

SPHERION CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
(unaudited, amounts in thousands, except per share amounts)

	Three Months Ended	
	January 1, 2006 ⁽⁴⁾	December 31, 2004 ⁽⁴⁾
Revenues (1)	\$ 496,901	\$ 571,838
Cost of services (2)	382,832	455,925
Gross profit	114,069	115,913
Selling, general and administrative expenses	100,493	108,088
Interest expense	677	1,207
Interest income	(1,044)	(821)
Restructuring and other charges	-	(222)
	100,126	108,252
Earnings from continuing operations before income taxes and discontinued operations	13,943	7,661
Income tax (expense) benefit	(4,710)	5,111
	9,233	12,772
Discontinued operations:		
Loss from discontinued operations before income taxes (3)	(6,704)	(795)
Income tax (expense) benefit	3,813	(563)
Loss from discontinued operations	(2,891)	(1,358)
Net earnings	\$ 6,342	\$ 11,414
Earnings (loss) per share-Basic:		
Earnings from continuing operations before discontinued operations	\$ 0.15	\$ 0.21
Loss from discontinued operations	(0.05)	(0.02)
	\$ 0.11	\$ 0.19
Earnings (loss) per share-Diluted:		
Earnings from continuing operations before discontinued operations	\$ 0.15	\$ 0.21
Loss from discontinued operations	(0.05)	(0.02)
	\$ 0.10	\$ 0.18
Weighted average shares used in computation of earnings (loss) per share:		
Basic	59,689	61,401
Diluted	60,459	62,281

(1) Includes sales of all company-owned and licensed offices and royalties on sales of franchised offices.

(2) Gross profit is revenues less temporary employee wages, employment related taxes such as FICA, federal and state unemployment taxes, medical and other insurance for temporary employees, workers' compensation, benefits, billable expenses and other direct costs.

(3) Includes a pre-tax gain (loss) on disposal of \$(5,730) and \$728 in 2005 and 2004, respectively.

(4) The quarters ending January 1, 2006 and December 31, 2004 contain 13 and 14 weeks, respectively.

SPHERION CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
(unaudited, amounts in thousands, except per share amounts)

	Twelve Months Ended	
	January 1, 2006 ⁽⁵⁾	December 31, 2004 ⁽⁵⁾
Revenues (1)	\$ 1,971,665	\$ 2,032,715
Cost of services (2)	1,537,375	1,607,104
Gross profit	434,290	425,611
Selling, general and administrative expenses	404,385	401,547
Interest expense	3,205	5,766
Interest income	(4,072)	(3,815)
Restructuring and other charges	1,763	8,395
Other loss (3)	-	841
	405,281	412,734
Earnings from continuing operations before income taxes and discontinued operations	29,009	12,877
Income tax (expense) benefit	(9,663)	2,319
	19,346	15,196
Discontinued operations:		
Loss from discontinued operations before income taxes (4)	(11,629)	(13,970)
Income tax benefit	4,312	34,603
Earnings (loss) from discontinued operations	(7,317)	20,633
Net earnings	\$ 12,029	\$ 35,829
Earnings (loss) per share-Basic:		
Earnings from continuing operations before discontinued operations	\$ 0.32	\$ 0.25
Earnings (loss) from discontinued operations	(0.12)	0.34
	\$ 0.20	\$ 0.59
Earnings (loss) per share-Diluted:		
Earnings from continuing operations before discontinued operations	\$ 0.31	\$ 0.24
Earnings (loss) from discontinued operations	(0.12)	0.33
	\$ 0.20	\$ 0.58
Weighted average shares used in computation of loss per share:		
Basic	60,938	61,036
Diluted	61,430	62,313

(1) Includes sales of all company-owned and licensed offices and royalties on sales of franchised offices.

(2) Gross profit is revenues less temporary employee wages, employment related taxes such as FICA, federal and state unemployment taxes, medical and other insurance for temporary employees, workers' compensation, benefits, billable expenses and other direct costs.

(3) Loss on redemption of the remaining convertible subordinated notes of \$841.

(4) Includes a pre-tax loss on disposal of \$5,679 and \$4,352 in 2005 and 2004, respectively.

(5) The 2005 and 2004 fiscal years contain 52 and 53 weeks, respectively.

SPHERION CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(unaudited, amounts in thousands, except share data)

Assets	January 1, 2006	December 31, 2004
Current Assets:		
Cash and cash equivalents	\$ 30,163	\$ 5,154
Receivables, less allowance for doubtful accounts of \$4,708 and \$7,077	292,742	352,606
Deferred tax asset	9,155	19,263
Income tax receivable	4,231	12,363
Insurance deposit	24,914	26,436
Other current assets	14,618	18,885
Assets of discontinued operations	1,661	4,772
Total current assets	377,484	439,479
Goodwill	48,861	48,757
Property and equipment, net of accumulated depreciation of \$114,038 and \$104,111	88,546	97,683
Deferred tax asset	152,084	149,436
Insurance deposit	53,115	66,482
Other assets	22,554	28,429
	\$ 742,644	\$ 830,266
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable and other accrued expenses	\$ 93,542	\$ 108,308
Accrued salaries, wages and payroll taxes	62,605	62,956
Revolving lines of credit	-	32,131
Accrued insurance reserves	27,503	34,135
Accrued income tax payable	51,792	57,765
Current portion of long-term debt and short-term borrowings	3,141	12,398
Accrued restructuring and other current liabilities	8,846	10,470
Liabilities of discontinued operations	146	1,488
Total current liabilities	247,575	319,651
Long-term debt, net of current portion	3,735	4,766
Accrued insurance reserves	28,119	28,879
Deferred compensation and other long-term liabilities	24,710	32,678
Total liabilities	304,139	385,974
Stockholders' Equity:		
Preferred stock, par value \$.01 per share; authorized, 2,500,000 shares; none issued or outstanding	-	-
Common stock, par value \$.01 per share; authorized, 200,000,000; issued 65,341,609 shares	653	653
Treasury stock, at cost, 6,510,739 and 4,238,678 shares, respectively	(56,299)	(40,430)
Additional paid-in capital	845,056	847,806
Accumulated deficit	(354,742)	(366,771)
Accumulated other comprehensive income	3,837	3,034
Total stockholders' equity	438,505	444,292
	\$ 742,644	\$ 830,266

SPHERION CORPORATION AND SUBSIDIARIES
SEGMENT INFORMATION

(unaudited, dollar amounts in thousands)

	Three Months Ended			Twelve Months Ended	
	January 1, 2006	December 31, 2004	October 2, 2005	January 1, 2006	December 31, 2004
Revenues:					
Staffing Services	\$ 380,716	\$ 461,430	\$ 376,304	\$ 1,521,486	\$ 1,623,133
Professional Services	116,185	110,408	116,101	450,179	409,582
Segment revenue	<u>\$ 496,901</u>	<u>\$ 571,838</u>	<u>\$ 492,405</u>	<u>\$ 1,971,665</u>	<u>\$ 2,032,715</u>
Gross profit:					
Staffing Services	\$ 77,057	\$ 82,065	\$ 73,296	\$ 291,147	\$ 297,147
Professional Services	37,012	33,848	36,961	143,143	128,464
Segment gross profit	<u>\$ 114,069</u>	<u>\$ 115,913</u>	<u>\$ 110,257</u>	<u>\$ 434,290</u>	<u>\$ 425,611</u>
Segment operating profit:					
Staffing Services	\$ 11,340	\$ 8,701	\$ 7,794	\$ 24,917	\$ 25,475
Professional Services	5,719	2,809	4,555	19,236	19,769
Segment operating profit	<u>17,059</u>	<u>11,510</u>	<u>12,349</u>	<u>44,153</u>	<u>45,244</u>
Unallocated corporate costs	(3,393)	(3,565)	(2,951)	(13,832)	(20,637)
Amortization of intangibles	(90)	(120)	(104)	(416)	(543)
Interest expense	(677)	(1,207)	(1,077)	(3,205)	(5,766)
Interest income	1,044	821	1,203	4,072	3,815
Restructuring and other charges	-	222	(159)	(1,763)	(8,395)
Other losses	-	-	-	-	(841)
Earnings from continuing operations before income taxes and discontinued operations	<u>\$ 13,943</u>	<u>\$ 7,661</u>	<u>\$ 9,261</u>	<u>\$ 29,009</u>	<u>\$ 12,877</u>
MEMO:					
Gross profit margin:					
Staffing Services	20.2%	17.8%	19.5%	19.1%	18.3%
Professional Services	31.9%	30.7%	31.8%	31.8%	31.4%
Total Spherion	23.0%	20.3%	22.4%	22.0%	20.9%
Segment operating profit margin:					
Staffing Services	3.0%	1.9%	2.1%	1.6%	1.6%
Professional Services	4.9%	2.5%	3.9%	4.3%	4.8%
Total Spherion	3.4%	2.0%	2.5%	2.2%	2.2%
Supplemental Cash Flow Information:					
Operating cash flow	\$ 12,833	\$ 5,374	\$ 2,365	\$ 71,811	\$ 6,077
Capital expenditures	\$ 3,233	\$ 1,660	\$ 2,427	\$ 9,657	\$ 12,050
Depreciation and amortization	\$ 5,304	\$ 6,046	\$ 5,490	\$ 21,912	\$ 28,844
DSO	54	60	55	54	60

SPHERION CORPORATION AND SUBSIDIARIES
SUPPLEMENTAL FINANCIAL INFORMATION
(unaudited, dollar amounts in thousands)

	Three Months Ended			Twelve Months Ended	
	January 1, 2006	December 31, 2004	October 2, 2005	January 1, 2006	December 31, 2004
Staffing Services					
Revenue by Skill:					
Clerical	\$ 231,556	\$ 284,828	\$ 224,071	\$ 935,523	\$ 1,022,651
Light Industrial	149,160	176,602	152,233	585,963	600,482
Segment Revenue	<u>\$ 380,716</u>	<u>\$ 461,430</u>	<u>\$ 376,304</u>	<u>\$ 1,521,486</u>	<u>\$ 1,623,133</u>
Revenue by Service:					
Temporary Staffing	\$ 332,942	\$ 388,519	\$ 330,580	\$ 1,312,515	\$ 1,310,755
Managed Services	42,627	69,128	41,244	191,232	297,627
Permanent Placement	5,147	3,783	4,480	17,739	14,751
Segment Revenue	<u>\$ 380,716</u>	<u>\$ 461,430</u>	<u>\$ 376,304</u>	<u>\$ 1,521,486</u>	<u>\$ 1,623,133</u>
Gross Profit Margin by Service: (As % of Applicable Revenue)					
Temporary Staffing	17.4%	16.5%	17.0%	16.8%	15.7%
Managed Services	33.1%	20.8%	30.3%	27.8%	25.7%
Permanent Placement	100.0%	100.0%	100.0%	100.0%	100.0%
Total Staffing Services	20.2%	17.8%	19.5%	19.1%	18.3%
Professional Services					
Revenue by Skill:					
Information Technology	\$ 74,358	\$ 70,551	\$ 75,349	\$ 288,309	\$ 267,108
Finance & Accounting	27,304	26,277	27,168	105,001	94,190
Other	14,523	13,580	13,584	56,869	48,284
Segment Revenue	<u>\$ 116,185</u>	<u>\$ 110,408</u>	<u>\$ 116,101</u>	<u>\$ 450,179</u>	<u>\$ 409,582</u>
Revenue by Service:					
Temporary Staffing	\$ 104,643	\$ 100,460	\$ 103,510	\$ 402,286	\$ 368,788
Permanent Placement	11,542	9,948	12,591	47,893	40,794
Segment Revenue	<u>\$ 116,185</u>	<u>\$ 110,408</u>	<u>\$ 116,101</u>	<u>\$ 450,179</u>	<u>\$ 409,582</u>
Gross Profit Margin by Service: (As % of Applicable Revenue)					
Temporary Staffing	24.3%	23.8%	23.5%	23.7%	23.8%
Permanent Placement	100.0%	100.0%	100.0%	100.0%	100.0%
Total Professional Services	31.9%	30.7%	31.8%	31.8%	31.4%

SPHERION CORPORATION AND SUBSIDIARIES
RECONCILIATION OF NON-GAAP FINANCIAL INFORMATION
(unaudited, amounts in thousands, except per share amounts)

	Management Guidance Three Months Ended April 2, 2006	Three Months Ended		Twelve Months Ended	
		January 1, 2006 ⁽³⁾	December 31, 2004 ⁽³⁾	January 1, 2006 ⁽²⁾	December 31, 2004 ⁽²⁾
Adjusted earnings from continuing operations		\$ 9,233	\$ 6,120	\$ 20,474	\$ 14,522
Restructuring and other charges, net of tax (expense) benefit of \$0, \$131, \$635 and \$3,282, respectively			353	(1,128)	(5,113)
Other losses, net of tax expense of \$329		-	-	-	(512)
State tax benefits not realized in prior years			6,299		6,299
Earnings from continuing operations		<u>9,233</u>	<u>12,772</u>	<u>19,346</u>	<u>15,196</u>
Earnings (loss) from discontinued operations		(2,891)	(1,358)	(7,317)	20,633
Net earnings		<u>\$ 6,342</u>	<u>\$ 11,414</u>	<u>\$ 12,029</u>	<u>\$ 35,829</u>
Per share-Diluted amounts: (1)					
Adjusted earnings from continuing operations	\$0.03 to \$0.07	\$ 0.15	\$ 0.10	\$ 0.33	\$ 0.23
Restructuring and other charges, net of tax	-	-	0.01	(0.02)	(0.08)
Other losses, net of tax	-	-	-	-	(0.01)
State tax benefits not realized in prior years	-	-	0.10	-	0.10
Stock option expense under FAS 123R	(\$0.01)				
Earnings from continuing operations	<u>\$0.02 to \$0.06</u>	<u>0.15</u>	<u>0.21</u>	<u>0.31</u>	<u>0.24</u>
Earnings (loss) from discontinued operations		(0.05)	(0.02)	(0.12)	0.33
Net earnings		<u>\$ 0.10</u>	<u>\$ 0.18</u>	<u>\$ 0.20</u>	<u>\$ 0.58</u>
Diluted weighted average shares used in computation of earnings (loss) per share		60,459	62,281	61,430	62,313

(1) Earnings from continuing operations and net earnings for the three and twelve months ended December 31, 2004 were increased by \$23 and \$67 of net after-tax interest expense on convertible debt for purposes of computing diluted earnings per share.

(2) The 2005 and 2004 fiscal years contain 52 and 53 weeks, respectively.

(3) The quarters ending January 1, 2006 and December 31, 2004 contain 13 and 14 weeks, respectively.

SPHERION CORPORATION AND SUBSIDIARIES
RECONCILIATION OF NON-GAAP FINANCIAL INFORMATION
(unaudited, dollar amounts in thousands)

	Three Months Ended			Adjustments			
	January 1, 2006	December 31, 2004 Adjusted	Growth	53rd week 2004	IT Managed Services 2004 (1) Three Months	December 31, 2004 Reported	Growth
Staffing Services							
Revenue by Service:							
Temporary Staffing	\$ 332,942	\$ 370,088	-10.0%	\$ 18,431	\$ -	\$ 388,519	-14.3%
Managed Services	42,627	64,478	-33.9%	996	3,654	69,128	-38.3%
Permanent Placement	5,147	3,783	36.1%	-	-	3,783	36.1%
	<u>380,716</u>	<u>438,349</u>	<u>-13.1%</u>	<u>19,427</u>	<u>3,654</u>	<u>461,430</u>	<u>-17.5%</u>
Professional Services							
Revenue by Service:							
Temporary Staffing	104,643	98,106	6.7%	6,008	(3,654)	100,460	4.2%
Permanent Placement	11,542	9,436	22.3%	512	-	9,948	16.0%
	<u>116,185</u>	<u>107,542</u>	<u>8.0%</u>	<u>6,520</u>	<u>(3,654)</u>	<u>110,408</u>	<u>5.2%</u>
Total Company	<u>\$ 496,901</u>	<u>\$ 545,891</u>	<u>-9.0%</u>	<u>\$ 25,947</u>	<u>\$ -</u>	<u>\$ 571,838</u>	<u>-13.1%</u>
Total Company Gross Profit	<u>\$ 114,066</u>	<u>\$ 112,822</u>	<u>1.1%</u>	<u>\$ 3,091</u>	<u>\$ -</u>	<u>\$ 115,913</u>	<u>-1.6%</u>
	Twelve Months Ended			Adjustments			
	January 1, 2006	December 31, 2004 Adjusted	Growth	53rd week 2004	IT Managed Services 2004 (1) Nine Months	December 31, 2004 Reported	Growth
Staffing Services							
Revenue by Service:							
Temporary Staffing	\$ 1,312,515	\$ 1,292,324	1.6%	\$ 18,431	\$ -	\$ 1,310,755	0.1%
Managed Services	191,232	286,902	-33.3%	996	9,729	297,627	-35.7%
Permanent Placement	17,739	14,751	20.3%	-	-	14,751	20.3%
	<u>1,521,486</u>	<u>1,593,977</u>	<u>-4.5%</u>	<u>19,427</u>	<u>9,729</u>	<u>1,623,133</u>	<u>-6.3%</u>
Professional Services							
Revenue by Service:							
Temporary Staffing	402,286	372,509	8.0%	6,008	(9,729)	368,788	9.1%
Permanent Placement	47,893	40,282	18.9%	512	-	40,794	17.4%
	<u>450,179</u>	<u>412,791</u>	<u>9.1%</u>	<u>6,520</u>	<u>(9,729)</u>	<u>409,582</u>	<u>9.9%</u>
Total Company	<u>\$ 1,971,665</u>	<u>\$ 2,006,768</u>	<u>-1.7%</u>	<u>\$ 25,947</u>	<u>\$ -</u>	<u>\$ 2,032,715</u>	<u>-3.0%</u>
Total Company Gross Profit	<u>\$ 434,291</u>	<u>\$ 422,519</u>	<u>2.8%</u>	<u>\$ 3,091</u>	<u>\$ -</u>	<u>\$ 425,610</u>	<u>2.0%</u>

(1) The IT managed services 2004 revenue adjustment related to the movement of certain technology managed services contract during the second quarter of 2005 from Staffing Services to Professional Services.