



## CORPORATE PROFILE

Kelly Services Inc. was founded in 1946 by William Russell Kelly, the pioneer of the modern temporary help industry. Today, Kelly® is a leading global provider of staffing services. Over the past 56 years, Kelly's range of staffing solutions has grown steadily to match the needs of our global customers.



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

Last year, the company operated more than 2,400 offices and assigned nearly 700,000 employees in 26 countries. Sales in 2002 totaled \$4.3 billion. Kelly is headquartered in Troy, Michigan, U.S.A.

## CONTENTS

Financial Highlights	1
Letter to Stockholders	2
Corporate Integrity	6
Staffing Solutions	
U.S. Commercial	8
Professional and Technical	10
Staffing Alternatives	12
International	13
Staffing the World	14
Directors and Officers	16
Summary Financials	18
Stockholders' Information	30

## SUMMARY ANNUAL REPORT

**This is a summary annual report. Complete financial statements including Management's Discussion and Analysis of Financial Condition and Results of Operations, and Notes to Financial Statements, are contained in Kelly Services' Annual Report on Form 10-K, available on our website, [www.kellyservices.com](http://www.kellyservices.com), or through our Investor Relations office. Please see page 30 for contact information.**

## OUR VISION

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

## OUR MISSION

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

To achieve our Mission:

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

## OUR SHARED VALUES

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

## OUR QUALITY POLICY

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

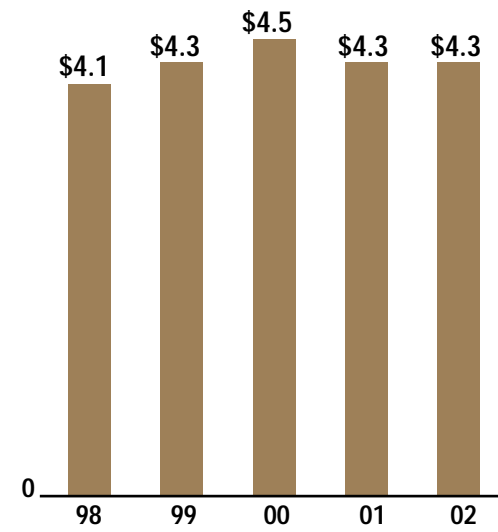
Quality is a basic business principle for Kelly Services®.

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

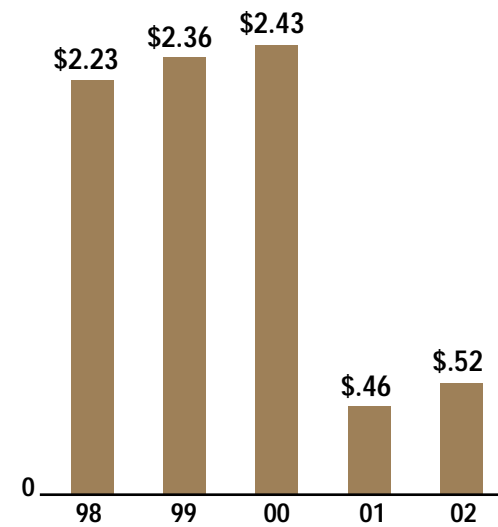
Quality improvement is the job of every Kelly Services employee.

# Financial Highlights

**Sales of Services**  
(Billions of dollars)



**Diluted Earnings Per Share**



	2002	2001	Change
<i>(In thousands of dollars, except per share items)</i>			
Sales of Services	\$ 4,323,470	\$ 4,256,892	1.6%
Earnings Before Income Taxes	30,754	27,586	11.5%
Income Taxes	12,185	11,037	10.4%
Net Earnings	18,569	16,549	12.2%
Basic Earnings Per Share	.52	.46	13.0%
Diluted Earnings Per Share	.52	.46	13.0%
Dividends Per Share	.40	.85	(52.9%)
Working Capital	352,161	322,013	9.4%
Stockholders' Equity	619,064	607,155	2.0%
Total Assets	1,072,133	1,039,381	3.2%



In a year marked by economic recession, Kelly Services accelerated its efforts to improve efficiencies, build on existing strengths, and align operations with our strategies. In spite of only moderate sales and earnings growth during 2002, we outperformed our competitors.

## 2002 Results

Kelly's sales during 2002 totaled \$4.3 billion, a 1.6 percent increase over 2001. Net earnings were \$18.6 million, a 12.2 percent increase from the \$16.5 million we earned in 2001. Diluted earnings per share were \$.52 compared with \$.46 achieved during the prior year.

While we are not yet back to our pre-recession records set in 2000, these results represent a significant improvement over 2001. We grew sales and earnings, gained market share, and put nearly 700,000 people to work in 26 countries.



---

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

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

## Strengthening Our Position

By carefully managing expenses, we leveraged modest sales increases into solid earnings gains, and still directed funds toward growth. We were able to expand current business lines, enhance products, and deploy new productivity enhancements throughout the company. And, in response to customer demand, Kelly Engineering Resources® added new offices in France and the United Kingdom. Kelly Scientific Resources® expanded to Switzerland, Scotland, and Italy — bringing its total to more than 100 offices in 12 countries.

Several new enhancements were made to our office services line. Our Marketing and Service Departments introduced many improvements in employee testing and training. Kelly's new behavior skills analysis helps us better match the right employees with the right assignment. A multilingual skills test identifies employees in high demand by companies serving the global marketplace. In addition, newly created accounting, medical, and legal office-skill evaluations allow us to focus on three new niche areas of office services staffing.

Our Service Department also launched programs designed to enhance the productivity of our field operations. In North America, we began deploying our new "front office" system. This state-of-the-art system, known as Kelly StaffNet™, strengthens our ability to provide world-class service to our temporary employees and customers. In addition, we launched the all new PinPoint® Selection System, a proprietary suite of tools developed to help screen, evaluate, and hire the right employees to fit customer needs. Our internet and computer-based training programs were also significantly improved to provide full-time and temporary employees with the training, knowledge, and skills needed for success.

We strengthened Kelly's financial position. Cash on hand increased from \$83 million to \$101 million, as we shortened the aging of our accounts receivable. In addition, Kelly Services purchased 500,000 shares of its Class A common stock, in a negotiated transaction, from the William R. Kelly Estate. Shares were purchased at a discounted price, and financed with available cash. The stock purchase represents a prudent and effective use of our solid balance sheet and strong cash position.

It is important to  
remember that sales  
growth in our  
industry is very  
dependent upon  
growth in the  
economy.

## Short-Term Uncertainty

We expressed concern throughout 2002 that the economic recovery was fragile in the United States. GDP growth slowed in the second half of the year and several key economic components such as consumer spending, corporate earnings, and capital spending remained under pressure. While the U.S. economy did grow somewhat in 2002, the recovery stalled in the fourth quarter.

In October 2002, we noted that the U.S. recovery did not appear to be taking on a traditional “V” or “U” shape, or even necessarily a “W” shape. Rather, it looked like it would turn out to be an “extended U,” which includes a longer period of limited or no growth. The “extended U” seems to be the pattern of this recession.

The U.S. recovery is stalled and, in our judgment, there is still a possibility of another dip. With 25% of our sales outside the U.S., we are also very concerned about the lengthening European recession.

We ended the year 2002 uncertain as to how 2003 would unfold for either the economy or for Kelly Services. It is important to remember that sales growth in our industry is very dependent upon growth in the economy. While we believe that we are probably in the early stages of a recovery, the near term outlook is not clear.

Our perspective is not markedly different than it was when we entered 2002, and our approach is much the same. Expense control is tight. We are maintaining sufficient cash to weather a second dip or to take advantage of a robust recovery. And we are meeting customers’ needs for new offices or service extensions.

## Long-Term Optimism

On a longer-term view, we believe that Kelly is well positioned to return to pre-recession levels of sales and earnings performance. We have operated through a number of economic expansions and recessions. While it is not clear when this particular recession will end, this lack of visibility is not unusual at this point of the economic cycle.

Our experience, reflected in our financial conservatism and our marketing and operational competitiveness, gave us the flexibility to cope with the recession as it unfolded. Our excellent management team, with a balanced mix of industry veterans and skilled professionals, is positioned and ready to substantially increase market share as it successfully did during the last two years.

Our market share increase was earned, not by pursuit of short-term gain, but by following the strategies that have served us well over the years. We achieved our growth by remaining true to our commitment to ethics, quality service, and a constant focus on customers — many of them the world’s largest companies. We believe that great years lie ahead — a future rich in innovation, opportunity, and prosperity.

## Our Shared Values

At a time when business credibility is under so much scrutiny, good old-fashioned values and performance are key to regaining, growing, and sustaining public confidence.

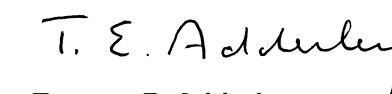
We have always strived to be a company with financial and business acumen, high standards of performance, and rock-solid integrity. Above all, we are distinguished by the quality of our people — talented, inventive, optimistic, and committed to being the best.

The recent business scandals have understandably heightened the public’s concern for ethics and the ethical standards of business. To our way of thinking, the reawakened level of attention to a wide range of ethical issues is a welcome development. Long before this year’s headlines and focus on financial reporting, Kelly’s ethical standards were firmly in place. These standards, established by our founder William Russell Kelly in 1946, are still expressed in our company’s Vision, Mission, Shared Values, and Quality Policy.

In the pages that follow, Dr. B. Joseph White, former dean of the University of Michigan Business School, managing director of Fred Alger Management, Inc., and a member of our board of directors, shares his thoughts about the ethical responsibilities of America’s business leaders. We believe his comments are reflective of Kelly’s philosophy and way of doing business.

This will be a period of great challenge and opportunity for Kelly Services. We are prepared to make significant changes as we continue to evolve as a progressive, forward-looking company. On the other hand, our basic principles will not change. Nor will we waver in making certain that the values upon which Kelly Services was founded will guide us in the years ahead.

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

  
**Terence E. Adderley**  
Chairman and Chief Executive Officer

  
**Carl T. Camden**  
President and Chief Operating Officer

We achieved our growth by remaining true to our commitment to ethics, quality service, and a constant focus on customers.

## B. Joseph White

Managing Director,  
Fred Alger Management, Inc.  
Wilber K. Pierpont Collegiate Professor  
Dean, 1991-2001  
University of Michigan Business School

JANUARY 2003

During the past year, trust and confidence in the leadership of American public companies were badly shaken by highly visible and egregious failures of leadership integrity in companies like Enron, WorldCom, Adelphia, and Global Crossing. Guardians of public company wealth, like the accounting profession and the investment industry, failed to perform their respective roles with courage and integrity — compounding the crisis of confidence.

I had the opportunity in October 2002 to share my thoughts on these matters at the thirty-sixth annual William K. McNally Memorial Lecture at the University of Michigan Business School. The title of my remarks was, “Post-Bubble, Post-Scandals: Restoring the Credibility of American Business Leadership.” Terence Adderley, Chairman and Chief Executive Officer of Kelly Services, attended the lecture. He invited me to share a few thoughts with you in this year’s Kelly Services annual report.

### It’s All About Character

In the lecture, I listed a number of actions needed to restore public confidence in business, such as punishing wrongdoers, ensuring trustworthy financial reporting, increasing the independence of audit firms, eliminating

conflicts of interest in the banking and financial services industry, requiring high-quality corporate governance, and providing resources for the S.E.C. to play its vital role of shareholder advocate and securities industry watchdog. Today, gratefully, progress is being made on all these fronts and public confidence is being restored.

Tougher legislation and regulation have a role to play in improving the prospects for corporate integrity by clarifying the rules and consequences of good versus bad behavior. However, I believe that it is ultimately the personal values, mutual expectations, and courage and independence of those to whom we entrust our public companies that matter most. As a CEO friend of mine likes to say, “*It’s really all about character.*”

### Creating a Culture of Integrity

After many years as both a senior executive and a corporate board member, I have come to see that high-integrity corporate behavior is the result of three critical conditions:

- The CEO himself or herself must be a person of high integrity.

- The CEO and the board of directors must create a culture of high expectations with regard to honest and ethical behavior throughout the company, starting with senior management since they set the example.
- The CEO, senior executives, and board members must possess, and be willing to exercise, the personal courage required to sustain a high-integrity culture in the board room and throughout the company.

### Doing What’s Right

The corporate scandals of the last year remind us that we are entitled to expect corporate leaders — senior executives and boards of directors — to focus not only on a company’s current stock price, but equally important, on its enduring value and its capacity to grow that value. Similarly, we are entitled to expect the stewards of public companies to ask on all important matters not only, “Is it legal?” but equally important, “Is it right?”

Let me note here an important judgment I have made based on my service as a director of Kelly Services for nearly eight years. My confidence in the integrity and honesty of my board colleagues at Kelly Services, our CEO Terry Adderley, and his senior management team is very high. All have worked hard, and by and large successfully, to create and reinforce a culture in which honesty and ethical behavior are expected of people throughout the company. This perpetuates a proud legacy established by Russell Kelly, the Company’s founder, over fifty-five years ago.

### Years of Growth Ahead

Turning to the larger picture of the outlook for our economy and the country, I think that it was easy for some last year to become discouraged and even pessimistic about the prospects for our American business and economic system. The scandals unsettled us all. The stock market declined for the third straight year. We heard talk of the parallels between Japan’s stagnation in the 1990s and the stagnation we in America might face in the decade following the bursting of the stock market bubble in 2000.

While concern in the face of what we’ve been through is understandable, and to a degree warranted, I want to conclude by reporting to you my own strong optimism about the years ahead. Why? There are two reasons. First, while America’s economic and social systems have occasional tendencies toward excess, we also have great capacity as a nation for self-correction and renewal. Indeed, as I noted earlier, the process of reform and confidence building is well underway. Second, throughout our history, the nation’s business system has demonstrated tremendous resilience and vitality. I believe that fears of an American replay of a Japanese style post-bubble stagnation are ill-founded. For at least the last sixty years, underestimating the dynamism of the American economy has been a serious mistake, and it would be a mistake today.

I look forward to many years of economic growth ahead, with Kelly Services fully participating as a high-integrity company and a growing, profitable industry leader.

# U.S. Commercial



*With over 55 years of recruiting, screening, hiring, and training experience, Kelly's U.S. Commercial segment has become a specialty staffing provider for several major industries. Our leadership in the research, development, and design of industry-specific programs helps us provide customers with innovative services that guarantee the best employee fit for each work environment.*

**Kelly Office Services** provides skilled office specialists.

**Kelly Marketing Services** supplies staff for regional and national merchandising, trade show, and detailing projects.

**Kelly Light Industrial Services** assigns manufacturing and distribution, material handling, maintenance, and food services staff.

**Kelly Electronic Assembly Services** provides assemblers, quality control inspectors, technicians, and material handlers.

**Kelly Educational Staffing®** employs substitute teachers in the United States and the United Kingdom.

**KellyConnect®** is our global call center service.

**KellyDirect™** offers candidates for permanent positions.

**KellySelect®** allows both clients and temporary employees to evaluate their fit before making employment decisions.



## KELLY EDUCATIONAL STAFFING RECOGNIZES SUBSTITUTE TEACHER OF THE YEAR



**P**atty Sue Haston, a substitute teacher in McMinnville, Tennessee, received the KES™ National Substitute Teacher of the Year award for the 2001-2002 school year. Haston became a substitute teacher after 40 years as a fourth grade teacher. She was selected from among more than 8,000 Kelly substitute teachers for her outstanding service.



*PTSA's many offerings benefit customers around the globe. Within each business, there is a common brand and corporate infrastructure, ensuring consistent service and quality to customers — no matter where they are located.*

## PROFESSIONAL & TECHNICAL

**Kelly Scientific Resources®** supplies technicians, biologists, chemists, research associates, and other scientific professionals.

**Kelly Financial Resources®** focuses on assigning accounting and finance professionals.

**Kelly Law Registry®** provides attorneys and paralegals to law firms and corporate law departments.

**Kelly IT Resources®** specializes in information technology professionals.

**Kelly Healthcare Resources®** supports the healthcare community with medical technicians, case managers, pharmacists, and nurses.

**Kelly Automotive Services Group™** provides staff to the automotive industry and tier-one suppliers.

**Kelly Engineering Resources®** employs engineers, designers, and drafters in the pharmaceutical, petrochemical, and high-tech industries.

**Kelly Home Care Services™** offers individualized in-home services from bedside companionship to highly skilled nurses.



## KELLY IT RESOURCES HITS RECORD GROWTH



In spite of a slowdown in the technology sector, Kelly IT Resources grew at a healthy pace this year.

Our success came as a result of expanding existing relationships within our U.S. Commercial and PTSA accounts.



**STAFFING ALTERNATIVES**

**Kelly Staff Leasing®** allows customers to transfer their employees to us for benefits and payroll administration.

**Kelly Management Services®** specializes in outsourcing solutions for call centers, office services, and warehouse and distribution.

**Kelly Vendor Management Solutions™** provides staffing supplier management services.

**Kelly HRfirst®** offers multi-state permanent hiring programs through a team of recruiters.

**Kelly HR Consulting™** performs strategic consulting services in the areas of employment and executive compensation.



*Kelly International offers several specialty service lines unique to each of its markets. Our specialty staffing strategy targets international expansion of Kelly's financial, science, and engineering groups — all business segments of our Professional, Technical and Staffing Alternatives division.*

**KellyAssess®** provides customized personnel assessment.

**Kelly MultiHire®** manages the recruiting, screening, and placement of employees for companies hiring large numbers of people.

**Kelly Artworks™** provides staff to creative and multimedia industries.

**KELLY FINANCIAL RESOURCES EXPANDS**



**K**elly Financial Resources expanded into eight countries this year including Canada, Denmark, France, Germany, Netherlands, Norway, Russia, and Sweden, and continues to show enormous growth potential.

# Staffing the World



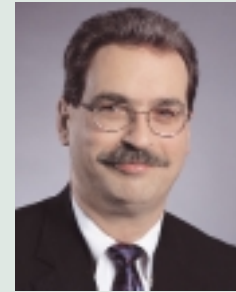
- Australia
- Belgium
- Canada
- Denmark
- France
- Germany
- Hong Kong
- India
- Indonesia
- Ireland
- Italy
- Luxembourg
- Malaysia
- Mexico
- Netherlands
- New Zealand
- Norway
- Philippines
- Puerto Rico
- Russia
- Singapore
- Spain
- Sweden
- Switzerland
- Thailand
- United Kingdom
- United States

# Directors and Officers

## BOARD OF DIRECTORS



**Terence E. Adderley**  
*Chairman and  
Chief Executive Officer*



**Carl T. Camden**  
*President and  
Chief Operating Officer*



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



**Cedric V. Fricke**  
*Professor Emeritus,  
University of  
Michigan-Dearborn*



**Verne G. Istock**  
*Retired Chairman/President,  
Bank One Corporation*



**B. Joseph White**  
*Managing Director,  
Fred Alger Management, Inc.*

## SENIOR OFFICERS

**Terence E. Adderley**  
*Chairman and  
Chief Executive Officer*

**Carl T. Camden**  
*President and  
Chief Operating Officer*

**Michael L. Durik**  
*Executive Vice President,  
Human Resources*

**William K. Gerber**  
*Executive Vice President and  
Chief Financial Officer*

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

**James H. Bradley**  
*Senior Vice President,  
Administration*

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

**George S. Corona**  
*Senior Vice President and  
Division General Manager*

**Carol J. Johnson**  
*Senior Vice President and  
Division General Manager*

**Rolf E. Kleiner**  
*Senior Vice President,  
International*

**Michael S. Morrow**  
*Senior Vice President,  
Marketing*

**George M. Reardon**  
*Senior Vice President,  
General Counsel, and Secretary*

**Marc W. Rosenow**  
*Senior Vice President,  
Service*

**Larry J. Seyfarth**  
*Senior Vice President,  
Technical Services Group*

**James A. Tanchon**  
*Senior Vice President,  
Global Sales*

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

**Andrew R. Watt**  
*Senior Vice President,  
PTSA*

**Michael S. Webster**  
*Senior Vice President and  
Division General Manager*

## OFFICERS

Leif Agnéus

Steven S. Armstrong

D. Craig Atkinson

Brian C. Ault

Thomas A. Bennett

Richard Binier

Paul A. Bordonaro

Alice M. Bowers

Peter F. Brixius

Barry L. Brown

Jane M. Brown

Jeanine E. Burgen

Robert J. Buwalda

Eileen M. Candels

Lorenzo Caporaletti

Mary Ann Carey

Daniel D. Catlin

Carol Clement

Cheryl F. Courier

Michael E. Debs

Jacqueline B. Devin

John P. Drew

Sherry A. Drew

Allison M. Everett

John W. Fitter

Shaun M. Fracassi

Sandra W. Galac

Jean-Claude Gallois

Sergio Gomez

Heidi L. Hanes

Matthew L. Harvill

William L. Heinz

Christine M. Hoebermann

Bonnie D. Huber

Thomas P. Huizenga

Matthew W. Igel

Charles G. Jackson

Venson J. Jennings

Catherine J. King

Donald P. Kingston

Gregory S. Kruger

Susan C. Laminack

Nicole M. Lewis

Wilma I. Lopez

Robert J. Lyons

Thomas H. Manceor

Susan J. Marks

Timothy G. McAward

Timothy T. McClain

James D. McIntire

Dane D. McSpedon

Jonathan D. Means

W. Edward Meisenheimer

Lisa R. Miller

Teresa A. Moskus

Terrence T. Murphy

Seelin Naidoo

John J. O'Connor

Michael F. Orsini

Carolyn J. Palmer

Deborah L. Perrault

Matthew V. Piwowar

Antonina M. Ramsey

Nicholas F. Regaldi

Diane E. Reynolds

Marc J. Riou

Ingrid A. Roberts

Rodger J. Rooney

Lori L. Sakorafis

Virginia A. Scaduto

Aly A. Schambourg

Michelle C. Schorr

Lynn G. Schwartz

Teresa E. Setting

Dhirendra Shantilal

Bradley J. Shaw

Debra S. Sheehan

Mark A. Siegal

Glenn L. Sorrie

Allen J. Sowers

J. Leon Stanek

Richard G. Struble

Michael J. Tilley

Thomas L. Totte

Andrew P. Trestrail

Tami A. Troxell

Josefa Vidal

Dana M. Warren

Barbara A. Wilson

Larry D. Worthen

## SUMMARY FINANCIAL CONTENTS

Eleven Year Financial Summary	20
Summary Statements of Earnings	22
Summary Statements of Cash Flows	23
Summary Balance Sheets	24
Summary Statements of Stockholders' Equity	26
Report of Independent Accountants	27
Selected Quarterly Financial Data (Unaudited)	28
Common Stock Price Information	29

## SUMMARY ANNUAL REPORT

This is a summary annual report. Complete financial statements including Management's Discussion and Analysis of Financial Condition and Results of Operations, and Notes to Financial Statements, are contained in Kelly Services' Annual Report on Form 10-K, available on our website, [www.kellyservices.com](http://www.kellyservices.com), or through our Investor Relations office. Please see page 30 for contact information.

## FORWARD-LOOKING STATEMENTS

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

Actual events and results may differ materially from those expressed or forecasted in forward-looking statements due to a number of factors. The principal important risk factors that could cause the Company's actual performance and future events and actions to differ materially from such forward-looking statements include, but are not limited to, competitive market pressures including pricing, changing market and economic conditions, material changes in demand from large corporate customers, availability of temporary workers with appropriate skills required by customers, increases in wages paid to temporary workers, liabilities for client and employee actions, foreign currency fluctuations, changes in laws and regulations (including federal, state, and international tax laws), the Company's ability to effectively implement and manage its information technology programs, and the ability of the Company to successfully expand into new markets and service lines. Certain risk factors are discussed more fully in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission.

# ELEVEN YEAR FINANCIAL SUMMARY

## Kelly Services, Inc. and Subsidiaries

	Growth Rates <sup>(1)</sup>			2002	2001	2000	1999	1998 <sup>(2)</sup>	1997	1996	1995	1994	1993	1992 <sup>(2)</sup>
	10 Year	5 Year	1 Year											
<b>Operating Results (In millions of dollars)</b>														
Sales of services	9.7%	2.3%	1.6%	\$ 4,323.5	\$ 4,256.9	\$ 4,487.3	\$ 4,269.1	\$ 4,092.3	\$ 3,852.9	\$ 3,302.3	\$ 2,689.8	\$ 2,362.6	\$ 1,954.5	\$ 1,712.7
Cost of services	10.2	2.7	2.0	3,630.7	3,559.0	3,695.0	3,503.1	3,361.0	3,171.6	2,689.5	2,148.4	1,899.6	1,573.8	1,372.4
Gross profit	7.4	0.3	(0.7)	692.7	697.9	792.3	766.0	731.3	681.3	612.8	541.4	463.0	380.7	340.3
Selling, general and administrative expenses <sup>(3)</sup>	8.6	4.0	(1.1)	662.3	669.9	655.2	622.1	590.7	545.5	491.8	435.1	370.9	316.8	289.1
Earnings from operations	(5.1)	(25.9)	8.7	30.4	28.0	137.1	143.9	140.6	135.8	121.0	106.3	92.1	63.9	51.2
Interest income (expense), net	N/A	N/A	N/A	0.4	(0.4)	(0.4)	(0.2)	3.0	1.2	1.9	7.0	6.4	7.0	9.8
Earnings before taxes	(6.6)	(25.8)	11.5	30.8	27.6	145.3	143.7	143.6	137.0	122.9	113.3	98.5	70.9	61.0
Income taxes	(5.7)	(26.3)	10.4	12.2	11.0	58.1	58.6	58.9	56.2	49.9	43.8	37.4	26.3	21.8
Net earnings	(7.2)	(25.5)	12.2	18.6	16.5	87.2	85.1	84.7	80.8	73.0	69.5	61.1	44.6	39.2
Dividends	(4.2)	(15.5)	(53.1)	14.3	30.4	35.3	34.0	34.2	33.2	31.6	29.6	26.6	23.8	22.0
Summary of total taxes <sup>(3)</sup>	8.5	0.2	1.9	392.7	385.3	445.8	421.1	416.2	388.2	339.7	283.5	246.4	202.4	173.2
<b>Financial Position (In millions of dollars)</b>														
Current assets	5.9%	(0.7)%	7.3%	\$ 719.4	\$ 670.2	\$ 721.1	\$ 706.3	\$ 690.9	\$ 745.8	\$ 640.4	\$ 544.9	\$ 515.1	\$ 441.3	\$ 406.1
Current liabilities	14.7	1.9	5.5	367.2	348.2	384.8	361.6	344.1	334.8	262.0	191.1	163.2	116.1	93.4
Working capital	1.2	(3.0)	9.4	352.2	322.0	336.2	344.7	346.8	411.0	378.4	353.8	351.9	325.2	312.7
Net property and equipment	11.3	12.4	(4.5)	202.3	212.0	201.1	187.0	146.4	112.7	97.7	84.4	70.2	68.3	69.3
Total assets	8.0	2.1	3.2	1,072.1	1,039.4	1,089.6	1,033.7	964.2	967.2	838.9	718.7	642.4	542.1	496.1
Stockholders' equity	5.4	2.0	2.0	619.1	607.2	623.5	582.4	537.8	559.8	516.9	476.1	431.5	386.2	367.3
Capital expenditures	0.3	(3.4)	(21.4)	33.4	42.5	54.2	76.7	59.1	39.7	36.5	34.0	18.4	16.1	32.4
Depreciation and amortization	11.9	9.9	2.3	45.4	44.4	39.5	36.2	28.9	28.3	26.1	22.7	19.1	17.5	14.7
Goodwill amortization <sup>(6)</sup>	N/A	N/A	N/A	0.0	2.7	2.0	1.8	1.5	1.5	1.1	0.9	0.7	0.4	0.3
<b>Common Stock Data <sup>(4)</sup></b>														
Earnings per share														
Basic	(6.7)%	(24.5)%	13.0%	\$ .52	\$ .46	\$ 2.44	\$ 2.37	\$ 2.24	\$ 2.12	\$ 1.92	\$ 1.83	\$ 1.61	\$ 1.18	\$ 1.04
Diluted	(6.7)	(24.5)	13.0	.52	.46	2.43	2.36	2.23	2.12	1.91	1.83	1.61	1.18	1.04
Dividends per share: Classes A and B	(3.6)	(14.4)	(52.9)	.40	.85	.99	.95	.91	.87	.83	.78	.70	.63	.58
Stockholders' equity (book value) per share	6.0	3.5	2.9	17.42	16.93	17.45	16.23	15.02	14.67	13.58	12.52	11.37	10.23	9.74
Stock price per share: Class A at year end	(3.4)	(3.3)	12.1	24.72	22.06	23.63	25.13	31.75	29.25	27.50	27.75	27.50	27.75	35.00
Number of common shares outstanding at year end (thousands)				35,529	35,868	35,739	35,874	35,807	38,163	38,059	38,015	37,963	37,755	37,706
Average number of shares outstanding (thousands)														
Basic				35,724	35,829	35,721	35,854	37,745	38,099	38,043	37,993	37,956	37,728	37,668
Diluted				35,900	35,930	35,843	36,030	37,945	38,191	38,133	38,057	38,005	37,761	37,711
Stock splits				—	—	—	—	—	—	—	—	—	5 for 4	—
<b>Financial Ratios <sup>(1)</sup></b>														
Return on sales				0.4%	0.4%	1.9%	2.0%	2.1%	2.1%	2.2%	2.6%	2.6%	2.3%	2.3%
Return on average assets				1.8%	1.6%	8.2%	8.5%	8.8%	8.9%	9.4%	10.2%	10.3%	8.6%	8.0%
Return on average stockholders' equity				3.0%	2.7%	14.5%	15.2%	15.4%	15.0%	14.7%	15.3%	14.9%	11.8%	10.9%
Effective tax rate				39.6%	40.0%	40.0%	40.8%	41.0%	41.0%	40.6%	38.7%	38.0%	37.1%	35.7%
Current assets to current liabilities (current ratio)				2.0	1.9	1.9	2.0	2.0	2.2	2.4	2.9	3.2	3.8	4.3
Price earnings ratio at year end				47.5	48.0	9.7	10.6	14.2	13.8	14.4	15.2	17.1	23.5	33.7

(1) Growth rates and financial ratios calculated based on data rounded to thousands.

(2) Fiscal year included 53 weeks.

(3) Consists of payroll taxes and federal, state, and local taxes.

(4) Shares consist of Class A and B common stock adjusted for all stock splits.

(5) For 1999, 1998, and 1997, includes Year 2000 expenses of \$11 million, \$8 million, and \$1 million, respectively.

(6) Goodwill amortization amounts are also included in the depreciation and amortization line item above.

Note: Certain prior year amounts have been reclassified to conform with the current presentation.

## SUMMARY STATEMENTS OF EARNINGS

### Kelly Services, Inc. and Subsidiaries

	2002	2001	2000
	<i>(In thousands of dollars except per share items)</i>		
<b>Sales of services</b>	<b>\$ 4,323,470</b>	\$ 4,256,892	\$ 4,487,291
Cost of services	<u>3,630,744</u>	<u>3,559,037</u>	<u>3,694,982</u>
<b>Gross profit</b>	<b>692,726</b>	697,855	792,309
Selling, general and administrative expenses	<u>662,334</u>	<u>669,888</u>	<u>655,191</u>
<b>Earnings from operations</b>	<b>30,392</b>	27,967	137,118
Gain on disposition of property	—	—	8,567
Interest income (expense), net	<u>362</u>	<u>(381)</u>	<u>(409)</u>
<b>Earnings before income taxes</b>	<b>30,754</b>	27,586	145,276
Income taxes	<u>12,185</u>	<u>11,037</u>	<u>58,100</u>
<b>Net earnings</b>	<b><u>\$ 18,569</u></b>	<b><u>\$ 16,549</u></b>	<b><u>\$ 87,176</u></b>
Basic earnings per share	<b>\$ .52</b>	\$ .46	\$ 2.44
Diluted earnings per share	<b>\$ .52</b>	\$ .46	\$ 2.43
Dividends per share	<b>\$ .40</b>	\$ .85	\$ .99
Average shares outstanding (thousands):			
Basic	<b>35,724</b>	35,829	35,721
Diluted	<b>35,900</b>	35,930	35,843

Notes to Financial Statements can be found in the Company's 2002 Form 10-K.

Effective in 2002, the Company adopted Statement of Financial Accounting Standards No.142 "Goodwill and Other Intangible Assets" and, accordingly, eliminated the amortization of goodwill. Goodwill amortization was \$2.7 million and \$2.0 million in 2001 and 2000, respectively, and is included in selling, general and administrative expenses. Net income, adjusted for the elimination of goodwill amortization, would have been \$18.6 million in 2001 and \$88.7 million in 2000.

## SUMMARY STATEMENTS OF CASH FLOWS

### Kelly Services, Inc. and Subsidiaries

	2002	2001	2000
	<i>(In thousands of dollars)</i>		
<b>Cash flows from operating activities</b>			
Net earnings	<b>\$ 18,569</b>	\$ 16,549	\$ 87,176
Noncash adjustments:			
Depreciation and amortization	<b>45,428</b>	44,396	39,465
Gain on disposition of property	—	—	(8,567)
Deferred income taxes	<b>6,590</b>	(242)	(593)
Changes in operating assets and liabilities	<u>19,019</u>	<u>84,522</u>	<u>(28,104)</u>
<b>Net cash from operating activities</b>	<b>89,606</b>	145,225	89,377
<b>Cash flows from investing activities</b>			
Capital expenditures	<b>(33,406)</b>	(42,525)	(54,237)
Short-term investments	<b>31</b>	1,764	3,624
(Increase) decrease in other assets	<b>(3,476)</b>	3,645	(7,564)
Acquisition of building	—	(11,783)	—
Proceeds from disposition of property	—	—	10,309
Acquisition of companies	<u>—</u>	<u>(192)</u>	<u>(20,923)</u>
<b>Net cash from investing activities</b>	<b>(36,851)</b>	(49,091)	(68,791)
<b>Cash flows from financing activities</b>			
(Decrease) increase in short-term borrowings	<b>(11,723)</b>	(24,900)	10,629
Dividend payments	<b>(14,293)</b>	(30,408)	(35,303)
Exercise of stock options and other	<b>991</b>	139	85
Purchase of treasury stock	<u>(13,216)</u>	<u>(64)</u>	<u>(5,737)</u>
<b>Net cash from financing activities</b>	<b>(38,241)</b>	(55,233)	(30,326)
<b>Effect of exchange rates on cash and equivalents</b>	<b>2,961</b>	(758)	(974)
<b>Net change in cash and equivalents</b>	<b>17,475</b>	40,143	(10,714)
<b>Cash and equivalents at beginning of year</b>	<b>83,461</b>	43,318	54,032
<b>Cash and equivalents at end of year</b>	<b><u>\$ 100,936</u></b>	<b><u>\$ 83,461</u></b>	<b><u>\$ 43,318</u></b>

Notes to Financial Statements can be found in the Company's 2002 Form 10-K.

## SUMMARY BALANCE SHEETS

### Kelly Services, Inc. and Subsidiaries

ASSETS	2002	2001	2000
<i>(In thousands of dollars)</i>			
<b>Current Assets</b>			
Cash and equivalents	\$ 100,936	\$ 83,461	\$ 43,318
Short-term investments	599	630	2,394
Accounts receivable, less allowances of \$12,533, \$12,105, and \$13,614, respectively	567,517	539,692	631,771
Prepaid expenses and other current assets	26,387	24,950	24,903
Deferred taxes	23,916	21,469	18,688
Total current assets	719,355	670,202	721,074
<b>Property and Equipment</b>			
Land and buildings	57,111	56,639	44,971
Equipment, furniture and leasehold improvements	295,536	275,063	253,666
Accumulated depreciation	(150,315)	(119,729)	(97,552)
Net property and equipment	202,332	211,973	201,085
<b>Noncurrent Deferred Taxes</b>	21,065	31,415	33,521
<b>Goodwill, Net</b>	80,260	73,643	77,397
<b>Other Assets</b>	49,121	52,148	56,499
<b>Total Assets</b>	<b>\$ 1,072,133</b>	<b>\$ 1,039,381</b>	<b>\$ 1,089,576</b>

Notes to Financial Statements can be found in the Company's 2002 Form 10-K.

LIABILITIES AND STOCKHOLDERS' EQUITY	2002	2001	2000
<i>(In thousands of dollars)</i>			
<b>Current Liabilities</b>			
Short-term borrowings	\$ 24,770	\$ 32,939	\$ 57,839
Accounts payable	85,310	88,217	84,659
Payroll and related taxes	181,585	154,813	172,519
Accrued insurance	27,912	24,071	21,003
Income and other taxes	47,617	48,149	48,814
Total current liabilities	367,194	348,189	384,834
<b>Noncurrent Liabilities</b>			
Accrued insurance	45,540	39,273	34,269
Accrued retirement benefits	40,335	44,764	47,004
Total noncurrent liabilities	85,875	84,037	81,273
<b>Stockholders' Equity</b>			
Capital stock, \$1.00 par value			
Class A common stock, shares issued 36,619,148 at 2002, 36,609,078 at 2001 and 36,609,040 at 2000	36,619	36,609	36,609
Class B common stock, shares issued 3,496,718 at 2002, 3,506,788 at 2001 and 3,506,826 at 2000	3,497	3,507	3,507
Treasury stock, at cost			
Class A common stock, 4,567,975 shares at 2002, 4,232,542 at 2001 and 4,363,578 at 2000	(91,648)	(81,721)	(84,251)
Class B common stock, 18,875 shares at 2002, 15,675 at 2001 and 12,817 at 2000	(511)	(435)	(371)
Paid-in capital	17,902	17,035	16,371
Earnings invested in the business	665,759	661,483	675,388
Accumulated foreign currency adjustments	(12,554)	(29,323)	(23,784)
Total stockholders' equity	619,064	607,155	623,469
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 1,072,133</b>	<b>\$ 1,039,381</b>	<b>\$ 1,089,576</b>

## SUMMARY STATEMENTS OF STOCKHOLDERS' EQUITY

### Kelly Services, Inc. and Subsidiaries

	2002	2001	2000
	<i>(In thousands of dollars)</i>		
<b>Capital Stock</b>			
Class A common stock			
Balance at beginning of year	\$ 36,609	\$ 36,609	\$ 36,602
Conversions from Class B	10	—	7
Balance at end of year	<u>36,619</u>	<u>36,609</u>	<u>36,609</u>
Class B common stock			
Balance at beginning of year	3,507	3,507	3,514
Conversions to Class A	(10)	—	(7)
Balance at end of year	<u>3,497</u>	<u>3,507</u>	<u>3,507</u>
<b>Treasury Stock</b>			
Class A common stock			
Balance at beginning of year	(81,721)	(84,251)	(80,538)
Exercise of stock options, restricted stock awards and other	2,381	1,609	1,379
Treasury stock issued for acquisitions	832	921	522
Purchase of treasury stock	(13,140)	—	(5,614)
Balance at end of year	<u>(91,648)</u>	<u>(81,721)</u>	<u>(84,251)</u>
Class B common stock			
Balance at beginning of year	(435)	(371)	(248)
Purchase of treasury stock	(76)	(64)	(123)
Balance at end of year	<u>(511)</u>	<u>(435)</u>	<u>(371)</u>
<b>Paid-in Capital</b>			
Balance at beginning of year	17,035	16,371	15,761
Exercise of stock options, restricted stock awards and other	699	453	498
Treasury stock issued for acquisitions	168	211	112
Balance at end of year	<u>17,902</u>	<u>17,035</u>	<u>16,371</u>
<b>Earnings Invested in the Business</b>			
Balance at beginning of year	661,483	675,388	623,564
Net earnings	18,569	16,549	87,176
Dividends	(14,293)	(30,454)	(35,352)
Balance at end of year	<u>665,759</u>	<u>661,483</u>	<u>675,388</u>
<b>Accumulated Foreign Currency Adjustments</b>			
Balance at beginning of year	(29,323)	(23,784)	(16,282)
Equity adjustment for foreign currency	16,769	(5,539)	(7,502)
Balance at end of year	<u>(12,554)</u>	<u>(29,323)</u>	<u>(23,784)</u>
<b>Stockholders' Equity at End of Year</b>	<u>\$ 619,064</u>	<u>\$ 607,155</u>	<u>\$ 623,469</u>
<b>Comprehensive Income</b>			
Net earnings	\$ 18,569	\$ 16,549	\$ 87,176
Other comprehensive income - Foreign currency adjustments	16,769	(5,539)	(7,502)
Comprehensive income	<u>\$ 35,338</u>	<u>\$ 11,010</u>	<u>\$ 79,674</u>

Notes to Financial Statements can be found in the Company's 2002 Form 10-K.

## REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited, in accordance with generally accepted auditing standards, the consolidated financial statements of Kelly Services, Inc. and its subsidiaries as of December 29, 2002, December 30, 2001, and December 31, 2000, and for each of the three years then ended appearing in the Company's Annual Report on Form 10-K (which statements are not presented herein) and in our report dated January 21, 2003, we expressed an unqualified opinion on those consolidated financial statements. In this report reference was made to the Company's adoption in 2002, of Financial Accounting Standard No. 142 "Goodwill and Other Intangible Assets." In our opinion, the information set forth in the accompanying summary balance sheets as of December 29, 2002, December 30, 2001, and December 31, 2000, and the related summary statements of earnings, of cash flows, and of stockholders' equity for each of the three years then ended, when read in conjunction with the consolidated financial statements from which it has been derived, is fairly stated in all material respects in relation thereto.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP

Detroit, Michigan

January 21, 2003



## SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

### Kelly Services, Inc. and Subsidiaries

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
	<i>(In thousands of dollars except per share items)</i>				
<b>Sales of services</b>					
<b>2002</b>	<b>\$1,000,040</b>	<b>\$1,076,969</b>	<b>\$1,122,715</b>	<b>\$1,123,746</b>	<b>\$4,323,470</b>
2001	1,087,198	1,066,255	1,066,380	1,037,059	4,256,892
2000	1,080,069	1,106,740	1,154,480	1,146,002	4,487,291
<b>Cost of services</b>					
<b>2002</b>	<b>841,080</b>	<b>906,753</b>	<b>940,453</b>	<b>942,458</b>	<b>3,630,744</b>
2001	905,824	887,936	894,659	870,618	3,559,037
2000	892,095	909,731	948,683	944,473	3,694,982
<b>Selling, general and administrative expenses</b>					
<b>2002</b>	<b>157,774</b>	<b>163,741</b>	<b>171,547</b>	<b>169,272</b>	<b>662,334</b>
2001	173,199	167,448	163,975	165,266	669,888
2000	161,406	160,342	162,017	171,426	655,191
<b>Net earnings</b>					
<b>2002</b>	<b>796</b>	<b>3,935</b>	<b>6,505</b>	<b>7,333</b>	<b>18,569</b>
2001	4,800	6,460	4,566	723	16,549
2000	16,060	21,825	26,003	23,288	87,176
<b>Basic earnings per share <sup>(1)</sup></b>					
<b>2002</b>	<b>.02</b>	<b>.11</b>	<b>.18</b>	<b>.21</b>	<b>.52</b>
2001	.13	.18	.13	.02	.46
2000	.45	.61	.73	.65	2.44
<b>Diluted earnings per share <sup>(1)</sup></b>					
<b>2002</b>	<b>.02</b>	<b>.11</b>	<b>.18</b>	<b>.21</b>	<b>.52</b>
2001	.13	.18	.13	.02	.46
2000	.45	.61	.73	.65	2.43
<b>Dividends per share</b>					
<b>2002</b>	<b>.10</b>	<b>.10</b>	<b>.10</b>	<b>.10</b>	<b>.40</b>
2001	.25	.25	.25	.10	.85
2000	.24	.25	.25	.25	.99

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

## COMMON STOCK PRICE INFORMATION

### Kelly Services, Inc. and Subsidiaries

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
<b>2002</b>					
Class A common					
High	\$ 28.68	\$ 29.50	\$ 27.37	\$ 25.75	\$ 29.50
Low	21.33	23.60	19.80	17.86	17.86
Final	28.23	27.01	21.84	24.72	24.72
Class B common					
High	27.00	28.78	27.89	26.99	28.78
Low	21.00	23.50	20.50	18.90	18.90
Final	27.00	23.50	20.70	25.75	25.75
<b>2001</b>					
Class A common					
High	29.25	26.00	27.09	24.70	29.25
Low	18.50	21.90	17.85	18.34	17.85
Final	23.58	24.25	20.20	22.06	22.06
Class B common					
High	29.00	26.00	24.00	23.00	29.00
Low	24.56	21.00	19.25	19.67	19.25
Final	27.00	22.00	21.99	21.00	21.00
<b>2000</b>					
Class A common					
High	26.25	25.00	26.88	29.00	29.00
Low	23.00	22.06	22.13	20.25	20.25
Final	23.94	23.13	23.63	23.63	23.63
Class B common					
High	26.75	24.13	24.81	25.50	26.75
Low	22.00	22.50	24.00	24.50	22.00
Final	23.00	24.13	24.75	24.56	24.56

## STOCKHOLDERS' INFORMATION

### Kelly Services, Inc.

#### Corporate Headquarters

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

#### Investor Relations Contact

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

#### Annual Meeting

The Annual Meeting of Stockholders will be held on April 29, 2003, at 11:00 a.m. Eastern Daylight Time, at the Corporate Headquarters of the Company. All stockholders are invited to attend.

#### Stock Transfer Agent & Registrar

Mellon Investor Services, LLC  
P.O. Box 3315  
South Hackensack, NJ 07606-3315

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

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

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

### Independent Accountants

PricewaterhouseCoopers LLP  
400 Renaissance Center  
Detroit, Michigan 48243-1507

### Financial Reports for Stockholders

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

### Dividend Reinvestment and Direct Stock Purchase Plan

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

### Stock Listings

Kelly Services Class A and Class B common stock trade on the Nasdaq Stock Market<sup>SM</sup> under the symbols: KELYA and KELYB.



Recycled



Recyclable

© 2003 Kelly Services, Inc.

