

# **KELLY SERVICES, INC.**

## **AUDIT COMMITTEE CHARTER**

**As Amended on November 3, 2005**  
**As Reaffirmed on November 6, 2006**  
**As Amended on November 8, 2007**

### **Purpose**

Oversee the accounting and financial reporting processes of the Company and the audits of the financial statements of the Company. The Committee will assist the Board in monitoring (1) the integrity of the financial statements of the Company, (2) the independent auditor's qualifications and independence, (3) the performance of the Company's internal audit function and independent auditors and (4) compliance by the Company with legal and regulatory requirements.

The Committee will serve as the Company's Qualified Legal Compliance Committee ("QLCC").

### **Organization and Authority**

The Board shall annually appoint three or more of its members to serve as members of the Committee and shall designate the Chairman of the Committee from among the members of the Committee. The members of the Committee shall meet the independence and experience requirements set forth in the Nasdaq rules and the rules and regulations of the Securities and Exchange Commission (SEC). At least one member of the Committee shall be an "audit committee financial expert" as defined by the SEC.

No member of the Committee shall simultaneously serve on the audit committees of more than two other public companies without the prior approval of the Board of Directors.

The Committee may delegate authority to one or more designated members of the Committee.

The Committee shall have the authority to perform the duties listed in this charter.

### **Procedural Matters**

The Committee shall meet at such times as the Committee shall consider appropriate to fulfill its duties, but not less frequently than quarterly. A majority of the Committee shall constitute a quorum for the transaction of business and a vote of a majority of the

members present at any meeting at which a quorum is present shall constitute the action of the Committee.

The Committee shall engage in continuing education, which will involve Committee presentations on business, financial, accounting, legal and other subjects affecting the Committee's duties and will encourage individual Committee member participation in external programs related to the responsibilities of Audit Committee members generally.

The Committee will keep a record of its meetings and report on them to the Board. The Committee may meet by telephone or videoconference and may take action by written consent in lieu of meeting.

## **Duties**

### *Independent Auditor*

1. The Committee is directly responsible for the appointment, compensation, retention and oversight of the independent auditor engaged for the purpose of preparing or issuing the annual audit report on the consolidated financial statements of the Company or performing other audit, review or attest services for the Company (including resolution of disagreements between management and the auditors regarding financial reporting). The independent auditor reports directly to the Committee.
2. Approve all audit, audit related, internal control related, tax and permitted non-audit services of the independent auditor prior to engagement by the Company. Pre-approval is delegated to the Chair of the Audit Committee. The Chief Financial Officer or the Chief Accounting Officer or their respective designee shall promptly disclose and seek pre-approval for services not otherwise approved as part of the engagement of the independent auditor and report the decision of the Audit Chair at the next regularly scheduled meeting of the full Committee.
3. Consider in consultation with the independent auditor and the head of Internal Audit, the audit scope and plan of external and internal audits, the involvement of the internal auditors in the audit examination, and the independent auditor's responsibility under generally accepted auditing standards.
4. Obtain a formal written statement from the independent auditor delineating all relationships between the auditors and the Company consistent with Independence Standards Board Standard No. 1, discuss with the independent auditor the scope of any such disclosed relationships and their impact or potential impact on the independence and objectivity of the independent auditor and make a recommendation to the Board based on its findings.

5. Discuss with independent auditors any significant matters regarding internal controls over financial reporting that have come to their attention during the conduct of their audit. This includes review of independent auditor's report on the effectiveness of internal controls over financial reporting prior to the filing of the Company's Form 10-K.
6. Discuss with the independent auditors the financial statements and the results of the audit or review of the financial statements and its associated report, including any opinions rendered in connection with the financial statements.

### *Financial Reporting*

7. Review with management:
  - The Company's quarterly and annual earnings press releases.
  - The Company's quarterly and annual financial statements including the quarterly reports on Form 10-Q and the annual report on Form 10-K filed with the Securities and Exchange Commission.
  - The Company's disclosure controls and procedures then monitor results quarterly.
  - The Company's critical accounting policies as disclosed in its Form 10-K annual report.
  - The independent auditor's audit of the financial statements and its associated report, including any opinions rendered in connection with the financial statements. This includes any related management letter and management's response to the recommendations.
  - Any significant changes required in the independent auditor's audit plan.
  - Any serious difficulties encountered in the conduct of the audit or disputes with management during the audit.
  - Any major issues as to the adequacy of the Company's internal controls, any special steps adopted in light of material control deficiencies and the adequacy of disclosures about changes in internal control over financial reporting.
  - The Company's internal control report and the independent auditor's attestation of the report prior to the filing of the Company's Form 10-K.

### *Internal Audit*

8. Review with management and the head of Internal Audit:
  - Significant findings during the year and management's responses.
  - The Internal Audit Department's scope and responsibilities, budget and staffing, internal audit plan and recommended changes in the planned scope of the internal audit.
  - The results of their review of officers' expense reports.
  - Review and concur with management on the appointment, replacement, reassignment or dismissal of the Head of Internal Audit.

### *Ethical and Legal Compliance*

9. Meet periodically with the head of Internal Audit and the independent auditor in separate executive sessions. The Committee may also call into executive session other senior officers, including particularly the General Counsel and retained counsel.
10. Establish procedures for the receipt, retention, and treatment of complaints received by the Company regarding potential fraud, ethics violations, accounting, internal accounting controls or auditing matters and the confidential, anonymous submissions by the Company's employees.

### *Reports*

11. Include in the Company's proxy statement a report of the Audit Committee, as required by the SEC, that "based on the review and discussion of the audited financial statements with management and the independent auditors, the Audit Committee recommended to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K for filing with the Commission." In addition, the report must state whether:
  - The Audit Committee discussed with the independent auditors those matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees).
  - The Audit Committee has received from the auditors certain disclosures regarding the auditor's independence required by Independence Standards Board Standard No. 1.

- The Board of Directors has adopted a written charter for the Audit Committee (a copy of the charter must be included as an appendix to the Company's proxy statement at least once every three years).
- The Audit Committee members are "independent" as defined by the Nasdaq rules.

### *Risk Management*

12. Review and discuss with management the Company's risk assessment and risk management policies.

### *General*

13. The Audit Committee shall have the authority to engage and determine funding for independent legal, accounting or other consultants to advise the Committee.
14. The Audit Committee will have such additional duties and responsibilities as may be provided in applicable Nasdaq rules and the rules and regulations of the Securities and Exchange Commission, as in effect from time to time.
15. The Audit Committee will assess its performance annually.
16. The Audit Committee will review the written Audit Committee Charter annually.
17. The Committee shall be responsible for any other matters expressly delegated to the Committee by the Board from time to time.

### *Qualified Legal Compliance Committee*

15. When functioning as the Company's QLCC, the Audit Committee shall have the duty and authority to:
  - Receive reports of potential material violations by the Company or any of its officers, directors, employees or agents, of applicable U.S. federal or state law or of a fiduciary duty arising under such law;
  - Inform the Company's Chief Executive Officer and General Counsel of any such report;
  - Determine whether an investigation is necessary, and if so, to notify the Board of Directors, initiate an investigation, and retain additional expert personnel as necessary;

- Handle reported matters according to written procedures;
- At the conclusion of any such investigation, recommend implementation of an “appropriate response” (as defined by rule or regulation of the SEC) and inform the Chief Executive Officer and General Counsel of the results of such investigation and the appropriate remedial measures to be adopted;
- Take all other appropriate action, including, as required by law, notifying the SEC if the Company fails to implement an appropriate response recommended by the Committee.

### **Limitation of Audit Committee’s Role**

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company’s financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. The Company’s financial statements are the responsibility of management. The independent auditors are responsible for planning and conducting audits to determine whether the financial statements present fairly in all material respects the financial position of the company.