



## Kelly Services(R) Reports 1st Quarter 2011 Results

TROY, MI -- (MARKET WIRE) -- 05/11/11 -- Kelly Services, Inc. (NASDAQ: KELYA) (NASDAQ: KELYB), a leader in providing [workforce](#) solutions, today announced results for the first quarter.

Carl T. Camden, President and Chief Executive Officer, announced revenue for the first quarter of 2011 totaled \$1.3 billion, a 19% increase compared to the corresponding quarter in 2010.

Earnings from operations for the first quarter of 2011 totaled \$1.6 million, compared to losses from operations of \$1.6 million reported for the first quarter of 2010. Included in the results from operations are restructuring charges of \$4.0 million in the first quarter of 2011 and \$4.4 million in the first quarter of 2010. Excluding restructuring charges, earnings from operations were \$5.6 million in the first quarter of 2011 and \$2.8 million in the first quarter of 2010.

Diluted earnings per share in the first quarter of 2011 were \$0.03 compared to first quarter 2010 losses of \$0.06 per share. Excluding restructuring charges, diluted earnings per share were \$0.14 in the first quarter of 2011 and \$0.05 in the first quarter of 2010.

Commenting on the first quarter results, Camden stated, "We continue to see evidence of a solid, sustainable economic recovery. Kelly's revenue growth for the period certainly confirms that we are on track for a profitable year."

Camden added, "Until full confidence is restored, and [employers](#) remain cautious about ramping up too aggressively, this environment seems to favor the [staffing](#) industry -- and we intend to capitalize on the opportunities presented.

"Going forward, Kelly is committed to improving our competitive position and enhancing shareholder value by delivering customer-focused workforce solutions -- spanning traditional staffing, professional and technical offerings, and outsourcing and consulting services, and maintaining talent excellence throughout our company."

In conjunction with its first quarter earnings release, Kelly Services, Inc. will host a conference call at 9:00 a.m. (ET) on May 11, to review the results and answer questions. The call may be accessed in one of the following ways:

Via the Telephone:

U.S. 1 800 288 9626

International 1 651 291 5254

The pass code is Kelly Services

Via the Internet:

The call is also available via the internet through the Kelly Services website: [www.kellyservices.com](http://www.kellyservices.com).

This release contains statements that are forward looking in nature and accordingly, are subject to risks and uncertainties. These factors 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, further impairment charges initiated 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, 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), the net financial impact of recent U.S. healthcare legislation on our business, risks associated with conducting business in foreign

countries, including foreign currency fluctuations, and other risks, uncertainties and factors discussed in this release and in the Company's filings with the Securities and Exchange Commission. Actual results may differ materially from any forward looking statements contained herein, and we have no intention to update these statements.

#### About Kelly Services®

Kelly Services, Inc. (NASDAQ: KELYA) (NASDAQ: KELYB) is a leader in providing workforce solutions. Kelly® offers a comprehensive array of outsourcing and consulting services as well as world-class staffing on a temporary, temporary-to-hire and direct-hire basis. Serving clients around the globe, Kelly provides [employment](#) to more than 530,000 employees annually. Revenue in 2010 was \$5 billion. Visit [www.kellyservices.com](http://www.kellyservices.com) and connect with us on [Facebook®](#), [LinkedIn®](#), and [Twitter®](#).

#### KELLY SERVICES, INC. AND SUBSIDIARIES

#### CONSOLIDATED STATEMENTS OF EARNINGS

FOR THE 13 WEEKS ENDED APRIL 3, 2011 AND APRIL 4, 2010

(UNAUDITED)

(In millions of dollars except per share data)

	2011	2010	Change	% Change
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Revenue from services	\$1,339.1	\$1,130.4	\$208.7	18.5%
Cost of services	1,125.4	950.4	175.0	18.4
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Gross profit	213.7	180.0	33.7	18.7
Selling, general and administrative expenses	212.1	181.6	30.5	16.8
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Earnings (loss) from operations	1.6	(1.6)	3.2	NM
Other expense, net	(0.4)	(1.1)	0.7	60.5
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Earnings (loss) before taxes	1.2	(2.7)	3.9	NM

Income taxes	0.1	(0.7)	0.8	107.7
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Net earnings (loss)	\$ 1.1	\$ (2.0)	\$ 3.1	NM%
	=====	=====	=====	=====
Earnings (loss) per share				
Basic	\$ 0.03	\$ (0.06)	\$ 0.09	NM%
Diluted	\$ 0.03	\$ (0.06)	\$ 0.09	NM%

# STATISTICS:

Gross profit rate	16.0%	15.9%	0.1pts.
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Selling, general and administrative expenses:

% of revenue	15.8	16.1	(0.3)
% of gross profit	99.2	100.9	(1.7)

% Return - Earnings (loss) from

operations	0.1	(0.1)	0.2
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Earnings (loss)

before taxes	0.1	(0.2)	0.3
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Net earnings (loss)	0.1	(0.2)	0.3
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Effective income tax rate	4.5%	26.4%	(21.9)pts.
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Average number of shares outstanding

(millions):

Basic	36.7	35.0
Diluted	36.7	35.0

Shares adjusted for nonvested

restricted awards (millions):

Basic	37.4	N/A
Diluted	37.4	N/A

# KELLY SERVICES, INC. AND SUBSIDIARIES

## RESULTS OF OPERATIONS BY SEGMENT

(UNAUDITED)

(In millions of dollars)

### First Quarter

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			Constant
			Currency
2011	2010	Change	Change
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#### Americas Commercial

Revenue from services (including

fee-based income)	\$ 653.3	\$ 547.7	19.3%	18.5%
Fee-based income	2.8	2.1	34.2	32.6
Gross profit	92.5	78.5	17.8	17.1

SG&A expenses excluding				
restructuring charges	75.8	65.1	16.6	
Restructuring charges	-	0.3	(100.0)	
Total SG&A expenses	75.8	65.4	16.0	15.4
Earnings from operations	16.7	13.1	26.8	
Earnings from operations				
excluding restructuring charges	16.7	13.4	23.4	
Gross profit rate	14.2%	14.3%	(0.1)pts.	
Expense rates (excluding				
restructuring charges):				
% of revenue	11.6	11.9	(0.3)	
% of gross profit	82.0	82.8	(0.8)	
Operating margin (excluding				
restructuring charges)	2.6	2.5	0.1	

#### Americas PT

Revenue from services (including				
fee-based income)	\$ 240.6	\$ 205.6	17.0%	16.9%
Fee-based income	2.8	2.3	21.2	21.0
Gross profit	36.1	31.5	14.5	14.4
Total SG&A expenses	27.6	23.0	19.8	19.7
Earnings from operations	8.5	8.5	0.2	
Gross profit rate	15.0%	15.3%	(0.3)pts.	
Expense rates:				
% of revenue	11.5	11.2	0.3	
% of gross profit	76.4	73.0	3.4	
Operating margin	3.5	4.1	(0.6)	

#### EMEA Commercial

Revenue from services (including				
fee-based income)	\$ 231.5	\$ 204.9	13.0%	10.1%
Fee-based income	5.8	4.8	19.4	16.1
Gross profit	37.3	32.8	13.7	10.8
SG&A expenses excluding				
restructuring charges	35.3	32.4	9.0	
Restructuring charges	4.0	2.7	47.9	
Total SG&A expenses	39.3	35.1	12.0	8.1
Earnings from operations	(2.0)	(2.3)	13.1	
Earnings from operations				
excluding restructuring charges	2.0	0.4	378.2	
Gross profit rate	16.1%	16.0%	0.1pts.	
Expense rates (excluding				
restructuring charges):				
% of revenue	15.2	15.8	(0.6)	
% of gross profit	94.6	98.7	(4.1)	
Operating margin (excluding				
restructuring charges)	0.9	0.2	0.7	

KELLY SERVICES, INC. AND SUBSIDIARIES

RESULTS OF OPERATIONS BY SEGMENT (continued)

(UNAUDITED)

(In millions of dollars)

First Quarter

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				Constant
				Currency
	2011	2010	Change	Change
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EMEA PT				
Revenue from services (including				
fee-based income)	\$41.4	\$ 34.9	18.6%	16.3%
Fee-based income	4.4	3.7	18.5	15.7
Gross profit	11.0	9.4	16.6	14.4
Total SG&A expenses	10.7	9.5	12.4	9.0
Earnings from operations	0.3	(0.1)	NM	
Gross profit rate	26.6%	27.1%	(0.5)pts.	
Expense rates:				
% of revenue	25.9	27.3	(1.4)	
% of gross profit	97.3	101.0	(3.7)	
Operating margin	0.7	(0.3)	1.0	
APAC Commercial				
Revenue from services (including				
fee-based income)	\$99.7	\$ 80.9	23.2%	13.5%
Fee-based income	3.5	2.8	26.6	16.4
Gross profit	13.5	11.4	18.7	8.8
SG&A expenses excluding				
restructuring charges	13.3	9.9	35.1	
Restructuring charges	-	0.5	(100.0)	
Total SG&A expenses	13.3	10.4	28.1	17.7
Earnings from operations	0.2	1.0	(82.8)	
Earnings from operations excluding				

restructuring charges	0.2	1.5	(89.0)
Gross profit rate	13.6%	14.1%	(0.5)pts.
Expense rates (excluding restructuring charges):			
% of revenue	13.4	12.2	1.2
% of gross profit	98.8	86.8	12.0
Operating margin (excluding restructuring charges)	0.2	1.9	(1.7)

APAC PT

Revenue from services (including fee-based income)	\$11.5	\$ 7.6	50.6%	40.6%
Fee-based income	3.8	1.9	104.0	90.0
Gross profit	5.0	2.8	79.4	66.8
Total SG&A expenses	5.7	3.8	52.9	42.2
Earnings from operations	(0.7)	(1.0)	25.6	
Gross profit rate	43.7%	36.7%	7.0pts.	
Expense rates:				
% of revenue	49.8	49.1	0.7	
% of gross profit	114.0	133.8	(19.8)	
Operating margin	(6.1)	(12.4)	6.3	

KELLY SERVICES, INC. AND SUBSIDIARIES

RESULTS OF OPERATIONS BY SEGMENT (continued)

(UNAUDITED)

(In millions of dollars)

First Quarter

Constant

Currency

2011	2010	Change	Change
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OCG

Revenue from services (including

fee-based income)	\$ 68.2	\$ 55.3	23.4%	22.7%
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Fee-based income	8.7	6.1	42.6	39.6
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Gross profit	18.9	14.0	35.5	33.9
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SG&A expenses excluding

restructuring charges	21.3	18.4	15.4	
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Restructuring charges	-	0.1	(100.0)	
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Total SG&A expenses	21.3	18.5	14.9	13.0
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Earnings from operations	(2.4)	(4.5)	48.0	
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Earnings from operations

excluding restructuring charges	(2.4)	(4.4)	47.1	
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Gross profit rate	27.7%	25.3%	2.4pts.	
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Expense rates (excluding

restructuring charges):

% of revenue	31.2	33.4	(2.2)	
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% of gross profit	112.5	132.1	(19.6)	
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Operating margin (excluding

restructuring charges)	(3.5)	(8.1)	4.6	
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Corporate Expense

SG&A expenses excluding			
restructuring charges	\$ 19.0	\$ 15.5	22.0%
Restructuring charges	-	0.8	(100.0)
Total SG&A expenses	19.0	16.3	16.3

Consolidated Total (net of  
intersegment activity)

Revenue from services (including				
fee-based income)	\$1,339.1	\$1,130.4	18.5%	16.7%
Fee-based income	31.8	23.7	34.3	29.9
Gross profit	213.7	180.0	18.7	16.8
SG&A expenses excluding				
restructuring charges	208.1	177.2	17.4	
Restructuring charges	4.0	4.4	(10.3)	
Total SG&A expenses	212.1	181.6	16.8	14.6
Earnings from operations	1.6	(1.6)	NM	
Earnings from operations				
excluding restructuring charges	5.6	2.8	95.7	

Gross profit rate	16.0%	15.9%	0.1pts.
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Expense rates (excluding  
restructuring charges):

% of revenue	15.5	15.7	(0.2)
% of gross profit	97.4	98.4	(1.0)

Operating margin (excluding  
restructuring charges)

0.4	0.3	0.1
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KELLY SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

(In millions of dollars)

	April 3, 2011 -----	January 2, 2011 -----	April 4, 2010 -----
Current Assets			
Cash and equivalents	\$ 59.8	\$ 80.5	\$ 55.7
Trade accounts receivable, less allowances of \$13.2, \$12.3 and \$14.4, respectively	875.8	810.9	727.3
Prepaid expenses and other current assets	68.4	44.8	79.7
Deferred taxes	17.4	22.4	18.4
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Total current assets	1,021.4	958.6	881.1
Property and Equipment, Net	99.5	104.0	120.0
Noncurrent Deferred Taxes	83.9	84.0	76.9
Goodwill, Net	67.3	67.3	67.3
Other Assets	154.9	154.5	144.7
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Total Assets	\$1,427.0	\$ 1,368.4	\$1,290.0
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Current Liabilities

Short-term borrowings and current portion			
of long-term debt	\$ 65.4	\$ 78.8	\$ 68.2
Accounts payable and accrued liabilities	207.3	181.6	165.8
Accrued payroll and related taxes	270.9	243.3	218.2
Accrued insurance	31.5	31.3	22.5
Income and other taxes	61.7	56.0	46.5
	-----	-----	-----
Total current liabilities	636.8	591.0	521.2
Noncurrent Liabilities			
Long-term debt	-	-	56.1
Accrued insurance	54.1	53.6	53.7
Accrued retirement benefits	90.2	85.4	77.7
Other long-term liabilities	14.2	14.6	15.5
	-----	-----	-----
Total noncurrent liabilities	158.5	153.6	203.0
Stockholders' Equity			
Common stock	40.1	40.1	40.1
Treasury stock	(70.8)	(70.9)	(106.7)
Paid-in capital	29.3	28.0	37.4
Earnings invested in the business	598.7	597.6	569.5
Accumulated other comprehensive income	34.4	29.0	25.5
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Total stockholders' equity	631.7	623.8	565.8
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Total Liabilities and Stockholders' Equity	\$1,427.0	\$ 1,368.4	\$1,290.0
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STATISTICS:

Working Capital	\$ 384.6	\$ 367.6	\$ 359.9
Current Ratio	1.6	1.6	1.7
Debt-to-capital %	9.4%	11.2%	18.0%
Global Days Sales Outstanding	52	49	51

KELLY SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE 13 WEEKS ENDED APRIL 3, 2011 AND APRIL 4, 2010

(UNAUDITED)

(In millions of dollars)

	2011	2010
	-----	-----
Cash flows from operating activities		
Net earnings (loss)	\$ 1.1	\$ (2.0)
Noncash adjustments:		
Depreciation and amortization	8.3	9.1
Provision for bad debts	1.2	0.1
Stock-based compensation	1.4	1.1
Other, net	(0.1)	0.2
Changes in operating assets and liabilities	(16.9)	(27.4)
	-----	-----
Net cash from operating activities	(5.0)	(18.9)

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Cash flows from investing activities		
Capital expenditures	(2.5)	(1.4)
Other investing activities	-	0.1
	-----	-----
Net cash from investing activities	(2.5)	(1.3)
	-----	-----
Cash flows from financing activities		
Net change in short-term borrowings	48.3	(11.2)
Repayment of debt	(62.9)	-
Other financing activities	(1.0)	-
	-----	-----
Net cash from financing activities	(15.6)	(11.2)
	-----	-----
Effect of exchange rates on cash and equivalents	2.4	(1.8)
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Net change in cash and equivalents	(20.7)	(33.2)
Cash and equivalents at beginning of period	80.5	88.9
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Cash and equivalents at end of period	\$ 59.8	\$ 55.7
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KELLY SERVICES, INC. AND SUBSIDIARIES

REVENUE FROM SERVICES

(UNAUDITED)

(In millions of dollars)

First Quarter (Commercial, PT and OCG)

	% Change			
			Constant	
	2011	2010	US\$	Currency
	-----	-----	-----	-----
Americas				
United States	\$ 839.7	\$ 710.2	18.2%	18.2%
Canada	59.4	51.6	15.1	9.2
Mexico	25.1	19.0	32.1	25.0
Puerto Rico	22.1	14.7	49.6	49.6
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Total Americas	946.3	795.5	18.9	18.4
EMEA				
France	70.0	67.3	4.0	4.9
Switzerland	47.2	31.4	50.6	33.5
Russia	34.2	23.3	46.8	43.6
United Kingdom	31.1	37.6	(17.4)	(19.9)
Portugal	20.6	18.4	12.3	12.8
Germany	20.3	16.3	24.7	25.5

Italy	16.6	16.7	(0.8)	(0.5)
Norway	15.1	13.9	8.8	6.1
Other	23.2	19.2	20.7	20.3
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Total EMEA	278.3	244.1	14.0	11.3
APAC				
Australia	36.4	27.6	31.7	18.4
Singapore	26.1	18.9	38.1	25.6
Malaysia	17.6	14.6	20.7	9.3
India	17.6	13.7	28.5	26.8
Other	16.8	16.0	4.6	(1.0)
	-----	-----		
Total APAC	114.5	90.8	26.0	16.3
Total Kelly Services, Inc.	\$ 1,339.1	\$ 1,130.4	18.5%	16.7%
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KELLY SERVICES, INC. AND SUBSIDIARIES

RECONCILIATION OF NON-GAAP MEASURES

(UNAUDITED)

(In millions of dollars except per share data)

First Quarter

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2011      2010

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Pretax earnings (loss) from operations	\$	1.6	\$	(1.6)
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Restructuring charges (Note 1)		4.0		4.4
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Earnings from operations excluding
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restructuring charges	\$	5.6	\$	2.8
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First Quarter

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2011		2010	
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Per		Per	
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Amount	Share	Amount	Share
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Net earnings (loss)	\$	1.1	\$	0.03	\$	(2.0)	\$	(0.06)
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Restructuring charges, net of taxes
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(Note 1)		4.0	0.11		3.6	0.10
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Net earnings excluding restructuring
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charges, net of taxes	\$	5.1	\$	0.14	\$	1.6	\$	0.05
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## RECONCILIATION OF NON-GAAP MEASURES

(UNAUDITED)

Management believes that the non-GAAP (Generally Accepted Accounting Principles) information excluding the restructuring charges is useful to understand the Company's fiscal 2011 financial performance and increases comparability. Specifically, Management believes that excluding this item allows for a more meaningful comparison of current period operating performance with the operating results of prior periods. These non-GAAP measures may have limitations as analytical tools because they exclude items which can have a material impact on cash flow and earnings per share. As a result, Management considers these measures, along with reported results, when it reviews and evaluates the Company's financial performance. Management believes that these measures provide greater transparency to investors and provide insight into how Management is evaluating the Company's financial performance. Non-GAAP measures should not be considered a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP.

(1) In 2010, restructuring costs related primarily to severance and lease termination costs for branches in the EMEA and APAC Commercial segments that were in the process of closure at the end of 2009, as well as severance costs related to the corporate headquarters. In 2011, restructuring costs relate primarily to revisions of the estimated lease termination costs for EMEA Commercial branches that closed in prior years.

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