portion of a company's total tax burden. And the period following an economic slowdown—such as now—is exactly the time when the temptation and payoff of SUTA dumping is greatest. Thus, it's an opportune time for legislators to act.

The law should be revised to require the mandatory transfer of unemployment experience for mergers, acquisitions, and transfers of trade or business, regardless of the reason for the transaction. The Department of Labor should be directed to develop tools and provide funding to train state agencies in the detection of SUTA dumping. In those states where laws already exist, enforcement should be tightened.

If state and federal governments fail to address this critical issue, they will send a tacit message to employers that SUTA dumping is acceptable—even expected. Doing nothing will threaten the competitiveness of those companies that refuse to engage in SUTA dumping schemes. In fact, inaction is a slap in the face of those companies that adhere to higher standards of ethics.

The recent lessons of corporate misconduct must not be forgotten so soon.

SUTA dumping undermines the integrity of state unemployment insurance systems, harming both workers and employers who play by the rules.

What's more, it depletes state coffers, encourages government borrowing, and increases taxes.

Staffing the World

United States

Kelly Educational Staffing added five states to its coverage. We now assign substitute teachers to more than 1,600 schools in 39 states and the District of Columbia.

Canada

Kelly continued to expand its specialty staffing units in 2003, including the launch of Kelly Healthcare Resources.

Denmark

In 2003, Kelly Scientific Resources was launched in Copenhagen. Now operating in 13 countries, KSR is the world's largest supplier of scientific staffing.

Australia
Belgium
Canada
Denmark
France
Germany
Hong Kong
India
Indonesia
Ireland
Italy
Luxembourg
Malaysia
Mexico
Netherlands
New Zealand
Norway
Philippines
Puerto Rico
Russia
Singapore
Spain
Sweden
Switzerland
Thailand
United Kingdom
United States

Belgium

In response to increasing demand, we launched Kelly Financial Resources in Belgium.

Germany

Despite a challenging economy, Kelly took advantage of the growing demand for professional staffing in Germany with the introduction of Kelly Engineering Resources.

Singapore

With the largest market share in Singapore, Kelly has emerged as the industry leader in providing temporary staffing to the banking industry.

U.S. COMMERCIAL

Kelly Office Services
Kelly Marketing Services
Kelly Light Industrial Services
Kelly Electronic Assembly Services
Kelly Educational Staffing®
KellyConnect®
KellyDirect®
KellySelect®

PROFESSIONAL, TECHNICAL & STAFFING ALTERNATIVES

Professional & Technical

Kelly Scientific Resources®
Kelly Healthcare Resources®
Kelly Home Care Services™
Kelly Automotive Services Group™
Kelly Engineering Resources®
Kelly IT Resources®
Kelly Law Registry®
Kelly Financial Resources®
Kelly FedSecure™

Staffing Alternatives

Kelly Management Services®
Kelly Staff Leasing®
Kelly HR Consulting®
Kelly HR*first*®
Kelly Vendor Management Solutions™

INTERNATIONAL

KellyAssess
Kelly MultiHire

Directors & Officers

Board of Directors

Verne G. Istock
Retired Chairman/ President
Bank One Corporation

Maureen A. Fay, O.P., Ph.D.
President
University of Detroit Mercy

Terence E. Adderley
Chairman and Chief Executive Officer

Carl T. Camden
President and Chief Operating Officer

B. Joseph White
Professor of Business Administration
University of Michigan

Cedric V. Fricke
Professor Emeritus
University of Michigan-Dearborn

New Director Appointed

In February 2004, we welcomed Jane E. Dutton, professor of business administration at the University of Michigan, to our board of directors. Dr. Dutton is also a professor of psychology at Michigan, where her research focuses on how the quality of interpersonal connection in the workplace affects employee and organizational success.

A native of Hartford, Connecticut, Dutton holds a Ph.D. and Masters degree in organizational behavior from Northwestern University, and a B.A. from Colby College.

Jane E. Dutton
William Russell Kelly Professor of Business Administration
University of Michigan

Senior Officers

Terence E. Adderley
Chairman and Chief Executive Officer

Carl T. Camden
President and Chief Operating Officer

Michael L. Durik
Executive Vice President, Human Resources

William K. Gerber
Executive Vice President and Chief Financial Officer

Arlene G. Grimsley
Executive Vice President, U.S. Commercial Staffing

James H. Bradley
Senior Vice President, Administration

Joan M. Brancheau
Senior Vice President and General Manager, Strategic Customer Relations

George S. Corona
Senior Vice President and Division General Manager

Allison M. Everett
Senior Vice President, Information Technology

Carol J. Johnson
Senior Vice President, Global Sales

Rolf E. Kleiner
Senior Vice President, International

Michael S. Morrow
Senior Vice President, Marketing

George M. Reardon
Senior Vice President and General Counsel

Marc W. Rosenow
Senior Vice President, Field Support

Larry J. Seyfarth
Senior Vice President, Technical Services Group

James A. Tanchon
Senior Vice President, Solutions Support Group

Bernard Tommasini
Senior Vice President and Regional General Manager, Western Europe

Dana M. Warren
Senior Vice President, Service

Andrew R. Watt
Senior Vice President, PTSA

Michael S. Webster
Senior Vice President and Division General Manager

Officers

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Steven S. Armstrong
D. Craig Atkinson
Brian C. Ault
Christopher Bell
Thomas A. Bennett
Richard Binier
Paul A. Bordonaro
Alice M. Bowers
Barry L. Brown
Jane M. Brown
Jeanine E. Burgen
Eileen M. Candels
MaryAnn Carey
Thomas J. Catalano
David A. Charlip
Cheryl F. Courier
Michael E. Debs
Jacqueline B. Devin
John P. Drew
Sherry A. Drew
Shaun M. Fracassi
Sandra W. Galac
Jean-Claude Gallois
Sergio Gomez
Heidi L. Hanes
Matthew L. Harvill
Christine M. Hoebermann
Bonnie D. Huber
Thomas P. Huizenga
Matthew W. Igel
Charles G. Jackson
Venson J. Jennings
Christopher Kelly
Catherine J. King
Donald P. Kingston
Gregory J. Kohl
Gregory S. Kruger
Susan C. Laminack
Stig Lauvsland
Nicole M. Lewis
John W. Lichtenberg
Daniel T. Lis
Wilma I. Lopez
Robert J. Lyons
Thomas H. Manceor
Timothy G. McAward
Timothy T. McClain
James D. McIntire
Jody M. McLeod
Dane D. McSpedon
Jonathan D. Means
W. Edward Meisenheimer
Lisa R. Miller
Terrence T. Murphy
John J. O'Connor
Michael F. Orsini
Carolyn J. Palmer
Deborah L. Perrault
Carla A. Perrotta
Richard A. Piske
Matthew V. Piwowar
Antonina M. Ramsey
Nicholas F. Regaldi
Diane E. Reynolds
Marc J. Riou
Ingrid A. Roberts
Rodger J. Rooney
Diane E. Rubin-White
Lori L. Sakorafis
Virginia A. Scaduto
Aly A. Schambourg
Michelle C. Schorr
Lynn G. Schwartz
Teresa E. Setting
Dhirendra Shantilal
Debra S. Sheehan
Mark A. Siegal
Glenn L. Sorrie
Allen J. Sowers
J. Leon Stanek
Richard G. Struble
Kristin W. Supancich
Michael J. Tilley
Thomas L. Totte
Andrew P. Trestrail
Tami A. Troxell
Josefa Vidal
Barbara A. Wilson
Larry D. Worthen

Summary Financials

Summary Financial Contents

Summary Annual Report

This is a summary annual report. Complete financial statements, including Management's Discussion and Analysis of Financial Condition and Results of Operations, and Notes to Financial Statements, are contained in Kelly Services' Annual Report on Form 10-K, available on our Company's website, www.kellyservices.com, or through our Investor Relations office. A copy of our Code of Business Conduct and Ethics is also available. Please see page 28 for contact information.

Forward-Looking Statements

Certain statements contained in this Summary Annual Report are "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Act"). Forward-looking statements include statements that are predictive in nature; depend upon or refer to future events or conditions; or 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 Company actions, that may be provided by management are also forward-looking statements as defined by the Act. Forward-looking statements are based on current expectations and projections about future events and are subject to risks, uncertainties, and assumptions about the Company; and economic and market factors in the countries in which the Company does business, among other things. These statements are not guarantees of future performance, and the Company has 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 the Company's 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, changing market and economic conditions, material changes in demand from large corporate customers, availability of temporary workers with appropriate skills required by customers, increases in wages paid to temporary workers, liabilities for client and employee actions, foreign currency fluctuations, changes in laws and regulations (including federal, state, and international tax laws), the Company's ability to effectively implement and manage its information technology programs, and the ability of the Company to successfully expand into new markets and service lines. Certain risk factors are discussed more fully in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission.

ELEVEN YEAR FINANCIAL SUMMARY

Kelly Services, Inc. and Subsidiaries

	Compound Annual Growth Rates [1]				
	10 Year	5 Year	1 Year	**2003**	2002
Operating Results (In millions of dollars)					
Revenue from services	8.3%	2.2%	6.6%	**$ 4,325.2**	$ 4,056.9
Cost of services	8.7	2.9	7.9	**3,628.5**	3,364.2
Gross profit	6.2	(1.0)	0.6	**696.6**	692.7
Selling, general and administrative expenses[5]	8.1	3.1	3.9	**687.9**	662.3
Earnings from operations	(18.0)	(42.6)	(71.3)	**8.7**	30.4
Interest (expense) income, net	N/A	N/A	N/A	**(0.1)**	0.4
Earnings before taxes	(19.0)	(43.0)	(71.8)	**8.7**	30.8
Income taxes	(18.1)	(43.0)	(70.9)	**3.6**	12.2
Net earnings	(19.5)	(43.0)	(72.5)	**5.1**	18.6
Dividends	(5.1)	(16.2)	(1.0)	**14.1**	14.3
Summary of total taxes [3]	7.7	0.4	7.9	**423.8**	392.7
Financial Position (In millions of dollars)					
Current assets	6.0%	2.8%	10.1%	**$ 791.7**	$ 719.4
Current liabilities	13.6	3.9	13.7	**417.3**	367.2
Working capital	1.4	1.5	6.3	**374.4**	352.2
Net property and equipment	10.7	5.1	(7.0)	**188.1**	202.3
Total assets	7.7	3.4	6.1	**1,137.7**	1,072.1
Stockholders' equity	4.7	2.7	(0.9)	**613.6**	619.1
Capital expenditures	6.5	(12.5)	(9.5)	**30.2**	33.4
Depreciation and amortization	10.5	10.6	5.2	**47.8**	45.4
Goodwill amortization [6]	N/A	N/A	N/A	**0.0**	0.0
Common Stock Data [4]					
Earnings per share					
Basic	(19.2)%	(42.6)%	(73.1)%	**$ .14**	$ .52
Diluted	(19.2)	(42.5)	(73.1)	**.14**	.52
Dividends per share: Classes A and B	(4.4)	(15.2)	0.0	**.40**	.40
Stockholders' equity (book value) per share	5.6	3.3	1.3	**17.65**	17.42
Stock price per share: Class A at year end	(0.1)	(2.8)	11.3	**27.52**	24.72
Number of common shares outstanding at year end (thousands)				**34,772**	35,529
Average number of shares outstanding (thousands)					
Basic				**35,289**	35,724
Diluted				**35,355**	35,900
Stock splits				**—**	—
Financial Ratios [1]					
Return on revenues				**0.1%**	0.5%
Return on average assets				**0.5%**	1.8%
Return on average stockholders' equity				**0.8%**	3.0%
Effective tax rate				**41.0%**	39.6%
Current assets to current liabilities (current ratio)				**1.9**	2.0
Price earnings ratio at year end				**196.6**	47.5

(1) Growth rates and financial ratios calculated based on data rounded to thousands.
(2) Fiscal year included 53 weeks.
(3) Consists of payroll taxes and federal, state, and local taxes.
(4) Shares consist of Class A and B common stock adjusted for all stock splits.
(5) For 1999, 1998 and 1997, includes Year 2000 expenses of $11 million, $8 million and $1 million, respectively.
(6) Goodwill amortization amounts are also included in the depreciation and amortization line item above.
Note: Certain prior year amounts have been reclassified to conform with the current presentation.

2001	2000	1999	1998[2]	1997	1996	1995	1994	1993
$ 4,005.9	$ 4,250.7	$ 4,076.3	$ 3,882.0	$ 3,625.2	$ 3,115.4	$ 2,586.7	$ 2,273.3	$ 1,954.5
3,308.0	3,458.4	3,310.3	3,150.7	2,943.8	2,502.6	2,045.3	1,810.3	1,573.8
697.9	792.3	766.0	731.3	681.3	612.8	541.4	463.0	380.7
669.9	655.2	622.1	590.7	545.5	491.8	435.1	370.9	316.8
28.0	137.1	143.9	140.6	135.8	121.0	106.3	92.1	63.9
(0.4)	(0.4)	(0.2)	3.0	1.2	1.9	7.0	6.4	7.0
27.6	145.3	143.7	143.6	137.0	122.9	113.3	98.5	70.9
11.0	58.1	58.6	58.9	56.2	49.9	43.8	37.4	26.3
16.5	87.2	85.1	84.7	80.8	73.0	69.5	61.1	44.6
30.4	35.3	34.0	34.2	33.2	31.6	29.6	26.6	23.8
385.3	445.8	421.1	416.2	388.2	339.7	283.5	246.4	202.4
$ 670.2	$ 721.1	$ 706.3	$ 690.9	$ 745.8	$ 640.4	$ 544.9	$ 515.1	$ 441.3
348.2	384.8	361.6	344.1	334.8	262.0	191.1	163.2	116.1
322.0	336.2	344.7	346.8	411.0	378.4	353.8	351.9	325.2
212.0	201.1	187.0	146.4	112.7	97.7	84.4	70.2	68.3
1,039.4	1,089.6	1,033.7	964.2	967.2	838.9	718.7	642.4	542.1
607.2	623.5	582.4	537.8	559.8	516.9	476.1	431.5	386.2
42.5	54.2	76.7	59.1	39.7	36.5	34.0	18.4	16.1
44.4	39.5	36.2	28.9	28.3	26.1	22.7	19.1	17.5
2.7	2.0	1.8	1.5	1.5	1.1	0.9	0.7	0.4
$ .46	$ 2.44	$ 2.37	$ 2.24	$ 2.12	$ 1.92	$ 1.83	$ 1.61	$ 1.18
.46	2.43	2.36	2.23	2.12	1.91	1.83	1.61	1.18
.85	.99	.95	.91	.87	.83	.78	.70	.63
16.93	17.45	16.23	15.02	14.67	13.58	12.52	11.37	10.23
22.06	23.63	25.13	31.75	29.25	27.50	27.75	27.50	27.75
35,868	35,739	35,874	35,807	38,163	38,059	38,015	37,963	37,755
35,829	35,721	35,854	37,745	38,099	38,043	37,993	37,956	37,728
35,930	35,843	36,030	37,945	38,191	38,133	38,057	38,005	37,761
—	—	—	—	—	—	—	—	5 for 4
0.4%	2.1%	2.1%	2.2%	2.2%	2.3%	2.7%	2.7%	2.3%
1.6%	8.2%	8.5%	8.8%	8.9%	9.4%	10.2%	10.3%	8.6%
2.7%	14.5%	15.2%	15.4%	15.0%	14.7%	15.3%	14.9%	11.8%
40.0%	40.0%	40.8%	41.0%	41.0%	40.6%	38.7%	38.0%	37.1%
1.9	1.9	2.0	2.0	2.2	2.4	2.9	3.2	3.8
48.0	9.7	10.6	14.2	13.8	14.4	15.2	17.1	23.5

Summary Statements of Earnings

Kelly Services, Inc. and Subsidiaries

	2003	2002	2001
	(In thousands of dollars except per share items)		
Revenue from services	**$ 4,325,155**	$ 4,056,945	$ 4,005,878
Cost of services	**3,628,524**	3,364,219	3,308,023
Gross profit	**696,631**	692,726	697,855
Selling, general and administrative expenses	**687,894**	662,334	669,888
Earnings from operations	**8,737**	30,392	27,967
Interest (expense) income, net	**(77)**	362	(381)
Earnings before taxes	**8,660**	30,754	27,586
Income taxes	**3,550**	12,185	11,037
Net earnings	**$ 5,110**	$ 18,569	$ 16,549
Basic earnings per share	**$ .14**	$ .52	$ .46
Diluted earnings per share	**$ .14**	$ .52	$ .46
Dividends per share	**$ .40**	$ .40	$ .85
Average shares outstanding (thousands):			
Basic	**35,289**	35,724	35,829
Diluted	**35,355**	35,900	35,930

Notes to Financial Statements can be found in the Company's 2003 Form 10-K.

Effective in 2002, the Company adopted Statement of Financial Accounting Standards No.142 "Goodwill and Other Intangible Assets" and, accordingly, eliminated the amortization of goodwill. Goodwill amortization was $2.7 million in 2001, and is included in selling, general and administrative expenses. Net income, adjusted for the elimination of goodwill amortization, would have been $18.6 million in 2001.

Summary Statements of Cash Flows

Kelly Services, Inc. and Subsidiaries

	2003	2002	2001
		(In thousands of dollars)	
Cash flows from operating activities			
Net earnings	**$ 5,110**	$ 18,569	$ 16,549
Noncash adjustments:			
Depreciation and amortization	**47,795**	45,428	44,396
Deferred income taxes	**2,936**	6,590	(242)
Changes in operating assets and liabilities	**(25,248)**	19,019	84,522
Net cash from operating activities	**30,593**	89,606	145,225
Cash flows from investing activities			
Capital expenditures	**(30,222)**	(33,406)	(42,525)
Short-term investments	**142**	31	1,764
(Increase) decrease in other assets	**(2,487)**	(3,476)	3,645
Acquisition of building	—	—	(11,783)
Acquisition of companies	—	—	(192)
Net cash from investing activities	**(32,567)**	(36,851)	(49,091)
Cash flows from financing activities			
Increase (decrease) in short-term borrowings	**10,280**	(11,723)	(24,900)
Dividend payments	**(14,143)**	(14,293)	(30,408)
Exercise of stock options and other	**3,865**	991	139
Purchase of treasury stock	**(26,149)**	(13,216)	(64)
Net cash from financing activities	**(26,147)**	(38,241)	(55,233)
Effect of exchange rates on cash and equivalents	**3,563**	2,961	(758)
Net change in cash and equivalents	**(24,558)**	17,475	40,143
Cash and equivalents at beginning of year	**100,936**	83,461	43,318
Cash and equivalents at end of year	**$ 76,378**	$ 100,936	$ 83,461

Notes to Financial Statements can be found in the Company's 2003 Form 10-K.

Summary Balance Sheets

Kelly Services, Inc. and Subsidiaries

ASSETS	2003	2002	2001
		(In thousands of dollars)	
Current Assets			
Cash and equivalents	**$ 76,378**	$ 100,936	$ 83,461
Short-term investments	**457**	599	630
Accounts receivable, less allowances of $14,983, $12,533 and $12,105 respectively	**658,090**	567,517	539,692
Prepaid expenses and other current assets	**31,784**	26,387	24,950
Deferred taxes	**24,962**	23,916	21,469
Total current assets	**791,671**	719,355	670,202
Property and Equipment			
Land and buildings	**57,543**	57,111	56,639
Equipment, furniture and leasehold improvements	**302,938**	295,536	275,063
Accumulated depreciation	**(172,359)**	(150,315)	(119,729)
Net property and equipment	**188,122**	202,332	211,973
Noncurrent Deferred Taxes	**14,606**	21,065	31,415
Goodwill, Net	**85,788**	80,260	73,643
Other Assets	**57,550**	49,121	52,148
Total Assets	**$ 1,137,737**	$ 1,072,133	$ 1,039,381

Notes to Financial Statements can be found in the Company's 2003 Form 10-K.

LIABILITIES AND STOCKHOLDERS' EQUITY	**2003**	2002	2001
		(In thousands of dollars)	
Current Liabilities			
Short-term borrowings	**$ 39,190**	$ 24,770	$ 32,939
Accounts payable	**92,265**	85,310	88,217
Payroll and related taxes	**200,503**	181,585	154,813
Accrued insurance	**36,016**	27,912	24,071
Income and other taxes	**49,342**	47,617	48,149
Total current liabilities	**417,316**	367,194	348,189
Noncurrent Liabilities			
Accrued insurance	**58,763**	45,540	39,273
Accrued retirement benefits	**48,025**	40,335	44,764
Total noncurrent liabilities	**106,788**	85,875	84,037
Stockholders' Equity			
Capital stock, $1.00 par value			
Class A common stock, shares issued 36,619,148 at 2003, 36,619,148 at 2002 and 36,609,078 at 2001	**36,619**	36,619	36,609
Class B common stock, shares issued 3,496,718 at 2003, 3,496,718 at 2002 and 3,506,788 at 2001	**3,497**	3,497	3,507
Treasury stock, at cost			
Class A common stock, 5,319,995 shares at 2003, 4,567,975 shares at 2002 and 4,232,542 at 2001	**(112,535)**	(91,648)	(81,721)
Class B common stock, 23,475 shares at 2003, 18,875 shares at 2002 and 15,675 at 2001	**(623)**	(511)	(435)
Paid-in capital	**19,096**	17,902	17,035
Earnings invested in the business	**656,726**	665,759	661,483
Accumulated foreign currency adjustments	**10,853**	(12,554)	(29,323)
Total stockholders' equity	**613,633**	619,064	607,155
Total Liabilities and Stockholders' Equity	**$ 1,137,737**	$ 1,072,133	$ 1,039,381

Summary Statements of Stockholders' Equity

Kelly Services, Inc. and Subsidiaries

	2003	2002	2001
		(In thousands of dollars)	
Capital Stock			
Class A common stock			
Balance at beginning of year	**$ 36,619**	$ 36,609	$ 36,609
Conversions from Class B	**—**	10	—
Balance at end of year	**36,619**	36,619	36,609
Class B common stock			
Balance at beginning of year	**3,497**	3,507	3,507
Conversions to Class A	**—**	(10)	—
Balance at end of year	**3,497**	3,497	3,507
Treasury Stock			
Class A common stock			
Balance at beginning of year	**(91,648)**	(81,721)	(84,251)
Exercise of stock options, restricted stock awards and other	**5,150**	2,381	1,609
Treasury stock issued for acquisitions	**—**	832	921
Purchase of treasury stock	**(26,037)**	(13,140)	—
Balance at end of year	**(112,535)**	(91,648)	(81,721)
Class B common stock			
Balance at beginning of year	**(511)**	(435)	(371)
Purchase of treasury stock	**(112)**	(76)	(64)
Balance at end of year	**(623)**	(511)	(435)
Paid-in Capital			
Balance at beginning of year	**17,902**	17,035	16,371
Exercise of stock options, restricted stock awards and other	**1,194**	699	453
Treasury stock issued for acquisitions	**—**	168	211
Balance at end of year	**19,096**	17,902	17,035
Earnings Invested in the Business			
Balance at beginning of year	**665,759**	661,483	675,388
Net earnings	**5,110**	18,569	16,549
Dividends	**(14,143)**	(14,293)	(30,454)
Balance at end of year	**656,726**	665,759	661,483
Accumulated Foreign Currency Adjustments			
Balance at beginning of year	**(12,554)**	(29,323)	(23,784)
Equity adjustment for foreign currency	**23,407**	16,769	(5,539)
Balance at end of year	**10,853**	(12,554)	(29,323)
Stockholders' Equity at End of Year	**$ 613,633**	$ 619,064	$ 607,155
Comprehensive Income			
Net earnings	**$ 5,110**	$ 18,569	$ 16,549
Other comprehensive income - Foreign currency adjustments	**23,407**	16,769	(5,539)
Comprehensive income	**$ 28,517**	$ 35,338	$ 11,010

Notes to Financial Statements can be found in the Company's 2003 Form 10-K.

Report of Independent Auditors

To the Stockholders and Board of Directors of Kelly Services, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheets of Kelly Services, Inc. and its subsidiaries as of December 28, 2003, December 29, 2002 and December 30, 2001, and the related consolidated statements of earnings, cash flows and stockholders' equity for each of the three years then ended (not presented herein) appearing in the Company's Annual Report on Form 10-K; and in our report dated January 20, 2004, we expressed an unqualified opinion on those consolidated financial statements. In this report, reference was made to the Company's change in the manner in which it accounts for goodwill and other intangible assets as of December 31, 2001.

In our opinion, the information set forth in the accompanying summary consolidated financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Detroit, Michigan
January 20, 2004

Selected Quarterly Financial Data (Unaudited)

Kelly Services, Inc. and Subsidiaries

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
	(In thousands of dollars except per share items)				
Revenue from services (1)					
2003	**$ 1,003,397**	**$ 1,059,517**	**$ 1,097,268**	**$ 1,164,973**	**$ 4,325,155**
2002	936,613	1,014,841	1,057,290	1,048,201	4,056,945
2001	1,030,328	1,006,418	1,000,476	968,656	4,005,878
Cost of services (1)					
2003	**837,845**	**887,113**	**924,661**	**978,905**	**3,628,524**
2002	777,653	844,625	875,028	866,913	3,364,219
2001	848,954	828,099	828,755	802,215	3,308,023
Selling, general and administrative expenses					
2003	**165,162**	**169,955**	**169,898**	**182,879**	**687,894**
2002	157,774	163,741	171,547	169,272	662,334
2001	173,199	167,448	163,975	165,266	669,888
Net earnings					
2003	**310**	**1,484**	**1,504**	**1,812**	**5,110**
2002	796	3,935	6,505	7,333	18,569
2001	4,800	6,460	4,566	723	16,549
Basic earnings per share (2)					
2003	**.01**	**.04**	**.04**	**.05**	**.14**
2002	.02	.11	.18	.21	.52
2001	.13	.18	.13	.02	.46
Diluted earnings per share (2)					
2003	**.01**	**.04**	**.04**	**.05**	**.14**
2002	.02	.11	.18	.21	.52
2001	.13	.18	.13	.02	.46
Dividends per share					
2003	**.10**	**.10**	**.10**	**.10**	**.40**
2002	.10	.10	.10	.10	.40
2001	.25	.25	.25	.10	.85

(1) As discussed in Note 1 to the financial statements, the Company changed its method of reporting revenue for Kelly Staff Leasing. This change did not impact gross profit or net earnings. Revenue from services and cost of services adjustments for the first, second, third and fourth quarters of 2002 were $63.4 million, $62.1 million, $65.4 million and $75.6 million, respectively. Revenue from services and cost of services adjustments for the first, second, third and fourth quarters of 2001 were $56.9 million, $59.8 million, $65.9 million and $68.4 million, respectively. Notes to Financial Statements can be found in the Company's 2003 Form 10-K.

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

Common Stock Price Information

Kelly Services, Inc. and Subsidiaries

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
2003					
Class A common					
High	$ 25.64	$ 25.90	$ 27.26	$ 29.70	$ 29.70
Low	19.01	21.31	23.30	24.20	19.01
Final	22.00	24.60	25.27	27.52	27.52
Class B common					
High	26.41	26.35	27.49	29.63	29.63
Low	19.68	21.87	24.04	25.75	19.68
Final	22.48	25.01	26.31	27.92	27.92
2002					
Class A common					
High	28.68	29.50	27.37	25.75	29.50
Low	21.33	23.60	19.80	17.86	17.86
Final	28.23	27.01	21.84	24.72	24.72
Class B common					
High	27.00	28.78	27.89	26.99	28.78
Low	21.00	23.50	20.50	18.90	18.90
Final	27.00	23.50	20.70	25.75	25.75
2001					
Class A common					
High	29.25	26.00	27.09	24.70	29.25
Low	18.50	21.90	17.85	18.34	17.85
Final	23.58	24.25	20.20	22.06	22.06
Class B common					
High	29.00	26.00	24.00	23.00	29.00
Low	24.56	21.00	19.25	19.67	19.25
Final	27.00	22.00	21.99	21.00	21.00

Stockholders' Information

Kelly Services, Inc.
Corporate Headquarters
999 West Big Beaver Road
Troy, Michigan 48084-4782
U.S.A.
(248) 362-4444
www.kellyservices.com

Investor Relations Contact
James M. Polehna
Director, Investor Relations
Kelly Services, Inc.
999 West Big Beaver Road
Troy, Michigan 48084-4782
U.S.A.
(248) 244-4586

Annual Meeting
The Annual Meeting of Stockholders will be held on April 27, 2004, at 11:00 a.m. Eastern Daylight Time, at the Corporate Headquarters of the Company. All stockholders are invited to attend.

Stock Transfer Agent & Registrar
Mellon Investor Services, LLC
P.O. Box 3315
South Hackensack, NJ 07606-3315

For assistance with transfers of stock to another name, lost or destroyed stock certificates, lost dividend checks, direct deposit of dividends, consolidation of accounts or changes of address, please contact Mellon at:

Toll Free (U.S. and Canada):	(866) 249-2607
TDD for Hearing Impaired:	(800) 231-5469
Foreign Stockholders:	(201) 329-8660
TDD Foreign Stockholders:	(201) 329-8354

You may also visit their website, www.melloninvestor.com, or contact Kelly's director of Investor Relations.

Independent Accountants
PricewaterhouseCoopers LLP
400 Renaissance Center
Detroit, Michigan 48243-1507

Financial Reports for Stockholders
Stockholders, security analysts, and interested investors may obtain additional copies of this summary annual report, the Company's quarterly reports, the Company's Annual Report to the Securities and Exchange Commission on Form 10-K, and copies of the Company's Code of Business Conduct and Ethics, without charge, by addressing requests to the director of Investor Relations. This information can also be found at the Kelly Services website.

Dividend Reinvestment and Direct Stock Purchase Plan
Registered stockholders can purchase additional shares of Kelly's Class A common stock through Kelly's Dividend Reinvestment and Direct Stock Purchase Plan. Initial purchases of Kelly's Class A common stock can also be made through this Plan. Participation is voluntary and allows for automatic reinvestment of cash dividends, direct cash investments, and safekeeping of stock certificates. For more information about this service, visit our website: www.kellyservices.com and select *Investor Relations* or contact Investor Relations at Kelly.

Stock Listings
Kelly Services Class A and Class B common stock trade on the Nasdaq Stock Market[SM] under the symbols: KELYA and KELYB.

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KELLY
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999 West Big Beaver Road
Troy, Michigan 48084-4782
(248) 362-4444
www.kellyservices.com