2011 ANNUAL REPORT

KELLY® SERVICES

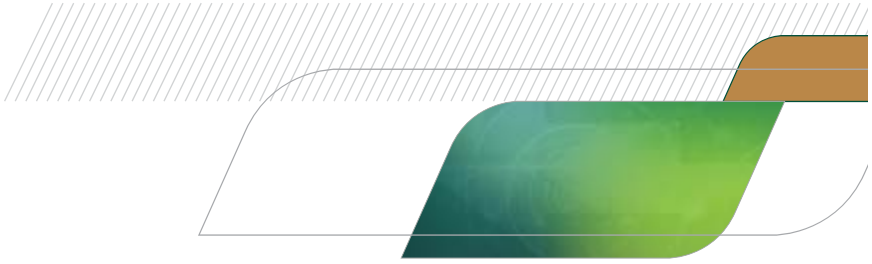
CORPORATE PROFILE

Kelly Services® was established in 1946 by the founder of the temporary staffing industry, William Russell Kelly. Since then, the Company has progressed from our widely recognized "Kelly Girl®" brand to become a leading provider of innovative solutions for almost any workforce need.

Our values are built on a tradition of integrity, quality, and service excellence—keys to the longstanding relationships we create with both customers and employees alike.

Kelly® operates in three geographic regions: The Americas; Asia-Pacific (APAC); and Europe, the Middle East, and Africa (EMEA). In each region, we offer both commercial and professional/technical staffing. Through our Outsourcing and Consulting Group (KellyOCG®), we feature a comprehensive range of workforce solutions, from global recruitment to human resource management, vendor management, and outplacement services. Kelly also excels in search-based recruitment as well as traditional staffing on a temporary, temporary-to-hire, or direct-hire basis.

Today, our 550,000 employees are working in positions at all levels of finance, healthcare, engineering, law, education, accounting, information technology, science, creative services, office, and light industrial. In 2011, our revenue totaled $5.6 billion. More information can be found at www.kellyservices.com.



Each year, the preparation of our annual letter prompts me to reflect on business trends, assess Kelly's accomplishments, and share our Company's perspective on the opportunities and challenges that lie ahead. This year, that process was quite gratifying.

You will find the content, tone, and outlook we express in the following letter have changed for the better—and that is welcome news. At last we can say without equivocation: Kelly Services had a good year.

Delivering Strong Results

In a sign of economic resurgence, demand for services across our business segments picked up in 2011. Kelly recorded net sales of $5.6 billion and revenue increased 12% for the year. Net earnings for 2011 totaled $64 million against $26 million in 2010—more than doubling our net earnings per share from continuing operations to $1.72. With our performance improving, confidence in the sustainability of this recovery grew. During the third quarter, our board of directors reinstated a dividend.

Other factors also helped spur profits—namely tight expense control, and our lower cost-of-service model. At the same time, we maintained a sound balance sheet and capital structure to preserve our financial strength and provide the flexibility needed to compete as the economy expands.

And so, we enter 2012 with greater confidence and optimism.

Relentless in Our Pursuit

What is most remarkable about our progress is that we moved forward in spite of unforeseen head winds. Early in 2011, a devastating earthquake, tsunami, and nuclear power crisis in Japan disrupted commerce and impacted economic momentum globally. Spring brought instability and social unrest in the Middle East, rippling across the globe. During the summer, a budget standoff in our nation's capital threatened to derail the U.S. recovery. And the lingering European debt crisis kept international markets seesawing throughout much of the year.

Taken together, those events prolonged uncertainty among employers, and suppressed job growth.

But determination prevailed. Driven by the operational, financial, and strategic goals we set more than two years ago, Kelly met the

TO OUR STOCKHOLDERS

challenges head on. As 2011 drew to a close, the economy strengthened and our Company turned in a solid performance. We now stand firmly on a strong foundation, ready for long-term growth.

Becoming the Best

Our strategic goals have remained fundamentally unchanged. Kelly is committed to:

- Maximizing value to stockholders
- Increasing profits and achieving competitive returns
- Diversifying our business mix and products
- And building solid, lasting relationships with customers

To achieve those goals, we know the execution of our strategic plan must be as dynamic as the business world around us.

The staffing industry is in transition. It's no longer enough for us to meet our customers' current demands. We must excel at anticipating their future talent needs and develop the next generation of workforce solutions. This year, we created a vehicle to advance that objective: the Office of Innovation. The organization is charged with fostering development of new industry-leading ideas and expediting their introduction into the marketplace.

That turnaround process requires great speed and agility. In the past three years, we've trimmed our organization, exited underperforming areas, and realigned our structure to meet real-world requirements. 2012 finds Kelly more responsive, efficient, and on target than ever before.

Finally, to accelerate profitability, we have shifted our concentration to higher-end staffing services—setting our sights on becoming a premier provider of the professional and technical talent employers increasingly seek. The new focus strengthens our ability to prosper through future economic cycles, deliver greater value for our customers, and optimize returns for our stockholders.

We are now well on our way to becoming the best global workforce solutions company.

A Solutions Leader

More than 65 years ago, Kelly pioneered the staffing industry. That imaginative spirit is still very much alive today. Now, we are leveraging our considerable experience to reinvent the future of work and serve as the nexus of free agent talent for companies around the globe.

What does it take to become a world-class workforce solutions expert?

As a leader in workforce solutions, we bring order to the complex world of work and serve as a talent supply partner.

In the ebb and flow of an increasingly interdependent global economy, we forge connections that people and businesses can't make alone. We help customers assess changes in their industry and apply the new laws of supply and demand to their employee composition. We bring access to vast, scattered, and diverse talent. Customers can look to us for a comprehensive pool of talent—from special project workers to interns, independent contractors to temporary and full-time employees. We are the conduit between individuals, small employers, the world's top companies, and workforce suppliers.

In short, we design effective models to manage and maximize the new world of work.

A World of Talent

If this era has a prevailing theme, it is *Job Creation*. Kelly puts people to work, and this is our time of opportunity.

The trends are with us. A changing economy can favor the free agent work style. An aging workforce is on the cusp of retirement, creating additional prospects. A progressively mobile population is amenable to contractual and temporary assignment. More employers are receptive to outsourcing work and need help recruiting and managing employees. Demand is swelling in many professional and technical specialties, where Kelly is focusing its efforts.

Every day, we're confirming our capabilities, winning new accounts, and earning the loyalty of our customers.

A World of Talent truly describes today's Kelly. Our culture calls on us to pursue excellence and nurture the very best in people. To that end, we've made it a priority to attract and retain exceptional employees, free agents, and workforce suppliers. We know we are only as good as our team, and we are grateful to all who have worked hard this year to grow our Company. Our performance is indeed a celebration of the talent they bring to the world.

CARL T. CAMDEN
President and Chief Executive Officer
March 2012

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

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the fiscal year ended January 1, 2012

OR

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

For the transition period from ---------- to ----------

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)	(IRS Employer Identification Number)

999 West Big Beaver Road, Troy, Michigan	48084
(Address of Principal Executive Office)	(Zip Code)

(248) 362-4444

(Registrant's Telephone Number, Including Area Code)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Class A Common	NASDAQ Global Market
Class B Common	NASDAQ Global Market

Securities Registered Pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [ ] No [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes [ ] No [X]

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated

Americas PT
Our Americas PT segment includes a number of industry-specific services: *Kelly Scientific Resources*®, a leading provider of scientific and clinical research workforce solutions; *Kelly Engineering Resources*®, supplying engineering professionals across all disciplines including aeronautical, chemical, civil/structural, electrical/instrumentation, environmental, industrial, mechanical, petroleum, pharmaceutical, quality and telecommunications; *Kelly IT Resources*®, placing information technology specialists across all IT disciplines; *CGR/seven*, placing employees in creative services positions; *Kelly Financial Resources*®, serving the needs of corporate finance departments, accounting firms and financial institutions with professional personnel; *Kelly Government Solutions*, providing a full spectrum of talent management solutions to the U.S. federal government; *Kelly Healthcare Resources*®, providing all levels of healthcare specialists and professionals for work in hospitals, ambulatory care centers, HMOs and other health insurance companies; and *Kelly Law Registry*®, placing legal professionals including attorneys, paralegals, contract administrators, compliance specialists and legal administrators. Our temporary-to-hire service, *KellySelect*, and direct-hire placement service, *KellyDirect*, are also offered in this segment.

EMEA Commercial
Our EMEA Commercial segment provides a similar range of commercial staffing services as described for our Americas Commercial segment above, including: *Kelly Office Services*, *KellyConnect*, *Kelly Light Industrial Services* and *KellySelect*. Additional service areas of focus include *Kelly Catering and Hospitality,* providing chefs, porters and hospitality representatives; and *Kelly Industrial,* supplying manual workers to semi-skilled professionals in a variety of trade, non-trade and operational positions.

EMEA PT
Our EMEA PT segment provides many of the same services as described for our Americas PT segment, including: *Kelly Engineering Resources, Kelly Financial Resources, Kelly Healthcare Resources, Kelly IT Resources* and *Kelly Scientific Resources*.

APAC Commercial
Our APAC Commercial segment offers a similar range of commercial staffing services as described for our Americas and EMEA Commercial segments above, through staffing solutions that include permanent placement, temporary staffing, temporary to full-time staffing and vendor on-site management.

APAC PT
Our APAC PT segment provides many of the same services as described for our Americas and EMEA PT segments, including: *Kelly Engineering Resources, Kelly IT Resources* and *Kelly Scientific Resources*. Additional service areas include *Kelly Selection* and *Kelly Executive* (Australia and New Zealand only), which offer mid- to senior-level search and selection of leaders in core practice areas such as HR, Sales and Marketing, Finance, Procurement and General Management.

OCG
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across multiple regions, skill sets and the entire spectrum of human resources. Services in this segment include: *Recruitment Process Outsourcing ("RPO")*, offering end-to-end talent acquisition solutions, including customized recruitment projects; *Contingent Workforce Outsourcing ("CWO")*, providing globally managed service solutions that integrate supplier and vendor management technology partners to optimize contingent workforce spend; *Independent Contractor Solutions*, delivering evaluation, classification and risk management services that enable safe access to this critical talent pool; *Payroll Process Outsourcing ("PPO")*, providing centralized payroll processing solutions globally for our customers; *Business Process Outsourcing ("BPO")*, offering full staffing and operational management of non-core functions or departments; *Career Transition & Organizational Effectiveness*, offering a range of custom solutions to maintain effective operations and maximize employee motivation and performance in the wake of corporate restructurings; and *Executive Search*, providing leadership in executive placement in various regions throughout the world.

Financial information regarding our industry segments is included in the Segment Disclosures note to our consolidated financial statements presented in Part II, Item 8 of this report.

Business Objectives

for our customers, in the lives of our employees, in the local communit

strive to assist them in operating efficient, profitable organizations. Our consultative approach to customer relationships leverages a collective expertise spanning 65 years of thought leadership, while Kelly solutions are customizable to benefit them on any scope or scale required.

As the use of contingent labor, consultants, and independent contractors becomes more prevalent and critical to the ongoing success of our customer base, our core competencies are refined to help them realize their respective business objectives. Kelly offers a comprehensive array of outsourcing and consulting services, as well as world-class staffing on a temporary, temp-to-hire and direct placement basis. Kelly will continue to deliver the strategic expertise our customers need to transform their workforce management challenges into opportunities.

Business Operations

Service Marks

We own numerous service marks that are registered with the United States Patent and Trademark Office, the European Union Community Trademark Office and numerous individual country trademark offices.

Seasonality

Our quarterly services historically has been lower during the first and fourth quarters, in part as a result of holidays, and typically increases during the second and third quarters of the year.

Working Capital

Our working capital requirements are primarily generated from temporary employee payroll and customer accounts receivable. Since receipts from customers generally lag payroll to temporary employees, working capital requirements increase substantially in periods of growth.

Customers

We are not dependent on any single customer, or a limited segment of customers. In 2011, an estimated 50% of total Company revenue was attributed to 100 large customers. Our largest single customer accounted for approximately four percent of total revenue in 2011.

Government Contracts

Although we conduct business under various federal, state, and local government contracts, they do not account for a significant portion of our business.

Competition

The worldwide temporary staffing industry is competitive and highly fragmented. In the United States, approximately 100 competitors operate nationally, and approximately 10,000 smaller companies compete in varying degrees at local levels. Additionally, several similar staffing companies compete globally. In 2011, our largest competitors were Allegis Group, Adecco S.A, Manpower Inc., Robert Half International, Inc. and Randstad Holding N.V.

Key factors that influence our success are geographic coverage, breadth of service, quality of service, and price.

Geographic presence is important, as temporary employees are generally unwilling to travel great distances for assignment, and customers prefer working with companies in their local market. Breadth of service, or ability to

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needs.

Quality of service is highly dependent on the availability of qualified, competent temporary employees, and our ability to recruit, screen, train, retain, and manage a pool of employees who match the skills required by particular customers. During an economic downturn, we must balance competitive pricing pressures with the need to retain a qualified workforce. Price competition in the staffing industry is intense particularly for office clerical and light industrial personnel and pricing pressure from customers and competitors continues to be significant.

Environmental Concerns

Because we are involved in a service business, federal, state or local laws that regulate the discharge of materials into the environment do not materially impact us.

Employees

We employ approximately 1,100 people at our corporate headquarters in Troy, Michigan, and approximately 7,100 staff members in our international network of branch offices. In 2011, we assigned approximately 550,000 temporary employees to a variety of customers around the globe.

While services may be provided inside the facilities of customers, we remain the employer of record for our temporary

Foreign Operations

For information regarding sales, earnings from operations and long-lived assets by domestic and foreign operations, please refer to the information presented in the Segment Disclosures note to our consolidated financial statements, presented in Part II, Item 8 of this report.

Access to Company Information

We electronically file our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports with the Securities and Exchange Co 2

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Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet website at www.sec.gov that contains reports, proxy and information statements and other information regarding issuers that file electronically.

We make available, free of charge, through our Internet website, and by responding to requests addressed to our vice president of investor relations, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports. These reports are available as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. Our website address is: www.kellyservices.com. The information contained on our website, or on other websites linked to our website, is not part of this report.

ITEM 1A. RISK FACTORS.

We operate in a highly competitive industry with low barriers to entry, and may be unable to compete successfully against existing or new competitors.

The worldwide staffing services market is highly competitive with limited barriers to entry. We compete in global, national, regional and local markets with full-service and specialized temporary staffing companies. While the majority of our competitors are significantly smaller than us, several competitors, including Allegis Group, Adecco S.A, Manpower Inc., Robert Half International, Inc. and Randstad Holding N.V., have substantial marketing and financial resources. In particular, Adecco S.A, Manpower Inc. and Randstad Holding N.V. are considerably larger than we are and, thus, have significantly more marketing and financial resources than we do. Price competition in the staffing industry is intense, particularly for the provision of office clerical and light industrial personnel. We expect that the level of competition will remain high, which could limit our ability to maintain or increase our market share or profitability.

The number of customers consolidating their staffing services purchases with a single provider or small group of providers continues to increase which, in some cases, may make it more difficult for us to obtain or retain customers. We also face the risk that our current or prospective customers may decide to provide similar services internally. As a result, there can be no assurance that we will not encounter increased competition in the future.

Our business is significantly affected by fluctuations in general economic conditions.

Demand for staffing services is significantly affected by the general level of economic activity and employment in the United States and the other countries in which we operate. When economic activity increases, temporary employees are often added before full-time employees are hired. As economic activity slows, however, many companies reduce their use of temporary employees before laying off full-time employees. Significant swings in economic activity historically have had a disproportionate impact on staffing industry volumes. We may also experience more competitive pricing pressure during periods of economic downturn. A substantial portion of our revenues and earnings are generated by our business operations in the United States. Any significant economic downturn in the United States or certain other countries in which we operate could have a material adverse effect on our business, financial condition and results of operations.

We may not achieve the intended effects of our business strategy.

Our business strategy focuses on improving profitability through scale and specialization, particularly with our professional and technical and OCG businesses. We have also implemented steps to increase our operating efficiency in our commercial staffing markets, grow our higher margin specialty staffing and grow our outsourcing and consulting business. We plan to implement cost-efficient service delivery models to enable local teams to focus on profit-generating activities and relationships. If we are not successful in achieving these objectives, our revenues, costs and overall profitability could be negatively affected. If we are unable to execute our business strategy effectively, our productivity and cost competitiveness could be negatively affected.

Our loss of major customers or the deterioration of their financial condition or prospects could have a material adverse effect on our business.

Our business strategy is focused on serving large corporate customers through high volume global service agreements. While our strategy is intended to enable us to increase our revenues and earnings from our major corporate customers, the strategy also exposes us to increased risks arising from the possible loss of major customer accounts. In addition, some of our customers are in industries, such as the automotive and manufacturing industries, that have experienced adverse business and financial conditions in recent years. The deterioration of the financial condition or business prospects of these customers could reduce their need for temporary employment services and result in a significant decrease in the revenues and earnings we derive from these customers. The bankruptcy of a major customer could have a material adverse impact on our ability to meet our working capital requirements.

Impairment charges relating to our goodwill and long-lived assets could adversely affect our results of operations.

We regularly monitor our goodwill and long-lived assets for impairment indicators. In conducting our goodwill impairment testing, we compare the fair value of each of our reporting units to the related net book value. In conducting our impairment analysis of long-lived assets, we compare the undiscounted cash flows expected to be generated from the long-lived assets to the related net book values. Changes in economic or operating conditions impacting our estimates and assumptions could result in the impairment of our goodwill or long-lived assets. In the event that we determine that our goodwill or long-lived assets are impaired, we may be required to record a significant charge to earnings that could adversely affect our results of operations.

Our customer contracts contain termination provisions that could decrease our future revenues and earnings.

Most of our customer contracts can be terminated by the customer on short notice without penalty. Our customers are, therefore, not contractually obligated to continue to do business with us in the future. This creates uncertainty with respect to the revenues and earnings we may recognize with respect to our customer contracts.

We depend on our ability to attract and retain qualified temporary personnel (employed directly by us or through a third-party supplier).

We depend on our ability to attract qualified temporary personnel who possess the skills and experience necessary to meet the staffing requirements of our customers. We must continually evaluate our base of available qualified personnel to keep pace with changing customer needs. Competition for individuals with proven professional skills is intense, and demand for these individuals is expected to remain strong for the foreseeable future. There can be no assurance that qualified personnel will continue to be available in sufficient numbers and on terms of employment acceptable to us. Our success is substantially dependent on our ability to recruit and retain qualified temporary personnel.

We may be exposed to employment-related claims and losses, including class action lawsuits and collective actions, which could have a material adverse effect on our business.

We employ and assign personnel in the workplaces of other businesses. The risks of these activities include possible claims relating to:

- discrimination and harassment;
- wrongful termination or denial of employment;
- violations of employment rights related to employment screening or privacy issues;
- classification of employees including independent contractors;
- employment of illegal aliens;
- violations of wage and hour requirements;
- retroactive entitlement to employee benefits; and
- errors and omissions by our temporary employees, particularly for the actions of professionals such as attorneys, accountants and scientists.

We are also subject to potential risks relating to misuse of customer proprietary information, misappropriation of funds, damage to customer facilities due to negligence of temporary employees, criminal activity and other similar claims. We may incur fines and other losses or negative publicity with respect to these problems. In addition, these claims may give rise to litigation, which could be time-consuming and expensive. In the U.S. and certain other countries in which we operate, new employment and labor laws and regulations have been proposed or adopted that may increase the potential exposure of employers to employment-related claims and litigation. There can be no assurance that the corporate policies we have in place to help reduce our exposure to these risks will be effective or that we will not experience losses as a result of these risks. Although we maintain insurance in types and amounts we believe are appropriate in light of the aforementioned exposures, there can also be no assurance that such insurance policies will remain available on reasonable terms or be sufficient in amount or scope of coverage.

Improper disclosure of sensitive or private information could result in liability and damage our reputation.

Our business involves the use, storage and transmission of information about full-time and temporary employees. Additionally, our employees may have access or exposure to customer data and systems, the misuse of which could result in legal liability. We are dependent on the security provisions of vendors who have custodial control of our data. We have established policies and procedures to help protect the security and privacy of this information. It is possible that our security controls over personal and other data and other practices we follow may not prevent the improper access to or disclosure of personally identifiable or otherwise confidential information. Such disclosure could harm our reputation and subject us to liability under our contracts and laws that protect personal data and confidential information, resulting in increased costs or loss of revenue. Further, data privacy is subject to frequently changing rules and regulations, which sometimes conflict among the various jurisdictions and countries in which we provide services. Our failure to adhere to or successfully implement processes in response to changing regulatory requirements in this area could result in legal liability, additional compliance costs or damage to our reputation in the marketplace.

Unexpected changes in claim trends on our workers' compensation and benefit plans may negatively impact our financial condition.

We self-insure, or otherwise bear financial responsibility for, a significant portion of expected losses under our

severity and frequency of claims, actuarial estimates and medical cost inflation could result in costs that are significantly different than initially reported. If future claims-related liabilities increase due to unforeseen circumstances, our costs could increase significantly. There can be no assurance that we will be able to increase the fees charged to our customers in a timely manner and in a sufficient amount to cover increased costs as a result of any changes in claims-related liabilities.

Failure to maintain specified financial covenants in our bank credit facilities, or credit market events beyond our control, could adversely restrict our financial and operating flexibility and subject us to other risks, including risk of loss of access to capital markets.

Our bank credit facilities contain covenants that require us to maintain specified financial ratios and satisfy other financial conditions. During 2011, we met all of the covenant requirements. Our ability to continue to meet these financial covenants, particularly with respect to interest coverage (see Debt note in the footnotes to the consolidated financial statements), may not be assured. If we default under this or any other of these requirements, the lenders could declare all outstanding borrowings, accrued interest and fees to be due and payable or significantly increase the cost of the facility. In these circumstances, there can be no assurance that we would have sufficient liquidity to repay or refinance this indebtedness at favorable rates or at all. Events beyond our control could result in the failure of one or more of our banks, reducing our access to liquidity and potentially resulting in reduced financial and operating flexibility. If broader credit markets were to experience dislocation, our potential access to other funding sources would be limited.

Damage to our key data centers could affect our ability to sustain critical business applications.

Many business processes critical to our continued operation are housed in our data center situated within the corporate headquarters complex as well as regional data centers in Asia-Pacific and Europe. Those processes include, but are not limited to, payroll, customer reporting and order management. While we have taken steps to protect these operations, the loss of a data center would create a substantial risk of business interruption.

Our investment in our PeopleSoft payroll, billing and accounts receivable project may not yield its intended results.

In the fourth quarter of 2004, we commenced our PeopleSoft project to replace our payroll, billing and accounts receivable information systems in the United States, Canada, Puerto Rico, the United Kingdom and Ireland. To date we have several modules in production including accounts receivable in all locations, payroll in Canada, payroll and billing in the United Kingdom and Ireland and general ledger and fixed assets in the U.S., Puerto Rico and Canada. We anticipate spending approximately $20 to $25 million from 2012 through 2015 to complete the PeopleSoft project. Although the technology is intended to increase productivity and operating efficiencies, the PeopleSoft project may not yield its intended results. Any delays in completing, or an inability to successfully complete, this technology initiative or an inability to achieve the anticipated efficiencies could adversely affect our operations, liquidity and financial condition. There is also a risk that if the remaining modules are not completed or the cost of completion is prohibitive, an impairment charge relating to all or a portion of the $4.8 million capitalized cost of the in-process modules as of January 1, 2012 could be required.

We are highly dependent on our senior management and the continued performance and productivity of our local management and field personnel.

We are highly dependent on the continued efforts of the members of our senior management. We are also highly dependent on the performance and productivity of our local management and field personnel. The loss of any of the members of our senior management may cause a significant disruption in our business. In addition, the loss of any of our local managers or field personnel may jeopardize existing customer relationships with businesses that use our services based on relationships with these individuals. The loss of the services of members of our senior management could have a material adverse effect on our business.

Our business is subject to extensive government regulation, which may restrict the types of employment services we are permitted to offer or result in additional or increased taxes, including payroll taxes, or other costs that reduce our revenues and earnings.

The temporary employment industry is heavily regulated in many of the countries in which we operate. Changes in laws or government regulations may result in prohibition or restriction of certain types of employment services we are permitted to offer or the imposition of new or additional benefit, licensing or tax requirements that could reduce our revenues and earnings. In particular, we are subject to state unemployment taxes in the U.S. which typically increase during periods of increased levels of unemployment. We also receive benefits, such as the work opportunity credit in the U.S., that regularly expire and may not be reinstated. There can be no assurance that we will be able to increase the fees charged to our customers in a timely manner and in a sufficient amount to fully cover increased costs as a result of any changes in laws or government regulations. Any future changes in laws or government regulations, or interpretations thereof, may make it more difficult or expensive for us to provide staffing services and could have a material adverse effect on our business, financial condition and results of operations.

The net financial impact of recent U.S. healthcare legislation on our results of operations could be significant.

In March 2010, the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act
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legislation that, in addition to other provisions, will require that we provide healthcare coverage to our temporary employees in the United States or incur penalties. Although we intend to bill these costs to our customers, there can be no assurance that we will be able to increase the fees charged to our customers in a sufficient amount to cover the increased costs. Additionally, since significant provisions of the Acts will not become effective until 2014, possible future changes to the Acts could significantly impact any estimates we develop during that period. While we are unable at this time to estimate the net impact of the Acts, we believe the net financial impact on our results of operations could be significant.

We conduct a significant portion of our operations outside of the United States and we are subject to risks relating to our international business activities, including fluctuations in currency exchange rates.

We conduct our business in all major staffing markets throughout the world. Our operations outside the United States are subject to risks inherent in international business activities, including:

- fluctuations in currency exchange rates;
- varying economic and political conditions;
- differences in cultures and business practices;
- differences in employment and tax laws and regulations;
- differences in accounting and reporting requirements;
- changing and, in some cases, complex or ambiguous laws and regulations; and
- litigation and claims.

Our operations outside the United States are reported in the applicable local currencies and then translated into U.S. dollars at the applicable currency exchange rates for inclusion in our consolidated financial statements. Exchange rates for currencies of these countries may fluctuate in relation to the U.S. dollar and these fluctuations may have an adverse or favorable effect on our operating results when translating foreign currencies into U.S. dollars.

Our controlling stockholder exercises voting control over our company and has the ability to elect or remove from office all of our directors.

Terence E. Adderley, the Chairman of our board of directors, and certain trusts with respect to which he acts as trustee or co-trustee, control approximately 93% of the outstanding shares of Kelly Class B common stock, which is the only class of our common stock entitled to voting rights. Mr. Adderley is therefore able to exercise voting control with respect to all matters requiring stockholder approval, including the election or removal from office of all members of the Board of Directors.

We are not subject to most of the listing standards that normally apply to companies whose shares are quoted on the NASDAQ Global Market.

Our Class A and Class B common stock are quoted on the NASDAQ Global Market. Under the listing standards of 0 0 at Terence E. Adderley, the Chairman of our board of directors, and certain trusts of which he acts as trustee or co-trustee have voting power with respect to more than fifty percent of our outstanding voting stock. A controlled company is not required to have a majority of its board of directors comprised of independent directors. Director nominees are not

nominations committee comprised solely of independent directors, nor do the NASDAQ Global Market listing standards require a controlled company to certify the adoption of a formal written charter or board resolution, as applicable, addressing the nominations process. A controlled company is also exempt from NASDAQ Global

compensation committee comprised solely of independent directors. A controlled company is required to have an audit committee composed of at least three directors, who are independent as defined under the rules of both the Securities and Exchange Commission and the NASDAQ Global Market. The NASDAQ Global Market further requires that all members of the audit committee have the ability to read and understand fundamental financial statements and that at least one member of the audit committee possess financial sophistication. The independent directors must also meet at least twice a year in meetings at which only they are present.

We currently comply with certain of the listing standards of the NASDAQ Global Market that do not apply to controlled companies. Our compliance is voluntary, however, and there can be no assurance that we will continue to comply with these standards in the future.

Provisions in our certificate of incorporation and bylaws and Delaware law may delay or prevent an acquisition of our company.

Our restated certificate of incorporation and bylaws contain provisions that could make it harder for a third party to acquire us without the consent of our board of directors. For example, if a potential acquirer were to make a hostile bid for us, the acquirer would not be able to call a special meeting of stockholders to remove our board of directors or act by written consent without a meeting. The acquirer would also be required to provide advance notice of its proposal to replace directors at any annual meeting, and would not be able to cumulate votes at a meeting, which would require the acquirer to hold more shares to gain representation on the board of directors than if cumulative voting were permitted.

Our board of directors also has the ability to issue additional shares of common stock that could significantly dilute the ownership of a hostile acquirer. In addition, Section 203 of the Delaware General Corporation Law limits mergers and other business combination transactions involving 15 percent or greater stockholders of Delaware corporations unless certain board or stockholder approval requirements are satisfied. These provisions and other similar provisions make it more difficult for a third party to acquire us without negotiation.

Our board of directors could choose not to negotiate with an acquirer that it did not believe was in our strategic interests. If an acquirer is discouraged from offering to acquire us or prevented from successfully completing a hostile acquisition by these or other measures, our shareholders could lose the opportunity to sell their shares at a favorable price.

The holders of shares of our Class A common stock are not entitled to voting rights.

Under our certificate of incorporation, the holders of shares of our Class A common stock are not entitled to voting rights, except as otherwise required by Delaware law. As a result, Class A common stock holders do not have the right to vote for the election of directors or in connection with most other matters submitted for the vote of our stockholders.

Our stock price may be subject to significant volatility and could suffer a decline in value.

The market price of our common stock may be subject to significant volatility. We believe that many factors, including several which are beyond our control, have a significant effect on the market price of our common stock. These include:

- actual or anticipated variations in our quarterly operating results;
- announcements of new services by us or our competitors;
- announcements relating to strategic relationships or acquisitions;
- changes in financial estimates by securities analysts;
- changes in general economic conditions;
- actual or anticipated changes in laws and government regulations;
- changes in industry trends or conditions; and
- sales of significant amounts of our common stock or other securities in the market.

In addition, the stock market in general, and the NASDAQ Global Market in particular, have experienced significant price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of listed companies. These broad market and industry factors may seriously harm the market price of our common stock, regardless of our operating performance. In the past, securities class action litigation has often been instituted following periods of volatility in the market pric 0

Further, our operating results may be below the expectations of securities analysts or investors. In such event, the price of our common stock may decline.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

We own our headquarters in Troy, Michigan, where corporate, subsidiary and divisional offices are currently located. The original headquarters building was purchased in 1977. Headquarters operations were expanded into additional buildings purchased in 1991, 1997 and 2001.

The combined usable floor space in the headquarters complex is approximately 350,000 square feet. Our buildings are in good condition and are currently adequate for their intended purpose and use. We also own undeveloped land in Troy and northern Oakland County, Michigan.

Branch office business is conducted in leased premises with the majority of leases being fixed for terms of generally three to five years in the United States and Canada and five to ten years outside the United States and Canada. We own virtually all of the office furniture and the equipment used in our corporate headquarters and branch offices.

ITEM 3. LEGAL PROCEEDINGS.

The Company is awaiting final court approval of a settlement of a single class action, Fuller v. Kelly Services, Inc. and Kelly Home Care Services, Inc. pending in the Superior Court of California, Los Angeles, which involves a claim for monetary damages by current and former temporary employees in the State of California. The claims are related to alleged misclassification of personal attendants as exempt and not entitled to overtime compensation under state law and alleged technical violations of a state law governing the content of employee pay stubs. A $1.2 million after tax charge relating to the settlement was recognized in discontinued operations during the second quarter 2011.

During the fourth quarter of 2011, the Company paid $1.9 million to settle a previous legal matter, Sullivan v. Kelly Services, Inc., which had been pending in the U.S. District Court Southern District of California. The Company established a reserve for this case in 2010.

The Company is continuously engaged in litigation arising in the ordinary course of its business, typically matters alleging employment discrimination, alleging wage and hour violations or enforcing the restrictive covenants in the
2 While there is no expectation that any of these matters will have a material
2
inherent uncertainty and the Company is not able to reasonably predict if any matter will be resolved in a manner that is materially adverse to the Company.

Disclosure of Certain IRS Penalties

None.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Market Information and Dividends

2 0 2 1 0 0 0 1 and low selling prices for our Class A common stock and Class B common stock as quoted by the NASDAQ Global Market and the dividends paid on the common stock for each quarterly period in the last two fiscal years are reported in the table below. Payments of dividends are restricted by the financial covenants contained in our debt facilities, as described in the Debt footnote to the consolidated financial statements.

	Per share amounts (in dollars)				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
2011					
Class A common					
High	$ 22.99	$ 21.41	$ 17.58	$ 17.00	$ 22.99
Low	17.50	14.61	10.95	10.77	10.77
Class B common					
High	22.99	21.30	16.70	17.12	22.99
Low	18.10	14.53	12.23	11.26	11.26
Dividends	-	-	0.05	0.05	0.10
2010					
Class A common					
High	$ 18.02	$ 18.93	$ 16.28	$ 20.29	$ 20.29
Low	11.80	12.80	10.07	11.70	10.07
Class B common					
High	17.56	18.54	14.40	20.90	20.90
Low	10.66	13.16	10.45	10.51	10.45
Dividends	-	-	-	-	-

Holders

The number of holders of record of our Class A and Class B common stock were approximately 8,600 and 300, respectively, as of February 6, 2012.

Recent Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities

Period	Total Number of Shares (or Units) Purchased	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) That May Yet Be Purchased Under the Plans or Programs
				(in millions of dollars)
October 3, 2011 through November 6, 2011	261	$ 15.29	-	$ -
November 7, 2011 through December 4, 2011	28,975	14.23	-	-
December 5, 2011 through January 1, 2012	1,137	14.10	-	-
Total	30,373	$ 14.23	-	

We may reacquire shares to cover taxes due upon the vesting of restricted stock held by employees. Accordingly, 30,373 shares 2

ITEM 6. SELECTED FINANCIAL DATA.

The following table summarizes selected financial information of Kelly Services, Inc. and its subsidiaries for each of the most recent five fiscal years. This table should be read in conjunction with the other financial information, including "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements included elsewhere in this report.

(In millions except per share amounts)	2011	2010 [2]	2009 [1,2]	2008 [2]	2007
Revenue from services	$ 5,551.0	$ 4,950.3	$ 4,314.8	$ 5,517.3	$ 5,667.6
Earnings (loss) from continuing operations	64.9	26.1	(105.1)	(81.7)	53.7
(Loss) earnings from discontinued operations, net of tax (3)	(1.2)	-	0.6	(0.5)	7.3
Net earnings (loss)	63.7	26.1	(104.5)	(82.2)	61.0
Basic earnings (loss) per share:					
Earnings (loss) from continuing operations	1.72	0.71	(3.01)	(2.35)	1.46
(Loss) earnings from discontinued operations	(0.03)	-	0.02	(0.02)	0.20
Net earnings (loss)	1.69	0.71	(3.00)	(2.37)	1.65
Diluted earnings (loss) per share:					
Earnings (loss) from continuing operations	1.72	0.71	(3.01)	(2.35)	1.45
(Loss) earnings from discontinued operations	(0.03)	-	0.02	(0.02)	0.20
Net earnings (loss)	1.69	0.71	(3.00)	(2.37)	1.65
Dividends per share					
Classes A and B common	0.10	-	-	0.54	0.52
Working capital	417.0	367.6	357.6	427.4	478.6
Total assets	1,541.7	1,368.4	1,312.5	1,457.3	1,574.0
Total noncurrent liabilities	168.3	153.6	205.3	203.8	200.5

(1) Fiscal year included 53 weeks.

(2) Included in results of continuing operations are asset impairments of $2.0 million in 2010, $53.1 million in 2009 and $80.5 million in 2008.

(3) Kelly Home Care ("KHC") was sold effective March 31, 2007 for an after-tax gain of $6.2 million. Additionally, Kelly Staff Leasing ("KSL") was sold effective December 31, 2006 for an after-tax gain of $2.3 million. In accordance with the Discontinued Operations Subtopic of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification, the gains on the sales as well as KHC's and KSL's results of operations for the current and prior periods have been reported as discontinued operations in the Company's consolidated statements of earnings.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Executive Overview

The U.S. and global economies slowly strengthened during 2011. For the year, more than 1.8 million jobs were created in the U.S., the best performance in five years. Moreover, positive trends within the U.S. labor market continue to favor the staffing industry. Within the U.S. staffing industry, more than 650,000 jobs have been added since the recovery began in September 2009, and the temporary help penetration rate (the percentage of staffing jobs to total nonfarm jobs in the U.S.) has grown steadily for the past six months, concluding the year at 1.81%. We are encouraged by the positive economic and industry trends, which should lead to greater demand for our services.

For Kelly, the strengthening trends are reflected in our 2011 fiscal year results:

- We achieved year-over-year revenue growth in all business segments.
- Operating earnings increased by over 50%, due to improved operational leverage.
- Year over year, OCG revenue increased 25% and results from operations improved by $15 million.
- Diluted earnings per share totaled $1.69 compared to $0.71 last year.
- We reinstated the Company dividend to stockholders during the third quarter.

Our financial results were also enhanced by a very favorable tax rate. Work opportunity and HIRE Act tax credits provided over $28 million of combined benefit in 2011. Because both of these tax credit programs have expired, and it is uncertain if or when the work opportunity credit program will be reinstated, we expect our tax rate to be much higher in 2012.

Kelly operates in a highly cyclical industry, which is very dependent on the global economy. Despite economic, geopolitical and other challenges we faced during the year, Kelly demonstrated its resolve to improve its financial performance and strategic position in the marketplace. We are encouraged by the trends this year, but current economic conditions across Europe are a concern. Looking forward, we remain committed to executing a business strategy that is aligned with the evolving workforce one that is focused on growing higher-margin PT staffing, expanding fee-based business and delivering customer-focused workforce solutions.

Results of Operations
2011 versus 2010

	Total Company			
	2011	2010	Change	Constant Currency Change
	(In millions of dollars)			
Revenue from services	$ 5,551.0	$ 4,950.3	12.1 %	9.6 %
Fee-based income (included in revenue)	138.0	99.0	39.4	33.4
Gross profit	894.1	794.5	12.5	9.6
SG&A expenses excluding restructuring charges	833.6	747.2	11.6	
Restructuring charges	2.8	7.2	(61.7)	
Total SG&A expenses	836.4	754.4	10.9	7.9
Asset impairments	-	2.0	(100.0)	
Earnings from operations	57.7	38.1	51.4	
Gross profit rate	16.1 %	16.0 %	0.1 pts.	
Expense rates (excluding restructuring charges):				
% of revenue	15.0	15.1	(0.1)	
% of gross profit	93.2	94.0	(0.8)	
Operating margin	1.0	0.8	0.2	

The year-over-year change in revenue resulted primarily from a 7% increase in hours worked, combined with a 2% increase in average bill rates on a constant currency basis. On a constant currency basis, revenue increased in all business segments.

Compared to 2010, the 2011 gross profit rate improved slightly. The growth in fee-based income offset a decline in the temporary staffing gross profit rate due to the unfavorable impact related to the expiration of the HIRE Act payroll 0 , which allowed employers to receive tax incentives for hiring and retaining previously unemployed individuals, resulted in a benefit to our gross profit of $21 million in 2010. HIRE Act benefits were also available in 2011, but as an income tax credit, rather than a 2 .

Fee-based income has a significant impact on gross profit rates. There are very low direct costs of services associated with fee-based income. Therefore, increases or decreases in fee-based income can have a disproportionate impact on gross profit rates.

SG&A expenses increased year over year due primarily to higher compensation costs. During the year we have hired full-time employees, primarily in our PT and OCG businesses, reinstated certain retirement benefits and merit increase programs and increased incentive-based compensation. Restructuring costs incurred in 2011 primarily relate to revisions of the estimated lease termination costs for EMEA Commercial branches that closed in prior years. Restructuring costs incurred in 2010 primarily related to severance and lease termination costs for branches in the EMEA Commercial and APAC Commercial segments that were in the process of closure at the end of 2009, and severance costs related to the corporate headquarters.

Income tax benefit for 2011 was $7.3 million (-12.6%), compared to income tax expense of $6.6 million (20.2%) for 2010. The income tax benefit in 2011 was largely impacted by significant employment-related income tax credits, including the favorable impact of the HIRE Act retention credit ($11 million) and continued strong work opportunity credits ($17 million). Together, these income tax credits totaled $28.5 million in 2011, compared to $11.7 million in 2010. The Company also determined that for tax reporting purposes it was eligible for worthless stock deductions related to foreign subsidiaries, which provided U.S. federal and state benefits of $8.4 million in 2011, compared to $1.0 million in 2010. The HIRE Act retention credit is available only in 2011, and is in addition to the HIRE Act payroll tax benefits recognized in cost of services in 2010. The work opportunity credit program expired at the end of 2011, and it is uncertain if or when it will be reinstated.

Included in earnings from continuing operations were restructuring charges of $2.8 million, net of tax, for 2011 and $5.4 million, net of tax, for 2010. Diluted earnings from continuing operations per share for 2011 were $1.72, as compared to $0.71 for 2010. Discontinued operations in 2011 represents costs of litigation, net of tax, retained from the 2007 sale of the Kelly Home Care business unit.

Americas Commercial

	2011	2010	Change	Constant Currency Change
	(In millions of dollars)			
Revenue from services	$ 2,660.9	$ 2,428.2	9.6 %	9.2 %
Fee-based income (included in revenue)	12.0	8.8	38.1	37.0
Gross profit	377.0	354.9	6.2	5.8
SG&A expenses excluding restructuring charges	293.1	275.3	6.5	
Restructuring charges	-	0.3	(100.0)	
Total SG&A expenses	293.1	275.6	6.3	6.0
Earnings from operations	83.9	79.3	5.9	
Gross profit rate	14.2 %	14.6 %	(0.4) pts.	
Expense rates (excluding restructuring charges):				
% of revenue	11.0	11.3	(0.3)	
% of gross profit	77.7	77.5	0.2	
Operating margin	3.2	3.3	(0.1)	

The change in Americas Commercial revenue from services reflected a 7% increase in hours worked, combined with a 2% increase in average bill rates on a constant currency basis. Americas Commercial represented 48% of total Company revenue in 2011 and 49% in 2010.

The change in the gross profit rate was due primarily to the unfavorable impact related to the expiration of the HIRE Act payroll tax benefit. SG&A expenses increased due to the reinstatement of merit increases and certain retirement benefits and higher incentive-based compensation.

Americas PT

	2011	2010	Change	Constant Currency Change
	(In millions of dollars)			
Revenue from services	$ 982.8	$ 889.0	10.6 %	10.5 %
Fee-based income (included in revenue)	13.3	9.0	48.3	48.1
Gross profit	148.2	140.0	5.9	5.8
SG&A expenses	105.4	93.7	12.4	12.3
Earnings from operations	42.8	46.3	(7.4)	
Gross profit rate	15.1 %	15.8 %	(0.7) pts.	
Expense rates:				
% of revenue	10.7	10.5	0.2	
% of gross profit	71.1	67.0	4.1	
Operating margin	4.4	5.2	(0.8)	

The change in Americas PT revenue from services reflected an increase in hours worked of 7%, combined with a 3% increase in average bill rates on a constant currency basis. Americas PT revenue represented 18% of total Company revenue in both 2011 and 2010.

The Americas PT gross profit rate decreased primarily due to the unfavorable impact related to the expiration of the HIRE Act payroll tax benefit, partially offset by the favorable impact of increased fee-based income.

The increase in SG&A expenses was primarily due to the reinstatement of merit increases and certain retirement benefits, additional staff and increased performance-based compensation.

EMEA Commercial

	2011	2010	Change	Constant Currency Change
	(In millions of dollars)			
Revenue from services	$ 990.1	$ 872.0	13.6 %	5.6 %
Fee-based income (included in revenue)	24.9	19.1	29.7	21.5
Gross profit	160.6	141.0	13.9	5.7
SG&A expenses excluding restructuring charges	144.0	130.5	10.3	
Restructuring charges	2.8	2.7	4.0	
Total SG&A expenses	146.8	133.2	10.2	2.4
Asset impairments	-	1.5	(100.0)	
Earnings from operations	13.8	6.3	119.1	
Gross profit rate	16.2 %	16.2 %	- pts.	
Expense rates (excluding restructuring charges):				
% of revenue	14.5	15.0	(0.5)	
% of gross profit	89.7	92.6	(2.9)	
Operating margin	1.4	0.7	0.7	

The change in revenue from services in EMEA Commercial resulted from a 6% increase in average hourly bill rates on a constant currency basis. EMEA Commercial revenue represented 18% of total Company revenue in both 2011 and 2010.

The increase in SG&A expenses was due to increased hiring of full-time employees in specific countries with identified high-growth potential.

EMEA PT

	2011	2010	Change	Constant Currency Change
	(In millions of dollars)			
Revenue from services	$ 178.9	$ 147.6	21.2 %	13.4 %
Fee-based income (included in revenue)	19.2	15.0	27.3	19.7
Gross profit	47.4	38.7	22.0	14.5
SG&A expenses	43.2	36.9	17.4	9.4
Earnings from operations	4.2	1.8	105.3	
Gross profit rate	26.5 %	26.3 %	0.2 pts.	
Expense rates:				
% of revenue	24.2	25.0	(0.8)	
% of gross profit	91.3	94.8	(3.5)	
Operating margin	2.3	1.4	0.9	

The change in revenue from services in EMEA PT resulted from an 8% increase in hours worked, combined with a 4% increase in average hourly bill rates on a constant currency basis. EMEA PT revenue represented 3% of total Company revenue in both 2011 and 2010.

The change in the EMEA PT gross profit rate was primarily due to increases in fee-based income. SG&A expenses increased, due to hiring of full-time employees and investments in additional branches in Russia, Germany and the U.K.

APAC Commercial

	2011	2010	Change	Constant Currency Change
	(In millions of dollars)			
Revenue from services	$ 397.6	$ 355.3	11.9 %	4.1 %
Fee-based income (included in revenue)	13.9	11.4	23.0	14.2
Gross profit	55.7	48.4	15.3	6.6
SG&A expenses excluding restructuring charges	53.8	45.1	19.3	
Restructuring charges	-	0.5	(100.0)	
Total SG&A expenses	53.8	45.6	17.9	8.8
Earnings from operations	1.9	2.8	(29.1)	
Gross profit rate	14.0 %	13.6 %	0.4 pts.	
Expense rates (excluding restructuring charges):				
% of revenue	13.5	12.7	0.8	
% of gross profit	96.6	93.3	3.3	
Operating margin	0.5	0.8	(0.3)	

The change in revenue from services in APAC Commercial resulted from a 6% increase in hours worked, partially offset by a 2% decline in average hourly bill rates on a constant currency basis. APAC Commercial revenue represented 7% of total Company revenue in both 2011 and 2010.

The change in the APAC Commercial gross profit rate was primarily due to higher growth in fee-based income. SG&A expenses increased, primarily due to higher salaries and related costs from the investment in additional full-time employees across the region.

APAC PT

	2011	2010	Change	Constant Currency Change
	(In millions of dollars)			
Revenue from services	$ 51.4	$ 32.5	58.1 %	48.9 %
Fee-based income (included in revenue)	15.3	10.5	47.7	37.9
Gross profit	20.6	13.9	48.4	38.4
SG&A expenses	23.2	17.0	37.0	27.7
Earnings from operations	(2.6)	(3.1)	14.1	
Gross profit rate	40.1 %	42.7 %	(2.6) pts.	
Expense rates:				
% of revenue	45.3	52.2	(6.9)	
% of gross profit	112.9	122.3	(9.4)	
Operating margin	(5.2)	(9.5)	4.3	

The change in revenue from services in APAC PT resulted primarily from an increase in temporary sales growth in Australia and India. APAC PT revenue represented 1% of total Company revenue in both 2011 and 2010.

The change in the APAC PT gross profit rate was due primarily to a decline in fee-based income as a percentage of total revenue from services, along with changes in temporary business mix with higher volume in the IT divisions. SG&A expenses increased, due to hiring of permanent placement recruiters and increases in incentive-based compensation.

OCG

	2011	2010	Change	Constant Currency Change
	(In millions of dollars)			
Revenue from services	$ 317.3	$ 254.8	24.5 %	23.6 %
Fee-based income (included in revenue)	39.5	25.6	54.3	49.8
Gross profit	87.3	60.0	45.7	43.3
SG&A expenses excluding restructuring charges	89.9	77.5	16.0	
Restructuring charges	-	0.1	(100.0)	
Total SG&A expenses	89.9	77.6	15.9	13.1
Earnings from operations	(2.6)	(17.6)	85.0	
Gross profit rate	27.5 %	23.5 %	4.0 pts.	
Expense rates (excluding restructuring charges):				
% of revenue	28.3	30.4	(2.1)	
% of gross profit	103.1	129.5	(26.4)	
Operating margin	(0.8)	(7.0)	6.2	

Revenue from services in the OCG segment for 2011 increased in the Americas, EMEA and APAC regions, due primarily to growth in our BPO, RPO and CWO practices. OCG revenue represented 6% of total Company revenue in 2011 and 5% in 2010.

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

Results of Operations
2010 versus 2009

	Total Company			
	2010 (52 Weeks)	2009 (53 Weeks)	Change	Constant Currency Change
	(In millions of dollars)			
Revenue from services	$ 4,950.3	$ 4,314.8	14.7 %	13.7 %
Fee-based income (included in revenue)	99.0	86.1	15.0	12.6
Gross profit	794.5	701.7	13.2	12.3
SG&A expenses excluding restructuring charges	747.2	764.8	(2.3)	
Restructuring charges	7.2	29.9	(75.8)	
Total SG&A expenses	754.4	794.7	(5.1)	(5.9)
Asset impairments	2.0	53.1	(96.2)	
Earnings from operations	38.1	(146.1)	NM	
Gross profit rate	16.0 %	16.3 %	(0.3) pts.	
Expense rates (excluding restructuring charges):				
% of revenue	15.1	17.7	(2.6)	
% of gross profit	94.0	109.0	(15.0)	
Operating margin	0.8	(3.4)	4.2	

The year-over-year change in revenue was the result of an increase in hours worked of 17%, partially offset by a decrease in average hourly bill rates of 3% on a constant currency basis. On a constant currency basis, revenue for 2010 increased in all seven business segments, with the exception of EMEA Commercial. The 2009 fiscal year included a 53rd week. This fiscal leap year occurs every five or six years and is necessary to align the fiscal and calendar periods. The 53rd week added approximately 1% to 2009 revenue.

Compared to 2009, the 2010 gross profit rate decreased or remained flat in all business segments, with the exception of EMEA Commercial and APAC PT. The decrease in the gross profit rate was caused by a reduction in our temporary margins, primarily within the Americas and OCG businesses. Our average temporary margin continued to be impacted by shifts to a higher proportion of light industrial business compared to clerical, to large corporate customers compared to retail and, within OCG, to a higher proportion of the lower-margin PPO business. In addition, our temporary margins were impacted by higher state unemployment taxes in the Americas to the extent not recovered through pricing. All of these items negatively impacting the gross profit rate were partially offset by the favorable impact from the HIRE Act payroll tax benefit. The HIRE Act resulted in a benefit of $21 million in 2010. The HIRE Act expired at the end of 2010.

SG&A expenses decreased year over year due to the impact of expense reduction initiatives implemented in 2009 and lower restructuring costs, partially offset by an increase in incentive compensation.

Restructuring costs in 2010 relate primarily to severance and lease termination costs for branches in the EMEA Commercial 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. Restructuring costs in 2009 relate primarily to global severance, lease terminations, asset write-offs and other miscellaneous costs incurred in connection with the reduction in the number of permanent employees and the consolidation, sale or closure of branch locations.

Asset impairment charges in 2010 represent the write-off of incomplete software projects in Europe and the U.S. Asset impairment charges in 2009 represent goodwill impairment losses related to Americas Commercial, EMEA PT and APAC Commercial, and impairment of long-lived assets and intangible assets in Japan and Europe.

We recorded income tax expense for 2010 at an effective rate of 20.2%, compared to an income tax benefit at an effective rate of 29.1% in 2009. The 2010 rate was positively impacted by nontaxable income from the cash surrender value of 2
opportunity tax credits. The 2009 rate was positively impacted by these items, but was also negatively impacted by non-deductible asset impairment charges and valuation allowances on operating losses and restructuring charges in certain foreign countries.

Earnings from continuing operations were $26.1 million in 2010, compared to a loss of $105.1 million in 2009. Included in earnings from continuing operations for 2010 was $5.4 million, net of tax, of restructuring charges and $1.5 million, net of tax, of asset impairment charges. Included in loss from continuing operations in 2009 were $24.0 million, net of tax, of restructuring charges and $50.0 million, net of tax, of asset impairment charges.

Net earnings for 2010 totaled $26.1 million, compared to a loss of $104.5 million in 2009. Diluted earnings from continuing operations per share for 2010 was $0.71, as compared to diluted loss from continuing operations per share of $3.01 for 2009.

Americas Commercial

	2010 (52 Weeks)	2009 (53 Weeks)	Change	Constant Currency Change
	(In millions of dollars)			
Revenue from services	$ 2,428.2	$ 1,980.3	22.6 %	21.4 %
Fee-based income (included in revenue)	8.8	6.6	31.8	29.0
Gross profit	354.9	290.7	22.0	21.0
SG&A expenses excluding restructuring charges	275.3	273.2	0.7	
Restructuring charges	0.3	7.2	(95.0)	
Total SG&A expenses	275.6	280.4	(1.7)	(2.6)
Earnings from operations	79.3	10.3	NM	
Gross profit rate	14.6 %	14.7 %	(0.1) pts.	
Expense rates (excluding restructuring charges):				
% of revenue	11.3	13.8	(2.5)	
% of gross profit	77.5	93.9	(16.4)	
Operating margin	3.3	0.5	2.8	

The change in Americas Commercial revenue from services reflected an increase in hours worked of 22%. Americas Commercial represented 49% of total Company revenue for 2010 and 46% for 2009.

The decrease in the gross profit rate was primarily due to an increase in the proportion of lower-margin light industrial business to higher-margin clerical business and higher state unemployment taxes to the extent not recovered through pricing, partially offset by the impact of HIRE Act payroll tax benefit. The HIRE Act benefit impacted the gross profit rate by 60 basis points. SG&A expenses excluding restructuring were essentially flat as lower facilities costs, depreciation and corporate allocation offset higher performance-based compensation.

Americas PT

	2010 (52 Weeks)	2009 (53 Weeks)	Change	Constant Currency Change
	(In millions of dollars)			
Revenue from services	$ 889.0	$ 792.6	12.2 %	12.0 %
Fee-based income (included in revenue)	9.0	9.4	(4.5)	(4.9)
Gross profit	140.0	125.1	12.0	11.8
SG&A expenses excluding restructuring charges	93.7	100.9	(7.0)	
Restructuring charges	-	1.0	(100.0)	
Total SG&A expenses	93.7	101.9	(8.0)	(8.2)
Earnings from operations	46.3	23.2	100.1	
Gross profit rate	15.8 %	15.8 %	- pts.	
Expense rates (excluding restructuring charges):				
% of revenue	10.5	12.7	(2.2)	
% of gross profit	67.0	80.7	(13.7)	
Operating margin	5.2	2.9	2.3	

The change in Americas PT revenue from services reflected an increase in hours worked of 9%, combined with an increase in average billing rates of 3% on a constant currency basis. Americas PT revenue represented 18% of total Company revenue in both 2010 and 2009.

The Americas PT gross profit rate was unchanged, as higher state unemployment taxes to the extent not recovered through pricing were offset by the impact of HIRE Act payroll tax benefit. The HIRE Act benefit impacted the gross profit rate by 60 basis points. The decrease in SG&A expenses was primarily due to lower salary expense related to reductions in personnel.

EMEA Commercial

	2010 (52 Weeks)	2009 (53 Weeks)	Change	Constant Currency Change
	(In millions of dollars)			
Revenue from services	$ 872.0	$ 895.2	(2.6) %	(0.9) %
Fee-based income (included in revenue)	19.1	16.6	15.9	16.0
Gross profit	141.0	140.2	0.6	2.3
SG&A expenses excluding restructuring charges	130.5	150.3	(13.2)	
Restructuring charges	2.7	15.6	(82.8)	
Total SG&A expenses	133.2	165.9	(19.7)	(18.9)
Asset impairments	1.5	-	NM	
Earnings from operations	6.3	(25.7)	NM	
Gross profit rate	16.2 %	15.7 %	0.5 pts.	
Expense rates (excluding restructuring charges):				
% of revenue	15.0	16.8	(1.8)	
% of gross profit	92.6	107.2	(14.6)	
Operating margin	0.7	(2.9)	3.6	

The change in revenue from services in EMEA Commercial resulted from a decrease in average hourly bill rates of 6% on a constant currency basis, partially offset by a 5% increase in hours worked. The decrease in the constant currency average hourly bill rates for EMEA Commercial was due to a change in the mix from countries with higher average bill rates to those with lower average bill rates, such as Russia and Portugal. During 2009, EMEA Commercial completed a significant restructuring within the United Kingdom and exited the staffing business in Spain, Turkey, Ukraine and Finland, and in 2010 exited the staffing business in the Czech Republic. Exiting these locations accounted for approximately 4 percentage points of the 2010 constant currency decline. EMEA Commercial revenue represented 18% of total Company revenue in 2010 and 21% in 2009.

The change in the gross profit rate is due to higher fee-based income, as well as higher temporary margins as a result of business and customer mix. The restructuring actions and other continuing cost-savings initiatives, partially offset by higher incentive-based compensation, resulted in the decrease in SG&A expenses.

EMEA PT

	2010 (52 Weeks)	2009 (53 Weeks)	Change	Constant Currency Change
	(In millions of dollars)			
Revenue from services	$ 147.6	$ 141.9	4.0 %	6.7 %
Fee-based income (included in revenue)	15.0	15.7	(4.3)	(4.1)
Gross profit	38.7	37.8	2.9	4.8
SG&A expenses	36.9	40.6	(9.3)	(8.2)
Earnings from operations	1.8	(2.8)	NM	
Gross profit rate	26.3 %	26.6 %	(0.3) pts.	
Expense rates:				
% of revenue	25.0	28.6	(3.6)	
% of gross profit	94.8	107.6	(12.8)	
Operating margin	1.4	(2.0)	3.4	

The change in revenue from services in EMEA PT resulted from a 7% increase in hours worked. EMEA PT revenue represented 3% of total Company revenue in both 2010 and 2009.

The decrease in the EMEA PT gross profit rate was primarily due to decreases in fee-based income. SG&A expenses declined due to reductions in personnel.

APAC Commercial

	2010 (52 Weeks)	2009 (53 Weeks)	Change	Constant Currency Change
Revenue from services	$ 355.3	$ 284.9	24.7 %	12.9 %
Fee-based income (included in revenue)	11.4	9.7	16.6	5.6
Gross profit	48.4	41.6	16.2	

The change in revenue from services in APAC Commercial resulted from an increase in hours worked of 18%, partially offset by a decrease in average hourly bill rates of 5% on a constant currency basis. The decrease in the constant currency average hourly bill rates for APAC Commercial was primarily due to the decision to exit the staffing market in Japan. Excluding Japan, the average bill rate increased by 1% on a constant currency basis. APAC Commercial revenue represented 7% of total Company revenue in both 2010 and 2009.

The decrease in the APAC Commercial gross profit rate was due to a decrease in temporary gross profit rates due to growth in lower margin business, primarily in Australia and Malaysia, as well as our decision to exit the staffing business in Japan. The decision to exit the staffing business in Japan impacted constant currency revenue and SG&A expense comparisons by approximately 8 percentage points and 11 percentage points, respectively.

APAC PT

Cash and Equivalents

Cash and equivalents totaled $81 million at the end of 2011, compared to $80 million at year-end 2010. As further described below, during 2011, we generated $19 million of cash from operating activities, used $21 million of cash for investing activities and generated $6 million in cash from financing activities.

Operating Activities

In 2011, we generated $19 million of cash from operating activities, as compared to generating $42 million in 2010 and using $27 million in 2009. The decrease from 2010 to 2011 was primarily due to growth in trade accounts receivable, partially offset by improved operating results. The increase from 2009 to 2010 was primarily due to improved earnings in 2010.

Trade accounts receivable totaled $945 million at the end of 2011. Global days sales outstanding for the fourth quarter were 52 days for 2011, compared to 49 days for 2010.

Our working capital position was $417 million at the end of 2011, an increase of $49 million from year-end 2010. The current ratio was 1.6 at both year-end 2011 and 2010.

Investing Activities

In 2011, we used $21 million of cash for investing activities, compared to $11 million in 2010 and $23 million in 2009. Capital expenditures, which totaled $15 million in 2011, $11 million in 2010 and $13 million in 2009, primarily related 2 information technology programs. In 2011, capital expenditures included costs for the implementation of the PeopleSoft payroll, billing and accounts receivable project.

The PeopleSoft payroll, billing and accounts receivable project, which commenced in the fourth quarter of 2004, is intended to cover the U.S., Canada, Puerto Rico, the U.K. and Ireland. Through 2011, the Company implemented modules associated with accounts receivable in all locations, payroll and billing in the U.K. and Ireland, payroll in Canada and general ledger and fixed assets in the U.S., Puerto Rico and Canada. We anticipate spending approximately $20 to $25 million to complete the PeopleSoft project by the end of 2015. Included in the consolidated balance sheet at year-end 2011 was $4.8 million of capitalized costs related to unimplemented PeopleSoft modules.

To establish 2 1 Tradição Planejamento e Tecnologia de Serviços S.A. and Tradição Tecnologia e Serviços Ltda. (collectively, a national service provider in Brazil, in November, 2011 for $6.6 million in cash. In addition to the cash payment, the Company assumed debt of $8.8 million as part of this transaction. The operating results of Tradição will be included as a business unit in the Americas Commercial operating segment. Tradição will be accounted for on a one-month lag;
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During 2009, we made the following payments related to acquisitions: $5.7 million earnout payment related to the 2007 acquisition of access AG, $1.0 million related to the 2007 acquisition of CGR/seven LLC, $0.6 million earnout payment related to the 2006 acquisition of The Ayers Group and $0.2 million earnout payment related to the 2008 acquisition of Toner Graham.

! 2 -denominated forward foreign currency contracts matured. Also during 2011, a non-deliverable forward foreign currency exchange contract to hedge the anticipated acquisition of Tradição by selling U.S. dollars and buying Brazilian real matured. The settlement of these contracts resulted in net proceeds of $1.1 million to the Company.

As of January 1, 2012, the Company had no open forward foreign currency exchange contracts.

Financing Activities

In 2011, we generated $6 million in cash from financing activities, as compared to using $35 million in 2010 and generating $20 million in 2009. Debt totaled $96 million at year-end 2011 compared to $79 million at year-end 2010. Debt-to-total capital is a common ratio to measure the relative capital structure and leverage of the Company. Our ratio of debt-to-total capital (total debt reported on the balance sheet divided by total debt plu
was 12.5% at the end of 2011 and 11.2% at the end of 2010.

To take advantage of improved conditions in the credit markets and obtain more favorable pricing and flexible terms and conditions, effective March 31, 2011, we refinanced our secured revolving credit facility and securitization facility. Our new revolver has total capacity of $150 million and carries a term of five years, maturing March 31, 2016. The new securitization facility carries a three-year term and has a total capacity of $150 million.

In 2011, the net change in short-term borrowings included $67 million related to borrowings on the securitization facility. Subsequent to the acquisition of Tradição in November, 2011, we established an unsecured, uncommitted revolving line of credit for the Brazilian legal entities, which used the facility to pay off short-term debt. Accordingly, also included in the net change in short-term borrowings is $6 million related to borrowings under the revolving line of credit in Brazil.

In 2010, the net change in short-term borrowings included $38 million related to payments on the securitization facility. In 2009, the net change in short-term borrowings included $55 million related to borrowings on the securitization facility.

During 2011, we repaid term debt of $68 million. Included in this amount is $5 million of short-term debt which was paid off by our Brazilian legal entities subsequent to the acquisition of Tradição. During 2010, we paid $15 million due on our yen-denominated credit facility. During 2009, we repaid short-term debt of $23 million, and $8 million due on our yen-denominated credit facility.

Included in financing activities during 2010 was $24 million related to the $& (2 0 common stock to Temp Holdings. The shares were sold in a private transaction at $15.42 per share, which was the average of the closing prices of the Class A common stock for the five days from May 3, 2010 through May 7, 2010, and represented 4.8 percent of the outstanding Class A shares after the completion of the sale.

Dividends paid per common share were $0.10 in 2011. No dividends were paid in 2009 or 2010. Payments of dividends are restricted by the financial covenants contained in our debt facilities. Details of this restriction are contained in the Debt footnote in the notes to our consolidated financial statements.

Contractual Obligations and Commercial Commitments

Summarized below are our obligations and commitments to make future payments as of year-end 2011:

	Payment due by period				
	Total	Less than 1 year	1-3 Years	3-5 Years	More than 5 years
	(In millions of dollars)				
Operating leases	$ 115.7	$ 45.6	$ 48.5	$ 16.2	$ 5.4
Short-term borrowings	96.3	96.3	-	-	-
Accrued insurance	85.0	31.5	22.9	10.2	20.4
Accrued retirement benefits	97.5	6.4	12.9	13.0	65.2
Other long-term liabilities	15.4	0.9	7.2	6.9	0.4
Uncertain income tax positions	8.3	0.6	5.0	0.9	1.8
Purchase obligations	18.3	12.8	5.5	-	-
Total	$ 436.5	$ 194.1	$ 102.0	$ 47.2	$ 93.2

The table above excludes interest payments and, in certain cases, payment streams are estimated. Purchase obligations above represent unconditional commitments relating primarily to voice and data communications services which we expect to utilize generally within the next two fiscal years, in the ordinary course of business. We have no material, unrecorded commitments, losses, contingencies or guarantees associated with any related parties or unconsolidated entities.

Liquidity

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

We utilize intercompany loans, dividends, capital contributions and redemptions to effectively manage our cash on a global basis. At the present time, we do not have plans to repatriate the majority of our international excess cash balances. We expect this international cash will be needed to fund working capital growth in our local operations. The majority of our international cash was concentrated in a cash pooling arrangement 2
available to fund general corporate needs internationally. The Cash Pool is a set of cash accounts maintained with a single bank that must, as a whole, maintain at least a zero balance; individual accounts may be positive or negative. This allows countries with excess cash to invest and countries with cash needs to utilize the excess cash.

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

At year-end 2011, we had $144 million of available capacity on our $150 million revolving credit facility and $16 million of available capacity on our $150 million securitization facility. The securitization facility carried $84 million of short-term borrowings and $50
revolving credit and securitization facilities provide the Company with committed funding capacity that may be used for general corporate purposes. While we believe these facilities will cover our working capital needs over the short term, if economic conditions or operating results change significantly, we may need to seek additional sources of funds.

At year-end 2011, we also had additional unsecured, uncommitted short-term credit facilities totaling $16 million, under which we had borrowed $6 million. Details of our debt facilities as of the 2011 year end are contained in the Debt footnote in the notes to our consolidated financial statements.

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

As of the end of fiscal 2011, we had no holdings of sovereign debt in Italy, Portugal, Ireland, Spain or Greece. Our investment policy requires our international affiliates to contribute any excess cash balances to the Cash Pool. We then manage this as counterparty exposure and distribute the risk among our Cash Pool provider and other banks we may designate from time to time.

At the end of fiscal 2011, our total exposure to European receivables from our customers was $272.3 million, which represents 29% of total trade accounts receivable, net. The percentage of trade accounts receivable over 90 days past due for Europe was consistent with our global experience. Net trade accounts receivable for Italy, Portugal and Ireland, specific countries currently experiencing economic volatility, totaled $39.6 million at the 2011 year end, and we have not experienced a significant deterioration in these amounts during the fourth quarter of 2011. During 2011, we have substantially ceased on-going operations in Spain.

Critical Accounting Estimates

We prepare our consolidated financial statements in conformity with accounting principles generally accepted in the United States. In this process, it is necessary for us to make certain assumptions and related estimates affecting the amounts reported in the consolidated financial statements and the attached notes. Actual results can differ from assumed and estimated amounts.

Critical accounting estimates are those that we believe require the most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Judgments and uncertainties affecting the application of those estimates may result in materially different amounts being reported under different conditions or using different assumptions. We consider the following estimates to be most critical in understanding the judgments involved in preparing our consolidated financial statements.

Allowance for Uncollectible Accounts Receivable

We make ongoing estimates relating to the collectibility of our accounts receivable and maintain an allowance for estimated losses resulting from the inability of our customers to make required payments. In determining the amount of the allowance, we consider our historical level of credit losses and apply percentages to certain aged receivable categories. We also make judgments about the creditworthiness of significant customers based on ongoing credit evaluations, and we monitor historical trends that might impact the level of credit losses in the future. Historically, losses from uncollectible accounts have not exceeded our allowance. Since we cannot predict with certainty future changes in the financial stability of our customers, actual future losses from uncollectible accounts may differ from our estimates. If the financial condition of our customers were to deteriorate, resulting in their inability to make payments, a larger allowance may be required. In the event we determined that a smaller or larger allowance was appropriate, we would record a credit or a charge to SG&A expense in the period in which we made such a determination. In addition, we also include a provision for sales allowances, based on our historical experience, in our allowance for uncollectible accounts receivable. If sales allowances vary from our historical experience, an adjustment to the allowance may be required. As of year-end 2011 and 2010, the allowance for uncollectible accounts receivable was $13 million and $12 million, respectively.

We have a combination of insurance and self-insurance contracts under which we effectively bear the first $500,000 of risk per single accident, except in the state of California, where we bear the first $750,000 of risk per single accident. There is no aggregate limitation on our per-risk exposure under these insurance and self-insurance programs.
future cash payments that will be made to satisfy the claims, including an allowance for incurred-but-not-reported claims. This process includes establishing loss development factors, based on our historical claims experience as well as industry experience, and applying those factors to current claims information to derive an estimate of our ultimate claims liability. In preparing the estimates, we also consider the nature, frequency and severity of the claims, reserving practices of our third party claims administrators, performance of our medical cost management programs, changes in our territory and business line mix and current legal, economic and regulatory factors such as industry estimates of medical cost trends. Where appropriate, multiple generally-accepted actuarial techniques are applied and tested in the course of preparing our estimates.

We evaluate the accrual, and the underlying assumptions, regularly throughout the year and make adjustments as needed. The ultimate cost of these claims may be greater than or less than the established accrual. While we believe that the recorded amounts are reasonable, there can be no assurance that changes to our estimates will not occur due to limitations inherent in the estimation process. In the event we determine that a smaller or larger accrual is appropriate, we would record a credit or a charge to cost of services in the period in which we made such a
other assets
in the consolidated balance sheet, was $70 million and $71 million at year-end 2011 and 2010, respectively.

Goodwill

We test goodwill for impairment annually and whenever events or circumstances make it more likely than not that an impairment may have occurred. Generally accepted accounting principles require that goodwill be tested for impairment at a reporting unit level. We have determined that our reporting units are the same as our operating and reportable segments. Goodwill is tested for impairment using a two-step process. In the first step, the estimated fair value of a reporting unit is compared to its carrying value. If the estimated fair value of a reporting unit exceeds the carrying value of the net assets assigned to a reporting unit, goodwill is not considered impaired and no further testing is required. To derive the estimated fair value of reporting units, we primarily relied on an income approach. Under the income approach, estimated fair value is determined based on estimated future cash flows discounted by an estimated weighted-average cost of capital, which reflects the overall level of inherent risk of the reporting unit being measured. Estimated future cash flows are based on our internal projection model. Assumptions and estimates about future cash flows and discount rates are complex and often subjective. They can be affected by a variety of factors, including external factors such as industry and economic trends, and internal factors such as changes in our business strategy and our internal forecasts.

If the carrying value of the net assets assigned to a reporting unit exceeds the estimated fair value of a reporting unit, a second step of the impairment test is performed in order to determine the implied fair

assets and liabilities in a manner similar to the allocation of purchase price in a business combination. If the carrying

the extent of the difference. We completed our annual impairment test for all reporting units in the fourth quarter for the fiscal year ended January 1, 2012 and January 2, 2011 and determined that goodwill was not impaired. During
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triggering event for purposes of assessing goodwill for impairment. Accordingly, we tested goodwill related to OCG and determined that OCG goodwill was not impaired.

Our analysis used significant assumptions by segment, including: expected future revenue and expense growth rates, profit margins, cost of capital, discount rate and forecasted capital expenditures. Our revenue projections assumed near-term growth consistent with current year results, followed by long-term modest growth.

Although we believe the assumptions and estimates we have made are reasonable and appropriate, different assumptions and estimates could materially impact our reported financial results. Different assumptions of the anticipated future results and growth from these businesses could result in an impairment charge, which would decrease operating income and result in lower asset values on our consolidated balance sheet. For example, a 10% reduction in our growth rate assumptions would not result in the estimated fair value falling below book value for any of our segments. At year-end 2011 and 2010, total goodwill amounted to $90 and $67 million, respectively. (See the Goodwill footnote in the notes to our consolidated financial statements).

Income Taxes

Income tax expense is based on expected income and statutory tax rates in the various jurisdictions in which we operate. Judgment is required in determining our income tax expense. We establish accruals for uncertain tax positions under generally accepted accounting principles, which require that a position taken or expected to be taken in a tax return be recognized in the consolidated financial statements when it is more likely than not (i.e., a likelihood of more than fifty percent) that the position would be sustained upon examination by tax authorities that have full knowledge of all relevant information. A recognized tax position is then measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. Our effective tax rate includes the impact of accrual provisions and changes to accruals that we consider appropriate, as well as related interest and penalties. A number of years may lapse before a particular matter, for which we have or have not established an accrual, is audited and finally resolved. While it is often difficult to predict the final outcome or the timing of resolution of any particular tax matter, we believe that our accruals are appropriate under generally accepted accounting principles. Favorable or unfavorable adjustment of the accrual for any particular issue would be recognized as an increase or decrease to our income tax expense in the period of a change in facts and circumstances. Our current tax accruals are presented in the consolidated balance sheet within income and other taxes and long-term tax accruals are presented in the consolidated balance sheet within other long-term liabilities.

Tax laws require items to be included in the tax return at different times than the items are reflected in the consolidated financial statements. As a result, the income tax expense reflected in our consolidated financial statements is different than the liability reported in our tax return. Some of these differences are permanent, which are not deductible on our tax return, and some are temporary differences, which give rise to deferred tax assets and liabilities. Deferred tax assets generally represent items that can be used as a tax deduction or credit in our tax return in future years for which we have already recorded the tax benefit in our consolidated income statement. We establish valuation allowances for our deferred tax assets when the amount of expected future taxable income is not likely to support the use of the deduction or credit. Deferred tax liabilities generally represent items for which we have already taken a deduction on our tax return, but have not yet recognized as expense in our consolidated financial statements. Our net deferred tax asset is recorded using currently enacted tax rates, and may need to be adjusted in the event tax rates change.

The U.S. work opportunity credit is allowed for wages earned in a fiscal period by employees in certain targeted groups. The actual amount of creditable wages in a particular period is estimated, since the credit is only available once an employee reaches a minimum employment period
certified by the applicable state. As these events often occur after the period the wages are earned, judgment is required in determining the amount of work opportunity credits accrued for in each period. We evaluate the accrual regularly throughout the year and make adjustments as needed.

Litigation

Kelly is subject to legal proceedings and claims arising out of the normal course of business. Kelly routinely assesses the likelihood of any adverse judgments or outcomes to these matters, as well as ranges of probable losses. A determination of the amount of the accruals required, if any, for these contingencies is made after analysis of each known issue. Development of the analysis includes consideration of many factors including: potential exposure, the status of proceedings, negotiations, results of similar litigation and participation rates. The required accruals may change in the future due to new developments in each matter. For further discussion, see the Contingencies footnote in the notes to consolidated financial statements of this Annual Report on Form 10-K. At year-end 2011 and 2010, the accrual for litigation costs amounted to $5 million and $4 million, respectively, and is included in accounts payable and accrued liabilities on the consolidated balance sheet.

NEW ACCOUNTING PRONOUNCEMENTS

See New Accounting Pronouncements footnote in the Notes to Consolidated Financial Statements presented in Part II, Item 8 of this report for a description of new accounting pronouncements.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this report are "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements which are predictive in nature, which depend upon or refer to future events or conditions, or which include words such as "

words or phrases. In addition, any statements concerning future financial performance (including future revenues, earnings or growth rates), ongoing business strategies or prospects, and possible future actions by us that may be provided by management, including oral statements or other written materials released to the public, are also forward-looking statements. Forward-looking statements are based on current expectations and projections about future events and are subject to risks, uncertainties, and assumptions about our company and economic and market factors in the countries in which we do business, among other things. These statements are not guarantees of future performance, and we have no specific intention to update these statements.

Actual events and results may differ materially from those expressed or forecasted in forward-looking statements due to a number of factors. The principal important risk factors that could cause our actual performance and future events and actions to differ materially from such forward-looking statements include, but are not limited to, competitive market pressures including pricing, changing market and economic conditions, our ability to achieve our business strategy, including our ability to successfully expand into new markets and service lines, material changes in demand from or loss of large corporate customers, impairment charges triggered by adverse industry or market developments, unexpected termination of customer contracts, availability of temporary workers with appropriate skills required by customers, liabilities for employment-related claims and losses, including class action lawsuits and collective actions, liability for improper disclosure of sensitive or private employee information, unexpected changes in

bank facilities, our ability to access credit markets and continued availability of financing for funding working capital, our ability to sustain critical business applications through our key data centers, our ability to effectively implement and manage our information technology programs, our ability to retain the services of our senior management, local management and field personnel, the impact of changes in laws and regulations (including federal, state and international tax laws and the expiration of the U.S. work opportunity credit program), the net financial impact of recent U.S. healthcare legislation on our business, and risks associated with conducting business in foreign countries, including foreign currency fluctuations. Certain risk factors are
Part I, Item 1A of this report.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

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

In addition, we are exposed to interest rate risks through our use of the multi-currency line of credit and other borrowings. A hypothetical fluctuation of 10% of market interest rates would not have had a material impact on 2011 earnings.

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

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

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

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The financial statements and supplementary data required by this Item are set forth in the accompanying index on page 42 of this filing and are presented in pages 43-74.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

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

Management's Report on Internal Control Over Financial Reporting

r financial reporting is presented preceding the consolidated financial statements on page 43 of this report.

Attestation Report of Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP, independent registered public accounting firm, has audited the effectiveness of our internal control over financial reporting as of January 1, 2012, as stated in their report which appears herein.

Changes in Internal Control Over Financial Reporting

During the fourth quarter of 2011, we acquired the stock of Tradição Planejamento e Tecnologia de Serviços S.A. and Tradição Tecnologia e Serviços Ltda. (collectively , national service provider in Brazil. As permitted by the SEC rules, we have excluded Tradição from our assessment of internal control over financial reporting for the year ended January 1, 2012. Management will review and assess the internal controls over financial reporting associated with Tradição during fiscal 2012.

There were no other changes in our internal control over financial reporting that occurred during our fourth fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

Information required by Part III with respect to Directors, Executive Officers and Corporate Governance (Item 10), Executive Compensation (Item 11), Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters (Item 12), Certain Relationships and Related Transactions, and Director Independence (Item 13) and Principal Accounting Fees and Services (Item 14), except as set forth under the titles "Executive Officers of the Registrant", which is included on page 37, 2 1 s Conduct and Et page 38, 2 38, (Item 12), is to be included in a definitive proxy statement filed not later than 120 days after the close of our fiscal year and the proxy statement, when filed, is incorporated in this report by reference.

ITEM 10. EXECUTIVE OFFICERS OF THE REGISTRANT.

Name/Office	Age	Served as an Officer Since	Business Experience During Last 5 Years
Carl T. Camden President and Chief Executive Officer	57	1995	Served as officer of the Company.
George S. Corona Executive Vice President and Chief Operating Officer	53	2000	Served as officer of the Company.
Patricia Little Executive Vice President and Chief Financial Officer	51	2008	Served as officer of the Company since July 2008. Served in various key finance positions at Ford Motor Company from 1984 to 2008, most recently as general auditor (2006 2008).
Michael S. Webster Executive Vice President	56	1996	Served as officer of the Company.
Leif Agneus Senior Vice President and General Manager, EMEA	48	2002	Served as officer of the Company.
Michael E. Debs Senior Vice President, Controller and Chief Accounting Officer	54	2000	Served as officer of the Company.
Rolf E. Kleiner Senior Vice President	57	1995	Served as officer of the Company.
Daniel T. Lis Senior Vice President, General Counsel and Corporate Secretary	65	2003	Served as officer of the Company.
Antonina M. Ramsey Senior Vice President	57	1992	Served as officer of the Company.
Dhirendra Shantilal Senior Vice President and General Manager, APAC	55	2000	Served as officer of the Company.

CODE OF BUSINESS CONDUCT AND ETHICS.

We have adopted a Code of Business Conduct and Ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions. The Code of Business Conduct and Ethics is included as Exhibit 14 in the Index to Exhibits on page 76. We have posted our Code of Business Conduct and Ethics on our website at www.kellyservices.com. We intend to post any changes in or waivers from our Code of Business Conduct and Ethics applicable to any of these officers on our website.

ITEM 12. SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS.

Equity Compensation Plan Information

The following table shows the number of shares of our common stock that may be issued upon the exercise of outstanding options, warrants and rights, the weighted-average exercise price of outstanding options, warrants and rights, and the number of securities remaining available for future issuance under our equity compensation plans as of the fiscal year end for 2011.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights		Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column) (2)
Equity compensation plans approved by security holders (1)	515,699	$	25.41	2,117,438
Equity compensation plans not approved by security holders (3)	-		-	-
Total	515,699	$	25.41	2,117,438

(1) The equity compensation plans approved by our stockholders include our Equity Incentive Plan, Non-Employee Director Stock Option Plan and Non-Employee Director Stock Award Plan.

The number of shares to be issued upon exercise of outstanding options, warrants and rights excludes 907,990 of restricted stock awards granted to employees and not yet vested at January 1, 2012.

(2) The Equity Incentive Plan provides that the maximum number of shares available for grants, including stock options and restricted stock awards, is 10 percent of the outstanding Class A common stock, adjusted for plan activity over the preceding five years.

The Non-Employee Director Stock Option Plan provides that the maximum number of shares available for settlement of options is 250,000 shares of Class A common stock.

The Non-Employee Director Stock Award Plan provides that the maximum number of shares available for awards is one-quarter of one percent of the outstanding Class A common stock.

(3) We have no equity compensation plans that have not been approved by our stockholders.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

(a) The following documents are filed as part of this report:

(1) Financial statements:

rt on Internal Control Over Financial Reporting

Report of Independent Registered Public Accounting Firm

Consolidated Statements of Earnings for the three fiscal years ended January 1, 2012

Consolidated Balance Sheets at January 1, 2012 and January 2, 2011

Consolidated Statements of Stockholders' Equity for the three fiscal years ended January 1, 2012

Consolidated Statements of Cash Flows for the three fiscal years ended January 1, 2012

Notes to Consolidated Financial Statements

(2) Financial Statement Schedule -

For the three fiscal years ended January 1, 2012:

Schedule II - Valuation Reserves

All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

(3) The Exhibits are listed in the Index to Exhibits included beginning at page 75, which is incorporated herein by reference.

(b) The Index to Exhibits and required Exhibits are included following the Financial Statement Schedule beginning at page 75 of this filing.

(c) None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 16, 2012

KELLY SERVICES, INC.
Registrant

By /s/ P. Little
P. Little
Executive Vice President and
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: February 16, 2012 * T. E. Adderley
T. E. Adderley
Chairman and Director

Date: February 16, 2012 * C. T. Camden
C. T. Camden
President, Chief Executive Officer and Director
(Principal Executive Officer)

Date: February 16, 2012 * C. M. Adderley
C. M. Adderley
Director

Date: February 16, 2012 * J. E. Dutton
J. E. Dutton
Director

Date: February 16, 2012 * M. A. Fay, O.P.
M. A. Fay, O.P.
Director

Date: February 16, 2012 * T. B. Larkin
T. B. Larkin
Director

Date: February 16, 2012 * C. L. Mallett, Jr.
C. L. Mallett, Jr.
Director

Date: February 16, 2012 * L. A. Murphy
L. A. Murphy
Director

Date: February 16, 2012 * D. R. Parfet
D. R. Parfet
Director

Date: February 16, 2012 * T. Saburi
T. Saburi
Director

Date: February 16, 2012 * B. J. White
B. J. White
Director

SIGNATURES (continued)

Date: February 16, 2012		/s/ P. Little --- P. Little Executive Vice President and Chief Financial Officer (Principal Financial Officer)
Date: February 16, 2012		/s/ M. E. Debs --- M. E. Debs Senior Vice President, Controller and Chief Accounting Officer (Principal Accounting Officer)
Date: February 16, 2012	*By	/s/ P. Little --- P. Little Attorney-in-Fact

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULE

Kelly Services, Inc. and Subsidiaries

	Page Reference in Report on Form 10-K
2	43
Report of Independent Registered Public Accounting Firm	44
Consolidated Statements of Earnings for the three fiscal years ended January 1, 20(,)-3(n)9(u)-3(a)-3(ry)6(1)-5(,)-3(2)9(0(,)-3(n)9(u)-3	

Report of Independent Registered Public Accounting Firm

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

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of Kelly Services, Inc. and its subsidiaries at January 1, 2012 and January 2, 2011, and the results of their operations and their cash flows for each of the three fiscal years in the period ended January 1, 2012 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of January 1, 2012, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance 0
includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposi
assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As described in Management's Report on Internal Control Over Financial Reporting, management has excluded Tradição Planejamento e Tecnologia de Serviços S.A. and Tradição Tecnologia e Serviços Ltda. (collectively, from its assessment of internal control over financial reporting as of January 1, 2012 because it was acquired by the Company in a purchase business combination during 2011. We have also excluded Tradição from our audit of internal control over financial reporting. Tradição is a wholly-owned subsidiary whose total assets and total revenues represent two percent and zero percent, respectively, of the related consolidated financial statement amounts as of and for the year ended January 1, 2012.

/s/PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Detroit, Michigan
February 16, 2012

CONSOLIDATED STATEMENTS OF EARNINGS

Kelly Services, Inc. and Subsidiaries

			(1)
	2011	2010	2009
	(In millions of dollars except per share items)		
Revenue from services	**$ 5,551.0**	$ 4,950.3	$ 4,314.8
Cost of services	**4,656.9**	4,155.8	3,613.1
Gross profit	**894.1**	794.5	701.7
Selling, general and administrative expenses	**836.4**	754.4	794.7
Asset impairments	**-**	2.0	53.1
Earnings (loss) from operations	**57.7**	38.1	(146.1)
Other expense, net	**(0.1)**	(5.4)	(2.2)
Earnings (loss) from continuing operations before taxes	**57.6**	32.7	(148.3)
Income taxes	**(7.3)**	6.6	(43.2)
Earnings (loss) from continuing operations	**64.9**	26.1	(105.1)
(Loss) earnings from discontinued operations, net of tax	**(1.2)**	-	0.6
Net earnings (loss)	**$ 63.7**	$ 26.1	$ (104.5)
Basic earnings (loss) per share			
Earnings (loss) from continuing operations	**$ 1.72**	$ 0.71	$ (3.01)
(Loss) earnings from discontinued operations	**(0.03)**	-	0.02
Net earnings (loss)	**$ 1.69**	$ 0.71	$ (3.00)
Diluted earnings (loss) per share			
Earnings (loss) from continuing operations	**$ 1.72**	$ 0.71	$ (3.01)
(Loss) earnings from discontinued operations	**(0.03)**	-	0.02
Net earnings (loss)	**$ 1.69**	$ 0.71	$ (3.00)
Dividends per share	**$ 0.10**	$ -	$ -
Average shares outstanding (millions):			
Basic	**36.8**	36.1	34.9
Diluted	**36.8**	36.1	34.9

(1) Fiscal year included 53 weeks.

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS

Kelly Services, Inc. and Subsidiaries

	2011	2010
	(In millions of dollars)	
ASSETS		
Current Assets:		
Cash and equivalents	**$ 81.0**	$ 80.5
Trade accounts receivable, less allowances of $13.4 million and $12.3 million, respectively	**944.9**	810.9
Prepaid expenses and other current assets	**50.6**	44.8
Deferred taxes	**38.2**	22.4
Total current assets	**1,114.7**	958.6
Property and Equipment:		
Property and equipment	**326.9**	319.3
Accumulated depreciation	**(236.3)**	(215.3)
Net property and equipment	**90.6**	104.0
Noncurrent Deferred Taxes	**94.1**	84.0
Goodwill, net	**90.2**	67.3
Other Assets	**152.1**	154.5
Total Assets	**$ 1,541.7**	$ 1,368.4
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Short-term borrowings and current portion of long-term debt	**$ 96.3**	$ 78.8
Accounts payable and accrued liabilities	**237.2**	181.6
Accrued payroll and related taxes	**271.4**	243.3
Accrued insurance	**31.5**	31.3
Income and other taxes	**61.3**	56.0
Total current liabilities	**697.7**	591.0
Noncurrent Liabilities:		
Accrued insurance	**53.5**	53.6
Accrued retirement benefits	**91.1**	85.4
Other long-term liabilities	**23.7**	14.6
Total noncurrent liabilities	**168.3**	153.6
Stockholders' Equity:		
Capital stock, $1.00 par value		
Class A common stock, shares issued 36.6 million at 2011 and 2010	**36.6**	36.6
Class B common stock, shares issued 3.5 million at 2011 and 2010	**3.5**	3.5
Treasury stock, at cost		
Class A common stock, 3.2 million shares at 2011 and 3.4 million at 2010	**(66.3)**	(70.3)
Class B common stock	**(0.6)**	(0.6)
Paid-in capital	**28.8**	28.0
Earnings invested in the business	**657.5**	597.6
Accumulated other comprehensive income	**16.2**	29.0
Total stockholders' equity	**675.7**	623.8
Total Liabilities and Stockholders' Equity	**$ 1,541.7**	$ 1,368.4

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Kelly Services, Inc. and Subsidiaries

	2011 (1)	2010	2009
	(In millions of dollars)		
Capital Stock			
Class A common stock			
Balance at beginning of year	**$ 36.6**	$ 36.6	$ 36.6
Conversions from Class B	**-**	-	-
Balance at end of year	**36.6**	36.6	36.6
Class B common stock			
Balance at beginning of year	**3.5**	3.5	3.5
Conversions to Class A	**-**	-	-
Balance at end of year	**3.5**	3.5	3.5
Treasury Stock			
Class A common stock			
Balance at beginning of year	**(70.3)**	(106.6)	(110.6)
Sale of stock, exercise of stock options, restricted stock awards and other	**4.0**	36.3	4.0
Balance at end of year	**(66.3)**	(70.3)	(106.6)
Class B common stock			
Balance at beginning of year	**(0.6)**	(0.6)	(0.6)
Exercise of stock options, restricted stock awards and other	**-**	-	-
Balance at end of year	**(0.6)**	(0.6)	(0.6)
Paid-in Capital			
Balance at beginning of year	**28.0**	36.9	35.8
Sale of stock, exercise of stock options, restricted stock awards and other	**0.8**	(8.9)	1.1
Balance at end of year	**28.8**	28.0	36.9
Earnings Invested in the Business			
Balance at beginning of year	**597.6**	571.5	676.0
Net earnings (loss)	**63.7**	26.1	(104.5)
Dividends	**(3.8)**	-	-
Balance at end of year	**657.5**	597.6	571.5
Accumulated Other Comprehensive Income			
Balance at beginning of year	**29.0**	25.1	12.2
Foreign currency translation adjustments, net of tax	**(9.6)**	3.6	12.3
Unrealized (losses) gains on investments, net of tax	**(2.1)**	1.0	1.6
Pension liability adjustments, net of tax	**(1.1)**	(0.7)	(1.0)
Balance at end of year	**16.2**	29.0	25.1
Stockholders' Equity at end of year	**$ 675.7**	$ 623.8	$ 566.4
Comprehensive Income			
Net earnings (loss)	**$ 63.7**	$ 26.1	$ (104.5)
Foreign currency translation adjustments, net of tax	**(8.0)**	3.9	12.3
Unrealized (losses) gains on investments, net of tax	**(2.1)**	1.0	1.6
Pension liability adjustments, net of tax	**(1.2)**	(0.8)	(1.0)
Reclassification adjustments included in net earnings	**(1.5)**	(0.2)	-
Comprehensive Income	**$ 50.9**	$ 30.0	$ (91.6)

(1) Fiscal year included 53 weeks.

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Kelly Services, Inc. and Subsidiaries

	2011	2010	2009 (1)
	(In millions of dollars)		
Cash flows from operating activities:			
Net earnings (loss)	**$ 63.7**	$ 26.1	$ (104.5)
Noncash adjustments:			
Impairment of assets	**-**	2.0	53.1
Depreciation and amortization	**31.4**	34.9	40.9
Provision for bad debts	**4.3**	2.1	2.2
Stock-based compensation	**4.6**	3.2	5.1
Deferred income taxes	**(27.3)**	(9.3)	(31.0)
Other, net	**(2.6)**	0.5	(2.2)
Changes in operating assets and liabilities	**(55.0)**	(17.7)	9.0
Net cash from operating activities	**19.1**	41.8	(27.4)
Cash flows from investing activities:			
Capital expenditures	**(15.4)**	(11.0)	(13.1)
Acquisition of companies, net of cash received	**(6.5)**	-	(7.5)
Settlement of forward exchange contracts	**1.1**	-	-
Other investing activities	**0.1**	(0.3)	(2.8)
Net cash from investing activities	**(20.7)**	(11.3)	(23.4)
Cash flows from financing activities:			
Net change in short-term borrowings	**79.2**	(44.8)	52.7
Repayment of debt	**(68.3)**	(14.9)	(30.5)
Dividend payments	**(3.8)**	-	-
Sale of stock and other financing activities	**(1.0)**	24.4	(2.6)
Net cash from financing activities	**6.1**	(35.3)	19.6
Effect of exchange rates on cash and equivalents	**(4.0)**	(3.6)	1.8
Net change in cash and equivalents	**0.5**	(8.4)	(29.4)
Cash and equivalents at beginning of year	**80.5**	88.9	118.3
Cash and equivalents at end of year	**$ 81.0**	$ 80.5	$ 88.9

(1) Fiscal year included 53 weeks.

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Kelly Services, Inc. and Subsidiaries

1. Summary of Significant Accounting Policies

Nature of Operations Kelly Services, Inc. is a global workforce solutions provider operating throughout the world.

Fiscal Year The Company's fiscal year ends on the Sunday nearest to December 31. The three most recent years ended on January 1, 2012 (2011, which contained 52 weeks), January 2, 2011 (2010, which contained 52 weeks) and January 3, 2010 (2009, which contained 53 weeks). Period costs included in selling, general and administrative 0 -year basis.

Principles of Consolidation The consolidated financial statements include the accounts and operations of the Company and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated. The 2 1 ! are accounted for on a one-month lag. Any material transactions in the intervening period are disclosed or accounted for in the current reporting period.

Available-For-Sale Investment Available-for-sale investments are carried at fair value with the unrealized gains or losses, net of tax, included as a component of accumulated other comprehensive income (loss) in st equity. Realized losses and declines in value below cost judged to be other-than-temporary on such securities are included as a component of asset impairments expense in the consolidated statement of earnings. The fair values of available-for-sale investments are based on quoted market prices.

Foreign Currency Translation 0 2 functional currency. Revenue and expense accounts of foreign subsidiaries are translated to U.S. dollars at average exchange rates, while assets and liabilities are translated to U.S. dollars at year-end exchange rates. Resulting translation adjustments, net of deferred taxes, where applicable, are reported as accumulated foreign currency

Revenue Recognition Revenue from services is recognized as services are provided by the temporary or contract employees. Revenue from permanent placement services is recognized at the time the permanent placement candidate begins full-time employment. Revenue from other fee-based consulting services is recognized when the services are provided. Provisions for sales allowances, based on historical experience, are recognized at the time the related sale is recognized as a reduction in revenue from services.

Allowance for Uncollectible Accounts Receivable The Company records an allowance for uncollectible accounts receivable based on historical loss experience, customer payment patterns and current economic trends. The reserve for sales allowances, as discussed above, is also included in the allowance for uncollectible accounts receivable. The Company reviews the adequacy of the allowance for uncollectible accounts receivable on a quarterly basis and, if necessary, increases or decreases the balance by recording a charge or credit to SG&A expenses.

Cost of Services Cost of services are those costs directly associated with the earning of revenue. The primary examples of these types of costs are temporary employee wages, along with associated payroll taxes, temporary ation costs. These costs differ fundamentally from SG&A expenses in that they arise specifically from the action of providing our services to customers whereas SG&A costs are incurred regardless of whether or not we place temporary employees with our customers.

Advertising Expenses Advertising expenses from continuing operations, which are expensed as incurred and are included in SG&A expenses, were $7.5 million in 2011, $7.0 million in 2010 and $7.1 million in 2009.

Use of Estimates The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and accompanying notes. Estimates are used for, but not limited to, the accounting -lived asset impairment, litigation costs and income taxes. Actual results could differ materially from those estimates.

Cash and Equivalents Cash and equivalents are stated at fair value. The Company considers securities with original maturities of three months or less to be cash and equivalents.

Property and Equipment Property and equipment are stated at cost and are depreciated over their estimated useful lives, principally by the straight-line method. Cost and estimated useful lives of property and equipment by function are as follows:

Category	2011	2010	Life
	(In millions of dollars)		
Land	$ 3.8	$ 3.8	-
Work in process	8.6	7.0	-
Buildings and improvements	55.5	55.2	15 to 45 years
Computer hardware and software	190.0	183.4	3 to 12 years
Equipment, furniture and fixtures	33.6	33.9	5 years
Leasehold improvements	35.4	36.0	The lesser of the life of the lease or 5 years.
Total property and equipment	$ 326.9	$ 319.3	

The Company capitalizes external costs and internal payroll costs incurred in the development of software for internal use as required by the Internal- 0 1 0 1 Accounti 2 0 2 not yet in service and is included in property and equipment on the consolidated balance sheet. Depreciation expense from continuing operations was $28.9 million for 2011, $31.3 million for 2010 and $36.0 million for 2009.

Operating Leases The Company recognizes rent expense on a straight-line basis over the lease term. This includes the impact of both scheduled rent increases and free or reduced 2 the consolidated balance sheet and as operating cash flows in the consolidated statement of cash flows.

Goodwill and Other Intangible Assets Goodwill represents the excess of the purchase price over the fair value of net assets acquired. Purchased intangible assets with definite lives are recorded at estimated fair value at the date of acquisition and are amortized over their respective useful lives (from 3 to 15 years) on an accelerated basis commensurate with the related cash flows.

Impairment of Long-Lived Assets and Intangible Assets The Company evaluates long-lived assets and intangible assets with definite lives for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When estimated undiscounted future cash flows will not be sset is written down to its estimated fair value. Assets to be disposed of by sale, if any, are reported at the lower of the carrying amount or estimated fair value less cost to sell.

We test goodwill for impairment at the reporting unit level annually and whenever events or circumstances make it more likely than not that an impairment may have occurred. We have determined that our reporting units are the same as our operating and reportable segments based on our organizational structure and the financial information that is provided to and reviewed by management. Goodwill is tested for impairment using a two-step process. In the first step, the estimated fair value of a reporting unit is compared to its carrying value. If the estimated fair value of a reporting unit exceeds the carrying value of the net assets assigned to a reporting unit, goodwill is not considered impaired and no further testing is required.

If the carrying value of the net assets assigned to a reporting unit exceeds the estimated fair value of a reporting unit, s deemed impaired and is written down to the extent of the difference.

Accounts Payable Included in accounts payable are outstanding checks in excess of funds on deposit. Such amounts totaled $18.9 million and $10.2 million at year-end 2011 and 2010, respectively.

Accrued Payroll and Related Taxes Included in accrued payroll and related taxes are outstanding checks in excess of funds on deposit. Such amounts totaled $6.6 million and $6.4 million at year-end 2011 and 2010, respectively. Payroll taxes for temporary employees are recognized proportionately to direct wages for interim periods based on expected full-year amounts.

Income Taxes The Company accounts for income taxes using the liability method. Under this method, deferred tax assets and liabilities are recognized for the expected tax consequences of temporary differences between the tax bases of assets and liabilities and their reported amounts. Valuation allowances are provided against deferred tax assets when it is more likely than not that some portion or all of the deferred tax asset will not be realized.

Uncertain tax positions that are taken or expected to be taken in a tax return are recognized in the financial statements when it is more likely than not (i.e., a likelihood of more than fifty percent) that the position would be sustained upon examination by tax authorities that have full knowledge of all relevant information. A recognized tax position is then measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement.

Interest and penalties related to income taxes are accounted for as income tax expense.

Stock-Based Compensation The Company may grant restricted stock awards, stock options (both incentive and

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stock. The Company utilizes the market price on the date of grant as the fair market value for restricted stock awards and estimates the fair value of stock option awards on the date of grant using an option-pricing model. The value of awards that are ultimately expected to vest is recognized as expense over the requisite service periods in SG&A

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Earnings Per Share Restricted stock awards that entitle their holders to receive nonforfeitable dividends before vesting are considered participating securities and, therefore, included in the calculation of earnings per share using the two-class method. The two-class method is an earnings allocation formula that determines earnings per share for each class of common stock and participating security according to dividends declared and participation rights in undistributed earnings. Under this method, earnings from continuing operations (or net earnings) is reduced by the amount of dividends declared, and the remaining undistributed earnings is allocated to common stock and

weighted average shares outstanding. The calculation of diluted earnings per share includes the effect of potential common shares outstanding in the average weighted shares outstanding.

Workers' Compensation

2. Fair Value Measurements

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

Assets Measured at Fair Value on a Recurring Basis
The following tables present the assets carried at fair value as of January 1, 2012 and January 2, 2011 on the consolidated balance sheet by fair value hierarchy level, as described below.

	Fair Value Measurements on a Recurring Basis As of January 1, 2012			
Description	Total	Level 1	Level 2	Level 3
	(In millions of dollars)			
Money market funds	$ 2.0	$ 2.0	$ -	$ -
Available-for-sale investment	27.1	27.1	-	-
Total assets at fair value	$ 29.1	$ 29.1	$ -	$ -

	Fair Value Measurements on a Recurring Basis As of January 2, 2011			
Description	Total	Level 1	Level 2	Level 3
	(In millions of dollars)			
Money market funds	$ 4.1	$ 4.1	$ -	$ -
Available-for-sale investment	27.8	27.8	-	-
Forward exchange contracts, net	0.7	-	0.7	-
Total assets at fair value	$ 32.6	$ 31.9	$ 0.7	$ -

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

Money market funds as of January 1, 2012 represent investments in money market accounts, all of which are restricted cash and are included in prepaid expenses and other current assets on the consolidated balance sheet. Money market funds as of January 2, 2011 represent investments in money market accounts, of which $2.9 million is included in cash and equivalents and $1.2 million of restricted cash is included in prepaid expenses and other current assets on the consolidated balance sheet. The valuations were based on quoted market prices of those accounts as of the respective period end.

Available-for- 2 2 .
and is included in other assets on the consolidated balance sheet. The valuation is based on the quoted market price of Temp Holdings stock on the Tokyo Stock Exchange as of the period end. The unrealized loss of $2.1 million pretax and net of tax for the year ended January 1, 2012 and unrealized gain of $1.0 million pretax and net of tax for the year ended January 2, 2011 was recorded in other comprehensive income, as well as in accumulated other

2. Fair Value Measurements (continued)

During 2010, the Company entered into two forward foreign currency exchange contracts to offset the variability in exchange rates on its yen-denominated debt. One contract matured in May, 2011 and the other contract matured in November, 2010. During the first quarter of 2011, the yen-denominated debt was paid in full. As a result, the Company entered into an additional forward foreign currency exchange contract during the first quarter of 2011 to offset the remaining open contract that was purchased during 2010.

Prior to maturity, these contracts, which were included in prepaid expenses and other current assets on the consolidated balance sheet, were valued using market exchange rates and were not designated as hedging instruments. Accordingly, gains and losses resulting from recording the foreign exchange contracts at fair value were reported in other expense, net on the consolidated statement of earnings, and amounted to a minor loss for the year ended January 1, 2012 and a gain of $1.6 million for the year ended January 2, 2011.

The two aforementioned forward currency exchange contracts, one to buy Japanese yen with a U.S. dollar equivalent of $6.1 million and one to sell Japanese yen with a U.S. dollar equivalent of $6.8 million, matured in May, 2011. At January 1, 2012, the Company had no open forward foreign currency exchange contracts. At January 2, 2011, the Company had one open forward foreign currency exchange contract with an expiration date of less than one year to buy foreign currencies with a U.S. dollar equivalent of $6.1 million.

During 2011, the Company entered into one non-deliverable forward foreign currency exchange contract to economically hedge the anticipated acquisition of Tradição by selling U.S. dollars and buying Brazilian real that matured on October 13, 2011. The acquisition was deferred until November 16, 2011, and the forward settled upon maturity with the counterparty. The resulting gain of $0.4 million was reported in other expense, net on the consolidated statement of earnings for the year ended January 1, 2012. As of the year end January 1, 2012, the Company had no open forward foreign currency exchange contracts. The Company does not use financial instruments for trading or speculative purposes.

Assets Measured at Fair Value on a Nonrecurring Basis
We completed our annual impairment test for all reporting units in the fourth quarter for the fiscal year ended January 1, 2012 and January 2, 2011 and determined that goodwill was not impaired. The estimated fair value of each reporting unit exceeded its related carrying value. During the second quarter of 2010, continuing operating losses in 2 2 o be a triggering event for purposes of assessing goodwill for impairment. Accordingly, we tested goodwill related to OCG and determined that OCG goodwill was not impaired.

Our analysis used significant assumptions by segment, including: expected future revenue and expense growth rates, profit margins, cost of capital, discount rate and forecasted capital expenditures. Our revenue projections assumed near-term growth consistent with current year results, followed by long-term modest growth. Assumptions and estimates about future cash flows and discount rates are complex and subjective. They can be affected by a variety of factors, including external factors such as industry and economic trends, and internal factors such as changes in our business strategy and internal forecasts. For example, a 10% reduction in our growth rate assumptions would not result in the estimated fair value falling below book value for any of our segments.

In the second quarter of 2009, due to significantly worse than anticipated economic conditions and the impacts to our business, we revised our internal forecasts for all of our segments, which we deemed to be a triggering event for purposes of assessing goodwill for impairment. Accordingly, goodwill at all of our reporting units was tested for impairment in the second quarter of 2009. As a result, we recorded a goodwill impairment loss of $50.5 million, of which $16.4 million related to the Americas Commercial reporting unit, $22.0 million related to the EMEA PT reporting unit and $12.1 million related to the APAC Commercial reporting unit. The expense was recorded in the asset impairments line on the consolidated statement of earnings.

2. Fair Value Measurements (continued)

We evaluate long-lived assets, including intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable, based on estimated undiscounted future cash flows. In 2010, management assessed the viability of certain incomplete software projects in Europe and the U.S. Based on the estimated costs to complete, management terminated the projects and recorded impairment charges of $2.0 million. After the impairment charges, the remaining balance related to these software projects was zero, which represented the fair value at January 2, 2011.

2 ! ! (! the carrying value of long-lived
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$0.5 million reduction in the carrying value of long-lived assets and intangible assets in Europe.

3. Acquisitions

To establish 2 1 we acquired the stock of Tradição Planejamento e Tecnologia de Serviços S.A. and Tradição Tecnologia e Serviços Ltda. (collectively, Tradição national service provider in Brazil, during the fourth quarter of 2011 for $6.6 million in cash. Tradição will be included as a business unit in the Americas Commercial operating segment. The purchase price allocation for this acquisition, which is based on the fair value of assets acquired and liabilities assumed, is preliminary and could change, subject to the completion of the asset valuation, which is ongoing as of the date of this filing.

The operating results of Tradição will be accounted for on a one-month lag; accordingly, Kelly statements for 2011 do not include operating results for Tradição. Proforma financial information related to the acquisition is not presented due to immateriality. The following table summarizes the estimated fair values of the assets acquired and liabilities assumed as of the date of the acquisition.

Current assets	$	6.3
Goodwill		22.9
Identified intangibles		5.3
Other noncurrent assets		0.7
Current liabilities		(14.4)
Noncurrent liabilities		(14.2)
Total purchase price	$	6.6

Included in the assets purchased was approximately $2.3 million of intangible assets associated with customer lists. These assets will be amortized over approximately 7 years based on the expected cash flows and will have no residual value.

During 2009, we made the following payments: $5.7 million earnout payment related to the 2007 acquisition of access AG, $1.0 million related to the 2007 acquisition of CGR/seven LLC, $0.6 million earnout payment related to the 2006 acquisition of The Ayers Group and $0.2 million earnout payment related to the 2008 acquisition of Toner Graham.

4. Restructuring

Restructuring costs incurred in 2011 amounted to $2.8 million and primarily relate to adjustments to estimated lease termination costs for EMEA Commercial branches that closed in prior years. Restructuring costs incurred in 2010 totaled $7.2 million and primarily related to severance costs for the corporate headquarters and severance and lease termination costs for branches in the EMEA Commercial and APAC Commercial segments that were in the process of closure at the end of 2009. Restructuring costs totaled $29.9 million in 2009 and primarily related to global severance, lease terminations, asset write-offs and other miscellaneous costs incurred in connection with the reduction of approximately 1,900 permanent employees and the consolidation, sale or closure of approximately 240 branch locations. These costs were reported as a component of SG&A expenses. Total costs incurred since July 2008 for the restructuring program amounted to $46.4 million.

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

Balance as of January 3, 2010	$	12.7
Amounts charged to operations		7.2
Noncash charges		(0.1)
Reductions for cash payments		(15.1)
Balance as of January 2, 2011		4.7
Amounts charged to operations		2.8
Reductions for cash payments		(3.0)
Balance as of January 1, 2012	$	4.5

The remaining balance of $4.5 million as of January 1, 2012 represents primarily severance and future lease payments and is expected to be paid by 2018. On a quarterly basis, the Company reassesses the accrual associated with restructuring costs and adjusts it as necessary.

5. Goodwill

There were no changes in the net carrying amount of goodwill for the fiscal year 2010. The changes in the net carrying amount of goodwill for the fiscal year 2011 are included in the table below. See Acquisitions footnote for a description of additions to goodwill in fiscal 2011.

	Goodwill, Gross as of Jan. 2, 2011	Accumulated Impairment Losses as of Jan. 2, 2011	Additions to Goodwill	Impairment Losses	Goodwill, Gross as of Jan. 1, 2012	Accumulated Impairment Losses as of Jan. 1, 2012	Goodwill, Net as of Jan. 1, 2012
			(In millions of dollars)				
Americas							
Americas Commercial	$ 16.4	$ (16.4)	$ 22.9	$ -	$ 39.3	$ (16.4)	$ 22.9
Americas PT	39.2	-	-	-	39.2	-	39.2
Total Americas	55.6	(16.4)	22.9	-	78.5	(16.4)	62.1
EMEA							
EMEA Commercial	50.4	(50.4)	-	-	50.4	(50.4)	-
EMEA PT	22.0	(22.0)	-	-	22.0	(22.0)	-
Total EMEA	72.4	(72.4)	-	-	72.4	(72.4)	-
APAC							
APAC Commercial	12.1	(12.1)	-	-	12.1	(12.1)	-
APAC PT	1.8	-	-	-	1.8	-	1.8
Total APAC	13.9	(12.1)	-	-	13.9	(12.1)	1.8
OCG	26.3	-	-	-	26.3	-	26.3
Consolidated Total	$ 168.2	$ (100.9)	$ 22.9	$ -	$ 191.1	$ (100.9)	$ 90.2

6. Other Assets

Included in other assets are the following:

	2011	2010
	(In millions of dollars)	
Deferred compensation plan (See Retirement Benefits footnote)	$ 88.2	$ 87.8
Available-for-sale investment (See Fair Value Measurements footnote)	27.1	27.8
Workers' compensation receivable	15.1	14.3
Intangibles, net of accumulated amortization of $20.2 million and $18.1 million, respectively	11.9	9.1
Other	9.8	15.5
Other assets	$ 152.1	$ 154.5

Intangible amortization expense was $2.5 million, $3.6 million and $4.9 million in 2011, 2010 and 2009, respectively.

7. Debt

Short-Term Debt
On March 31, 2011, the Company entered into an agreement with its lenders to amend and restate its existing secured $90 million, three-
Facility to $150 million, and extended the term of the Facility to March 31, 2016 from September 28, 2012. The Facility allows for borrowings in various currencies and is used to fund working capital, acquisitions, and general corporate needs.

The interest rate applicable to borrowings under the Facility at January 1, 2012 was 200 basis points over the London
1 1 ! $ 1 ry by currency. The
Company may also borrow using rates based on the Prime Rate; these loans have shorter notice periods and interest periods. At January 1, 2012, the prime-rate based loans were available to the Company at the Prime Rate plus 100 basis points in addition to the facility fee of 25 basis points.

At January 1, 2012, borrowings under the Facility were $6.2 million, with an interest rate of 2.90%, and the Facility had a remaining capacity of $143.8 million. In connection with the refinancin
covenants and restrictions were amended and are described below, all of which were met at January 1, 2012:

- The Company must not allow its ratio of earnings before interest, taxes, depreciation, amortization and certain cash and non-cash charges that are non- 1 0
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prior to the fourth quarter of 2012 and 5.0 to 1.0 thereafter.

- The Company must keep its ratio of total indebtedness to the sum of net worth and total indebtedness below 0.4 to 1.0 at all times.

- Dividends, stock buybacks and similar transactions are limited based on the Interest Coverage Ratio. When the Interest Coverage Ratio is below 5.0 to 1.0, the Company may pay up to $20 million in aggregate over the four most recent fiscal quarters including the current quarter; when the Interest Coverage Ratio is above 5.0 to 1.0, the Company may pay up to $30 million in aggregate over the four most recent fiscal quarters including the current quarter.

- The Company must adhere to other operating restrictions relating to the conduct of business, such as certain limitations on asset sales and the type and scope of investments.

At January 2, 2011, there were no borrowings under the Facility.

On March 31, 2011, the Company and Kelly Receivables Funding, LLC, a wholly owned bankruptcy remote special
2), amended the Receivables Purchase Agreement

the Securitization Facility from 364 days to three years, (ii) reduced borrowing costs, and (iii) increased the capacity from $100 to $150 million. The Receivables Purchase Agreement will terminate December 4, 2014, unless terminated earlier pursuant to its terms.

Under the Securitization Facility, the Company will sell certain trade receivab
a revolving basis, to the Receivables Entity. The Receivables Entity may from time to time sell an undivided variable percentage ownership interest in the Receivables. The Securitization Facility also allows for the issuance of standby
1 2 -default clause that could result in termination if defaults occur under our other loan agreements. The Securitization Facility also contains certain restrictions based on the performance of the Receivables.

7. Debt (continued)

As of January 1, 2012, the Securitization Facility carried $84.0 million of short-term borrowings at a rate of 1.43% and $50.1 1 2
Securitization Facility at January 1, 2012 was 55 basis points over the cost of commercial paper, in addition to a facility fee of 60 basis points. As of January 1, 2012, the remaining capacity on the Facility was $15.9 million.

As of January 2, 2011, the Securitization Facility carried $17.0 million of short-term borrowings at a rate of 1.57%, SBLCs rela $ & " &"

accounts receivable and related rights from the Company. As described above, the Receivables Entity may retransfer these receivables or grant a security interest in those receivables under the terms and conditions of the Receivables Purchase Agreement. The Receivables Entity is a separate legal entity with its own creditors who would be entitled, if it were ever liquidated, to be satisfied out of its assets prior to any assets or value in the Receivables Entity becoming available to its equity holders. The assets of the Receivables Entity are not available to pay creditors of the Company or any of its other subsidiaries. The assets and liabilities of the Receivables Entity are included in the consolidated financial statements of the Company.

Subsequent to the acquisition of Tradição in November, 2011 (see Acquisitions footnote), the Company established an unsecured, uncommitted revolving line of credit for the Brazilian entities, which used the facility to pay off existing short- 2 d statement of cash flows for 2011 are short-term borrowings of $6.1 million and repayment of debt of $5.4 million to reflect this activity.

The Company had unsecured, uncommitted short-term local credit facilities, including the Brazilian facility described above, that totaled $15.9 million as of January 1, 2012. Borrowings under these lines totaled $6.1 million and $0.1 million at year-end 2011 and 2010, respectively. The interest rate for these borrowings was 13.4% at January 1, 2012 and 5.0% at January 2, 2011.

Long-Term Debt
The Company had a three-year syndicated term loan facility comprised of 9 million euros and 5 million U.K. pounds, and a five-year, 6 billion yen-denominated loan agreement, all of which had a maturity date of October 3, 2011. In March, 2011, the Company fully paid these loans, using borrowings from the revolving credit facility and Securitization Facility.

As of January 2, 2011, the U.S. dollar amount outstanding on the euro and U.K. pound facility, which fluctuated based on foreign exchange rates, totaled approximately $19.7 million, all of which was classified as current, and carried an interest rate which ranged from 4.24% to 4.44%. As of January 2, 2011, the U.S. dollar amount outstanding on the yen-denominated loan balance, which also fluctuated based on foreign exchange rates, totaled approximately $42.0 million, all of which was classified as current, and carried an interest rate of 3.7%.

8. Retirement Benefits

The Company provides a qualified defined contribution plan covering substantially all U.S.-based full-time employees, except officers and certain other management employees. Upon approval by the Board of Directors, a discretionary contribution based on eligible wages may be funded annually. Discretionary contributions, which were suspended in 2009, were reinstated in 2010. The plan also offers a savings feature with Company matching contributions. Company matching contributions were suspended as of October, 2009, and were reinstated effective January, 2011. Assets of this plan are held by an independent trustee for the sole benefit of participating employees.

A nonqualified deferred compensation plan is provided for officers and certain other management employees. Upon approval by the Board of Directors, a discretionary contribution based on eligible wages may be made annually. Discretionary contributions, which were suspended in 2009, were reinstated in 2010. This plan also includes provisions for salary deferrals and Company matching contributions. Company matching contributions were suspended as of February, 2009 and were reinstated effective January, 2011.

The liability for the nonqualified plan was $91.7 million and $88.0 million as of year-end 2011 and 2010, respectively, and is included in current accrued payroll and related taxes and noncurrent accrued retirement benefits. The cost of is liability, which were included in SG&A expenses, were losses of $0.9 million in 2011, and earnings of $9.0 million in 2010 and $13.6 million in 2009. In connection with the administration of this plan, the Company has purchased company-owned variable universal life insurance policies insuring the lives of certain officers and key employees. The cash surrender value of these policies, which is based primarily on investments in 2 -qualified deferred compensation plan noted above, was $88.2 million and $87.8 million at year-end 2011 and 2010, respectively. The cash surrender value of these insurance policies are included in other assets and are restricted for the specific use of funding this plan. Earnings on these assets, which were included in SG&A expenses, were losses of $1.8 million in 2011, and earnings of $10.1 million in 2010 and $13.8 million in 2009.

The net expense for retirement benefits for both the qualified and nonqualified deferred compensation plans, including Company matching and discretionary contributions, totaled $9.9 million in 2011, $0.6 million in 2010 and $0.6 million in 2009.

In addition, the Company also has several defined benefit pension plans in locations outside of the United States. The total projected benefit obligation, assets and unfunded liability for these plans as of January 1, 2012 were $12.8 million, $7.0 million and $5.8 million, respectively. The total projected benefit obligation, assets and unfunded liability for these plans as of January 2, 2011 were $11.9 million, $7.6 million and $4.3 million, respectively. Total pension expense for these plans was $0.9 million, $0.8 million and $1.0 million in 2011, 2010 and 2009, respectively. Pension contributions and the amount of accumulated other comprehensive income expected to be recognized in 2012 are not significant.

9. Stockholders' Equity

Common Stock
The authorized capital stock of the Company is 100,000,000 shares of Class A common stock and 10,000,000 shares of Class B common stock. Class A shares have no voting rights and are not convertible. Class B shares have voting rights and are convertible by the holder into Class A shares on a share-for-share basis at any time. Both classes of stock have identical rights in the event of liquidation.

Class A shares and Class B shares are both entitled to receive dividends, subject to the limitation that no cash dividend on the Class B shares may be declared unless the Board of Directors declares an equal or larger cash dividend on the Class A shares. As a result, a cash dividend may be declared on the Class A shares without declaring a cash dividend on the Class B shares.

During 2011, the Company made dividend payments totaling $3.8 million.

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shares were sold in a private transaction at $15.42 per share, which was the average of the closing prices of the Class A common stock for the five days from May 3, 2010 through May 7, 2010, and represented 4.8 percent of the outstanding Class A shares after the completion of the sale. As part of this transaction, Kelly added a representative
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Accumulated Other Comprehensive Income
The components of accumulated other comprehensive income at year-end 2011 and 2010 were as follows:

	2011	2010

11. Stock-Based Compensation (continued)

As of January 1, 2012, unrecognized compensation cost related to unvested restricted shares totaled $13.0 million. The weighted average period over which this cost is expected to be recognized is approximately two years. The weighted average grant date fair value per share of restricted stock awards granted during 2011, 2010 and 2009 was $16.84, $18.08 and $12.82, respectively. The total fair market value of restricted shares vested during 2011, 2010 and 2009 was $3.7 million, $3.4 million and $2.8 million, respectively.

Stock Options
Under the terms of the Plan, stock options may not be granted at prices less than the fair market value on the date of grant, nor for a term exceeding 10 years, and typically vest over 3 years. The Company expenses the fair value of stock option grants on a straight-line basis over the vesting period. No stock options were granted in 2011, 2010 and 2009.

A summary of the status of stock option grants under the Plan as of the year ended January 1, 2012 and changes during this period is presented as follows:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at January 2, 2011	645,036	$ 25.32		
Granted	-	-		
Exercised	-	-		
Forfeited	-	-		
Expired	(129,337)	24.96		
Outstanding at January 1, 2012	515,699	$ 25.41	1.64	$ -
Options exercisable at January 1, 2012	515,699	$ 25.41	1.64	$ -

The table above includes 51,000 of non-employee director shares outstanding at January 1, 2012.

As of January 1, 2012, there was no unrecognized compensation cost related to unvested stock options. No stock options were exercised in 2011, 2010 and 2009.

Windfall tax benefits
from financing activities in the consolidated statement of cash flows, were insignificant for 2011, 2010 and 2009.

12. Other Expense, Net

Included in other expense, net are the following:

	2011	2010	2009
	(In millions of dollars)		
Interest income	$ 1.0	$ 0.8	$ 1.3
Interest expense	(3.4)	(5.7)	(4.1)
Dividend income	0.5	0.4	0.6
Foreign exchange gains (losses)	1.5	(1.2)	(0.5)
Other	0.3	0.3	0.5
Other expense, net	$ (0.1)	$ (5.4)	$ (2.2)

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Measurements footnote). Included in foreign exchange gains in 2011 is a $1.6 million net gain related to the release into earnings of accumulated currency translation adjustments upon the substantially complete liquidation of certain subsidiaries. The disposals of these operations were not reported in discontinued operations due to immateriality.

13. Income Taxes

Earnings (loss) from continuing operations before taxes for the years 2011, 2010 and 2009 were taxed under the following jurisdictions:

	2011	2010	2009
		(in million of dollars)	
Domestic	$ 36.7	$ 27.3	$ (56.8)
Foreign	20.9	5.4	(91.5)
Total	$ 57.6	$ 32.7	$ (148.3)

The provision for income taxes from continuing operations was as follows:

	2011	2010	2009
		(in millions of dollars)	
Current tax expense:			
U.S. federal	$ 5.2	$ 6.2	$ (14.0)
U.S. state and local	1.8	0.6	0.9
Foreign	13.0	9.1	0.9
Total current	20.0	15.9	(12.2)
Deferred tax expense:			
U.S. federal	(33.3)	(11.3)	(21.6)
U.S. state and local	1.1	(0.3)	(3.3)
Foreign	4.9	2.3	(6.1)
Total deferred	(27.3)	(9.3)	(31.0)
Total provision	$ (7.3)	$ 6.6	$ (43.2)

13. Income Taxes (continued)

Deferred taxes are comprised of the following:

	2011	2010
	(in millions of dollars)	
Depreciation and amortization	$ (10.4)	$ (8.9)
Employee compensation and benefit plans	48.4	49.4
Workers' compensation	26.7	26.9
Unrealized loss on securities	8.3	7.7
Loss carryforwards	53.5	46.7
Credit Carryforwards	68.6	39.5
Other, net	(1.4)	(6.6)
Valuation allowance	(65.4)	(52.5)
Net deferred tax assets	$ 128.3	$ 102.2

The deferred tax balance is classified in the consolidated balance sheet as:

	2011	2010
	(in millions of dollars)	
Current assets, deferred tax	$ 38.2	$ 22.4
Noncurrent deferred tax asset	94.1	84.0
Current liabilities, income and other taxes	(1.8)	(1.5)
Noncurrent liabilities, other long-term liabilities	(2.2)	(2.7)
	$ 128.3	$ 102.2

The differences between income taxes from continuing operations for financial reporting purposes and the U.S. statutory rate of 35% are as follows:

	2011	2010	2009
	(in millions of dollars)		
Income tax based on statutory rate	$ 20.2	$ 11.4	$ (51.9)
State income taxes, net of federal benefit	1.9	0.2	(1.6)
General business credits	(28.5)	(11.7)	(11.8)
Life insurance cash surrender value	0.9	(3.3)	(4.6)
Impairment	-	0.2	15.6
Restructuring	1.0	0.8	4.9
Foreign items	(1.5)	0.8	5.7
Foreign business taxes	4.7	4.5	0.4
Worthless stock	(7.7)	(0.9)	(3.6)
Non-deductible compensation	1.5	1.1	1.2
Change in deferred tax realizability	(0.6)	3.0	-
Other, net	0.8	0.5	2.5
Total	$ (7.3)	$ 6.6	$ (43.2)

13. Income Taxes (continued)

General business credits primarily represent U.S. work opportunity credits and, in 2011 only, HIRE Act retention credits of $11.3 million. Foreign business taxes are taxes based on revenue less certain expenses and are classified as income taxes under ASC Topic 740 0 2 & . The lower 2009 amount is primarily due to the French business tax, which had been classified as a component of SG&A expenses prior to 2010. The French government changed the business tax from an asset-based tax to an income-based tax, thereby requiring the classification of this tax as an income tax beginning in 2010.

The Company has U.S. general business credit carryforwards of $66.9 million which will expire from 2028 to 2031 and foreign tax credit carryforwards of $1.7 million which will expire from 2019 to 2021. The net tax effect of state and foreign loss carryforwards at January 1, 2012 totaled $53.5 million, which expire as follows (in millions of dollars):

Year	Amount
2012-2014	$ 1.2
2015-2017	2.9
2018-2021	3.3
2022-2026	5.6
2027-2031	1.7
No expiration	38.8
Total	$ 53.5

The Company has established a valuation allowance for loss carryforwards and future deductible items in certain foreign jurisdictions. The valuation allowance is determined in accordance with the provisions of ASC 740, which requires an assessment of both negative and positive evidence when measuring the need for a valuation allowance. 2
require a valuation allowance under ASC 740. The Company intends to maintain a valuation allowance until sufficient positive evidence exists to support realization of the foreign deferred tax assets.

Provision has not been made for U.S. or additional foreign income taxes on an estimated $30.5 million of undistributed earnings of foreign subsidiaries, which are permanently reinvested. If these earnings were to be repatriated, the Company would be subject to additional U.S. income taxes, adjusted for foreign credits. It is not practical to determine the income tax liability that might be incurred if these earnings were repatriated.

Deferred income taxes recorded in other comprehensive income include:

	2011	2010	2009
		(in millions of dollars)	
Cumulative translation adjustments	$ 1.8	$ (0.3)	$ (3.5)
Pension liability	0.1	(0.3)	0.1
Total	$ 1.9	$ (0.6)	$ (3.4)

In the fourth quarter of 2009, an adjustment was made to deferred taxes to correct an immaterial error related to years prior to 2007. This caused the income tax benefit to be reduced by $1.7 million, and other comprehensive income to be reduced by $1.5 million.

13. Income Taxes (continued)

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	2011	2010	2009
	(in millions of dollars)		
Balance at beginning of the year	$ 8.5	$ 8.9	$ 4.6
Additions based on tax positions related to the current year	-	-	4.8
Additions for prior years' tax positions	0.2	0.1	0.4
Reductions for prior years' tax positions	(0.8)	(0.3)	(0.4)
Additions for settlements	0.2	-	-
Reductions for settlements	(0.2)	-	(0.2)
Reductions for expiration of statutes	(0.1)	(0.2)	(0.3)
Balance at end of the year	$ 7.8	$ 8.5	$ 8.9

If the $7.8 million in 2011, $8.5 million in 2010 and $8.9 million in 2009 of unrecognized tax benefits were recognized, they would have a favorable effect of $6.7 million in 2011, $7.3 million in 2010 and $7.6 million in 2009 on the effective tax rate.

The Company recognizes both interest and penalties as part of the income tax provision. The Company recognized expense of $0.1 million in 2011 and $0.1 million in 2010 and a benefit of $0.2 million in 2009 for interest and penalties. At year end, accrued interest and penalties were $0.5 million in 2011 and $0.6 million in 2010.

The Company files income tax returns in the U.S. and in various states and foreign countries. The tax periods open to examination by the major taxing jurisdictions to which the Company is subject include the U.S. for fiscal years 2006 through 2011, Canada for fiscal years 2004 through 2011 and France for fiscal years 2009 through 2011.

The Company and its subsidiaries have various other income tax returns in the process of examination, administrative appeals or litigation. The unrecognized tax benefit and related interest and penalty balances include approximately $1.0 million for 2011 and $1.6 million for 2010 related to tax positions which are reasonably possible to change within the next twelve months due to income tax audits, settlements and statute expirations.

14. Supplemental Cash Flow Information

Changes in operating assets and liabilities, net of acquisitions, as disclosed in the statements of cash flows, for the fiscal years 2011, 2010 and 2009, respectively, were as follows:

	2011	2010	2009
	(in millions of dollars)		
(Increase) decrease in trade accounts receivable	$ (148.5)	$ (95.5)	$ 116.6
(Increase) decrease in prepaid expenses and other current assets	(4.7)	25.0	(9.2)
Increase (decrease) in accounts payable and accrued liabilities	58.9	0.4	(59.0)
Increase (decrease) in accrued payroll and related taxes	34.3	36.0	(41.9)
Increase in accrued insurance	0.2	7.0	4.5
Increase (decrease) in income and other taxes	4.8	9.4	(2.0)
Total changes in operating assets and liabilities	$ (55.0)	$ (17.7)	$ 9.0

The Company paid interest of $2.9 million, $6.1 million and $4.2 million in 2011, 2010 and 2009, respectively. The Company paid income taxes of $21.5 million in 2011 and received a refund of income taxes of $7.8 million in 2010 and $9.4 million in 2009.

15. Commitments

The Company conducts its field operations primarily from leased facilities. The following is a schedule by fiscal year of future minimum commitments under operating leases as of January 1, 2012 (in millions of dollars):

Fiscal year:	
2012	$ 45.6
2013	30.7
2014	17.8
2015	10.4
2016	5.8
Later years	5.4
Total	$ 115.7

Lease expense from continuing operations for fiscal 2011, 2010 and 2009 amounted to $50.5 million, $50.1 million and $56.8 million, respectively.

In addition to operating lease agreements, the Company has entered into unconditional purchase obligations totaling $18.3 million. These obligations relate primarily to voice and data communications services which the Company expects to utilize generally within the next two fiscal years, in the ordinary course of business. The Company has no material unrecorded commitments, losses, contingencies or guarantees associated with any related parties or unconsolidated entities.

16. Contingencies

The Company is awaiting final court approval of a settlement of a single class action, Fuller v. Kelly Services, Inc. and Kelly Home Care Services, Inc. pending in the Superior Court of California, Los Angeles, which involves a claim for monetary damages by current and former temporary employees in the State of California. The claims are related to alleged misclassification of personal attendants as exempt and not entitled to overtime compensation under state law and alleged technical violations of a state law governing the content of employee pay stubs. A $1.2 million after tax charge relating to the settlement was recognized in discontinued operations during the second quarter of 2011.

During the fourth quarter of 2011, the Company paid $1.9 million to settle a previous legal matter, Sullivan v. Kelly Services, Inc., which had been pending in the U.S. District Court Southern District of California. The Company established a reserve for this case in 2010.

The Company is continuously engaged in litigation arising in the ordinary course of its business, typically matters alleging employment discrimination, alleging wage and hour violations or enforcing the restrictive covenants in the 2 While there is no expectation that any of these matters will have a material 2
inherent uncertainty and the Company is not able to reasonably predict if any matter will be resolved in a manner that is materially adverse to the Company.

The accrual for litigation costs at year-end 2011 and 2010 amounted to $4.5 million and $3.6 million, respectively, and is included in accounts payable and accrued liabilities on the consolidated balance sheet.

17. Segment Disclosures

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The Commercial business segments within the Americas, EMEA and APAC regions represent traditional office services, contact-center staffing, marketing, electronic assembly, light industrial and substitute teachers. The PT segments encompass a wide range of highly skilled temporary employees, including scientists, financial professionals, attorneys, engineers, IT specialists and healthcare workers. OCG includes recruitment process 2 1
xecutive placement and career transition/outplacement services. Corporate expenses that directly support the operating units have been allocated to the seven segments based on a work effort, volume or, in the absence of a readily available measurement process, proportionately based on revenue from services. Included in Corporate is $0.5 million in 2010 and $53.1 million in 2009 related to asset impairment charges (see Fair Value Measurements footnote).

The following tables present information about the reported revenue from services and earnings from operations of the Company for the fiscal years 2011, 2010 and 2009. Asset information by reportable segment is not reported, since the Company does not produce such information internally nor does it use such data to manage its business.

17. Segment Disclosures (continued)

A summary of long-lived assets information by geographic area as of the years ended 2011 and 2010 follows:

	2011	2010
	(In millions of dollars)	
Long-Lived Assets:		
Domestic	$ 72.9	$ 88.8
International	17.3	15.2
Total	$ 90.2	$ 104.0

Long- -lived assets were material to the consolidated long-lived assets of the Company.

18. New Accounting Pronouncements

In June 2011, the FASB amended its guidance on the presentation of comprehensive income to increase the prominence of items reported in other comprehensive income. The new guidance requires that all components of

comprehensive income or in two separate but consecutive statements. The new guidance will be effective for us at the beginning of fiscal 2012 and its adoption will not have any impact on our financial condition, results of operations or cash flows.

In September 2011, the FASB issued updated guidance on the periodic testing of goodwill for impairment. This guidance will allow companies to assess qualitative factors to determine if it is more-likely-than-not that goodwill might be impaired and whether it is necessary to perform the two-step goodwill impairment test required under current accounting standards. The guidance will be effective for us at the beginning of fiscal 2012, with early adoption permitted. We do not expect the adoption of this guidance to have a material impact on our financial condition, results of operations or cash flows.

SELECTED QUARTERLY FINANCIAL DATA (unaudited)

	Fiscal Year 2011				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
	(In millions of dollars except per share data)				
Revenue from services	$ 1,339.1	$ 1,405.8	$ 1,409.8	$ 1,396.3	$ 5,551.0
Gross profit	213.7	224.6	228.6	227.2	894.1
SG&A expenses	212.1	203.3	206.5	214.5	836.4
Restructuring charges (credits) included in SG&A	4.0	(0.6)	(0.6)	-	2.8
Earnings from continuing operations	1.1	20.0	19.7	24.1	64.9
Loss from discontinued operations, net of tax	-	(1.2)	-	-	(1.2)
Net earnings	1.1	18.8	19.7	24.1	63.7
Basic earnings (loss) per share (1)					
Earnings from continuing operations	0.03	0.53	0.52	0.64	1.72
Loss from discontinued operations	-	(0.03)	-	-	(0.03)
Net earnings	0.03	0.50	0.52	0.64	1.69
Diluted earnings (loss) per share (1)					
Earnings from continuing operations	0.03	0.53	0.52	0.64	1.72
Loss from discontinued operations	-	(0.03)	-	-	(0.03)
Net earnings	0.03	0.50	0.52	0.64	1.69
Dividends per share	-	-	0.05	0.05	0.10

	Fiscal Year 2010				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
	(In millions of dollars except per share data)				
Revenue from services	$ 1,130.4	$ 1,209.4	$ 1,284.7	$ 1,325.8	$ 4,950.3
Gross profit	180.0	190.9	207.2	216.4	794.5
SG&A expenses	181.6	180.9	192.9	199.0	754.4
Restructuring charges (included in SG&A)	4.4	-	2.8	-	7.2
Asset impairments	-	1.5	-	0.5	2.0
(Loss) earnings from continuing operations	(2.0)	3.9	9.6	14.6	26.1
Earnings from discontinued operations, net of tax	-	-	-	-	-
Net (loss) earnings	(2.0)	3.9	9.6	14.6	26.1
Basic (loss) earnings per share (1)					
(Loss) earnings from continuing operations	(0.06)	0.11	0.26	0.39	0.71
Earnings from discontinued operations	-	-	-	-	-
Net (loss) earnings	(0.06)	0.11	0.26	0.39	0.71
Diluted (loss) earnings per share (1)					
(Loss) earnings from continuing operations	(0.06)	0.11	0.26	0.39	0.71
Earnings from discontinued operations	-	-	-	-	-
Net (loss) earnings	(0.06)	0.11	0.26	0.39	0.71
Dividends per share	-	-	-	-	-

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

SCHEDULE II - VALUATION RESERVES
Kelly Services, Inc. and Subsidiaries
January 1, 2012
(In millions of dollars)

Description	Balance at beginning of year	Additions: Charged to costs and expenses	Additions: Charged to other accounts *	Currency exchange effects	Deductions from reserves	Balance at end of year
Fiscal year ended January 1, 2012:						
Reserve deducted in the balance sheet from the assets to which it applies -						
Allowance for doubtful accounts	$ 12.3	4.3	-	(0.2)	(3.0)	$ 13.4
Deferred tax assets valuation allowance	$ 52.5	14.1	1.5	(1.0)	(1.7)	$ 65.4
Fiscal year ended January 2, 2011:						
Reserve deducted in the balance sheet from the assets to which it applies -						
Allowance for doubtful accounts	$ 15.0	2.1	-	(0.2)	(4.6)	$ 12.3
Deferred tax assets valuation allowance	$ 52.7	6.1	-	(1.0)	(5.3)	$ 52.5
Fiscal year ended January 3, 2010:						
Reserve deducted in the balance sheet from the assets to which it applies -						
Allowance for doubtful accounts	$ 17.0	2.2	-	0.6	(4.8)	$ 15.0
Deferred tax assets valuation allowance	$ 44.2	7.5	-	2.3	(1.3)	$ 52.7

* Allowance of companies acquired.

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

Exhibit No.	Description	Page
3.1	Restated Certificate of Incorporation, effective May 6, 2009 (Reference is made to Exhibit 3.1 to the Form 8-K filed with the Commission on May 8, 2009 which is incorporated herein by reference).	
3.2	By-laws, effective May 6, 2009 (Reference is made to Exhibit 3.2 to the Form 8-K filed with the Commission on May 8, 2009, which is incorporated herein by reference).	
10.1	Short-Term Incentive Plan, as amended and restated on March 23, 1998 and further amended on February 6, 2003 and November 8, 2007 (Reference is made to Exhibit 10.1 to the Form 8-K filed with the Commission on November 14, 2007, which is incorporated herein by reference).	
10.2	Kelly Services, Inc. Equity Incentive Plan (Reference is made to Exhibit 10.2 to the Form 8-K filed with the Commission on May 14, 2010, which is incorporated herein by reference).	
10.3	Kelly Services, Inc. Executive Severance Plan, as amended November 8, 2007 (Reference is made to Exhibit 10.3 to the Form 8-K filed with the Commission on November 14, 2007, which is incorporated herein by reference).	
10.4	Kelly Services, Inc. Non-Employee Directors Stock Option Plan (Reference is made to Exhibit 10.4 to the Form 10-Q filed with the Commission on May 11, 2011, which is incorporated herein by reference).	
10.5	Kelly Services, Inc. Non-Employee Director Stock Award Plan, as amended and Restated effective February 12, 2008 (Reference is made to Appendix A to the Definitive Proxy Statement furnished in connection with the solicitation of proxies on behalf of the Board of Directors for use at the Annual Meeting of Stockholders of the Company held May 6, 2008 filed with the Commission on April 4, 2008, which is incorporated herein by reference).	
10.6	Amended and restated five-year, secured, revolving credit agreement, dated March 31, 2011 (Reference is made to Exhibit 10.6 to the Form 8-K filed with the Commission on April 6, 2011, which is incorporated herein by reference).	
10.7	Kelly Services, Inc. Performance Incentive Plan, as amended and restated on March 29, 1996 and April 14, 2000 (Reference is made to Exhibit 10 to the Form 10-Q for the quarterly period ended April 1, 2001, filed with the Commission on May 14, 2001, which is incorporated herein by reference).	
10.8	Form of Amendment to Performance Incentive Plan (Reference is made to Exhibit 10.1 to the Form 8-K filed with the Commission on November 9, 2006, which is incorporated herein by reference).	
10.12	2008 Management Retirement Plan (Reference is made to Exhibit 10.12 to the Form 8-K filed with the Commission on November 14, 2007, which is incorporated herein by reference).	
10.14	Pledge and Security Agreement, dated September 28, 2009 (Reference is made to Exhibit 10.14 to the Form 8-K filed with the Commission on September 29, 2009, which is incorporated herein by reference).	

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

Exhibit No.	Description	Page
10.15	Receivables Purchase Agreement, dated December 4, 2009 (Reference is made to Exhibit 10.17 to the Form 8-K filed with the Commission on December 9, 2009, which is incorporated herein by reference).	
10.16	Receivables Purchase Agreement Amendment No. 2 (Reference is made to Exhibit 10.16 to the Form 8-K filed with the Commission on April 6, 2011, which is incorporated herein by reference).	
14	Code of Business Conduct and Ethics, adopted February 9, 2004, as amended on November 9, 2010 (Reference is made to Exhibit 14 to the Form 10-K filed with the Commission on February 17, 2011, which is incorporated herein by reference).	
21	Subsidiaries of Registrant.	77
23	Consent of Independent Registered Public Accounting Firm.	82
24	Power of Attorney.	83
31.1	Certification Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act, as amended.	84
31.2	Certification Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act, as amended.	85
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	86
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	87
101.INS	XBRL Instance Document	
101.SCH	XBRL Taxonomy Extension Schema Document	
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	

SUBSIDIARIES OF REGISTRANT Exhibit 21

Kelly Services, Inc.

Subsidiary	State/Jurisdiction of Incorporation	Business Name
Kelly Services (Canada), Ltd.	Canada	Kelly Services
Kelly Properties, LLC	Delaware	Kelly Properties
Kelly Receivables Funding, LLC	Delaware	Kelly Receivables Funding
Kelly Receivables Services, LLC (a subsidiary of Kelly Properties, LLC)	Delaware	Kelly Receivables Services
Kelly Services (Ireland), Ltd. (a subsidiary of Kelly Properties, LLC)	Delaware	Kelly Services
Kelly Services (UK) Ltd. (a subsidiary of Kelly Services Management S.a.r.l.)	United Kingdom	Kelly Services, Ltd.
Kelly Payroll Services Limited (a subsidiary of Kelly Services (UK) Ltd.)	United Kingdom	Kelly Services, Ltd.
Kelly Services (Australia), Ltd.	Delaware	Kelly Services
Kelly Services (New Zealand), Ltd.	Delaware	Kelly Services
Kelly Services of Denmark, Inc.	Delaware	Kelly Services
Kelly Services (Nederland), B.V.	Netherlands	Kelly Services
Kelly Administratiekantoor, B.V. (a subsidiary of Kelly Services (Nederland) B.V.)	Netherlands	Kelly Services
Kelly Managed Services (Nederland) B.V. (a subsidiary of Kelly Services (Nederland) B.V.)	Netherlands	Kelly Services
Kelly Services Norge AS (a subsidiary of Kelly Services Management S.a.r.l.)	Norway	Kelly Services
Kelly Services Management AS (a subsidiary of Kelly Services Norge AS)	Norway	Kelly Services
Kelly Services Mexico, S.A. de C. V. (a subsidiary of Kelly Services, Inc. and Kelly Properties, LLC)	Mexico	Kelly Services
Outsourcing de Servicios y Manufactura, S.A. (a subsidiary of Kelly Services Mexico, S.A. de C.V. and Kelly Properties, LLC)	Mexico	Kelly Services
QSM, S.A. de C.V. (a subsidiary of Kelly Services Mexico, S.A. de C.V. and Kelly Properties, LLC)	Mexico	Kelly Services

SUBSIDIARIES OF REGISTRANT

Kelly Services, Inc.

Subsidiary	State/Jurisdiction of Incorporation	Business Name
Kelly Services (Suisse), SA	Switzerland	Kelly Services
Kelly Services Management S.a.r.l. (a subsidiary of Kelly Services, Inc. and Kelly Properties, LLC)	Switzerland	Kelly Services
Kelly Services Management SCS (a subsidiary of Kelly Services Management S.a.r.l. and Kelly Services (Suisse), SA)	France	Kelly Services
Kelly Services France, S.A.S. (a subsidiary of Kelly Services Management SCS)	France	Kelly Services
Kelly Services, S.A.S. (a subsidiary of Kelly Services France, S.A.S.)	France	Kelly Services
Competences RH, S.a.r.l. (a subsidiary of Kelly Services France, S.A.S.)	France	Competences RH
Kelly Services Luxembourg, S.a.r.l.	Luxembourg	Kelly Services
Kelly Outsourcing & Consulting Group, S.a.r.l. (a subsidiary of Kelly Services Luxembourg, S.a.r.l.)	Luxembourg	Kelly Services
Kelly Services S.p.A. (a subsidiary of Kelly Services, Inc. and Kelly Properties LLC)	Italy	Kelly Services
Kelly Management Services, S.r.l. (a subsidiary of Kelly Services S.p.A.)	Italy	Kelly Management Services
Kelly Services Seleccion y Formacion, S.L.	Spain	Kelly Services
Kelly Services CIS, Inc.	Delaware	Kelly Services
LLC Kelly Services CIS (a subsidiary of Kelly Services Management Sarl)	Russia	Kelly Services
LLC Kelly Services IT solutions (a subsidiary of LLC Kelly Services CIS and Kelly Services Management Sarl)	Russia	Kelly Services
Kelly Services Deutschland GmbH	Germany	Kelly Services
Kelly Services GmbH (a subsidiary of Kelly Services Deutschland GmbH)	Germany	Kelly Services
access KellyOCG GmbH (a subsidiary of Kelly Services Deutschland GmbH)	Germany	access
access Recruiting Services GmbH (a subsidiary of access KellyOCG GmbH)	Austria	access

SUBSIDIARIES OF REGISTRANT

Kelly Services, Inc.

Subsidiary	State/Jurisdiction of Incorporation	Business Name
Kelly Services Interim (Belgium) SPRL (a subsidiary of Kelly Services, Inc. and Kelly Properties, LLC)	Belgium	Kelly Services
Kelly Services Outsourcing and Consulting Group SA/NV (a subsidiary of Kelly Services, Inc. and Kelly Properties, LLC)	Belgium	Kelly Services
Kelly Services Sverige AB	Sweden	Kelly Services
Kelly Services AB (a subsidiary of Kelly Services Sverige AB)	Sweden	Kelly Services
Kelly Services Empressa De Trabalho Temporario, Unipessoal, Lda.	Portugal	Kelly Services
Kelly Services Gestao De Processos, Lda. (a subsidiary of Kelly Services Empressa De Trabalho Temporario, Unipessoal, Lda. and Kelly Services, Inc.)	Portugal	Kelly Services
Kelly Services Hungary Staffing, LLC (a subsidiary of Kelly Services, Inc. and Kelly Properties, LLC)	Hungary	Kelly Services
LLC Kelly Services Ukraine	Ukraine	Kelly Services
Kelly Services Czech Republic, s.r.o.	Czech Republic	Talents
Kelly Services Poland Sp.zo.o.	Poland	Talents
Kelly Services Outsourcing and Consulting Group FZ-LLC	United Arab Emirates	Kelly Services
Toner Graham Limited (a subsidiary of Kelly Services (UK) Ltd.)	United Kingdom	Toner Graham
Kelly Services (Singapore) Pte. Ltd.	Singapore	Kelly Services
BTI Consultants Pte. Ltd. (a subsidiary of Kelly Services (Singapore) Pte. Ltd.)	Singapore	BTI Consultants
P-Serv Pte. Ltd. (a subsidiary of Kelly Services (Singapore) Pte. Ltd.)	Singapore	P-Serv
Shanghai Kelly Services Human Resource Co., Ltd. (a subsidiary of P-Serv Pte. Ltd. and Shanghai Changning Personnel Co. Ltd.)	China	P-Serv
P-Serv (Hong Kong) Ltd. (a subsidiary of P-Serv Pte. Ltd.)	Hong Kong	Kelly Services
Nanchang Kelly Services Human Resources Co., Ltd. (a subsidiary of P-Serv (Hong Kong) Ltd. and Nanchang) Personnel Co. Ltd.)	China	P-Serv

SUBSIDIARIES OF REGISTRANT

Kelly Services, Inc.

Subsidiary	State/Jurisdiction of Incorporation	Business Name
Eradekad SDN. BHD.	Malaysia	Kelly Services
Kelly Services (Malaysia), SDN. BHD. (a subsidiary of Eradekad SDN. BHD. and Kelly Services, Inc.)	Malaysia	Kelly Services
Business Trends Staffing Services, SDN. BHD (a subsidiary of Kelly Services (Malaysia), SDN. BHD	Malaysia	Kelly Services
Agensi Pekerjaan BTI Consultants SDN. BHD. (a subsidiary of Eradekad SDN. BHD. and Kelly Services, Inc.)	Malaysia	BTI Consultants
Era Tenage Sdn. Bhd	Malaysia	Kelly Services
Agensi Pekerjaan Kerjaya Sukses Sdn. Bhd	Malaysia	Kelly Services
BTI Consultants (India) Private Limited (a subsidiary of Kelly Services, Inc. and Kelly Properties, LLC)	India	BTI Consultants
Kelly Services (India) Pvt. Ltd. (a subsidiary of BTI Consultants (India) Pvt. Ltd.)	India	Kelly Services
Kelly Services Hong Kong Limited (a subsidiary of Kelly Services, Inc. and Kelly Properties, LLC)	Hong Kong	Kelly Services
Kelly Services Holding (Thailand) Co. Ltd. (a subsidiary of Kelly Services, Inc., Kelly Properties, LLC, Kelly Services of Denmark, Inc., Kelly Services (New Zealand), Ltd., Kelly Services (Ireland), Ltd., Kelly Services (Australia), Ltd., and Chayamitra Capital Company Limited)	Thailand	Kelly Services
BTI Executive Placement (Thailand) Co. Ltd. (a subsidiary of Kelly Services Holding (Thailand) Co. Ltd., Kelly Services, Inc., Kelly Properties, LLC, Kelly Services of Denmark, Inc., Kelly Services (New Zealand), Ltd., Kelly Services (Ireland), Ltd., and Kelly Services (Australia), Ltd.)	Thailand	BTI Consultants
Kelly Services Staffing & Recruitment (Thailand) Co., Ltd. (a subsidiary of Kelly Services Holding (Thailand) Co. Ltd., Kelly Services, Inc., Kelly Properties, LLC, Kelly Services of Denmark, Inc., Kelly Services (New Zealand), Ltd., Kelly Services (Ireland), Ltd., and Kelly Services (Australia), Ltd.)	Thailand	Kelly Services
PT Kelly Services Indonesia Ltd. (a subsidiary of Kelly Services, Inc. and Kelly Properties, LLC)	Indonesia	BTI Consultants
Kelly Services Japan, Inc.	Japan	Kelly Services

SUBSIDIARIES OF REGISTRANT

Kelly Services, Inc.

Subsidiary	State/Jurisdiction of Incorporation	Business Name
BTI Consultants Korea, Ltd.	Korea	BTI Consultants
Kelly Services, Ltd. (a subsidiary of BTI Consultants Korea, Ltd.)	Korea	BTI Consultants
Kelly Investment and Consulting (Shanghai) Co., Ltd.	China	Kelly Investment and Consulting
Kelly Services Brasil Investimentos E Participacoes Ltda. (a subsidiary of Kelly Services, Inc. and Kelly Properties, LLC)	Brazil	Kelly Services
Kelly Services Brasil Investimentos E Participacoes II Ltda. (a subsidiary of Kelly Services, Inc. and Kelly Properties, LLC)	Brazil	Kelly Services
Tradição Planejamento e Tecnologia de Serviços S.A. (a subsidiary of Kelly Services Brazil Investimentos E Participacoes II Ltda. and Kelly Services Brasil Investimentos E Participacoes Ltda.)	Brazil	Tradição
Tradição Tecnologia e Servicos Ltda. (a subsidiary of Tradição Planejamento e Tecnologia de Serviços S.A. and Kelly Services Brasil Investimentos E Participacoes II Ltda.)	Brazil	Tradição

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-162215 and 333-140196) and Form S-8 (Nos. 333-114837, 333-125091 and 333-166798) of Kelly Services, Inc. of our report dated February 16, 2012 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Detroit, Michigan
February 16, 2012

Exhibit 24

POWER OF ATTORNEY

Each of the undersigned directors of Kelly Services, Inc. does hereby appoint Patricia Little and Daniel T. Lis, signing singly, his or her true and lawful attorneys, to execute for and on behalf of the undersigned Form 10-K Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ending January 1, 2012, to be filed with the Securities and Exchange Commission in Washington, D.C. under the provisions of the Securities Exchange Act of 1934, as amended, and any and all amendments to said Form 10-K whether said amendments add to, delete from, or otherwise alter the Form 10-K, or add to or withdraw any exhibit or exhibits, schedule or schedules to be filed therewith, and any and all instruments necessary or incidental in connection therewith, hereby granting unto said attorneys and each of them full power and authority to do and perform in the name and on behalf of each of the undersigned, and in any and all capacities, every act and thing whatsoever required or necessary to be done in the exercise of any of the rights and powers herein granted, as fully and to all intents and purposes as each of the undersigned might or could do in person, hereby ratifying and approving the acts of said attorneys and each of them.

IN WITNESS WHEREOF the undersigned have caused this Power of Attorney to be executed as of this 16th day of February, 2012.

/s/ Terence E. Adderley
Terence E. Adderley

/s/ Carl T. Camden
Carl T. Camden

/s/ Carol M. Adderley
Carol M. Adderley

/s/ Jane E. Dutton
Jane E. Dutton

/s/ Maureen A. Fay, O.P.
Maureen A. Fay, O.P.

/s/ Terrence B. Larkin
Terrence B. Larkin

/s/ Conrad L. Mallett, Jr.
Conrad L. Mallett, Jr.

/s/ Leslie A. Murphy
Leslie A. Murphy

/s/ Donald R. Parfet
Donald R. Parfet

/s/ Toshio Saburi
Toshio Saburi

/s/ B. Joseph White
B. Joseph White

Exhibit 31.1

CERTIFICATIONS

I, Carl T. Camden, certify that:

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

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

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

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

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

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

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

   (d) Disclosed in this repor

   an annual report) that has materially affected, or is reasona
   internal control over financial reporting; and

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

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

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

Date: February 16, 2012

/s/ Carl T. Camden
Carl T. Camden

President and
Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Patricia Little, certify that:

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

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

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

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

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

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

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

   (h)

   an annual report) that has m
   internal control over financial reporting; and

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

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

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

Date: February 16, 2012

/s/ Patricia Little
Patricia Little

Executive Vice President and
Chief Financial Officer

Exhibit 32.1

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

0 2 10-K for the period ended January 1, 2012 as filed with the Securities and Exchange Commission on the date hereof (the 2 2 2 2 2 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: February 16, 2012

/s/ Carl T. Camden
Carl T. Camden

President and
Chief Executive Officer

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

Exhibit 32.2

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

0 2 -K for the period ended January 1, 2012 as filed with the Securities and Exchange Commission on the date hereof (the 2 2 2 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: February 16, 2012

/s/ Patricia Little
Patricia Little

Executive Vice President and
Chief Financial Officer

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

BOARD OF DIRECTORS

Terence E. Adderley
Chairman

Carol M. Adderley
Writer and Researcher in the Humanities

Carl T. Camden
President and Chief Executive Officer

Jane E. Dutton
Robert L. Kahn, Distinguished University Professor of Business Administration and Psychology
University of Michigan

Maureen A. Fay, O.P.
President Emeritus
University of Detroit Mercy

Terrence B. Larkin
Executive Vice President, Business Planning, General Counsel and Corporate Secretary
Lear Corporation

Conrad L. Mallett, Jr.
Chief Administrative Officer
Detroit Medical Center

Leslie A. Murphy, CPA
President and Chief Executive Officer
Murphy Consulting, Inc.

Donald R. Parfet
Lead Director
Managing Director
Apjohn Group, LLC

Toshio Saburi
Executive Director
Temp Holdings Co., Ltd.

B. Joseph White
President Emeritus and James F. Towey Professor of Business and Leadership
University of Illinois

EXECUTIVE OFFICERS

Carl T. Camden
President and Chief Executive Officer

George S. Corona
Executive Vice President and Chief Operating Officer

Patricia A. Little
Executive Vice President and Chief Financial Officer

Michael S. Webster
Executive Vice President and General Manager, Americas

Leif Agnéus
Senior Vice President and General Manager, EMEA

Teresa Carroll
Senior Vice President, Centers of Excellence and General Manager, Outsourcing and Consulting Group

Michael E. Debs
Senior Vice President, Controller, and Chief Accounting Officer

Rolf E. Kleiner
Senior Vice President and Chief Innovation Officer

Daniel T. Lis
Senior Vice President, General Counsel, and Corporate Secretary

Antonina M. Ramsey
Senior Vice President and Chief Human Resources Officer

Dhirendra Shantilal
Senior Vice President and General Manager, APAC

STOCKHOLDER INFORMATION

CORPORATE HEADQUARTERS

999 West Big Beaver Road
Troy, Michigan 48084-4716
(248) 362-4444
www.kellyservices.com

TRANSFER AGENT AND REGISTRAR

Computershare
480 Washington Boulevard
Jersey City, New Jersey 07310-1900

Toll Free (U.S. and Canada)
(866) 249-2607

TDD for Hearing Impaired
(800) 231-5469

Foreign Stockholders
(201) 680-6578

TDD Foreign Stockholders
(201) 680-6610

Web site:
www.bnymellon.com/shareowner/equityaccess

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

PricewaterhouseCoopers LLP
1900 St. Antoine Street
Detroit, Michigan 48226

ANNUAL MEETING

The Annual Meeting of Stockholders will be held on May 9, 2012, at 11:00 a.m. Eastern Daylight Time, at the Corporate Headquarters of the Company.

DIVIDEND REINVESTMENT AND DIRECT STOCK PURCHASE PLAN

Registered stockholders of Kelly's Class A common stock can purchase additional shares through the Dividend Reinvestment and Direct Stock Purchase Plan. For more information about the plan or to enroll, visit www.kellyservices.com.

ADDITIONAL INFORMATION

For more information, including financial documents such as annual reports, Form 10-Ks, and copies of the Company's Code of Business Conduct and Ethics, contact:
James M. Polehna
Vice President, Investor Relations and Corporate Communications & Assistant Secretary
Kelly Services, Inc.
999 West Big Beaver Road
Troy, Michigan 48084-4716
(248) 244-4586

STOCK LISTINGS

Kelly Services Class A and Class B common stock trade on the NASDAQ Global Select Market℠ under the symbols: KELYA and KELYB.

SOCIAL RESPONSIBILITY

Since our founding in 1946, Kelly has embodied the true spirit of corporate and social responsibility. Our key principles resonate through our culture and the values we share as an organization. Inherently—through our core business focus—we seek to improve the quality of life for our employees, their families, their communities, and society at large. We welcome every opportunity to advance the common good.

Now as much as ever, we consider the world's citizens our true stakeholders. We embrace public accountability, the part we play, and the value we contribute to society—whether ensuring equal opportunity to employment, promoting safer workplace conditions, advocating for health care reform, or adhering to sustainable business practices.

To learn more about our collective respect for human rights, labor rights, and protection of the environment, visit www.kellyservices.com in the section titled "About Us."

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SERVICES

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