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

FORM 10-Q

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

For the quarterly period ended July 1, 2012

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 0-1088

KELLY SERVICES, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	38-1510762
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

999 WEST BIG BEAVER ROAD, TROY, MICHIGAN 48084
(Address of principal executive offices) (Zip Code)

(248) 362-4444
(Registrant's telephone number, including area code)

No Change
(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for shorter period that the registrant was required to submit and post such files). Yes [X] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “small reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer [ ]	Accelerated filer [X]
Non-accelerated filer [ ] (Do not check if a smaller reporting company)	Smaller reporting company [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

At July 27, 2012, 33,625,093 shares of Class A and 3,454,485 shares of Class B common stock of the Registrant were outstanding.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

KELLY SERVICES, INC. AND SUBSIDIARIES

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

	13 Weeks Ended		26 Weeks Ended	
	July 1, 2012	July 3, 2011	July 1, 2012	July 3, 2011
Revenue from services	$ 1,366.1	$ 1,405.8	$ 2,720.9	$ 2,744.9
Cost of services	1,142.9	1,183.7	2,274.0	2,311.6
Gross profit	223.2	222.1	446.9	433.3
Selling, general and administrative expenses	199.4	200.8	408.4	410.4
Earnings from operations	23.8	21.3	38.5	22.9
Other expense, net	(0.5)	(0.7)	(1.1)	(1.1)
Earnings from continuing operations before taxes	23.3	20.6	37.4	21.8
Income taxes	8.3	0.6	13.2	0.7
Earnings from continuing operations	15.0	20.0	24.2	21.1
Earnings (loss) from discontinued operations, net of tax	-	(1.2)	0.4	(1.2)
Net earnings	$ 15.0	$ 18.8	$ 24.6	$ 19.9
Basic earnings (loss) per share:				
Earnings from continuing operations	$ 0.40	$ 0.53	$ 0.64	$ 0.56
Earnings (loss) from discontinued operations	$ -	$ (0.03)	$ 0.01	$ (0.03)
Net earnings	$ 0.40	$ 0.50	$ 0.65	$ 0.53
Diluted earnings (loss) per share:				
Earnings from continuing operations	$ 0.40	$ 0.53	$ 0.64	$ 0.56
Earnings (loss) from discontinued operations	$ -	$ (0.03)	$ 0.01	$ (0.03)
Net earnings	$ 0.40	$ 0.50	$ 0.65	$ 0.53
Dividends per share	$ 0.05	$ -	$ 0.10	$ -
Average shares outstanding (millions):				
Basic	37.0	36.8	36.9	36.7
Diluted	37.0	36.8	37.0	36.7

See accompanying unaudited Notes to Consolidated Financial Statements.

KELLY SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)
(In millions of dollars)

	13 Weeks Ended		26 Weeks Ended	
	July 1, 2012	July 3, 2011	July 1, 2012	July 3, 2011
Net earnings	$ 15.0	$ 18.8	$ 24.6	$ 19.9
Other comprehensive income, net of tax:				
Foreign currency translation adjustments	(6.1)	5.8	(1.1)	11.8
Unrealized gains (losses) on investments	7.3	0.1	10.3	(0.5)
Pension liability adjustments	-	-	0.3	-
Other comprehensive income, net of tax	1.2	5.9	9.5	11.3
Comprehensive Income	$ 16.2	$ 24.7	$ 34.1	$ 31.2

See accompanying unaudited Notes to Consolidated Financial Statements.

KELLY SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(In millions)

	July 1, 2012	January 1, 2012
ASSETS		
CURRENT ASSETS:		
Cash and equivalents	$ 65.2	$ 81.0
Trade accounts receivable, less allowances of $11.8 and $13.4, respectively	985.0	944.9
Prepaid expenses and other current assets	57.9	50.6
Deferred taxes	33.4	38.2
Total current assets	1,141.5	1,114.7
PROPERTY AND EQUIPMENT:		
Property and equipment	333.6	326.9
Accumulated depreciation	(243.3)	(236.3)
Net property and equipment	90.3	90.6
NONCURRENT DEFERRED TAXES	93.4	94.1
GOODWILL, NET	91.4	90.2
OTHER ASSETS	168.4	152.1
TOTAL ASSETS	$ 1,585.0	$ 1,541.7
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term borrowings	$ 88.5	$ 96.3
Accounts payable and accrued liabilities	269.5	237.2
Accrued payroll and related taxes	253.7	271.4
Accrued insurance	30.3	31.5
Income and other taxes	56.5	61.3
Total current liabilities	698.5	697.7
NONCURRENT LIABILITIES:		
Accrued insurance	51.4	53.5
Accrued retirement benefits	102.8	91.1
Other long-term liabilities	24.0	23.7
Total noncurrent liabilities	178.2	168.3
STOCKHOLDERS' EQUITY:		
Capital stock, $1.00 par value		
Class A common stock, shares issued 36.6 at 2012 and 2011	36.6	36.6
Class B common stock, shares issued 3.5 at 2012 and 2011	3.5	3.5
Treasury stock, at cost		
Class A common stock, 3.0 shares at 2012 and 3.2 at 2011	(62.6)	(66.3)
Class B common stock	(0.6)	(0.6)
Paid-in capital	27.4	28.8
Earnings invested in the business	678.3	657.5
Accumulated other comprehensive income	25.7	16.2
Total stockholders' equity	708.3	675.7
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,585.0	$ 1,541.7

See accompanying unaudited Notes to Consolidated Financial Statements.

KELLY SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)
(In millions of dollars)

	13 Weeks Ended		26 Weeks Ended	
	July 1, 2012	July 3, 2011	July 1, 2012	July 3, 2011
Capital Stock				
Class A common stock				
Balance at beginning of period	$ 36.6	$ 36.6	$ 36.6	$ 36.6
Conversions from Class B	-	-	-	-
Balance at end of period	36.6	36.6	36.6	36.6
Class B common stock				
Balance at beginning of period	3.5	3.5	3.5	3.5
Conversions to Class A	-	-	-	-
Balance at end of period	3.5	3.5	3.5	3.5
Treasury Stock				
Class A common stock				
Balance at beginning of period	(66.0)	(70.2)	(66.3)	(70.3)
Exercise of stock options, restricted stock awards and other	3.4	2.1	3.7	2.2
Balance at end of period	(62.6)	(68.1)	(62.6)	(68.1)
Class B common stock				
Balance at beginning of period	(0.6)	(0.6)	(0.6)	(0.6)
Exercise of stock options, restricted stock awards and other	-	-	-	-
Balance at end of period	(0.6)	(0.6)	(0.6)	(0.6)
Paid-in Capital				
Balance at beginning of period	29.8	29.3	28.8	28.0
Exercise of stock options, restricted stock awards and other	(2.4)	(1.3)	(1.4)	-
Balance at end of period	27.4	28.0	27.4	28.0
Earnings Invested in the Business				
Balance at beginning of period	665.2	598.7	657.5	597.6
Net earnings	15.0	18.8	24.6	19.9
Dividends	(1.9)	-	(3.8)	-
Balance at end of period	678.3	617.5	678.3	617.5
Accumulated Other Comprehensive Income				
Balance at beginning of period	24.5	34.4	16.2	29.0
Other comprehensive income, net of tax	1.2	5.9	9.5	11.3
Balance at end of period	25.7	40.3	25.7	40.3
Stockholders' Equity at end of period	$ 708.3	$ 657.2	$ 708.3	$ 657.2

See accompanying unaudited Notes to Consolidated Financial Statements.

KELLY SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(In millions of dollars)

	26 Weeks Ended	
	July 1, 2012	July 3, 2011
Cash flows from operating activities:		
Net earnings	$ 24.6	$ 19.9
Noncash adjustments:		
Depreciation and amortization	11.6	16.3
Provision for bad debts	0.6	2.2
Stock-based compensation	2.1	1.9
Other, net	-	(0.1)
Changes in operating assets and liabilities	(33.0)	(47.0)
Net cash from operating activities	5.9	(6.8)
Cash flows from investing activities:		
Capital expenditures	(9.8)	(6.3)
Other investing activities	-	0.9
Net cash from investing activities	(9.8)	(5.4)
Cash flows from financing activities:		
Net change in short-term borrowings	(7.8)	71.9
Repayment of debt	-	(62.9)
Dividend payments	(3.8)	-
Other financing activities	-	(1.1)
Net cash from financing activities	(11.6)	7.9
Effect of exchange rates on cash and equivalents	(0.3)	4.3
Net change in cash and equivalents	(15.8)	0.0
Cash and equivalents at beginning of period	81.0	80.5
Cash and equivalents at end of period	$ 65.2	$ 80.5

See accompanying unaudited Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. Basis of Presentation

The accompanying unaudited consolidated financial statements of Kelly Services, Inc. (the “Company,” “Kelly,” “we” or “us”) have been prepared in accordance with Rule 10-01 of Regulation S-X and do not include all the information and notes required by generally accepted accounting principles for complete financial statements. All adjustments, including normal recurring adjustments, have been made which, in the opinion of management, are necessary for a fair statement of the results of the interim periods. The results of operations for such interim periods are not necessarily indicative of results of operations for a full year. The unaudited consolidated financial statements should be read in conjunction with the Company’s consolidated financial statements and notes thereto for the fiscal year ended January 1, 2012, included in the Company’s Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 16, 2012 (the 2011 consolidated financial statements). The Company’s second fiscal quarter ended on July 1, 2012 (2012) and July 3, 2011 (2011), each of which contained 13 weeks. The corresponding 2012 and 2011 year-to-date periods each contained 26 weeks.

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated.

Effective with the first quarter of 2012, certain vendor management and other technology costs which were previously included in selling, general and administrative (“SG&A”) expenses are now included in cost of services, and the prior year’s results were revised to conform to this presentation. The only effect of this change was to increase cost of services and decrease SG&A expenses (and gross profit) by $2.5 million in the second quarter of 2011 and $5.0 million in the first six months of 2011 from those amounts previously reported in 2011.

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

2. Fair Value Measurements

Trade accounts receivable, accounts payable, accrued liabilities, accrued payroll and related taxes and short-term borrowings approximate their fair values due to the short-term maturities of these assets and liabilities.

Assets Measured at Fair Value on a Recurring Basis
The following tables present assets measured at fair value on a recurring basis as of second quarter-end 2012 and year-end 2011 on the consolidated balance sheet by fair value hierarchy level, as described below.

Level 1 measurements consist of unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 measurements include quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 3 measurements include significant unobservable inputs.

	Fair Value Measurements on a Recurring Basis Second Quarter-End 2012			
Description	Total	Level 1	Level 2	Level 3
	(In millions of dollars)			
Money market funds	$ 2.4	$ 2.4	$ -	$ -
Available-for-sale investment	36.8	36.8	-	-
Total assets at fair value	$ 39.2	$ 39.2	$ -	$ -

2. Fair Value Measurements (continued)

Description	Fair Value Measurements on a Recurring Basis As of Year-End 2011 Total	Level 1	Level 2	Level 3
	(In millions of dollars)			
Money market funds	$ 2.0	$ 2.0	$ -	$ -
Available-for-sale investment	27.1	27.1	-	-
Total assets at fair value	$ 29.1	$ 29.1	$ -	$ -

Money market funds as of second quarter-end 2012 and as of year-end 2011 represent investments in money market accounts, all of which are restricted as to use and are included in prepaid expenses and other current assets on the consolidated balance sheet. The valuations were based on quoted market prices of those accounts as of the respective period end.

Available-for-sale investment represents the Company's investment in Temp Holdings Co., Ltd. ("Temp Holdings"), a leading integrated human resources company in Japan, and is included in other assets on the consolidated balance sheet. The valuation is based on the quoted market price of Temp Holdings stock on the Tokyo Stock Exchange as of the period end. The unrealized gain of $7.3 million for the 13 weeks ended 2012 and unrealized gain of $0.1 million for the 13 weeks ended 2011 was recorded in other comprehensive income, a component of stockholders' equity. The unrealized gain of $10.3 million for the 26 weeks ended 2012 and unrealized loss of $0.5 million for the 26 weeks ended 2011 was recorded in other comprehensive income.

3. Acquisition

During the fourth quarter of 2011, the Company acquired the stock of Tradição Planejamento e Tecnologia de Serviços S.A. and Tradição Tecnologia e Serviços Ltda. (collectively, "Tradição"), a national service provider in Brazil, for $6.6 million in cash. The following table summarizes the purchase price allocation at the time of purchase, along with measurement period adjustments recognized during the 26 weeks ended 2012. The purchase price allocation is still preliminary, subject to further information relating to liabilities assumed.

	Original Allocation	Adjustments	Revised Allocation
	(In millions of dollars)		
Current assets	$ 6.3	$ -	$ 6.3
Goodwill	22.9	1.2	24.1
Identified intangibles	5.3	0.4	5.7
Other noncurrent assets	0.7	-	0.7
Current liabilities	(14.4)	(0.8)	(15.2)
Noncurrent liabilities	(14.2)	(0.8)	(15.0)
Total purchase price	$ 6.6	$ -	$ 6.6

The acquisition adjustments relate to an increase in Tradição's estimated identified intangibles balance, acquired contingency reserves and tax liabilities assumed.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(UNAUDITED)

4. Restructuring

Restructuring costs incurred in the second quarter and first six months of 2012 amounted to a credit of $2.2 million. Restructuring costs incurred in the second quarter and first six months of 2011 amounted to a credit of $0.6 million and expense of $3.4 million, respectively. These costs primarily related to adjustments to estimated lease termination costs for EMEA Commercial branches that closed in prior years, and were reported as a component of SG&A expenses. Total costs incurred since July 2008 for our restructuring efforts amounted to $44.2 million.

A summary of the balance sheet accrual related to the global restructuring costs follows (in millions of dollars):

Balance at beginning of year	$	4.5
Reductions for cash payments		(0.2)
Balance at first quarter-end 2012		4.3
Amounts charged (credited) to operations		(2.2)
Reductions for cash payments		(0.6)
Balance at second quarter-end 2012	$	1.5

The remaining balance of $1.5 million as of the 2012 second quarter end represents primarily future lease payments and is expected to be paid by 2016. On a quarterly basis, the Company reassesses the accrual associated with restructuring costs and adjusts it as necessary.

5. Goodwill

The changes in the net carrying amount of goodwill during the 26 weeks ended 2012 are included in the table below. See Acquisition footnote for a description of adjustments to goodwill.

	Goodwill, Gross as of Year-End 2011	Accumulated Impairment Losses as of Year-End 2011	Adjustments to Goodwill	Impairment Losses	Goodwill, Gross as of Second Quarter-End 2012	Accumulated Impairment Losses as of Second Quarter End 2012	Goodwill, Net as of Second Quarter-End 2012
	(In millions of dollars)						
Americas							
Americas Commercial	$ 39.3	$ (16.4)	$ 1.2	$ -	$ 40.5	$ (16.4)	$ 24.1
Americas PT	39.2	-	-	-	39.2	-	39.2
Total Americas	78.5	(16.4)	1.2	-	79.7	(16.4)	63.3
EMEA							
EMEA Commercial	50.4	(50.4)	-	-	50.4	(50.4)	-
EMEA PT	22.0	(22.0)	-	-	22.0	(22.0)	-
Total EMEA	72.4	(72.4)	-	-	72.4	(72.4)	-
APAC							
APAC Commercial	12.1	(12.1)	-	-	12.1	(12.1)	-
APAC PT	1.8	-	-	-	1.8	-	1.8
Total APAC	13.9	(12.1)	-	-	13.9	(12.1)	1.8
OCG	26.3	-	-	-	26.3	-	26.3
Consolidated Total	$ 191.1	$ (100.9)	$ 1.2	$ -	$ 192.3	$ (100.9)	$ 91.4

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(UNAUDITED)

6. Earnings Per Share

The reconciliation of basic and diluted earnings per share on common stock for the 13 and 26 weeks ended 2012 and 2011 follows (in millions of dollars except per share data):

	13 Weeks Ended		26 Weeks Ended	
	2012	2011	2012	2011
Earnings from continuing operations	$ 15.0	$ 20.0	$ 24.2	$ 21.1
Less: Earnings allocated to participating securities	(0.4)	(0.4)	(0.6)	(0.4)
Earnings from continuing operations available to common shareholders	$ 14.6	$ 19.6	$ 23.6	$ 20.7
Earnings (loss) from discontinued operations	$ -	$ (1.2)	$ 0.4	$ (1.2)
Less: Earnings (loss) allocated to participating securities	-	-	-	-
Earnings (loss) from discontinued operations available to common shareholders	$ -	$ (1.2)	$ 0.4	$ (1.2)
Net Earnings	$ 15.0	$ 18.8	$ 24.6	$ 19.9
Less: Earnings allocated to participating securities	(0.4)	(0.4)	(0.6)	(0.4)
Net Earnings available to common shareholders	$ 14.6	$ 18.4	$ 24.0	$ 19.5
Basic earnings (loss) per share on common stock:				
Earnings from continuing operations	$ 0.40	$ 0.53	$ 0.64	$ 0.56
Earnings (loss) from discontinued operations	$ -	$ (0.03)	$ 0.01	$ (0.03)
Net earnings	$ 0.40	$ 0.50	$ 0.65	$ 0.53
Diluted earnings (loss) per share on common stock:				
Earnings from continuing operations	$ 0.40	$ 0.53	$ 0.64	$ 0.56
Earnings (loss) from discontinued operations	$ -	$ (0.03)	$ 0.01	$ (0.03)
Net earnings	$ 0.40	$ 0.50	$ 0.65	$ 0.53
Average common shares outstanding (millions):				
Basic	37.0	36.8	36.9	36.7
Diluted	37.0	36.8	37.0	36.7

Stock options representing 0.4 million and 0.6 million shares, respectively, for the 13 weeks ended 2012 and 2011, and 0.4 million and 0.6 million shares, respectively, for the 26 weeks ended 2012 and 2011 were excluded from the computation of diluted earnings per share due to their anti-dilutive effect.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(UNAUDITED)

7. Stock-Based Compensation

The Company adopted an amendment and restatement of the Kelly Services, Inc. Equity Incentive Plan (the "Plan") effective December 31, 2011, which was approved by the Company stockholders in May 2012. Under the Plan, the Company may grant stock options (both incentive and nonqualified), stock appreciation rights, restricted stock awards, restricted stock units and performance awards to key employees utilizing the Company's Class A stock. The Plan provides that the maximum number of shares available for grants is 10 percent of the outstanding Class A stock, adjusted for Plan activity over the preceding five years. The Company issues shares out of treasury stock to satisfy stock-based awards. The Company has no intent to repurchase additional shares for the purpose of satisfying stock-based awards.

Restricted Stock
Restricted stock awards and units (collectively, "restricted stock"), which typically vest over a period of 3 to 5 years, are issued to certain key employees and are subject to forfeiture until the end of an established restriction period. The Company utilizes the market price on the date of grant as the fair market value of restricted stock and expenses the fair value on a straight-line basis over the vesting period.

A summary of the status of nonvested restricted stock under the Plan as of the 13 and 26 weeks ended 2012 and changes during these periods is presented as follows:

	Restricted Stock	Weighted Average Grant Date Fair Value
Nonvested at year-end 2011	907,990	$ 17.41
Granted	21,200	15.02
Vested	(23,075)	15.08
Forfeited	(400)	18.25
Nonvested at first quarter-end 2012	905,715	$ 17.41
Granted	480,700	12.91
Vested	(191,975)	18.15
Forfeited	(1,650)	16.30
Nonvested at second quarter-end 2012	1,192,790	$ 15.48

8. Other Expense, Net

Included in other expense, net for the 13 and 26 weeks ended 2012 and 2011 are the following:

	13 Weeks Ended		26 Weeks Ended	
	2012	2011	2012	2011
	(In millions of dollars)		(In millions of dollars)	
Interest income	$ 0.2	$ 0.2	$ 0.8	$ 0.5
Interest expense	(0.9)	(0.8)	(1.9)	(1.9)
Dividend income	0.3	0.2	0.3	0.2
Foreign exchange (losses) gains	(0.1)	(0.3)	(0.3)	0.1
Other expense, net	$ (0.5)	$ (0.7)	$ (1.1)	$ (1.1)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(UNAUDITED)

9. Other Comprehensive Income

Taxes allocated to components of other comprehensive income for the 13 and 26 weeks ended 2012 and 2011 were immaterial.

10. Contingencies

The Company is continuously engaged in litigation arising in the ordinary course of its business, typically matters alleging employment discrimination, alleging wage and hour violations or enforcing the restrictive covenants in the Company's employment agreements. There is no expectation that any of these matters will have a material adverse effect on the Company's results of operations, financial position or cash flows. However, litigation is always subject to inherent uncertainty and the Company is not able to reasonably predict if any matter will be resolved in a manner that is materially adverse to the Company.

11. Segment Disclosures

The Company's segments are based on the organizational structure for which financial results are regularly evaluated by the Company's chief operating decision maker to determine resource allocation and assess performance. The Company's seven reporting segments are: (1) Americas Commercial, (2) Americas Professional and Technical ("Americas PT"), (3) Europe, Middle East and Africa Commercial ("EMEA Commercial"), (4) Europe, Middle East and Africa Professional and Technical ("EMEA PT"), (5) Asia Pacific Commercial ("APAC Commercial"), (6) Asia Pacific Professional and Technical ("APAC PT") and (7) Outsourcing and Consulting Group ("OCG").

The Commercial business segments within the Americas, EMEA and APAC regions represent traditional office services, contact-center staffing, marketing, electronic assembly, light industrial and, in the Americas, substitute teachers. The PT segments encompass a wide range of highly skilled temporary employees, including scientists, financial professionals, attorneys, engineers, IT specialists and healthcare workers. OCG includes recruitment process outsourcing ("RPO"), contingent workforce outsourcing ("CWO"), business process outsourcing ("BPO"), payroll process outsourcing ("PPO"), executive placement and career transition/outplacement services. Corporate expenses that directly support the operating units have been allocated to the Americas, EMEA and APAC regions and OCG based on a work effort, volume or, in the absence of a readily available measurement process, proportionately based on revenue from services.

The following tables present information about the reported revenue from services and gross profit of the Company by segment, along with a reconciliation to consolidated earnings before taxes, for the 13 and 26 weeks ended 2012 and 2011. Asset information by reportable segment is not presented, since the Company does not produce such information internally, nor does it use such data to manage its business. Our segments themselves did not change from prior periods, however, effective with the first quarter of 2012, we changed the manner in which we evaluate and internally report segments, such that our primary measure of segment performance is now gross profit. Historically, our primary measure of segment performance was gross profit less an allocation of SG&A expenses. We revised the prior period's segment results to conform to the current manner in which we evaluate segment performance.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(UNAUDITED)

11. Segment Disclosures (continued)

	13 Weeks Ended 2012	13 Weeks Ended 2011	26 Weeks Ended 2012	26 Weeks Ended 2011
	(In millions of dollars)		(In millions of dollars)	
Revenue from Services:				
Americas Commercial	$ 668.6	$ 670.3	$ 1,337.9	$ 1,323.6
Americas PT	262.4	247.7	512.5	488.3
Total Americas Commercial and PT	931.0	918.0	1,850.4	1,811.9
EMEA Commercial	213.7	258.8	426.7	490.3
EMEA PT	41.6	45.8	83.8	87.2
Total EMEA Commercial and PT	255.3	304.6	510.5	577.5
APAC Commercial	84.3	102.3	172.6	202.0
APAC PT	12.8	13.5	25.6	25.0
Total APAC Commercial and PT	97.1	115.8	198.2	227.0
OCG	91.4	74.0	178.1	142.2
Less: Intersegment revenue	(8.7)	(6.6)	(16.3)	(13.7)
Consolidated Total	$ 1,366.1	$ 1,405.8	$ 2,720.9	$ 2,744.9

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(UNAUDITED)

11. Segment Disclosures (continued)

	13 Weeks Ended 2012	13 Weeks Ended 2011	26 Weeks Ended 2012	26 Weeks Ended 2011
	(In millions of dollars)		(In millions of dollars)	
Earnings from Operations:				
Americas Commercial gross profit	$ 97.7	$ 93.3	$ 195.7	$ 185.3
Americas PT gross profit	39.7	35.9	79.9	71.9
Americas Region gross profit	137.4	129.2	275.6	257.2
Americas Region SG&A expenses	(99.0)	(95.8)	(201.9)	(198.6)
Americas Region Earnings from Operations	38.4	33.4	73.7	58.6
EMEA Commercial gross profit	34.2	42.3	67.7	79.5
EMEA PT gross profit	10.9	12.4	22.2	23.4
EMEA Region gross profit	45.1	54.7	89.9	102.9
EMEA Region SG&A expenses	(39.7)	(46.7)	(84.2)	(96.6)
EMEA Region Earnings from Operations	5.4	8.0	5.7	6.3
APAC Commercial gross profit	12.5	14.3	25.6	27.8
APAC PT gross profit	5.3	5.6	10.5	10.6
APAC Region gross profit	17.8	19.9	36.1	38.4
APAC Region SG&A expenses	(19.0)	(20.3)	(38.7)	(39.3)
APAC Region Earnings from Operations	(1.2)	(0.4)	(2.6)	(0.9)
OCG gross profit	23.7	19.0	46.8	36.0
OCG SG&A expenses	(22.8)	(19.8)	(45.4)	(39.2)
OCG Earnings from Operations	0.9	(0.8)	1.4	(3.2)
Corporate	(19.7)	(18.9)	(39.7)	(37.9)
Consolidated Total	23.8	21.3	38.5	22.9
Other Expense, Net	(0.5)	(0.7)	(1.1)	(1.1)
Earnings Before Taxes	$ 23.3	$ 20.6	$ 37.4	$ 21.8

12. New Accounting Pronouncements

None.

13. Subsequent Event

On July 24, 2012, Temp Holdings Co., Ltd. and Kelly Services, Inc. announced that they have entered into a joint venture agreement to expand both companies' presence in North Asia. The joint venture, TS Kelly Workforce Solutions, will be headquartered in Hong Kong and will be effective October, 2012. Under the terms of the agreement, Toshio Saburi, Executive Managing Director of Temp Holdings Co., Ltd. and board member of Kelly Services, Inc., will be appointed chief executive officer of the joint venture.

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

Executive Overview

The second quarter of 2012 brought a deceleration in the U.S. labor market, continued global economic uncertainty with the Eurozone crisis and slowdowns in emerging economies. Most European economies slid further into recession during the first half of 2012, and low business confidence and government austerity measures are constraining hiring in the Eurozone. U.S. employment gains averaged only 75,000 jobs per month in the second quarter, after growing three times as fast in the first quarter, reflecting a more cautious approach to job creation.

Despite these macroeconomic headwinds, Kelly made positive strides in the second quarter:

- Total company revenue was flat and fee-based income increased 9% year over year.
- Our gross profit rate improved to 16.3%, compared to 15.8% in the second quarter of 2011.
- SG&A expenses were relatively flat in comparison to the prior year.
- OCG earnings more than doubled, increasing year over year by $2 million.

We remain focused on achieving a competitive return on sales by growing our professional and technical, fee-based and other higher margin offerings, and maintaining our lower cost of service delivery. Though the recovery is slow, we believe demand for our services is increasing. We are committed to responding to customers' needs for flexible, innovative solutions for managing their workforce – from traditional staffing to professional and technical specialties to outsourcing and consulting programs.

Total Company - Second Quarter
(Dollars in millions)

	2012	2011	Change	CC Change
Revenue from services	$ 1,366.1	$ 1,405.8	(2.8)%	- %
Fee-based income	38.9	35.7	9.4	14.7
Gross profit	223.2	222.1	0.5	3.7
SG&A expenses excluding restructuring charges	201.6	201.4	0.1	
Restructuring charges	(2.2)	(0.6)	268.8	
Total SG&A expenses	199.4	200.8	(0.7)	2.5
Earnings from operations	23.8	21.3	12.0	
Gross profit rate	16.3%	15.8%	0.5 pts.	
Expense rates (excluding restructuring charges):				
% of revenue	14.8	14.3	0.5	
% of gross profit	90.3	90.7	(0.4)	
Operating margin	1.7	1.5	0.2	

Operating margin (earnings from operations divided by revenue from services) in the above and following tables is a ratio used to measure the Company's pricing strategy and operating efficiency. Constant currency ("CC") change amounts in the above and following tables refer to the year-over-year percentage changes resulting from translating 2012 financial data into U.S. dollars using the same foreign currency exchange rates used to translate financial data for 2011. We believe that CC measurements are an important analytical tool to aid in understanding underlying operating trends without distortion due to currency fluctuations.

Total Company revenue for the second quarter of 2012 was down 3% in comparison to the prior year, and down 4% excluding the Company's acquisition of Tradição in Brazil late last year. CC revenue for the second quarter of 2012 was flat in comparison to the prior year, and down 1% excluding Tradição. This reflected an 11% decrease in hours worked, partially offset by a 10% increase in average bill rates on a CC basis.

Effective with the first quarter of 2012, certain vendor management and other technology costs which were previously included in SG&A expenses are now included in cost of services, and the prior year's results were revised to conform to this presentation. The effect of this change was to increase cost of services and decrease SG&A expenses (and gross profit) by $3 million in the second quarter of 2011.

Compared to the second quarter of 2011, the gross profit rate improved due to higher fee-based income and an improved temporary gross profit rate in the Americas and APAC regions. Fee-based income, which is included in revenue from services, has a significant impact on gross profit rates. There are very low direct costs of services associated with fee-based income. Therefore, increases or decreases in fee-based income can have a disproportionate impact on gross profit rates.

SG&A expenses excluding restructuring costs were flat in comparison to the prior year. Restructuring costs related primarily to revisions of the estimated lease termination costs for previously closed EMEA Commercial branches.

Income tax expense for the second quarter of 2012 was $8 million (35.5%), compared to $1 million (3.3%) for the second quarter of 2011. The increase in 2012 tax expense is primarily due to reduced tax credits. The 2011 expense included the favorable impact of the Hiring Incentives to Restore Employment ("HIRE") Act retention credits, which were available only in 2011, and work opportunity credits. In 2012, work opportunity credits are available only for employees hired in prior years and certain U.S. veterans, due to expiration of the program at the end of 2011. While the work opportunity credit program has expired and been retroactively reinstated many times in the past, extension of this program is uncertain.

Diluted earnings from continuing operations per share for the second quarter of 2012 were $0.40, as compared to $0.53 for the second quarter of 2011.

Loss from discontinued operations for the second quarter of 2011 represented adjustments to the estimated costs of litigation, net of tax, retained from the 2007 sale of the Kelly Home Care business unit.

Total Americas - Second Quarter
(Dollars in millions)

	2012	2011	Change	CC Change
Revenue from services	$ 931.0	$ 918.0	1.4%	2.4%
Fee-based income	8.4	6.5	28.7	31.1
Gross profit	137.4	129.2	6.3	7.3
Total SG&A expenses	99.0	95.8	3.3	4.5
Earnings from operations	38.4	33.4	14.7	
Gross profit rate	14.8%	14.1%	0.7 pts.	
Expense rates:				
% of revenue	10.6	10.4	0.2	
% of gross profit	72.0	74.1	(2.1)	
Operating margin	4.1	3.6	0.5	

On an organic basis, excluding the Tradição acquisition, CC revenue increased by 1%. This increase represents a 5% increase in average bill rates on a CC basis, partially offset by a 4% decrease in hours worked. On a CC basis, the PT segment grew by 6%, while the Commercial segment, excluding Tradição, declined 2%. Americas represented 68% of total Company revenue in the second quarter of 2012 and 65% in the second quarter of 2011.

The change in the gross profit rate was primarily due to lower payroll taxes and higher fee-based income in both the Commercial and PT segments. On an organic basis, Americas SG&A expenses were flat in comparison to last year, reflecting careful management of expenses throughout the region.

Total EMEA - Second Quarter
(Dollars in millions)

	2012	2011	Change	CC Change
Revenue from services	$ 255.3	$ 304.6	(16.2)%	(7.7) %
Fee-based income	10.6	11.9	(10.7)	(1.5)
Gross profit	45.1	54.7	(17.5)	(8.9)
SG&A expenses excluding restructuring charges	41.9	47.3	(11.4)	
Restructuring charges	(2.2)	(0.6)	268.8	
Total SG&A expenses	39.7	46.7	(14.9)	(6.2)
Earnings from operations	5.4	8.0	(32.9)	
Gross profit rate	17.6%	17.9%	(0.3) pts.	
Expense rates (excluding restructuring charges):				
% of revenue	16.4	15.5	0.9	
% of gross profit	93.0	86.6	6.4	
Operating margin	2.1	2.6	(0.5)	

The change in EMEA revenue from services reflected a 13% decrease in hours worked, due to the unfavorable economic environment, partially offset by a 6% increase in average bill rates on a CC basis. The increase in average bill rates is due to a change in country mix. On a CC basis, the Commercial segment declined 9% and the PT segment was flat. EMEA represented 19% of total Company revenue in the second quarter of 2012 and 22% in the second quarter of 2011.

The EMEA gross profit rate decreased due to margin erosion in the Commercial segment. The decrease in SG&A expenses excluding restructuring charges was primarily due to decreases in variable costs in the Commercial segment in line with the level of activity, coupled with the lower costs resulting from the restructuring last year in the UK operations, partially offset by some targeted investments in the PT segment.

Total APAC - Second Quarter
(Dollars in millions)

	2012	2011	Change	CC Change
Revenue from services	$ 97.1	$ 115.8	(16.2) %	(12.7) %
Fee-based income	7.1	7.9	(7.7)	(4.2)
Gross profit	17.8	19.9	(10.0)	(6.5)
Total SG&A expenses	19.0	20.3	(6.4)	(2.6)
Earnings from operations	(1.2)	(0.4)	(143.0)	
Gross profit rate	18.4%	17.1%	1.3 pts.	
Expense rates:				
% of revenue	19.6	17.5	2.1	
% of gross profit	106.6	102.4	4.2	
Operating margin	(1.2)	(0.4)	(0.8)	

The change in total APAC revenue represents a 37% decrease in hours worked and a decrease in fee-based income, partially offset by a 38% increase in average bill rates on a CC basis. The Company has exited a number of low-margin customers in Australia and India, resulting in the significant increase in average bill rates and significant decrease in hours worked. APAC revenue represented 7% of total Company revenue in the second quarter of 2012 and 8% in the second quarter of 2011.

The change in the APAC gross profit rate also reflects the decision to exit low-margin Commercial customers in Australia and India. Fee-based income was down due to slower conversions from more developed countries such as Singapore and Malaysia, partially offset by growth in China. The change in SG&A expenses was due to careful management of expenses.

OCG - Second Quarter
(Dollars in millions)

	2012	2011	Change	CC Change
Revenue from services	$ 91.4	$ 74.0	23.4%	25.0%
Fee-based income	12.8	9.5	35.2	39.1
Gross profit	23.7	19.0	24.4	27.2
Total SG&A expenses	22.8	19.8	14.8	17.9
Earnings from operations	0.9	(0.8)	NM	
Gross profit rate	25.9%	25.7%	0.2 pts.	
Expense rates:				
% of revenue	25.0	26.8	(1.8)	
% of gross profit	96.5	104.5	(8.0)	
Operating margin	0.9	(1.2)	2.1	

Revenue from services in the OCG segment for the second quarter of 2012 increased in the Americas, EMEA and APAC regions, due primarily to growth in our BPO, PPO, RPO and CWO practices. This growth is due to both new programs in these practice areas as well as the continued expansion of existing programs. OCG revenue represented 7% of total Company revenue in the second quarter of 2012 and 5% in the second quarter of 2011.

The OCG gross profit rate increased primarily due to mix as volume increased in the higher margin RPO and CWO practice areas. The increase in SG&A expenses is primarily the result of support costs associated with new customer programs, as well as increased volumes on existing programs in our BPO and CWO practice areas.

Total Company - June Year to Date
(Dollars in millions)

	2012	2011	Change	CC Change
Revenue from services	$ 2,720.9	$ 2,744.9	(0.9)%	0.9%
Fee-based income	75.6	67.5	12.1	15.3
Gross profit	446.9	433.3	3.1	5.1
SG&A expenses excluding restructuring charges	410.6	407.0	0.9	
Restructuring charges	(2.2)	3.4	(164.1)	
Total SG&A expenses	408.4	410.4	(0.5)	1.4
Earnings from operations	38.5	22.9	68.3	
Gross profit rate	16.4%	15.8%	0.6 pts.	
Expense rates (excluding restructuring charges):				
% of revenue	15.1	14.8	0.3	
% of gross profit	91.9	93.9	(2.0)	
Operating margin	1.4	0.8	0.6	

Total Company revenue for the first six months of 2012 was flat in comparison to the prior year, and declined 2% excluding the Company's acquisition of Tradição. On a CC basis, total Company revenue was up slightly and down slightly, excluding the Company's acquisition of Tradição. This reflected a 9% decrease in hours worked, partially offset by an 8% increase in average bill rates on a CC basis.

Effective with the first quarter of 2012, certain vendor management and other technology costs which were previously included in SG&A expenses are now included in cost of services, and the prior year's results were revised to conform to this presentation. The effect of this change was to increase cost of services and decrease SG&A expenses (and gross profit) by $5 million in the first six months of 2011.

Compared to the first six months of 2011, the gross profit rate improved due to higher fee-based income and an improved temporary gross profit rate. The improvement in the temporary gross profit rate was due to lower benefit and workers' compensation costs. We regularly update our estimates of open workers' compensation claims. As a result, we reduced our estimated costs of prior year workers' compensation by $4 million for the first six months of 2012. This compares to an adjustment reducing prior year workers' compensation claims by $2 million for the first six months of 2011.

SG&A expenses excluding restructuring increased slightly year over year due primarily to the Brazil acquisition. Restructuring costs related primarily to revisions of the estimated lease termination costs for previously closed EMEA Commercial branches.

Income tax expense for the first six months of 2012 was $13 million (35.2%), compared to $1 million (3.4%) for the first six months of 2011. The 2011 expense included the favorable impact of the HIRE Act retention credits, which were available only in 2011, and work opportunity credits. In 2012, work opportunity credits are available only for employees hired in prior years and certain U.S. veterans, due to expiration of the program at the end of 2011. While the work opportunity credit program has expired and been retroactively reinstated many times in the past, extension of this program is uncertain.

Diluted earnings from continuing operations per share for the first six months of 2012 were $0.64, as compared to $0.56 for the first six months of 2011.

Earnings (loss) from discontinued operations for the first six months of 2012 and 2011 represent adjustments to the estimated costs of litigation, net of tax, retained from the 2007 sale of the Kelly Home Care business unit.

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

	2012	2011	Change	CC Change
Revenue from services	$ 1,850.4	$ 1,811.9	2.1%	2.9%
Fee-based income	15.3	12.1	26.6	28.2
Gross profit	275.6	257.2	7.1	7.8
Total SG&A expenses	201.9	198.6	1.6	2.4
Earnings from operations	73.7	58.6	25.5	
Gross profit rate	14.9%	14.2%	0.7 pts.	
Expense rates:				
% of revenue	10.9	11.0	(0.1)	
% of gross profit	73.3	77.2	(3.9)	
Operating margin	4.0	3.2	0.8	

On an organic basis, excluding the Tradição acquisition, CC revenue increased by 1%. This increase represents a 4% increase in average bill rates on a CC basis, partially offset by a 3% decrease in hours worked. During the first six months of 2012, the PT segment grew by 5%, while the Commercial segment declined 1%. Americas represented 68% of total Company revenue in the first six months of 2012 and 66% in the first six months of 2011.

The change in the gross profit rate was primarily due to lower payroll taxes and higher fee-based income in both the Commercial and PT segments, combined with favorable adjustments to prior year workers' compensation costs in the Commercial segment. On an organic basis, Americas SG&A expenses were 1% below the prior year, reflecting careful management of expenses throughout the region.

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

	2012	2011	Change	CC Change
Revenue from services	$ 510.5	$ 577.5	(11.6)%	(6.0) %
Fee-based income	21.3	22.1	(3.4)	2.9
Gross profit	89.9	102.9	(12.6)	(6.9)
SG&A expenses excluding restructuring charges	86.4	93.2	(7.4)	
Restructuring charges	(2.2)	3.4	(164.1)	
Total SG&A expenses	84.2	96.6	(12.9)	(7.6)
Earnings from operations	5.7	6.3	(8.8)	
Gross profit rate	17.6%	17.8%	(0.2) pts.	
Expense rates (excluding restructuring charges):				
% of revenue	16.9	16.1	0.8	
% of gross profit	96.1	90.7	5.4	
Operating margin	1.1	1.1	-	

The change in EMEA revenue from services reflected a 11% decrease in hours worked, due to the unfavorable economic environment, partially offset by a 6% increase in average bill rates on a CC basis. The increase in average bill rates is due to a change in country mix. EMEA represented 19% of total Company revenue in the first six months of 2012 and 21% in the first six months of 2011.

The EMEA gross profit rate decreased due to margin erosion in the Commercial segment. The decrease in SG&A expenses excluding restructuring charges was primarily due to decreases in variable costs in the Commercial segment in line with the level of activity, coupled with the impact of the restructuring last year in the UK operations, partially offset by some targeted investments in the PT segment.

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

	2012	2011	Change	CC Change
Revenue from services	$ 198.2	$ 227.0	(12.6)%	(11.6) %
Fee-based income	14.5	15.2	(4.2)	(3.2)
Gross profit	36.1	38.4	(5.8)	(5.1)
Total SG&A expenses	38.7	39.3	(1.7)	(0.9)
Earnings from operations	(2.6)	(0.9)	(151.2)	
Gross profit rate	18.2%	16.9%	1.3 pts.	
Expense rates:				
% of revenue	19.5	17.3	2.2	
% of gross profit	107.1	102.7	4.4	
Operating margin	(1.3)	(0.4)	(0.9)	

The change in total APAC revenue reflected a 29% decrease in hours worked and a decrease in fee-based income, partially offset by a 24% increase in average bill rates on a CC basis. The Company has exited a number of low-margin customers in Australia and India, resulting in the significant increase in average bill rates and significant decrease in hours worked. APAC revenue represented 7% of total Company revenue in the first six months of 2012 and 8% in the first six months of 2011.

The change in the APAC gross profit rate also reflects the decision to exit low-margin Commercial customers in Australia and India. Fee-based income was slightly down due to slower conversions from more developed countries such as Singapore and Malaysia, partially offset by growth in China.

OCG - June Year to Date
(Dollars in millions)

	2012	2011	Change	CC Change
Revenue from services	$ 178.1	$ 142.2	25.2%	26.2%
Fee-based income	24.4	18.2	34.4	36.7
Gross profit	46.8	36.0	29.7	31.5
Total SG&A expenses	45.4	39.2	15.6	17.4
Earnings from operations	1.4	(3.2)	NM	
Gross profit rate	26.3%	25.4%	0.9 pts.	
Expense rates:				
% of revenue	25.5	27.6	(2.1)	
% of gross profit	97.1	109.0	(11.9)	
Operating margin	0.7	(2.3)	3.0	

Revenue from services in the OCG segment for the first six months of 2012 increased in the Americas, EMEA and APAC regions, due primarily to growth in our BPO, PPO, RPO and CWO practices. This growth is due to both new programs in these practice areas as well as the continued expansion of existing programs. OCG revenue represented 7% of total Company revenue in the first six months of 2012 and 5% in the first six months of 2011.

The OCG gross profit rate increased primarily due to improved mix, as volume increased in the higher margin BPO, RPO and CWO practice areas. The increase in SG&A expenses is primarily the result of support costs associated with new customer programs, as well as increased volumes on existing programs in our BPO and CWO practice areas.

Financial Condition

Historically, we have financed our operations through cash generated by operating activities and access to credit markets. Our working capital requirements are primarily generated from temporary employee payroll and customer accounts receivable. Since receipts from customers generally lag payroll to temporary employees, working capital requirements increase substantially in periods of growth. Conversely, when economic activity slows, working capital requirements may substantially decrease. As highlighted in the consolidated statements of cash flows, our liquidity and available capital resources are impacted by four key components: cash and equivalents, operating activities, investing activities and financing activities.

Cash and Equivalents

Cash and equivalents totaled $65 million at the end of the second quarter of 2012 and $81 million at year-end 2011. As further described below, we generated $6 million in cash from operating activities, used $10 million of cash for investing activities and used $12 million of cash for financing activities.

Operating Activities

In the first six months of 2012, we generated $6 million in cash from operating activities, as compared to using $7 million in the six months of 2011. The increase in cash generated was due to improved operating results in 2012, combined with slowing year-to-date growth in trade accounts receivable.

Trade accounts receivable totaled $985 million at the end of the first six months of 2012. Global days sales outstanding were 53 days at the end of the first six months of 2012, compared to 52 days at the end of the first six months of 2011.

Our working capital position was $443 million at the end of the first six months of 2012, an increase of $26 million from year-end 2011. The current ratio was 1.6 at the end of the first six months of 2012 and 2011.

Investing Activities

In the first six months of 2012, we used $10 million of cash for investing activities, compared to $5 million in the first six months of 2011. Capital expenditures in both years relate primarily to the Company's information technology programs, including costs for the implementation of the PeopleSoft payroll, billing and accounts receivable project.

Financing Activities

In the first six months of 2012, we used $12 million of cash for financing activities, compared to generating $8 million in the first six months of 2011. Debt totaled $89 million at the end of the second quarter of 2012 and $96 million at year-end 2011. Debt-to-total capital (total debt reported on the balance sheet divided by total debt plus stockholders' equity) is a common ratio to measure the relative capital structure and leverage of the Company. Our ratio of debt-to-total capital was 11.1% at the end of the second quarter of 2012 and 12.5% at year-end 2011.

The net change in short-term borrowings in the first six months of 2012 was due to payments on our U.S. and Brazilian revolving credit facilities totaling $12 million, partially offset by additional borrowings of $4 million on our securitization facility. The net change in short-term borrowings in the first six months of 2011 was primarily due to borrowings on our securitization facility of $57 million. During the first six months of 2011, we repaid term debt of $63 million.

During the first six months of 2012, we made dividend payments of $4 million.

New Accounting Pronouncements

None.

Contractual Obligations and Commercial Commitments

The Company files income tax returns in the U.S. and in various states and foreign countries that are subject to audit by various tax authorities. Our accrual for unrecognized tax benefits and related interest and penalties includes approximately $6 million related to uncertain income tax positions which are reasonably possible to reverse within the next twelve months due to income tax audits, settlements and statute expirations.

There are no other material changes in our obligations and commitments to make future payments from those included in the Company's Annual Report on Form 10-K filed February 16, 2012. We have no material, unrecorded commitments, losses, contingencies or guarantees associated with any related parties or unconsolidated entities**.**

Liquidity

We expect to meet our ongoing short- and long-term cash requirements principally through cash generated from operations, available cash and equivalents, securitization of customer receivables and committed unused credit facilities. Additional funding sources could include public or private bonds, asset-based lending, additional bank facilities, issuance of equity or other sources.

We utilize intercompany loans, dividends, capital contributions and redemptions to effectively manage our cash on a global basis. We periodically review our foreign subsidiaries' cash balances and projected cash needs. As part of those reviews, we may identify cash that we feel should be repatriated to optimize the Company's overall capital structure. At the present time, these reviews have not resulted in any specific plans to repatriate a majority of our international cash balances. We expect much of our international cash will be needed to fund working capital growth in our local operations. The majority of our international cash is concentrated in a cash pooling arrangement (the "Cash Pool") and is available to fund general corporate needs internationally. The Cash Pool is a set of cash accounts maintained with a single bank that must, as a whole, maintain at least a zero balance; individual accounts may be positive or negative. This allows countries with excess cash to invest and countries with cash needs to utilize the excess cash.

We manage our cash and debt very closely to optimize our capital structure. As our cash balances build, we tend to pay down debt as appropriate. Conversely, when working capital needs grow, we tend to use corporate cash and cash available in the Cash Pool first, and then access our borrowing facilities.

At the 2012 second quarter end, we had $150 million of available capacity on our $150 million revolving credit facility and $6 million of available capacity on our $150 million securitization facility. The securitization facility carried $88 million of short-term borrowings and $56 million of standby letters of credit related to workers' compensation. Together, the revolving credit and securitization facilities provide the Company with committed funding capacity that may be used for general corporate purposes. While we believe these facilities will cover our working capital needs over the short term, if economic conditions or operating results change significantly, we may need to seek additional sources of funds. As of the 2012 second quarter end, we met the debt covenants related to our revolving credit facility and securitization facility.

We monitor the credit ratings of our major banking partners on a regular basis. We also have regular discussions with them. Based on our reviews and communications, we believe the risk of one or more of our banks not being able to honor commitments is insignificant. We also review the ratings and holdings of our money market funds and other investment vehicles regularly to ensure high credit quality and access to our invested cash.

As of the 2012 second quarter end, we had no holdings of sovereign debt in Italy, Portugal, Ireland, Spain or Greece. Our investment policy requires our international affiliates to contribute any excess cash balances to the Cash Pool. We then manage this as counterparty exposure and distribute the risk among our Cash Pool provider and other banks we may designate from time to time.

As of the 2012 second quarter end, our total exposure to European receivables from our customers was $276 million, which represents 28% of total trade accounts receivable, net. The percentage of trade accounts receivable over 90 days past due for Europe was consistent with our global experience. Net trade accounts receivable for Italy, Portugal and Ireland, specific countries currently experiencing economic volatility, totaled $42 million as of the 2012 second quarter end, and we have not experienced a significant deterioration in these amounts during the second quarter of 2012.

Forward-Looking Statements

Certain statements contained in this report are "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements which are predictive in nature, which depend upon or refer to future events or conditions, or which include words such as "expects," "anticipates," "intends," “plans," "believes," “estimates," or variations or negatives thereof or by similar or comparable words or phrases. In addition, any statements concerning future financial performance (including future revenues, earnings or growth rates), ongoing business strategies or prospects, and possible future actions by us that may be provided by management, including oral statements or other written materials released to the public, are also forward-looking statements. Forward-looking statements are based on current expectations and projections about future events and are subject to risks, uncertainties, and assumptions about our company and economic and market factors in the countries in which we do business, among other things. These statements are not guarantees of future performance, and we have no specific intention to update these statements.

Actual events and results may differ materially from those expressed or forecasted in forward-looking statements due to a number of factors. The principal important risk factors that could cause our actual performance and future events and actions to differ materially from such forward-looking statements include, but are not limited to, competitive market pressures including pricing, changing market and economic conditions, our ability to achieve our business strategy, including our ability to successfully expand into new markets and service lines, material changes in demand from or loss of large corporate customers, impairment charges triggered by adverse industry or market developments, unexpected termination of customer contracts, availability of temporary workers with appropriate skills required by customers, liabilities for employment-related claims and losses, including class action lawsuits and collective actions, liability for improper disclosure of sensitive or private employee information, unexpected changes in claim trends on workers' compensation and benefit plans, our ability to maintain specified financial covenants in our bank facilities, our ability to access credit markets and continued availability of financing for funding working capital, our ability to sustain critical business applications through our key data centers, our ability to effectively implement and manage our information technology programs, our ability to retain the services of our senior management, local management and field personnel, the impact of changes in laws and regulations (including federal, state and international tax laws and the expiration of the U.S. work opportunity credit program), the net financial impact of the Patient Protection and Affordable Care Act on our business, and risks associated with conducting business in foreign countries, including foreign currency fluctuations. Certain risk factors are discussed more fully under “Risk Factors” in Part I, Item 1A of the Company's Annual Report on Form 10-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to foreign currency risk primarily due to our net investment in foreign subsidiaries, which conduct business in their local currencies. We may also utilize local currency-denominated borrowings.

In addition, we are exposed to interest rate risks through our use of the multi-currency line of credit and other borrowings. A hypothetical fluctuation of 10% of market interest rates would not have had a material impact on 2012 second quarter earnings.

Marketable equity investments, representing our investment in Temp Holdings, are stated at fair value and marked to market through stockholders' equity, net of tax. Impairments in value below historical cost, if any, deemed to be other than temporary, would be expensed in the consolidated statement of earnings. See the Fair Value Measurements footnote in the Notes to Consolidated Financial Statements of this Quarterly Report on Form 10-Q for further discussion.

We are exposed to market risk as a result of our obligation to pay benefits under our nonqualified deferred compensation plan and our related investments in company-owned variable universal life insurance policies. The obligation to employees increases and decreases based on movements in the equity and debt markets. The investments in mutual funds, as part of the company-owned variable universal life insurance policies, are designed to mitigate, but not eliminate, this risk with offsetting gains and losses.

Overall, our holdings and positions in market risk-sensitive instruments do not subject us to material risk.

Item 4. Controls and Procedures.

Based on their evaluation as of the end of the period covered by this Form 10-Q, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")) are effective.

During the fourth quarter of 2011, the Company acquired the stock of Tradição Planejamento e Tecnologia de Serviços S.A. and Tradição Tecnologia e Serviços Ltda. (collectively, "Tradição"). As a result of the acquisition, the Company is in the process of reviewing the internal control structure of Tradição and, if necessary, will make appropriate changes as the Company incorporates its controls and procedures into the acquired business.

There were no changes in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

The Company is continuously engaged in litigation arising in the ordinary course of its business, typically matters alleging employment discrimination, alleging wage and hour violations or enforcing the restrictive covenants in the Company's employment agreements. There is no expectation that any of these matters will have a material adverse effect on the Company's results of operations, financial position or cash flows. However, litigation is always subject to inherent uncertainty and the Company is not able to reasonably predict if any matter will be resolved in a manner that is materially adverse to the Company.

Item 1A. Risk Factors.

There have been no material changes in the Company's risk factors disclosed in Part I, Item 1A of the Company's Annual Report filed on Form 10-K for year ended January 1, 2012.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

(a) Sales of Equity Securities Not Registered Under the Securities Exchange Act of 1933

None.

(c) Issuer Repurchases of Equity Securities

Period	Total Number of Shares (or Units) Purchased	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) That May Yet Be Purchased Under the Plans or Programs (in millions of dollars)
April 2, 2012 through May 6, 2012	-	$ -	-	$ -
May 7, 2012 through June 3, 2012	21,478	11.61	-	$ -
June 4, 2012 through July 1, 2012	37,835	12.91	-	$ -
Total	59,313	$ 12.44	-	

We may reacquire shares sold to cover taxes due upon the vesting of restricted stock held by employees. Accordingly, 59,313 shares were reacquired in transactions during the quarter.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 6. Exhibits.

See Index to Exhibits required by Item 601, Regulation S-K, set forth on page 30 of this filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	KELLY SERVICES, INC.
Date: August 8, 2012	/s/ Patricia Little
	Patricia Little
	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
Date: August 8, 2012	/s/ Michael E. Debs
	Michael E. Debs
	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)

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

Exhibit No.	Description
10.2	Kelly Services, Inc. Equity Incentive Plan, as amended and restated on December 31, 2011.
31.1	Certification Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act, as amended.
31.2	Certification Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act, as amended.
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

Exhibit 10.2

KELLY SERVICES, INC.
EQUITY INCENTIVE PLAN
(As Amended and Restated December 31, 2011)

Section 1 — Purposes

This KELLY SERVICES, INC. EQUITY INCENTIVE PLAN (the "Plan") provides for long-term incentive stock-related or other performance-related compensation to selected key employees of the Company or an Affiliated Entity for their contributions to the Company's growth and profitability. Such compensation is intended to help the Company attract and retain superior employees, and it gives those employees shared financial interests with the Company's stockholders that are believed to positively affect their job performance.

Section 2 — Definitions and Rules of Construction

(a) The terms in quotation marks below have the following meanings under the Plan:

"Additional Shares" means immediately vested shares of Company Stock awarded pursuant to Section 9A(c) of the Plan.

"Affiliated Entity" means a corporation, partnership or other business enterprise in which the Company directly or indirectly has a significant equity interest under United States generally accepted accounting principles.

"Award" means a Restricted Award, Performance Award, Other Stock-Based Award, award of Additional Shares, Option, SAR, or Foreign Award granted under the Plan.

"Board" means the Board of Directors of the Company.

"Cause" means the occurrence of any one or more of the following:

(i) The grantee's failure to perform his or her duties, provided that to the extent such failure is reasonably susceptible to cure, such failure is not cured within a reasonable period of time after notice;

(ii) The grantee's gross negligence or willful engagement in conduct that is demonstrably and materially injurious to the Company, monetarily or otherwise;

(iii) The grantee's conviction of, or plea of guilty or nolo contendere, to any felony or to any other crime which involves the personal enrichment of the grantee at the expense of the Company; and

(iv) The grantee's material breach of the Company's Code of Business Conduct and Ethics.

"Code" means the Internal Revenue Code of 1986, as amended.

"Committee" means the Compensation Committee of the Board or any other committee designated by the Board to administer this Plan. The Committee shall be comprised of two or more "non-employee directors" within the meaning of Rule 16b-3 of the Securities and Exchange Commission. Further, to the extent that the Company determines it desirable to qualify Awards granted hereunder as "qualified performance-based compensation" within the meaning of Section 162(m), the Committee shall be comprised solely of two or more "outside directors" within the meaning of Section 162(m).

"Company" means Kelly Services, Inc.

"Company Stock" means the Class A Common Stock, $1.00 par value, of the Company.

"Disability" means the total and permanent inability of an Employee by reason of sickness or injury to perform the material duties of such Employee's regular occupation with his or her Employer where such inability has existed for at least six continuous months.

"Employee" means an employee of the Company or an Affiliated Entity.

"Employer" means the Company or the Affiliated Entity which employs an Employee.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Fair Market Value" means, for any given date, the closing market price for a share of Company Stock as a Nasdaq Stock Market LLC security reported by the National Association of Securities Dealers, Inc. Automated Quotation System ("Nasdaq") for that date (or if no such prices are so reported for such date, for the latest preceding date on which such sale prices were so reported). If the Fair Market Value for a given date cannot be determined by reference to Nasdaq, it shall be determined by the reasonable application of a reasonable valuation method that satisfies the requirements of Treasury Regulation Section 1.409A-1(b)(iv)(B).

"Foreign Award" means an award granted pursuant to Section 10 of the Plan.

"Incentive Stock Option" or "ISO" means an Option that meets the requirements of Section 422 of the Code (or any successor provision) and that is identified as intended to be an ISO in the written agreement evidencing the Option.

"Named Executive Officer" means, for purposes of Section 9B, an Employee who is the chief executive officer or among the three highest compensated officers (other than the chief executive officer or the chief financial officer) of the Company for any given fiscal year, whose compensation is subject to disclosure under Exchange Act rules, and who is a Section 16 Reporting Person, and any other Employee of the Company who is included in the definition of "covered employee" for purposes of Section 162(m) of the Code pursuant to Treasury Regulations or other Internal Revenue Service guidance.

"Nonqualified Stock Option" or "NQSO" means an Option that is not an ISO.

"Option" means an Option to purchase Company Stock granted pursuant to Section 6 of the Plan.

"Other Performance Award" means a cash-denominated Award granted under Section 9A or 9B of the Plan which, until vested, is subject to forfeiture.

"Over-10% Owner" means an owner of over 10% of the total combined outstanding voting power of all classes of capital stock of the Company.

"Performance Award" means an award of Performance Shares, Performance Share Units or Other Performance Award.

"Performance Shares" and "Performance Share Units" mean, respectively, shares of Company Stock and Share Units granted under Section 9A or 9B of the Plan which, until vested, are subject to forfeiture.

"Restoration Option" means an Option granted under, and subject to the conditions set forth in, Section 6(f) of the Plan.

"Restricted Award" means an award of Restricted Shares or Restricted Share Units.

"Restricted Shares" and "Restricted Share Units" mean, respectively, shares of Company Stock and Share Units granted under Section 8 of the Plan which, until vested, are subject to forfeiture.

"Rule 16b-3" means Securities and Exchange Commission Rule 16b-3, as amended.

"Section 16 Reporting Person" means a person required by Section 16 of the Exchange Act and related rules to file reports concerning such person's ownership of and transactions in Company equity securities.

"Section 162(m)" means Section 162(m) of the Code (or any successor), together with the related U.S. Department of Treasury regulations.

"Share Unit" means a unit available for award under the Plan which: (1) upon vesting or payout, shall entitle the holder to receive from the Company for each Share Unit vested or paid, a share of Company Stock, and (2) until settled after vesting, or until forfeited, shall entitle the holder to be paid by the Company the equivalent of any cash dividend paid on Company Stock to which the holder would have been entitled if, on the date of grant of such Share Unit, the grantee of the Share Unit had instead been granted a Restricted Share or Performance Share.

"Stock Appreciation Right" or "SAR" means a right granted pursuant to Section 7 of the Plan which, upon exercise, shall entitle the holder to receive from the Company the Fair Market Value of a share of Company Stock on the exercise date minus the Fair Market Value of such a share on the date of grant.

(b) References in this Plan to the "issuance" of shares, to shares "issued" or "issuable," and the like, include transfers of treasury shares as well as new issuances of authorized but previously unissued shares.

Section 3 — Administration

(a) *General.* The Plan shall be administered by the Committee, subject to the express limitations set forth in the Plan. The Committee may, by majority vote, grant Awards and determine the type, amount and other terms and conditions of each Award. The Committee shall have authority to prescribe the forms of written agreements to evidence Awards, to interpret the Plan and the provisions of such agreements, to adopt administrative rules and procedures concerning administration of the Plan and to take such other action as it determines to be necessary, advisable, appropriate or convenient for the administration of the Plan in accordance with its purposes, including certifying whether any performance measures have been met.

The Committee may delegate to the chief executive officer of the Company, if also a director, some or all of its authority to grant Awards under the Plan to Employees who are not Section 16 Reporting Persons or Senior Vice Presidents or officers of higher rank, in which case actions taken by the chief executive officer pursuant to such delegated authority shall have the same effect as if taken by the Committee. The chief executive officer shall periodically notify the Committee of any grants made pursuant to such delegation of authority.

The Committee may delegate performance of recordkeeping and other ministerial functions concerning the Plan and its day-to-day operations to such persons as it may specify from time to time.

(b) *Repricing.* Absent stockholder approval, neither the Committee nor the Board shall approve a program providing for either (i) the cancellation of outstanding Options and/or SARs and the grant in substitution therefore of new Options and/or SARs having a lower exercise price or (ii) the amendment of outstanding Options and/or SARs to reduce the exercise price thereof. This paragraph shall not be construed to apply to "issuing or assuming a stock option in a transaction to which section 424(a) applies," within the meaning of Code Section 424.

(c) *Interpretation and Construction*. If an Award is intended to qualify performance-based compensation under Section 162(m), any provision of the Plan that would prevent such Award from so qualifying shall be administered, interpreted and construed to carry out such intention and any provision that cannot be so administered, interpreted and construed shall to that extent be disregarded.

Section 4 — Eligibility for Awards; No Requirement of Uniformity

Any type of Award may be granted to any Employee at any time, except that Foreign Awards may be granted only as permitted under Section 10 of the Plan. The type, amount, timing and other terms and conditions of Awards made to a grantee need not be uniform, comparable or proportionate among grantees.

Section 5 — Maximum Number of Shares; Other Award Limits

(a) *Maximum Number of Shares.* For purposes of this section, "Affected Shares" are shares of Company Stock that have been issued as Restricted Shares or Units, Performance Awards, Additional Shares or similar Foreign Awards or that have been made subject to future issuance in settlement of Options (whether or not with related SARs), Share Units or Foreign Awards. For a given date, the "Adjustment Period" comprises the Company's current fiscal year to date, plus its four immediately preceding fiscal years.

The total number of Affected Shares shall never exceed 10% of the number of outstanding shares of Company Stock (exclusive of treasury shares) at the end of the immediately preceding Company fiscal year (rounded downward, if necessary to eliminate fractional shares)

(i) minus the sum, for the Adjustment Period, of the numbers of:

(A) Shares awarded as Restricted Shares or Performance Awards

(B) Share Units awarded

(C) Shares made subject to Option grants (including Restoration Options)

(D) Shares issued or granted for future issuance as Foreign Awards.

(ii) plus the sum, for the Adjustment Period, of the numbers of:

(A) Shares as to which Options have expired or terminated for any reason other than exercise of such Options or of related Tandem SARs

(B) Shares as to which Restricted Awards and Performance Awards have been both granted and forfeited

(C) Shares transferred to the Company (actually or constructively) to satisfy the exercise price of outstanding Options.

Stock options, SARs and other equity-based awards assumed by the Company in a merger or acquisition of another company shall not count against the shares available for Award under the Plan.

(b) *ISO Award Limits.* The number of shares covered by outstanding ISOs plus the number of shares issued in settlement of exercised ISOs under this Plan may not exceed 4,000,000 shares.

(c) *Options, SARs, Restricted Awards, Performance Awards and Other Stock-Based Awards.* The number of shares of Company Stock subject to an Option, SAR, Restricted Award, Performance Award or Other Stock-Based Award shall be specified at the time of grant. Subject to the limits on Award amounts set forth in Section 5(b) above, this Section 5(c) and any adjustment under Section 14 of the Plan: (i) the maximum number of shares of Company Stock that may be granted as Options (whether or not in tandem with SARs) during any consecutive five calendar years to any single Employee shall be 750,000; (ii) the maximum number of shares of Company Stock that may be granted in connection with stand-alone SARs during any consecutive five calendar years to any single Employee shall be 750,000; (iii) the maximum number of shares of Company Stock that may be granted in connection with Other Stock-Based Awards during any consecutive five calendar years to any single Employee shall be 750,000; (iv) the maximum number of shares of Company Stock subject to Restricted Awards that may be granted to any single Employee with respect to a single performance period during any consecutive five calendar years to any single Employee shall be 750,000; and (v) the maximum number of shares of Company Stock subject to Performance Shares and/or Performance Share Units that may be granted to any single Employee with respect to a single performance period is 100,000.

(d) *Cash Denominated Award Limits.* The maximum amount of an Other Performance Award payable with respect to any single Employee shall be $500,000 multiplied by the number of years included in any applicable performance period(s) (and any applicable fraction for any portion of a performance period of less than one year) relating to such Awards.

Section 6 — Options

(a) *Incentive Stock Options and Nonqualified Stock Options.* At the time of the grant of an Option, the Committee shall specify whether it is intended to be an Incentive Stock Option or a Nonqualified Stock Option, and the agreement evidencing such Option shall designate the Option accordingly. However, notwithstanding such designation, to the extent that the aggregate Fair Market Value of the shares with respect to which ISOs are exercisable for the first time by the grantee during any calendar year exceeds $100,000 (or such other amount as permitted by Code Section 422(d)) such Options shall be treated as Nonqualified Stock Options. For purposes of this Section 6(a), ISOs shall be taken into account in the order in which they were granted. The Committee may prescribe such terms and conditions for an ISO grant, other than those specified in the Plan, as it deems desirable to qualify the Option as an incentive stock option under the Code. If an Option (or any portion thereof) intended by the Committee to be an ISO fails to qualify as an ISO, either at the time of grant or subsequently, such failure to qualify shall not invalidate the Option (or such portion), and instead the nonqualified portion (or, if necessary, the entire Option) shall be deemed to have been granted as a Nonqualified Stock Option regardless of its designation in the grant and in the Option agreement.

(b) *Exercisability.* The time at which any portion of an Option first becomes exercisable (which may be at or after the date of grant) and the latest date on which the Option may be exercised (the "expiration date") shall be as specified at the time of grant. However, the expiration date for any ISO granted to an Over-10% Owner may be no later than five years after the grant, and the expiration date for any other Option may be no later than ten years after the date of grant. The Committee may, in its discretion, accelerate the exercisability of any portion of an Option or provide for automatic acceleration of exercisability of any portion of an Option upon the occurrence of such events as it may specify, such as upon the death or Disability of a grantee. However, no acceleration of exercisability of any portion of an ISO shall be effective without the consent of the Option holder if such acceleration would cause the ISO or any other ISO of such holder (or any portion thereof) to become a Nonqualified Stock Option. During the lifetime of the grantee of an Option, the Option may be exercised only by the grantee or the grantee's legal representative.

(c) *Exercise Price.* Unless a higher price is specified at the time of grant, the per share exercise price of each Option shall be the Fair Market Value of a share of Company Stock on the date of grant, except that the per share exercise price of any ISO granted to an Over-10% Owner shall be at least 110% of such Fair Market Value on the grant date.

(d) *Exercise Procedures and Payment.* The holder of an exercisable Option (or Option portion) may exercise it in whole or in part by complying with such procedures for exercise as are then in effect and tendering payment in full of the aggregate exercise price for the number of shares in respect of which the Option is then being exercised. Except to the extent further restricted or limited at the time of grant, payment may be made (1) entirely in cash, (2) by delivery of whole shares of Company Stock owned by the Option holder for more than six months on the date of surrender, (3) pursuant to a cashless exercise program implemented by the Company in connection with the Plan or (4) by any combination of the foregoing methods of payment. Any shares delivered in payment shall be valued at their Fair Market Value on the date of delivery.

(e) *Effect of Employment Termination.* The Committee shall determine the disposition of the grant of each Option in the event of the disability, death or other termination of employment of an Employee.

(f) *Restoration Options.* Subject to the provisions below, the Committee may provide that an Option shall also carry with it a right to receive another Option (a "Restoration Option") in certain circumstances. A Restoration Option may be created at the time of grant of an Option (for purposes of this paragraph, an "original Option") that is not itself a Restoration Option at the time a Restoration Option arises (so as to provide a subsequent Restoration Option to it), or at any other time while the grantee continues to be eligible for Awards and the original or Restoration Option (the "prior Option") is outstanding. In addition to any other terms and conditions (including additional limitations on exercisability) that the Committee deems appropriate, each Restoration Option shall be subject to the following:

(i) A Restoration Option may arise only if, earlier than six months before the expiration date of the prior Option, the grantee exercises the prior Option (or a portion thereof) while still an Employee and pays all or some of the relevant exercise price in shares of Company Stock that have been owned by the grantee for at least six months prior to exercise

(ii) The number of shares subject to the Restoration Option shall be the number of whole shares delivered in exercise of the prior Option, except that the number will be reduced to the extent necessary for the Plan to comply with the limitations imposed by Section 5 of the Plan

(iii) The Restoration Option shall arise and be granted (if ever) at the time of payment of the relevant exercise price in respect of the prior Option

(iv) The per share exercise price of the Restoration Option shall be the Fair Market Value of a share of Company Stock on the date the Restoration Option arises

(v) The expiration date of the Restoration Option shall be the same as that of the prior Option

(vi) The Restoration Option shall first become exercisable six months after it arises

(vii) The Restoration Option shall be a Nonqualified Stock Option.

Section 7 — Stock Appreciation Rights

(a) *Types of SARs Authorized.* SARs may be granted in tandem with all or any portion of a related Option (a "Tandem SAR") or may be granted independently of any Option (a "Stand-Alone SAR"). A Tandem SAR may be granted either concurrently with the grant of the related Option or at any time thereafter prior to the complete exercise, termination, expiration or cancellation of such related Option.

(b) *Exercise Price.* The exercise price for each SAR shall be established in the discretion of the Committee; provided, however, that (i) the exercise price per share subject to a Tandem SAR shall be the exercise price per share under the related Option (but not less than the Fair Market Value per share of Company Stock on the effective date of grant of the SAR) and (ii) the exercise price per share subject to a Stand-Alone SAR shall not be less than the Fair Market Value of a share of Company Stock on the effective date of grant of the SAR.

(c) *Exercisability and Termination.*

(i) Tandem SARs. Tandem SARs shall be exercisable as follows, subject to such other provisions as the Committee may specify when the Tandem SAR is granted:

(A) The only persons entitled to exercise such SARs shall be the holder of the related Option or such holder's legal representative

(B) The expiration date of such SARs shall be the same as that of the related Option

(C) SARs shall be exercisable if (and only if) and to the extent that the related Option is then exercisable, except that SARs shall not be exercisable by a Section 16 Reporting Person at any time within six months after the date on which the SARs were granted even if the related Option is then exercisable

(D) Exercise of SARs shall automatically terminate the related Option with respect to the same number of shares as the number of SARs being exercised

(E) Exercise, cancellation or termination of an Option shall automatically terminate the same number of related SARs as the number of shares with respect to which the Option is being exercised, canceled or terminated

(F) Tandem SARs related to an Incentive Stock Option shall be exercisable only when the then Fair Market Value of a share of Company Stock exceeds the exercise price of the Incentive Stock Option.

(ii) Stand-Alone SARs. Stand-Alone SARs shall be exercisable at such time or times, or upon such event or events, and subject to such terms, conditions, performance criteria and restrictions as shall be determined by the Committee and set forth in the Award agreement evidencing such SAR; provided, however, that no Stand-Alone SAR shall be exercisable after the expiration of ten (10) years after the effective date of grant of such SAR.

(d) *Exercise Procedures and Settlement Elections.* Exercisable SARs may be exercised at any time in accordance with such exercise procedures as are then in effect. Except to the extent further restricted at the time of grant, at or prior to exercise of SARs, the holder may elect to have the exercised SARs settled (1) entirely in cash, (2) to the extent possible, in whole shares of Company Stock and the balance in cash, or (3) partially in cash in an amount specified by the holder and the balance in whole shares of Company Stock plus cash in lieu of any fractional share. If no election is made, the SARs shall be settled in any of the foregoing manners as the Committee shall determine. For purposes of settlement, shares of Company Stock shall be valued at their Fair Market Value as of the settlement date.

(e) *Effect of Termination of Employment.* A SAR shall be exercisable after a grantee's termination of employment to the extent and during such period as determined by the Committee, in its discretion, and as set forth in the Award agreement evidencing such SAR.

Section 8 — Restricted Awards

(a) *General.* Awards of Restricted Shares are awards of actual Company Stock, while Awards of Restricted Share Units are awards that may consist of Company Stock, cash equivalents of Company Stock, or a combination of both. The restrictions that may be imposed relate to possession, vesting and conditions to vesting, payment of dividends and potential forfeiture.

(b) *Restriction Period.* At the time of grant of a Restricted Award, the Committee shall establish a period of no less than twelve months with respect to such Restricted Award, which period (the "restriction period") shall commence on the date of grant. The Committee may provide for such restriction period to lapse in installments. The Committee may impose such restrictions or conditions to the vesting of a Restricted Award as it, in its sole discretion, deems appropriate. By way of example and not by way of limitation, the Committee may require, as a condition to the vesting of any Restricted Award, that the grantee or the Company achieves such performance goals as the Committee may specify. If a Restricted Award is intended to qualify as "qualified performance-based compensation" under Code Section 162(m), all requirements set forth in Section 9B that otherwise apply to Performance Awards must also be satisfied with respect to such Restricted Award in order for a grantee to be entitled to payment.

(c) *Vesting and Forfeiture.* If the grantee of a Restricted Award remains an Employee throughout the applicable restriction period, and any other conditions imposed by the Committee are satisfied, the entire Restricted Award shall become fully vested and no longer subject to forfeiture at the end of the restriction period. If the grantee ceases to be an Employee during the restriction period due to death or Disability, the Award shall be vested in proportion to the then elapsed portion of the restriction period, and the remainder of such Award shall be forfeited, unless the Committee determines to waive such forfeiture in whole or in part, and vest those Shares or Units. If the grantee otherwise ceases to be an Employee during the restriction period, the Committee shall determine the disposition of the Award.

(d) *Restricted Share Certificates and Dividends or Distributions.* Restricted Shares shall be issued to the grantee as promptly as practicable after the grant, but the certificates representing such Restricted Shares shall bear an appropriate legend and shall be held by the Company. Non-cash dividends or other distributions upon Restricted Shares shall be retained and held by the Company, pending vesting or forfeiture of the Restricted Shares. Such retained non-cash dividends and other distributions shall be vested or forfeited, as the case may be, upon the vesting or forfeiture of such Restricted Shares. Non-cash dividends and other distributions that vest shall be distributed to the grantee of the Restricted Shares as promptly as practicable after the vesting date. The grantee of Restricted Shares shall be entitled to receive any cash dividends paid with respect to such Shares during the restriction period.

(e) *Settlement of Restricted Share Units.* An Award of Restricted Share Units that vests shall be settled in cash, whole shares of Company Stock (valued at Fair Market Value as of the settlement date), or a combination thereof, as the Committee shall determine. The mode of settlement shall not violate the Plan's limitations on available shares or any limitations imposed by the Committee at the time of grant of the Award or at any other time while the Award is unvested and the grantee is still an Employee. Restricted Share Units that vest shall be settled in full as soon as practicable after the vesting date, and no later than two and one-half months after the calendar year in which vesting occurs.

Section 9A — Performance Awards and Additional Shares in General

(a) *Performance Period and Goals.* At the time of grant of a Performance Award, the Committee shall establish a performance period with respect to such Performance Award of not less than one year nor more than five years. If the Award is granted during the first fiscal quarter of the Company's fiscal year, the performance period will commence on the first day of that fiscal year. Otherwise, the performance period will commence on the date of grant. At the time of grant of the Performance Award, the Committee shall also establish one or more business performance goals for the performance period and, if it establishes more than one, the weight to be given each such goal (collectively, "performance goals"). The initial performance goals with respect to a Performance Award may be modified or adjusted during the performance period in light of previously unforeseen transactions, events or circumstances occurring after the initial performance goals are established. All performance goals shall be subject to the approval of the Board. With respect to Other Performance Awards, the Committee shall have no obligation whatsoever to set performance goals for any three year period other than 2012-2014.

(b) *Performance Assessment, Vesting and Forfeiture.* As soon as practicable after the end of the performance period for a Performance Award, the Committee shall determine the extent to which the performance goals for that Award were attained. Subject to the terms of any applicable award agreement (which terms shall govern), if the grantee of a Performance Award remains an Employee throughout the applicable performance period, and any other conditions imposed by the Committee are satisfied, the Performance Award (or any applicable portion thereof based on the extent the performance-goals are satisfied) shall become vested according to its terms and no longer subject to forfeiture at the end of the performance period. If the grantee ceases to be an Employee during the performance period due to his or her death, Disability or termination by the Company without Cause, at the end of the performance period the grantee shall be entitled to receive a pro-rata portion of the portion of the Performance Award that would have otherwise vested if his or her employment had continued until the end of such performance period, based on the portion of the performance period that the grantee was employed by the Company, and the remainder of such Performance Award shall be forfeited, unless the Committee determines to waive such forfeiture in whole or in part; provided, however, that in the event of a termination by the Company without Cause, the Committee has no such discretion to waive such forfeiture if the grantee is a Named Executive Officer or an individual that the Committee reasonably believes may become a Named Executive Officer and designates the Performance Award as subject to Section 162(m)'s requirements (a "Prospective NEO"). If a grantee who is not a Named Executive Officer otherwise ceases to be an Employee during the performance period for any reason other than death, Disability or termination by the Company without Cause, the Committee shall determine the disposition of the Performance Award. If a grantee who is a Named Executive Officer otherwise ceases to be an Employee during the performance period for any reason other than death, Disability or termination by the Company without Cause, the Performance Award will be forfeited in its entirety. Performance Awards that vest shall be settled in full as soon as practicable after the vesting date, and no later than two and one-half months after the calendar year in which vesting occurs.

(c) *Additional Shares.* At the end of the performance period, the Committee may recommend a grant of Additional Shares to the grantee of a Performance Award that is settled in Company Stock if the grantee is then an Employee and is not a Named Executive Officer, and the Committee determines that satisfaction of the performance goals so warrants. Additional Shares awarded to a grantee shall be immediately vested and shall be issued to the grantee as soon as practicable after the grant.

(d) *Other Matters.* The provisions of Section 8(d) of the Plan shall also apply to Performance Shares, and the provisions of Section 8(e) shall also apply to Performance Share Units. The Committee may make interim grants of Awards to new Employees in a fair and equitable manner. The Committee may, in its sole discretion, settle any vested and payable Other Performance Award (1) entirely in cash, (2) to the extent possible, in whole shares of Company Stock and the balance in cash, or (3) partially in cash in an amount specified by the Committee and the balance in whole shares of Company Stock. For purposes of settlement, shares of Company Stock shall be valued at their Fair Market Value as of the settlement date.

Section 9B — Performance Awards to Named Executive Officers

(a) *Special Provisions Applicable.* Notwithstanding other provisions of the Plan, the provisions of this Section 9B shall apply to all Performance Awards granted to Named Executive Officers. Such Performance Awards are intended to qualify as “qualified performance-based compensation” that are not subject to the tax deduction limit imposed by Section 162(m). Except as superseded by this Section 9B, all provisions of the Plan applicable to Performance Awards shall also apply to such Performance Awards granted to Named Executive Officers.

(b) *Timing of Grants.* Performance Awards may be granted to Named Executive Officers only during the first quarter of the Company’s fiscal year.

(c) *Performance Objectives and Payout Schedules.* At or prior to the grant of each Performance Award to a Named Executive Officer or Prospective NEO, the Committee shall establish one or more objectively determinable performance goals (which may be annual, cumulative or based on some other portion of the performance period) for the Award relating to one or more or any combination of the following areas of Company or other business unit performance over the relevant performance period.

(i) Earnings (which includes similar measurements such as net profits, operating profits, operating earnings, and net income, and which may be calculated before or after taxes, interest, depreciation, amortization or taxes, as specified at the time of the any Performance Award is granted) or earnings per share of Company Stock;

(ii) Revenues;

(iii) Cash flow;

(iv) Return on revenues, sales, assets or equity;

(v) Customer or employee retention;

(vi) Customer satisfaction;

(vii) Expenses or expense levels;

(viii) One or more operating ratios;

(ix) Stock price;

(x) Market share;

(xi) Capital expenditures;

(xii) Net borrowing, debt leverage levels, credit quality or debt ratings;

(xiii) The accomplishment of mergers, acquisitions, dispositions, public offerings or similar extraordinary business transactions;

(xiv) The Company's Quality Management System;

(xv) Shareholder return;

(xvi) Organizational health/productivity;

(xvii) Sales volume; and/or

(xviii) Brand or product recognition/acceptance

At the same time, the Committee shall establish a payout schedule for the Performance Award, which shall be a predetermined range from zero percent of the Other Performance Award, Performance Shares and/or Performance Share Units constituting the Award (if actual Company results for the period do not at least equal a minimum amount or level specified by the Committee) to 200 percent of such Award (if actual Company results for the performance period at least equal the performance goal(s) established) and shall be structured so as to permit objective determination of payouts over the full range of actual Company results. At the time any Performance Award is granted, the Committee shall specify which (if any) types or categories of extraordinary, unusual, non-recurring, or other items or events shall be excluded or otherwise not fully taken into account when actual Company results relating to such goal(s) are calculated, and the only adjustments in actual Company results which thereafter shall be permissible for purposes of applying the established payout schedule for the Performance Award shall be objectively determinable adjustments for the items or events so specified.

(d) *No Discretion to Increase Awards or Waive Forfeitures.* The Committee may establish other preconditions to payout of a Performance Award to a Named Executive Officer, including preconditions that may call for subjective determinations by the Committee. The otherwise scheduled payout on any Performance Award granted to a Named Executive Officer may be reduced by the Committee to the extent it deems appropriate if, in the Committee's judgment, the Named Executive Officer's individual performance during the performance period has not warranted the scheduled payout. However, for so long as Code Section 162(m) may require, the payout on any Performance Award granted to a Named Executive Officer shall not exceed the payout permissible under the Award's payout schedule, and no Additional Shares or additional cash amount shall be granted to any Named Executive Officer.

(e) *Certification by Committee.* As soon as practicable following the completion of the performance period applicable to a Performance Award, the Committee shall certify in writing the extent to which the applicable performance goals have been attained and the resulting final value of the Award earned by the Named Executive Officer.

Section 10 — Foreign Awards

The Committee may modify the terms of any type of Award described in Sections 6, 7, 8 or 9A of the Plan for grant to an Employee who is subject to tax or similar laws of a country other than the United States and may grant such modified Award, and structure and grant other types of awards related to appreciation in value of Company Stock, to such an Employee, as the Committee determines necessary or advisable in order to provide such grantee with benefits and incentives comparable (to the extent practically possible) to those which would be provided the grantee if the grantee were not subject to such foreign laws. Notwithstanding the foregoing, if the Employee is also subject to Code Section 409A, the modifications of any type of Award described in Sections 6, 7, 8, or 9A of the Plan, or the structure of other types of awards related to appreciation in value of Company Stock may not be made in a manner that would cause non-compliance with Code Section 409A.

Section 11 — Other Stock-Based Awards

The Committee may, in its sole discretion, grant Awards of Company Stock or Awards that are valued in whole or in part by reference to, or are otherwise based on the Fair Market Value of Company Stock ("Other Stock-Based Awards"). Such Other Stock-Based Awards shall be in such form, and dependent on such conditions, as the Committee shall determine including, without limitation, the right to receive one or more shares of Company Stock (or the equivalent cash value of such shares) upon the completion of a specified period of service, the occurrence of an event, the attainment of performance objectives and/or other criteria specified by the Committee. Other Stock-Based Awards may be granted alone or in addition to any other Awards granted under the Plan. Subject to the provisions of the Plan, the Committee shall determine to whom and when Other Stock-Based Awards will be made; the number of shares to be awarded under (or otherwise related to) such Other Stock-Based Awards; whether such Other Stock-Based Awards shall be settled in cash, Company Stock or a combination of cash and Company Stock; and all other terms and conditions of such Awards (including, without limitation, the vesting provisions thereof). If an Other Stock-Based Award is intended to qualify as "qualified performance-based compensation" under Code Section 162(m), all requirements set forth in Section 9B that otherwise apply to Performance Awards must also be satisfied with respect to such Other Stock-Based Award in order for a grantee to be entitled to payment. Other Stock-Based Awards must provide either that they will be paid no later than 2 $^1/2$ months after the end of the calendar year in which they vest or that they will be paid in a lump-sum payment at a specified time, within the meaning of Treasury Regulation Section 1.409A-3(i)(1)(i).

Section 12 — Certain Provisions Generally Applicable to Awards

(a) *Award Agreements.* Each Award (other than any award of Additional Shares and any similar Foreign Award unless the Committee otherwise determines) shall be evidenced by a written agreement setting forth the type, amount and other terms and conditions of such Award, as are not inconsistent with the Plan as the Committee shall have specified with respect to such Award.

(b) *Transfer Restrictions; Potential Forfeiture.* No Option or SAR, no Other Stock-Based Award, no unvested Performance Award or Restricted Award, no Foreign Award similar to any of the foregoing, and none of the rights or privileges conferred by any such Award may be sold, assigned, pledged, hypothecated or otherwise transferred in any manner whatsoever, except that, if the Committee determines that such transfer will not violate any requirements of the Securities and Exchange Commission or the Internal Revenue Service, the Committee may permit an intervivos transfer by gift to or for the benefit of a family member of the grantee. Any attempt to sell, assign, pledge, hypothecate or otherwise transfer any such Award or any of the rights and privileges conferred thereby contrary to the provisions of the Plan shall be void and unenforceable against the Company.

(c) *Overriding Precondition; Potential Forfeiture.* It shall be an overriding precondition to the vesting of each Performance Award, Restricted Award, Other Stock-Based Award, and similar Foreign Award and the exercisability of each Option, SAR and similar Foreign Award: (1) that the grantee of such Award not engage in any activity that, in the opinion of the Committee, is in competition with any activity of the Company or any Affiliated Entity or is otherwise inimical to the best interests of the Company and that has not been approved by the Board or the Committee and (2) that the grantee furnish the Committee with all the information confirming satisfaction of the foregoing condition that the Committee reasonably requests. If the Committee determines that a grantee has engaged in any activity prohibited by the foregoing conditions, all of the grantee's then outstanding Options, SARs and similar Foreign Awards shall immediately be cancelled, and all of the grantee's then unvested Restricted Awards, Performance Awards, Other Stock-Based Awards, and similar Foreign Awards shall immediately be forfeited.

(d) *Tax Withholding; Notice to Company of Certain Actions.* Whenever cash is to be paid pursuant to the settlement of an Award, the Company shall have the right to deduct therefrom an amount sufficient to satisfy any federal, state and local withholding tax requirements related thereto.

The Committee may provide, on request of a grantee, for withholding of otherwise issuable shares upon the grant, exercise, vesting or settlement of Awards or for the tender of other shares of Company Stock owned by such grantee or holder in order to satisfy tax withholding obligations arising in connection with the grant, exercise, vesting or settlement of an Award. If the Committee grants such elections, it may condition, limit or qualify them in any manner it deems appropriate.

If any grantee shall, in connection with the acquisition of shares of Company Stock under the Plan, make the election permitted under Code Section 83(b) (i.e., an election to include in gross income in the year of transfer the amounts specified in Code Section 83(b)), the grantee shall notify the Company of such election within ten days of filing notice with the Internal Revenue Service, in addition to any filing and notification required pursuant to regulations issued under the authority of Code Section 83(b).

(e) *Stockholder Status.* The grantee of an Award, and other persons to whom the Award or the grantee's rights thereunder may pass, shall have no rights or privileges of a holder of shares of Company Stock, in respect of any shares issuable pursuant to or in settlement of such Award, unless and until certificates representing such shares have been issued in their name(s).

Section 13 — No Right to Employment or Award

No person shall have any claim or right to be granted an Award. The grant of an Award shall not confer upon any Employee a right with respect to continued employment by the Company or an Affiliated Entity. Further, the Company and each Affiliated Entity reaffirms its at-will employment relationship with its Employees and expressly reserves the right to dismiss a grantee at any time free from any liability or claim, except as provided under this Plan.

Section 14 — Adjustments upon Changes in Capitalization

In the event of a stock split, stock dividend, reverse stock split, combination of shares or conversion or exchange of voting shares for non-voting shares, the Board shall make a proportionate adjustment to the number and kind of shares available for issuance in the aggregate and to any individual under and pursuant to the Plan (including the settlement of ISOs), the number and kind of shares covered by outstanding Options and the per share exercise price of such Options, the numbers of outstanding SARs and Share Units and the terms of Foreign Awards. In the event of a reorganization or recapitalization, merger, consolidation or similar transaction involving the Company, a rights offering or any other change in the corporate or capital structure of the Company (other than as provided in the immediately preceding sentence), the Board shall make such adjustments as it may deem appropriate in the number and kind of shares available for issuance in the aggregate and to any individual under and pursuant to the Plan (including in settlement of ISOs), the number and kind of shares covered by outstanding Options and the per share exercise price of such Options, the numbers of outstanding SARs and Share Units and the terms of Foreign Awards. Any adjustment with respect to an ISO in connection with a transaction to which Section 424(a) of the Code (or its successor) applies shall be made in accordance therewith unless the Board specifically determines otherwise. Notwithstanding the foregoing, the Board shall not make any adjustment to the number of shares covered by outstanding Options or the per share exercise price of such Options or the number of outstanding SARs that would cause the exercise price to be less than the Fair Market Value of the underlying shares on the date the Option or SAR was granted or cause the number of shares subject to the Option or SAR to be other than fixed on the original date of grant of the Option or SAR.

Section 15 — Duration, Amendment, Suspension and Termination

The Plan shall become effective upon approval by the Board, subject to approval of the stockholders of the Company, and shall continue in effect for a term of ten (10) years unless terminated by the Board. The Board may amend, suspend or terminate any portion or all of the Plan at any time, but no such Board action shall adversely affect the rights of any grantee or other holder of any Award then outstanding or unvested without the consent of such grantee or holder, unless such amendment or termination is necessary to comply with any applicable law, regulation or rule. Notwithstanding the foregoing, the Plan shall not be amended without the approval of the Company's stockholders (a) to increase the maximum aggregate number of shares of Company Stock that may be issued under the Plan (except by operation of Section 14); (b) to change the class of persons eligible to receive Incentive Stock Options; or (c) to make any other amendment that would require approval of the Company's stockholders under any applicable law, regulation or rule.

Section 16 — Miscellaneous Provisions

(a) *Governing Law.* The Plan shall be governed by and construed in accordance with the laws of the State of Delaware applicable to contracts made and to be performed in the State of Delaware.

(b) *Severability.* If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or as to any grantee or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be construed or deemed stricken as to such jurisdiction, grantee or Award, and the remainder of the Plan and any such Award shall remain in full force and effect.

Adopted by the Board of Directors of the Company: February 7, 2005, As Amended November 6, 2006, November 8, 2007, February 18, 2010 and December 31, 2011.

Exhibit 31.1

CERTIFICATIONS

I, Carl T. Camden, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kelly Services, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2012

/s/ Carl T. Camden
Carl T. Camden

President and Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Patricia Little, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kelly Services, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2012

/s/ Patricia Little
Patricia Little

Executive Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Kelly Services, Inc. (the “Company”) on Form 10-Q for the period ended July 1, 2012 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Carl T. Camden, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 8, 2012

/s/ Carl T. Camden
Carl T. Camden

President and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Kelly Services, Inc. and will be retained by Kelly Services, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Kelly Services, Inc. (the “Company”) on Form 10-Q for the period ended July 1, 2012 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Patricia Little, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 8, 2012

/s/ Patricia Little
Patricia Little

Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Kelly Services, Inc. and will be retained by Kelly Services, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.