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

FORM 10-Q

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

For the quarterly period ended March 31, 2002

OR

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

Commission File Number 0-1088

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

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

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

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

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

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

At May 3, 2002, 32,493,680 shares of Class A and 3,482,943 shares of Class B common stock of the Registrant were outstanding.

KELLY SERVICES, INC. AND SUBSIDIARIES

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

KELLY SERVICES, INC. AND SUBSIDIARIES

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

	13 Weeks Ended	
	March 31, 2002	April 1, 2001
Sales of services	$ 1,000,040	$ 1,087,198
Cost of services	841,080	905,824
Gross profit	158,960	181,374
Selling, general and administrative expenses	157,774	173,199
Earnings from operations	1,186	8,175
Interest income (expense), net	141	(175)
Earnings before income taxes	1,327	8,000
Income taxes	531	3,200
Net earnings	$ 796	$ 4,800
Earnings per share:		
Basic	$ .02	$ .13
Diluted	.02	.13
Average shares outstanding (thousands):		
Basic	35,890	35,763
Diluted	36,001	35,915
Dividends per share	$ .10	$ .25

See accompanying Notes to Financial Statements.

KELLY SERVICES, INC. AND SUBSIDIARIES

BALANCE SHEETS
(In thousands of dollars)

ASSETS	March 31, 2002	December 30, 2001
CURRENT ASSETS:	(UNAUDITED)	
Cash and equivalents	$ 84,616	$ 83,461
Short-term investments	575	630
Accounts receivable, less allowances of $12,830 and $12,105, respectively	539,834	539,692
Prepaid expenses and other current assets	26,132	24,950
Deferred taxes	20,833	21,469
Total current assets	671,990	670,202
PROPERTY AND EQUIPMENT:		
Land and buildings	56,619	56,639
Equipment, furniture and leasehold improvements	280,301	275,063
Accumulated depreciation	(129,111)	(119,729)
Total property and equipment	207,809	211,973
NONCURRENT DEFERRED TAXES	31,415	31,415
GOODWILL, NET	73,868	73,643
OTHER ASSETS	53,563	52,148
TOTAL ASSETS	$ 1,038,645	$ 1,039,381

LIABILITIES AND STOCKHOLDERS' EQUITY	March 31, 2002	December 30, 2001
CURRENT LIABILITIES:		
Short-term borrowings	$ 23,702	$ 32,939
Accounts payable	63,742	65,896
Payroll and related taxes	193,913	177,134
Accrued insurance	24,017	24,071
Income and other taxes	44,040	48,149
Total current liabilities	349,414	348,189
NONCURRENT LIABILITIES:		
Accrued insurance	39,185	39,273
Accrued retirement benefits	44,175	44,764
Total noncurrent liabilities	83,360	84,037
STOCKHOLDERS' EQUITY:		
Capital stock, $1.00 par value		
Class A common stock, shares issued 36,609,078 at 2002 and 2001	36,609	36,609
Class B common stock, shares issued 3,506,788 at 2002 and 2001	3,507	3,507
Treasury stock, at cost		
Class A common stock, 4,150,425 shares at 2002 and 4,232,542 shares at 2001	(80,136)	(81,721)
Class B common stock, 15,675 shares at 2002 and 2001	(435)	(435)
Paid-in capital	17,459	17,035
Earnings invested in the business	658,691	661,483
Accumulated foreign currency adjustments	(29,824)	(29,323)
Total stockholders' equity	605,871	607,155
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,038,645	$ 1,039,381

See accompanying Notes to Financial Statements.

KELLY SERVICES, INC. AND SUBSIDIARIES

STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)

(In thousands of dollars)

	13 Weeks Ended	
	March 31, 2002	April 1, 2001
Capital Stock		
Class A common stock		
Balance at beginning of period	$ 36,609	$ 36,609
Conversions from Class B	-	-
Balance at end of period	36,609	36,609
Class B common stock		
Balance at beginning of period	3,507	3,507
Conversions to Class A	-	-
Balance at end of period	3,507	3,507
Treasury Stock		
Class A common stock		
Balance at beginning of period	(81,721)	(84,251)
Exercise of stock options, restricted stock awards and other	1,177	1,346
Treasury stock issued for acquisition	408	407
Balance at end of period	(80,136)	(82,498)
Class B common stock		
Balance at beginning of period	(435)	(371)
Purchase of treasury stock	-	(5)
Balance at end of period	(435)	(376)
Paid-in Capital		
Balance at beginning of period	17,035	16,371
Exercise of stock options, restricted stock awards and other	332	344
Treasury stock issued for acquisition	92	93
Balance at end of period	17,459	16,808
Earnings Invested in the Business		
Balance at beginning of period	661,483	675,388
Net earnings	796	4,800
Dividends	(3,588)	(8,941)
Balance at end of period	658,691	671,247
Accumulated Foreign Currency Adjustments		
Balance at beginning of period	(29,323)	(23,784)
Equity adjustment for foreign currency	(501)	(7,903)
Balance at end of period	(29,824)	(31,687)
Stockholders' Equity at end of period	$ 605,871	$ 613,610
Comprehensive Income		
Net earnings	$ 796	$ 4,800
Other comprehensive income - Foreign currency adjustments	(501)	(7,903)
Comprehensive income (loss)	$ 295	$ (3,103)

See accompanying Notes to Financial Statements.

KELLY SERVICES, INC. AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS
(UNAUDITED)
(In thousands of dollars)

	13 Weeks Ended	
	March 31, 2002	April 1, 2001
Cash flows from operating activities:		
Net earnings	$ 796	$ 4,800
Noncash adjustments:		
Depreciation and amortization	9,982	10,534
(Increase) decrease in accounts receivable, net	(472)	23,094
Changes in operating assets and liabilities	10,992	12,714
Net cash from operating activities	21,298	51,142
Cash flows from investing activities:		
Capital expenditures	(5,847)	(13,849)
(Increase) decrease in other assets	(1,841)	6,268
Proceeds from sales and maturities of short-term investments	260	51
Purchases of short-term investments	(205)	(51)
Acquisition of building	-	(11,783)
Net cash from investing activities	(7,633)	(19,364)
Cash flows from financing activities:		
Decrease in short-term borrowings	(9,237)	(8,379)
Dividend payments	(3,585)	(8,929)
Stock options and other	417	114
Purchase of treasury stock	-	(5)
Net cash from financing activities	(12,405)	(17,199)
Effect of exchange rates on cash and equivalents	(105)	(923)
Net change in cash and equivalents	1,155	13,656
Cash and equivalents at beginning of period	83,461	43,318
Cash and equivalents at end of period	$ 84,616	$ 56,974

See accompanying Notes to Financial Statements.

KELLY SERVICES, INC. AND SUBSIDIARIES

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

1. Basis of Presentation
The accompanying unaudited consolidated financial statements of the Company have been prepared in accordance with Rule 10-01 of Regulation S-X and do not include all the information and notes required by generally accepted accounting principles for complete financial statements. All adjustments, consisting only of normal recurring adjustments, have been made which, in the opinion of management, are necessary for a fair presentation of the results of the interim periods. The results of operations for such interim periods are not necessarily indicative of results of operations for a full year. The unaudited consolidated financial statements should be read in conjunction with the Company's consolidated financial statements and notes thereto for the fiscal year ended December 30, 2001 (the 2001 consolidated financial statements).

2. Segment Disclosures
The Company's reportable segments, which are based on the Company's method of internal reporting, are: (1) U.S. Commercial Staffing, (2) Professional, Technical and Staffing Alternatives (PTSA) and (3) International. The following table presents information about the reported sales and earnings from operations of the Company for the 13-week periods ended March 31, 2002 and April 1, 2001. Segment data presented is net of intersegment revenues. Asset information by reportable segment is not presented, since the Company does not produce such information internally.

	13 Weeks Ended	
	2002	2001
Sales:		
U.S. Commercial Staffing	$ 480,672	$ 548,063
PTSA	272,292	267,645
International	247,076	271,490
Consolidated Total	$ 1,000,040	$ 1,087,198
Earnings from Operations:		
U.S. Commercial Staffing	$ 23,293	$ 31,852
PTSA	11,445	12,362
International	(1,195)	1,577
Corporate	(32,357)	(37,616)
Consolidated Total	$ 1,186	$ 8,175

3. Contingencies
The Company is subject to various legal proceedings, claims and liabilities which arise in the ordinary course of its business. Litigation is subject to many uncertainties, the outcome of individual litigated matters is not predictable with assurance and it is reasonably possible that some of the foregoing matters could be decided unfavorably to the Company. Although the amount of the liability at March 31, 2002 with respect to these matters cannot be ascertained, the Company believes that any resulting liability will not be material to the financial statements of the Company at March 31, 2002.

KELLY SERVICES, INC. AND SUBSIDIARIES

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

4. Earnings Per Share

The reconciliations of earnings per share computations for the 13-week periods ended March 31, 2002 and April 1, 2001 were as follows:

	13 Weeks Ended 2002	2001
Net earnings	$ 796	$ 4,800
Determination of shares (thousands):		
Weighted average common shares outstanding	35,890	35,763
Effect of dilutive securities:		
Stock options	29	50
Restricted and performance awards and other	82	102
Weighted average common shares outstanding - assuming dilution	36,001	35,915
Earnings per share - basic	$ .02	$ .13
Earnings per share - assuming dilution	$ .02	$ .13

KELLY SERVICES, INC. AND SUBSIDIARIES

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

5. Goodwill and Other Intangible Assets - Adoption of Statement 142
Effective for fiscal 2002, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 142, "Goodwill and Other Intangible Assets," and eliminated the amortization of purchased goodwill. The Company also reevaluated intangible assets and determined that their remaining useful lives remained appropriate. At March 31, 2002, the unamortized purchased goodwill balance was approximately $74 million. Impairment tests of goodwill were completed as of December 31, 2001. It was determined that goodwill is not impaired; therefore there was no transitional impairment charge to be recorded. The following table presents net earnings and basic and diluted earnings per share for the quarter ended March 31, 2002 and net earnings and basic and diluted earnings per share for the quarter ended April 1, 2001, as adjusted for the non-amortization provisions of SFAS No. 142.

	13 Weeks Ended 2002	2001
Reported net earnings	$ 796	$ 4,800
Add back: Goodwill amortization, net of tax	-	566
Adjusted net earnings	$ 796	$ 5,366
Basic earnings per share:		
Reported net earnings	$ 0.02	$ 0.13
Goodwill amortization, net of tax	-	0.02
Adjusted net earnings	$ 0.02	$ 0.15
Diluted earnings per share:		
Reported net earnings	$ 0.02	$ 0.13
Goodwill amortization, net of tax	-	0.02
Adjusted net earnings	$ 0.02	$ 0.15

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

Results of Operations:

First Quarter

Sales of services in the first quarter of 2002 were $1.000 billion, a decrease of 8.0% from the same period in 2001. The decrease was a result of a decline in hours worked of 10.4% partially offset by an increase in average hourly bill rates of 1.4%.

The gross profit rate for the first quarter of 2002 averaged 15.9%, a decrease of 0.8 percentage points compared to the 16.7% rate earned for the same period in 2001. The gross profit rates of all three business segments showed decreases in the first quarter of 2002 as compared to last year, primarily due to an ongoing shift in the mix of sales to larger customers, combined with decreases in placement fee income.

Selling, general and administrative expenses expressed as a percentage of sales were 15.8% in the first quarter of 2002, a 0.1 percentage point decrease compared to the 15.9% rate in the first quarter of 2001. Selling, general and administrative expenses totaled $157.8 million and decreased 8.9% year-over-year. The Company implemented a number of expense reduction initiatives during 2001 that increasingly began to show results as the year progressed, and began to have full impact during the first quarter of 2002. These initiatives included targeted staff reductions in both field operations and headquarters units.

Earnings from operations in the first quarter of 2002 totaled $1.2 million, an 85.5% decrease compared to the $8.2 million reported for the first quarter of 2001. Earnings were 0.1% of sales for the first quarter of 2002 as compared to 0.8% for the same period last year.

Net interest income in the first quarter of 2002 was $141 thousand, a $316 thousand improvement compared to last year's net interest expense of $175 thousand. The improvement is primarily attributable to higher cash balances and lower short term debt levels, offset by the impact of lower interest rates.

The effective income tax rate in the first quarter of 2002 was 40.0%, consistent with last year.

First quarter net earnings totaled $796 thousand in 2002, a decrease of 83.4% from $4.8 million earned last year. The rate of return on sales for the first quarter of 2002 was 0.1% compared with last year's 0.4% rate. Diluted earnings per share for the first quarter of 2002 were $0.02, an 84.6% decrease as compared to diluted earnings per share of $0.13 for the first quarter of 2001.

US Commercial Staffing

Sales in the U.S. Commercial Staffing segment totaled $480.7 million in the first quarter of 2002, a 12.3% decrease compared to the $548.1 million reported for the same period in 2001. This reflected a decrease in hours worked of 13.8% partially offset by an increase in average hourly bill rates of 1.8%. The sales decreases by month, on a year-over-year basis, were: 17% in January, 10% in February and 9% in March, indicating an improving trend throughout the first quarter. However, the Company expects continued negative U.S. Commercial Staffing year-over-year sales comparisons for at least the second quarter, with the possibility of small positive year-over-year sales growth by the third quarter.

U.S. Commercial Staffing sales represented 48% of total Company sales in the first quarter of 2002 and 50% of total Company sales in the first quarter of 2001.

U.S. Commercial Staffing earnings totaled $23.3 million in the first quarter of 2002, a decrease of 26.9% compared to earnings of $31.9 million last year. Expenses were tightly controlled and decreased 9.1% year-over-year. However, the 12.3% sales decrease, combined with a decrease in the gross profit rate, produced the 26.9% earnings decline. The decline in gross profit rates reflects an ongoing shift in mix of sales to larger customers and decreases in fee based income. U.S. Commercial gross margins may continue to decrease during 2002 as the Company expects its large corporate and national accounts will continue to increase as a percentage of total sales.

Professional, Technical and Staffing Alternatives

Sales in the Professional, Technical and Staffing Alternatives (PTSA) segment for the first quarter of 2002 totaled $272.3 million, an increase of 1.7% compared to the $267.6 million reported in the first quarter of 2001. Revenues in the staffing alternative businesses, which include staff leasing and management services, increased by 10.1%. This was largely offset by a 1.7% decrease in revenues for the hours based professional and technical staffing businesses, reflecting the net effect of a 7.0% decrease in hours and 5.9% increase in average hourly bill rates.

Results continued to vary among the 13 business units that comprise PTSA. Kelly Healthcare, Kelly Financial Resources and General Contractor Services continue to be the leading performers in 2002, exhibiting sales growth of 40% or better for the first quarter of 2002. Kelly Staff Leasing maintained positive sales growth of 13% during the first quarter of 2002 as well. However, three large PTSA units, Automotive Services Group, IT Resources and Kelly Home Care, continued to experience revenue declines during the first quarter of 2002. These decreases, however, were consistent with industry trends in their staffing sectors.

PTSA sales represented 27% of total Company sales in the first quarter of 2002 and 25% of total Company sales in the first quarter of 2001.

PTSA earnings for the first quarter of 2002 totaled $11.4 million and decreased 7.4% from the same period in 2001. Gross profit rates decreased 0.9 percentage points versus last year due to changes in business unit mix and rate decreases in certain business units, such as Automotive Services Group. Expenses decreased 3% on a year-over-year basis.

International

Translated U.S. dollar sales in International for the first quarter of 2002 totaled $247.1 million, a 9.0% decrease compared to the $271.5 million reported in the first quarter of 2001. This resulted from a decrease in the translated U.S. dollar average hourly bill rates of 2.9% and a decrease in hours worked of 5.6%.

On a same currency basis, international revenue decreased 6.0% in the first quarter of 2002, which reflected continued slowing from a 3% same currency sales decrease in the fourth quarter of 2001. The rate of global slowing in staffing demand continued in 2002 in the International segment, particularly throughout continental Europe, the United Kingdom and Ireland.

International sales represented 25% of total Company sales in the first quarters of 2002 and 2001.

International results were a loss of $1.2 million in the first quarter of 2002 compared to earnings of $1.6 million for the same period in 2001. The significant sales decreases in continental Europe, the United Kingdom and Ireland, combined with decreases in fee income, resulted in the operating loss. On a year-over-year basis, expenses in the International segment decreased 8%.

Financial Condition

Assets totaled $1.039 billion at March 31, 2002 and December 30, 2001. The Company's working capital position was $323 million at March 31, 2002, an increase of $0.6 million from year-end 2001. The current ratio was 1.9 at quarter end 2002 and year-end 2001. Cash and short-term investments totaled $85 million at March 31, 2002, an increase of $1 million from the $84 million balance at year-end 2001.

During the first three months of 2002, net cash from operating activities totaled $21.3 million, a decrease of 58.4% from the comparable period in 2001. This decrease is primarily due to an essentially flat accounts receivable balance during the first quarter of 2002, compared to the $23 million decrease in accounts receivable during the same period in 2001. The global days sales outstanding for the first quarter were 49 days, which is a one-day improvement versus the Company's performance for the same period in the prior year.

Short-term debt totaled $24 million at March 31, 2002, which decreased $9 million compared to the $33 million level at year-end 2001. All short-term borrowings are foreign currency denominated and reduce the Company's exposure to foreign exchange fluctuations. At quarter end, debt represented less than 4% of total capital.

Capital expenditures for the first quarter of 2002 totaled $6 million, down 57.8% from the $14 million spent in the first quarter of 2001. Of the total, over 70% related to Information Technology investments. For 2002, capital expenditures are expected to total between $35 and $40 million.

Depreciation and amortization for the first quarter of 2002 totaled $10.0 million, a 5.2% decrease from the $10.5 million for same period of 2001. As a result of the implementation of Statement of Financial Accounting Standard (SFAS) No. 142 at the beginning of 2002, the Company will eliminate approximately $2.7 million of amortization of goodwill in 2002. Approximately $0.7 million of amortization was eliminated in the first quarter. For planning purposes, the Company expects depreciation and amortization of intangible assets other than goodwill to total approximately $43 to $47 million for 2002, reflecting on-going implementation of major IT projects.

Stockholders' equity was $606 million at March 31, 2002, which represents a $1 million decrease from year-end 2001. The decrease in stockholders' equity is primarily the result of dividends paid exceeding net earnings in the first quarter of 2002.

Dividends paid per common share were $.10 in the first quarter of 2002, a decrease of 60% from dividends of $.25 per share in the first quarter of 2001.

The Company's financial position remains strong. The Company continues to carry no long-term debt and expects to meet its growth requirements principally through cash generated from operations, available cash and short term investments and committed unused credit facilities.

The Company has no material unrecorded commitments, losses, contingencies or guarantees associated with any related parties or unconsolidated entities.

Market Risk-Sensitive Instruments And Positions

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

In addition, the Company is exposed to market risk as a result of its obligation to pay benefits under its nonqualified deferred compensation plan and its 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 publicly traded mutual funds, as part of the company-owned variable universal life insurance policies, are designed to mitigate this risk with offsetting gains and losses.

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

Forward-Looking Statements

Except for the historical statements and discussions contained herein, statements contained in this report relate to future events that are subject to risks and uncertainties, such as: competitive market pressures including pricing, changing market and economic conditions, material changes in demand from large corporate customers, availability of temporary workers with appropriate skills required by customers, increases in wages paid to temporary workers not passed on to customers, currency fluctuations, changes in laws and regulations, the Company's ability to effectively implement and manage its information technology programs, the ability of the Company to successfully expand into new markets and service lines and other factors discussed in the report and in the Company's filings with the Securities and Exchange Commission. Actual results may differ materially from any projections contained herein.

PART II. OTHER INFORMATION AND SIGNATURE

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

(a) Exhibits - None

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

SIGNATURE

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

KELLY SERVICES, INC.

Date: May 14, 2002

/s/ William K. Gerber
William K. Gerber

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