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

FORM 10-Q

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

For the quarterly period ended September 30, 2001

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 No

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At November 2, 2001, 32,372,900 shares of Class A and 3,491,551 shares
of Class B common stock of the Registrant were outstanding.

KELLY SERVICES, INC. AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

KELLY SERVICES, INC. AND SUBSIDIARIES

STATEMENTS OF EARNINGS
(UNAUDITED)

(In thousands of dollars except per share data)

	13 Weeks Ended		39 Weeks Ended	
	Sept. 30, 2001	Oct. 1, 2000	Sept. 30, 2001	Oct. 1, 2000
Sales of services	\$ 1,066,380	\$ 1,154,480	\$ 3,219,833	\$ 3,341,289
Cost of services	894,659	948,683	2,688,419	2,750,509
Gross profit	171,721	205,797	531,414	590,780
Selling, general and administrative expenses	163,975	162,017	504,622	483,765
Earnings from operations	7,746	43,780	26,792	107,015
Interest expense, net	(135)	(297)	(411)	(177)
Earnings before income taxes	7,611	43,483	26,381	106,838
Income taxes	3,045	17,480	10,555	42,950
Net earnings	\$ 4,566	\$ 26,003	\$ 15,826	\$ 63,888
Earnings per share:				
Basic	\$.13	\$.73	\$.44	\$ 1.79
Diluted	.13	.73	.44	1.78
Average shares outstanding (thousands):				
Basic	35,855	35,728	35,817	35,716
Diluted	35,948	35,840	35,910	35,807
Dividends per share	\$.25	\$.25	\$.75	\$.74

See accompanying Notes to Financial Statements.

KELLY SERVICES, INC. AND SUBSIDIARIES

BALANCE SHEETS AS OF SEPTEMBER 30, 2001 AND DECEMBER 31, 2000
(In thousands of dollars)

ASSETS	2001	2000
-----	-----	-----
CURRENT ASSETS:	(UNAUDITED)	
Cash and equivalents	\$ 79,695	\$ 43,318
Short-term investments	877	2,394
Accounts receivable, less allowances of \$13,415 and \$13,614, respectively	584,830	631,771
Prepaid expenses and other current assets	26,621	24,903
Deferred taxes	51,834	52,209
	-----	-----
Total current assets	743,857	754,595
PROPERTY AND EQUIPMENT:		
Land and buildings	57,255	44,971
Equipment, furniture and leasehold improvements	283,168	253,666
Accumulated depreciation	(126,338)	(97,552)
	-----	-----
Total property and equipment	214,085	201,085
INTANGIBLES AND OTHER ASSETS	120,733	133,896
	-----	-----
TOTAL ASSETS	\$ 1,078,675	\$ 1,089,576
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		

CURRENT LIABILITIES:		
Short-term borrowings	\$ 47,190	\$ 57,839
Accounts payable	68,891	69,375
Payroll and related taxes	241,606	234,807
Accrued insurance	62,784	55,272
Income and other taxes	46,616	48,814
	-----	-----
Total current liabilities	467,087	466,107
STOCKHOLDERS' EQUITY:		
Capital stock, \$1.00 par value		
Class A common stock, shares issued 36,608,640 at 2001 and 36,609,040 at 2000	36,609	36,609
Class B common stock, shares issued 3,507,226 at 2001 and 3,506,826 at 2000	3,507	3,507
Treasury stock, at cost		
Class A common stock, 4,236,047 shares at 2001 and 4,363,578 shares at 2000	(81,789)	(84,251)
Class B common stock, 15,675 shares at 2001 and 12,817 shares at 2000	(435)	(371)
Paid-in capital	16,999	16,371
Earnings invested in the business	664,347	675,388
Accumulated foreign currency adjustments	(27,650)	(23,784)
	-----	-----
Total stockholders' equity	611,588	623,469
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,078,675	\$ 1,089,576
	=====	=====

See accompanying Notes to Financial Statements.

KELLY SERVICES, INC. AND SUBSIDIARIES

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

	13 Weeks Ended		39 Weeks Ended	
	Sept. 30, 2001	Oct. 1, 2000	Sept. 30, 2001	Oct. 1, 2000
Capital Stock				
Class A common stock				
Balance at beginning of period	\$ 36,609	\$ 36,609	\$ 36,609	\$ 36,602
Conversions from Class B	--	--	--	7
Balance at end of period	36,609	36,609	36,609	36,609
Class B common stock				
Balance at beginning of period	3,507	3,507	3,507	3,514
Conversions to Class A	--	--	--	(7)
Balance at end of period	3,507	3,507	3,507	3,507
Treasury Stock				
Class A common stock				
Balance at beginning of period	(82,315)	(84,792)	(84,251)	(80,538)
Exercise of stock options, restricted stock awards and other	56	47	1,541	1,243
Treasury stock issued for acquisitions	470	358	921	522
Purchase of treasury stock	--	--	--	(5,614)
Balance at end of period	(81,789)	(84,387)	(81,789)	(84,387)
Class B common stock				
Balance at beginning of period	(376)	(284)	(371)	(248)
Purchase of treasury stock	(59)	(38)	(64)	(74)
Balance at end of period	(435)	(322)	(435)	(322)
Paid-in Capital				
Balance at beginning of period	16,871	16,212	16,371	15,761
Exercise of stock options, restricted stock awards and other	19	21	417	433
Treasury stock issued for acquisitions	109	73	211	112
Balance at end of period	16,999	16,306	16,999	16,306
Earnings Invested in the Business				
Balance at beginning of period	668,747	643,965	675,388	623,564
Net earnings	4,566	26,003	15,826	63,888
Dividends	(8,966)	(8,933)	(26,867)	(26,417)
Balance at end of period	664,347	661,035	664,347	661,035
Accumulated Foreign Currency Adjustments				
Balance at beginning of period	(32,572)	(23,132)	(23,784)	(16,282)
Equity adjustment for foreign currency	4,922	(6,473)	(3,866)	(13,323)
Balance at end of period	(27,650)	(29,605)	(27,650)	(29,605)
Stockholders' Equity at end of period	\$ 611,588	\$ 603,143	\$ 611,588	\$ 603,143
Comprehensive Income				
Net earnings	\$ 4,566	\$ 26,003	\$ 15,826	\$ 63,888
Other comprehensive income - Foreign currency adjustments	4,922	(6,473)	(3,866)	(13,323)
Comprehensive Income	\$ 9,488	\$ 19,530	\$ 11,960	\$ 50,565

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See accompanying Notes to Financial Statements.

KELLY SERVICES, INC. AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS
(UNAUDITED)FOR THE 39 WEEKS ENDED SEPTEMBER 30, 2001 AND OCTOBER 1, 2000
(In thousands of dollars)

	2001	2000
	-----	-----
Cash flows from operating activities:		
Net earnings	\$ 15,826	\$ 63,888
Noncash adjustments:		
Depreciation and amortization	32,351	28,949
Decrease (increase) in accounts receivable, net	40,587	(52,889)
Changes in certain working capital components	17,148	63,715
	-----	-----
Net cash from operating activities	105,912	103,663
	-----	-----
Cash flows from investing activities:		
Capital expenditures	(31,086)	(35,155)
Acquisition of building	(11,783)	-
Proceeds from sales and maturities of short-term investments	561,438	695,165
Purchases of short-term investments	(559,921)	(693,126)
Decrease (increase) in other assets	9,365	(9,933)
Acquisition of companies, net of cash received	(139)	(19,860)
	-----	-----
Net cash from investing activities	(32,126)	(62,909)
	-----	-----
Cash flows from financing activities:		
(Decrease) increase in short-term borrowings	(10,649)	6,302
Dividend payments	(26,827)	(26,380)
Purchase of treasury stock	(64)	(5,688)
Stock options and other	131	72
	-----	-----
Net cash from financing activities	(37,409)	(25,694)
	-----	-----
Net change in cash and equivalents	36,377	15,060
Cash and equivalents at beginning of period	43,318	54,032
	-----	-----
Cash and equivalents at end of period	\$ 79,695	\$ 69,092
	=====	=====

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 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 consolidated financial statements should be read in conjunction with the Company's consolidated financial statements and notes thereto for the fiscal year ended December 31, 2000 (the 2000 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 sales and earnings from operations of the Company for the 13-week and 39-week periods ended September 30, 2001 and October 1, 2000. 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		39 Weeks Ended	
	2001	2000	2001	2000
Sales:				
U.S. Commercial Staffing	\$ 515,475	\$ 601,630	\$ 1,594,353	\$ 1,724,328
PTSA	270,163	270,670	807,333	790,267
International	280,742	282,180	818,147	826,694
	-----	-----	-----	-----
Consolidated Total	\$ 1,066,380	\$ 1,154,480	\$ 3,219,833	\$ 3,341,289
	=====	=====	=====	=====
Earnings from Operations:				
U.S. Commercial Staffing	\$ 27,549	\$ 49,627	\$ 90,589	\$ 135,517
PTSA	9,964	19,777	35,916	52,032
International	4,282	8,365	7,853	20,493
Corporate	(34,049)	(33,989)	(107,566)	(101,027)
	-----	-----	-----	-----
Consolidated Total	\$ 7,746	\$ 43,780	\$ 26,792	\$ 107,015
	=====	=====	=====	=====

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 September 30, 2001 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 September 30, 2001.

KELLY SERVICES, INC. AND SUBSIDIARIES
 NOTES TO FINANCIAL STATEMENTS (continued)
 (UNAUDITED)
 (In thousands of dollars)

4. Earnings Per Share

The reconciliations of earnings per share computations for the 13-week and 39-week periods ended September 30, 2001 and October 1, 2000 were as follows:

	13 Weeks Ended		39 Weeks Ended	
	2001	2000	2001	2000
	-----	-----	-----	-----
Net earnings	\$ 4,566	\$ 26,003	\$ 15,826	\$ 63,888
	=====	=====	=====	=====
Determination of shares (thousands):				
Weighted average common				
shares outstanding	35,855	35,728	35,817	35,716
Effect of dilutive securities:				
Stock options	6	-	10	-
Restricted and performance awards and other	87	112	83	91
	-----	-----	-----	-----
Weighted average common shares				
outstanding - assuming dilution	35,948	35,840	35,910	35,807
	=====	=====	=====	=====
Earnings per share - basic	\$.13	\$.73	\$.44	\$ 1.79
Earnings per share - assuming dilution	\$.13	\$.73	\$.44	\$ 1.78

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

Results of Operations:

Third Quarter

Sales of services in the third quarter of 2001 were \$1.066 billion, a decrease of 7.6% from the same period in 2000. Sales declined in the U.S. Commercial Staffing segment by 14.3% in the third quarter as compared to last year. Sales declined 14% in July, 13% in August and 15% in September. The trend improved slightly in August, but worsened in September, leading the Company to expect continued significantly negative U.S. Commercial sales comparisons for the fourth quarter.

Professional, Technical and Staffing Alternatives (PTSA) sales decreased by 0.2% compared to last year. Although this is a decrease compared to the second quarter PTSA growth rate of 3.8%, individual business unit performance was varied. Kelly Engineering Resources sales increased over 10% during the third quarter as compared to prior year. This unit provides engineering support to the aerospace, chemical, petrochemical and electrical industries. We continue to see growth in demand in this unit in spite of the economic environment. In addition, General Contractor Services experienced accelerating year over year sales growth of nearly 50% in the third quarter. This small, but rapidly growing unit manages multiple staffing suppliers on behalf of customers, primarily for professional and technical temporary employees. Kelly Staff Leasing continued to contribute positive sales growth during the quarter as well.

However, most units within PTSA experienced slower sales growth when compared to the previous two quarters. In fact, three large units, the Automotive Services Group, Kelly Law Registry and Kelly IT Resources experienced double-digit revenue declines in the third quarter. These declines are consistent with the trends in the industry.

Translated U.S. dollar sales in the International segment decreased by 0.5% as compared to the third quarter of 2000. However, on a constant currency basis, international revenue growth was approximately 2%, which reflected slowing from the 4% growth rate in the second quarter. The Company experienced continued slowing of demand in Canada, Puerto Rico and Australia, and the beginnings of significant slowing throughout Continental Europe. Recruitment fee income also decreased during the third quarter.

Cost of services, consisting of payroll and related tax and benefit costs of employees assigned to customers, decreased 5.7% in the third quarter as compared to the same period in 2000.

Gross profit as a percentage of sales was 16.1% in 2001, which was down from the 17.8% rate in 2000. The gross profit rates of all three of the Company's business segments showed decreases, as compared to last year, primarily due to an ongoing shift in mix of sales to larger customers, combined with decreases in recruitment fee income.

Selling, general and administrative expenses were \$164.0 million in the third quarter, an increase of 1.2% over the same period in 2000. That is a sequential improvement from the 7.3% growth rate during the first quarter, and 4.4% growth during the second quarter. The Company implemented a number of expense reduction initiatives that began to show results during the third quarter. Expenses averaged 15.4% of sales in the third quarter of 2001, a 1.4% increase versus the 14.0% rate in 2000.

Earnings from operations of \$7.7 million were 82.3% lower than the third quarter of 2000. U.S. Commercial earnings totaled \$27.5 million, a decrease of 44.5% compared to earnings of \$49.6 million last year. Expenses were well managed, and decreased nearly 3% versus last year. However, the 14.3% sales decrease, combined with the decrease in gross profit rate, produced the significant earnings decline.

PTSA earnings totaled \$10.0 million, a 49.6% decrease compared to earnings of \$19.8 million last year. The Company continued to invest in the professional and technical businesses, opening new branches and implementing new technology, which impacted the expenses in the third quarter. In addition, recruitment fee income decreased in many business units, which negatively impacted the gross profit rate.

International earnings totaled \$4.3 million, down 48.8%, compared to earnings of \$8.4 million last year. Decreases in recruitment fee income negatively impacted

profitability, despite a quarter of relatively good expense control.

Net interest expense was \$135 thousand, a 54.5% improvement compared to last year's net interest expense of \$297 thousand. The improvement is primarily attributable to higher cash levels than last year, combined with the impact of lower interest rates on both investment and short term debt balances.

Earnings before income taxes were \$7.6 million, a decrease of 82.5%, compared to pretax earnings of \$43.5 million earned for the same period in 2000. Income taxes were 40.0% of pretax income in the third quarter of 2001 and 40.2% in the third quarter of 2000.

Net earnings were \$4.6 million in the third quarter of 2001, a decrease of 82.4% from the third quarter of 2000. Diluted earnings per share were \$.13, a decrease of 82.2% as compared to \$.73 in the same period last year.

Year-to-Date

Sales of services totaled \$3.220 billion during the first nine months of 2001, a decrease of 3.6% from 2000. Sales in the U.S. Commercial Staffing segment declined by 7.5%, while PTSA sales grew by 2.2% compared to last year. Translated U.S. dollar sales in the International segment declined by 1.0% as compared to the first nine months of 2000. However, on a constant currency basis, international revenue growth was approximately 4%.

Gross profit as a percentage of sales was 16.5% in 2001, which decreased 1.2% compared to the 17.7% rate recorded last year. This reflected decreases in the gross profit rates of all three business segments, primarily due to a shift in mix of sales to larger customers, combined with decreases in recruitment fee income.

Selling, general and administrative expenses of \$504.6 million were 4.3% higher than last year. The expense rate was 15.7% of sales in 2001 and 14.5% in 2000. Compared to last year, the impact of lower sales, combined with increased depreciation, drove most of the increase in the expense rate.

Net interest expense for the first nine months was \$411 thousand, compared to last year's net interest expense of \$177 thousand. The increase in net interest expense for the nine-month period is primarily attributable to higher average short-term borrowing levels than last year, particularly during the first quarter, partially offset by higher cash balances and lower interest rates during the second and third quarters.

Earnings before taxes were \$26.4 million, a decrease of 75.3% from 2000. These earnings averaged a pretax margin of 0.8% in the first nine months of 2001 and 3.2% in 2000. Income taxes were 40.0% of pretax earnings in the first nine months of 2001 and 40.2% in 2000.

Net earnings were \$15.8 million or 75.2% below the first nine months of 2000. Diluted earnings per share were \$.44, a decrease of 75.3% as compared to \$1.78 in the first nine months of 2000.

Financial Condition

Assets totaled \$1.079 billion at September 30, 2001, a decrease of 1.0% from the \$1.090 billion at December 31, 2000. Working capital decreased \$11.7 million during the nine-month period. The current ratio was 1.6 at September 30, 2001 and December 31, 2000.

During the first nine months of 2001, net cash from operating activities was \$105.9 million, an increase of 2.2% from the comparable period in 2000. This increase resulted principally from a decrease in the accounts receivable balance offset by a decline in net earnings and lower growth of payroll and related taxes. The Company's global day's sales outstanding for the third quarter were 50 days in 2001, an improvement of one day over the 51 days reported in 2000.

Capital expenditures for the first nine months totaled \$31.1 million, down 11.6% from the \$35.2 million spent during the same period of 2000. Of the total, over 75% related to information technology investments. Capital expenditures peaked in 1999 at \$77 million. The Company reduced capital expenditures last year to \$54 million. Annual capital expenditures are projected to total between \$40 to \$45 million in 2001.

During the first quarter, the Company acquired a fully leased commercial office building that will be used for future expansion. This transaction was the second leg of a tax-free exchange for undeveloped land the Company initiated in the fourth quarter of 2000. The land was effectively swapped for the building, but in accordance with generally accepted accounting principles, it is shown as a cash acquisition for \$11.8 million in the first nine months of 2001.

The quarterly dividend rate applicable to Class A and Class B shares outstanding

was \$.25 per share in the third quarter of 2001.

The Company's financial position continues to be strong. The Company continues to carry no long-term debt and expects to meet its growth requirements principally through cash generated from operations.

Market Risk-Sensitive Instruments And Positions

The Company does not hold or invest in derivative contracts. The Company is exposed to foreign currency risk primarily due to its net investment in foreign subsidiaries. This risk is mitigated by the use of the Company's multi-currency line of credit. This credit facility is used to borrow in local currencies which mitigates the exchange rate risk resulting from foreign currency-denominated net investments fluctuating in relation to the U.S. dollar. In addition, the Company is exposed to interest rate risks through its use of the multi-currency line of credit.

Overall, the Company's holdings and positions in market risk-sensitive instruments do not subject the Company to material risk.

New Accounting Standards

In July 2001, the Financial Accounting Standards Board (FASB) issued Statement No. 141, Business Combinations. Statement 141 requires that the purchase method be used for business combinations initiated after June 30, 2001. The Company does not expect it to have a material impact on the Company's consolidated financial statements.

In July 2001, the FASB issued Statement No. 142, Goodwill and Other Intangible Assets. Statement 142 requires that goodwill no longer be amortized to earnings, but instead be reviewed for impairment. The provisions of this Statement are required to be applied starting with fiscal years beginning after December 15, 2001. This Statement is required to be applied at the beginning of an entity's fiscal year and to be applied to all goodwill and other intangible assets recognized in its financial statements at that date. Impairment losses for goodwill and indefinite-lived intangible assets that arise due to the initial application of this Statement are to be reported as resulting from a change in accounting principle. Goodwill and intangible assets acquired after June 30, 2001, will be subject immediately to the nonamortization and amortization provisions of this Statement. The Company has not completed its determination of the impact that the adoption of this new accounting standard will have on its consolidated financial statements.

In August 2001, the FASB issued Statement No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. This Statement supercedes FASB Statement No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of, and the accounting and reporting provisions of Accounting Principles Board Opinion No. 30, Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions. This Statement also amends Accounting Research Bulletin No. 51, Consolidated Financial Statements. The provisions of this Statement are effective for financial statements issued for fiscal years beginning after December 15, 2001, and interim periods within those fiscal years, with early application encouraged. The Company has not determined the impact, if any, that this Statement will have on its consolidated financial position or results of operations.

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 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.

PART II. OTHER INFORMATION AND SIGNATURE

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: November 13, 2001

/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 -----
3	By-laws.	2

Exhibit 3

KELLY SERVICES, INC.

BY - LAWS

ARTICLE I

OFFICES

Section 1. The registered office shall be in the County of New Castle, State of Delaware.

Section 2. The corporation may also have offices at such other places both within and without the State of Delaware as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. All meetings of the stockholders for the election of directors shall be held at such place either within or without the State of Delaware as shall be designated from time to time by the board of directors and stated in the notice of the meeting. Meetings of stockholders for any other purpose may be held at such time and place, within or without the State of Delaware, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Annual meetings of stockholders shall be held on such date and at such time as shall be designated from time to time by the board of directors and stated in the notice of the meeting, at which shareholders shall elect by a plurality vote a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written notice of the annual meeting stating the place, date, and hour of the meeting shall be given to each stockholder entitled to vote at such meeting not less than ten days nor more than 60 days before the date of the meeting.

Section 4. The Secretary of the corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 5. Special meetings of the stockholders, for any purpose or purposes, may be called by the Board of Directors or by a committee of the Board of Directors which has been duly designated and empowered by the Board of Directors. Such special meetings may not be called by any other person or persons.

Section 6. Written notice of a special meeting stating the place, date, and hour of the meeting and the purpose or purposes for which the meeting is called, shall be given not less than ten days nor more than 60 days before the date of the meeting, to each stockholder entitled to vote at such meeting.

Section 7. The holders of 60% of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the certificate of incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting, at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. If

the adjournment is for more than thirty days or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 8. When a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one which by express provision of the statutes or of the certificate of incorporation, a different vote is required in which case such express provision shall govern and control the decision of such question.

Section 9. Each stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy appointed by an instrument in writing subscribed by such stockholder for each share of the capital stock having voting power held by such stockholder, but no proxy shall be voted on after three years from its date, unless the proxy provides for a longer period.

Section 10. No action required or permitted to be taken at any annual meeting or special meeting of the stockholders of this corporation may be taken without a meeting and the power of the stockholders to consent in writing, without a meeting, to the taking of any action is specifically denied.

ARTICLE III

DIRECTORS

Section 1. The number of directors which shall constitute the whole board shall be no fewer than five (5) and no more than nine (9). The directors shall be elected as provided in Section 2 of this Article. The directors shall be classified with respect to the term for which they shall severally hold office by dividing them into three classes, as nearly equal in number as may be, the classes to hold office for successive terms of three years, respectively, but all directors shall hold office until their successors are elected and qualified.

Section 2. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and a director so chosen shall hold office until the next annual election of the class for which such director shall have been chosen and until a successor is duly elected and qualifies, unless sooner displaced. If there are no directors in office, then an election of directors may be held in the manner provided by statute.

Section 3. The business of the corporation shall be managed by its board of directors which shall have and exercise full power in the management and conduct of the business and affairs of the corporation and do all such lawful acts and things as are not by statute or by the certificate of incorporation or by these by-laws directed or required to be exercised or done by the stockholders.

MEETINGS OF THE BOARD OF DIRECTORS

Section 4. The board of directors of the corporation may hold meetings, both regular and special, either within or without the State of Delaware.

Section 5. Immediately following and at the place of holding the annual meeting of stockholders, the board of directors, as constituted upon final adjournment of such annual meeting, shall convene for the purpose of electing officers and transacting any other business properly brought before it. No notice of such meeting to the newly elected directors shall be necessary in order legally to constitute the meeting, provided a quorum shall be present.

Section 6. Regular meetings of the board of directors may be held without notice at such time and at such place as shall from time to time be determined by the board.

Section 7. Special meetings of the board may be called by the president on one day's notice to each director, either personally or by mail or by telegram; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of a majority of the directors then in office.

Section 8. At all meetings of the board a majority of the board of directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors, except as may be otherwise specifically provided by statute or by the certificate of incorporation. If a quorum shall not be present at any meeting of the board of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 9. Unless otherwise restricted by the certificate of incorporation or these by-laws, any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting, if all members of the board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the board or committee.

COMMITTEES OF DIRECTORS

Section 10. The board of directors may, by resolution passed by majority of the whole board, designate one or more committees, each committee to consist of two or more of the directors of the corporation. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Any such committee, to the extent provided in the resolution, shall have and may exercise the powers of the board of directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the board of directors.

Section 11. Each committee shall keep regular minutes of its meetings and report the same to the board of directors when required.

COMPENSATION OF DIRECTORS

Section 12. Directors, as such, shall not receive any stated salary for their services. By resolution of the board of directors, however, directors who are not officers may be paid an annual retainer, a fixed sum for attendance at each meeting of the board of directors and its committees of which they are members, and their expenses of attendance at such meetings.

ARTICLE IV

NOTICES

Section 1. Whenever, under the provisions of the statutes or of the certificate of incorporation or of these by-laws, notice is required to be given to any director or stockholder, it shall not be construed to mean personal notice but such notice may be given in writing, by mail, addressed to such director or stockholder, at his or her address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram.

Section 2. Whenever any notice is required to be given under the provisions of the statutes or of the certificate of incorporation or of these by-laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE V

OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors and shall be a chairman of the board, president, executive vice presidents, senior vice presidents, vice presidents, a secretary, a treasurer, one or more assistant secretaries and treasurers, a controller and such other officers

and agents as the board may deem necessary for the transaction of the business of the corporation. The same person may be selected to fill more than one office except the offices of president and vice president. The board of directors shall choose the president from among their own number. A vice president who is not a director shall not succeed to or fill the office of president. Every officer and agent appointed by the board of directors shall be employed on a month-to-month basis only, unless otherwise provided in a written contract of employment specifically approved by the board of directors.

Section 2. The salaries of all officers and agents of the corporation shall be fixed by the president of the company subject to revision by the board of directors.

Section 3. Any officer elected or appointed by the board of directors may be removed at any time either with or without cause by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

CHAIRMAN OF THE BOARD

Section 4. The chairman of the board shall have general control of the affairs of the corporation, subject only to the board of directors. The chairman shall preside at all meetings of the board of directors at which he or she is present.

THE PRESIDENT

Section 5. The president shall be the chief executive officer and the chief operating officer of the corporation; shall preside at all meetings of the stockholders; shall, in the absence or incapacity of the chairman of the board, perform all the duties and functions of that office; shall see that all orders and resolutions of the board of directors are carried into effect; and shall perform the duties that usually pertain to this office.

EXECUTIVE VICE PRESIDENTS

Section 6. The board of directors may appoint one or more executive vice presidents, who shall direct the administration of the affairs of the corporation, being responsible to the president and to the chairman of the board. The president shall designate the order in which executive vice presidents shall perform all of the functions and duties of the office of president in the absence or incapacity of the president, and shall designate the order in which executive vice presidents shall perform all of the functions and duties of the chairman of the board in the absence or incapacity of both the chairman of the board and the president. Executive vice presidents shall have such general powers and duties of supervision and management as shall be assigned to them by the chairman of the board and the president.

SENIOR VICE PRESIDENTS

Section 7. The board of directors may appoint one or more senior vice presidents, who shall have such general powers and duties of supervision and management as shall be assigned to them by the chairman of the board, the president, and the executive vice presidents. The president shall designate the order in which senior vice presidents shall perform all of the functions and duties of the office of president in the absence or incapacity of the president and the executive vice presidents, and shall designate the order in which senior vice presidents shall perform all of the functions and duties of the chairman of the board in the absence or incapacity of the chairman of the board, the president, and the executive vice presidents.

VICE PRESIDENTS

Section 8. The board of directors may appoint one or more vice presidents, who shall have such general powers and duties of supervision and management as shall be assigned to them by the chairman of the board, the president, the executive vice presidents, and the senior vice presidents. The president shall designate the order in which vice presidents shall perform all of the functions and duties of the office of president in the absence or incapacity of the president, the executive vice presidents, and the senior vice presidents, and shall designate the order in which vice presidents shall perform all of the functions and duties of the chairman of the board in the absence or incapacity of the chairman of the board, the president, the executive vice

presidents, and the senior vice presidents.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the stockholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. The secretary shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he or she shall be. The secretary shall have custody of the corporate seal of the corporation. The secretary, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by the secretary's signature or by the signature of such assistant secretary.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors (or if there be no such determination, then in the order of their election), shall, in the absence of the secretary or in the event of the secretary's inability or refusal to act, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. The treasurer shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all transactions as treasurer. The treasurer shall have such other duties as may be delegated to him or her from time to time by the president, subject to review by the board of directors.

Section 13. The assistant treasurer, or if there shall be more than one, the assistant treasurers in the order determined by the board of directors (or if there be no such determination, then in the order of their election), shall, at the direction of or in the absence of the treasurer or in the event of his inability or refusal to act, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

CONTROLLER

Section 14. The controller shall account for all transactions, including all receipts and disbursements, of the corporation and shall render to the president and the board of directors at its regular meetings or when the board of directors so requires an account of all such transactions and of the financial condition of the corporation. He shall have such other duties as may be delegated to him from time to time by the president, subject to review by the board of directors.

RESIGNATIONS

Section 15. Any director or officer may resign at any time, and if made in writing, the resignation is to be deemed accepted and effective from the time of its receipt by the corporation, unless some later time be fixed in the resignation, and then from that time.

ARTICLE VI

CERTIFICATES OF STOCK

Section 1. Every holder of stock in the corporation shall be entitled to have a certificate, signed by, or in the name of the corporation by, the chairman of the board of directors or the president or a vice president or the treasurer or an assistant treasurer, or the secretary or an assistant secretary of the

corporation, under the seal of the corporation, certifying the number of shares owned by him in the corporation.

Section 2. Where a certificate is countersigned (1) by a transfer agent other than the corporation or its employee, and, (2) by a registrar other than the corporation or its employee, the signatures of the officers of the corporation may be facsimiles. In case any officer who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he or she were such officer at the date of issue.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of the fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the board of directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or such owner's legal representative, to advertise the same in such manner as it shall require and/or to give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

TRANSFERS OF STOCK

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

FIXING RECORD DATE

Section 5. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the board of directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. In no event shall such record date precede the date of the resolution establishing it. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the board of directors may fix a new record date for the adjourned meeting.

REGISTERED STOCKHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to interest in such share or shares on the part of any other person, whether or not it shall have express or other notice hereof, except as otherwise provided by the laws of Delaware.

ARTICLE VII

GENERAL PROVISIONS

DIVIDENDS

Section 1. Dividends upon the common stock of the corporation, subject to the provisions of the certificate of incorporation, if any, may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the common stock, subject to the provisions of the certificate of incorporation.

Section 2. Before payment of any dividend, there may be set aside out

of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute

discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

ANNUAL STATEMENT

Section 3. The board of directors shall present at each annual meeting a full and clear statement of the business and condition of the corporation.

CHECKS AND NOTES

Section 4. All checks or demands for money of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate. The notes of the corporation shall be signed by at least two of the officers of the corporation appointed by the board of directors.

FISCAL YEAR

Section 5. The fiscal year of the corporation shall end at the close of business on the Sunday nearest December 31.

SEAL

Section 6. The corporate seal shall be circular in form and contain around its circumference the full corporate name of the corporation and the state of incorporation and in the center the words "Corporate Seal" and the year of incorporation. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

INDEMNIFICATION

Section 7. A director or officer, or former director or officer, of the corporation, or any person who may have served at its request as a director or officer of another corporation in which it owns stock or of which it is a creditor, and such person's heirs, executors, and administrators, shall be indemnified by the corporation against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with any action, suit or proceeding whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) to which he or she may be made a party by reason of any alleged acts or omissions as such director or officer if such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, such person had no reasonable cause to believe his or her conduct was unlawful.

Section 8. A director or officer, or former director or officer, of the corporation, or any person who may have served at its request as a director or officer of another corporation in which it owns stock or of which it is a creditor, and such person's heirs, executors, and administrators, shall be indemnified by the corporation against all expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of any alleged acts or omissions as such director or officer if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation, and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that despite the adjudication of liability but in view of all of the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Section 9. To the extent that a director or officer of the corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 7 or 8 of this Article VII, or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 10. Expenses incurred by a director or officer, former director or officer, or such person's

heirs, executors and administrators in defending a civil or criminal action may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer, or such person's heirs, executors or administrators to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by the corporation.

Section 11. The foregoing rights of indemnification and advancement of expenses shall be in addition to and not exclusive of any and all other rights to which such director or officer, or former director or officer, or such person's heirs, executors or administrators might be entitled as a matter of law.

ARTICLE VIII

AMENDMENTS

Section 1. Subject to the provisions of statute, the by-laws of the corporation may be adopted, amended or repealed by the affirmative vote of a majority of the total number of directors or by the affirmative vote of holders of 75% of the voting power of all of the stock of this corporation entitled to vote in elections of directors, provided, however, that no by-law or by-laws fixing the qualifications, classifications or term of office of any member or members of the then existing board shall be made or altered during the term of office of the then existing board of directors. The by-laws may contain any provision for the regulation and management of the affairs of the corporation and the rights or powers of its stockholders, directors, officers, or employees not inconsistent with the laws of the State of Delaware.