

Kelly entered 2016 with a firm commitment to increased profitability and strategic growth. I'm pleased to report that we made progress on both fronts. Our full-year performance confirmed that we are indeed acting as a more focused, agile company — one that is delivering improved shareholder value even as we continue to transform. We are managing our business with disciplined intent, and in 2016 we demonstrated that our focus on profitability is yielding results.

Delivering Results

Multiple factors impacted our reported results and complicated our financial picture in 2016. Sorting through the complexity, it's clear that Kelly made progress in several key areas. In the face of revenue softening to \$5.3 billion, we improved our higher-value business mix while exercising strong pricing discipline and good cost control, growing our gross profit 50 basis points and holding expenses flat. We also strengthened our cash position and shareholder value in 2016: we added free cash flow, more than doubled EPS to \$3.08, and delivered higher dividends to our shareholders — all while ending the year debt-free. Even after transitioning Kelly's APAC staffing operations into the TS Kelly Asia Pacific joint venture in July, we still recorded a full-year operating profit of \$63.2 million. Kelly is indeed operating as a more focused company with a keen eye on profitability.

Implementing our Strategy

Kelly's time-tested strategy continues to guide our steps. We are able to deliver improved shareholder value and returns by:

Pursuing higher-skilled, higher-margin professional and technical staffing solutions

Transforming our Outsourcing and Consulting Group (OCG) into a market-leading provider of talent supply chain solutions

Maintaining our core strengths in commercial staffing in key markets

Capturing permanent placement growth in selected specialties

Lowering our costs through efficient service delivery models

In 2016, this strategy continued to serve us well. We managed our staffing operations in line with growth, and increased

efficiency in both the U.S. and EMEA. While

our increased investments in OCG impacted the segment's overall growth rates a bit in the second half of the year,

Business Process Outsourcing (BPO) and Recruitment Process Outsourcing (RPO) delivered strong gross profit growth as

we diversified and expanded these critical components of our talent supply chain strategy. We continue to add OCG

resources in support of increased market and customer demand for these holistic solutions throughout our large account

portfolio.

Sharpening Our Focus

Kelly remains focused on executing a well-formed strategy with increased speed and precision, making the necessary

investments and adjustments to advance that strategy.

We have set our sights on becoming an even more focused and profitable company, and we are reshaping our business to

make that vision a reality. In 2016, we took actions across our operations to hone our strategy and secure a competitive edge.

Our newly expanded APAC joint venture exemplifies our focus. In July 2016, Kelly and Temp Holdings formally expanded

our 14-year strategic partnership to create TS Kelly Asia Pacific, and Kelly transferred its APAC staffing operations into the

joint venture. The joint venture is one of the largest workforce solutions companies in the Asia Pacific region, providing

accelerated growth opportunities and enhanced competitive positioning. Yet even as the joint venture establishes a dominant

presence in the Asian staffing sector, it also sharpens Kelly's focus on OCG solutions in the APAC market. Since our global

OCG segment remains wholly owned by Kelly, we are now positioned to accelerate our OCG investments in this

high-growth market with renewed speed and intensity, seizing opportunities for higher margin growth in the region's

outsourcing and consulting space.

Kelly's commitment to focusing on growth extends beyond the joint venture. In 2016, our local U.S. branch network

tightened its structure and made intentional investments in select key markets — a strategy that helped not only protect

Kelly's commercial staffing core, but also perform well against competitors in the face of slower demand. To accelerate

future OCG growth, we refocused our global sales teams and added resources dedicated to capturing new business in the

OCG space. And throughout the Company, we are continually rebalancing our resources to align with our goals,

intentionally designing a workforce that is equipped to drive top-line growth and increased gross profit.

Relentlessly Pursuing Growth

As we execute our strategy, our sights remain set on capturing the growth opportunities in the global workforce solutions

market. We are increasing the breadth and depth of our large account relationships, earning a seat at the table and becoming

embedded in our customers' talent strategies. At the same time, our local markets are becoming more targeted and

competitive as they focus on the niches where they can dominate and deliver world-class staffing. We remain the leader in the

K-12 U.S. staffing market, and Kelly Educational Staffing continues to deliver doubledigit revenue increases year over year, meriting industry attention and our ongoing investments.

Our OCG segment continues to respond to clients' complex demands for more holistic talent solutions, and we are confident

we will reap the benefits of expanded large account relationships and significant new wins our sales teams secured in 2016.

OCG's strategic direction is sound, and we remain committed to making intentional investments to increase top- and

bottom-line growth in this segment.

We have learned to adapt to the inevitable uncertainty

of today's labor markets, knowing that the growing trend toward free agency favors Kelly's strengths — particularly serving

large companies. As businesses increasingly rely

on flexible staffing models and seek more comprehensive workforce management solutions, Kelly will continue to seize

opportunities to win in the market and deliver those wins with increased efficiency and focus that yields growth on the

bottom line.

We remain focused on profitable growth, connecting companies and talented people with the same excellence and integrity that has been Kelly's hallmark for 0 years.

Ready for the Road Ahead

We believe Kelly is poised for continued progress in the year ahead, and we move forward with confidence. We remain

focused on profitable growth, and we are proud to deliver that growth by connecting companies and talented people with the

same excellence and integrity that has been Kelly's hallmark for 70 years.

As we strengthen our financial position, we're also advancing the position of talented people and large and small businesses

around the world. We're connecting companies with workforces designed around their business strategies, and connecting

people with work designed around their lives. We take pride in knowing that even in uncertain times, we are a force for good

— not only for our shareholders, but also for the people who work with and lead the companies we empower.

My personal thanks, as always, go out to Kelly shareholders who trust us with their investments, and to the entire network of

Kelly colleagues, suppliers, and workers who trust us with their time and talents.

Carl T. Camden

President and Chief Executive Officer

MARCH 2017