

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

	Three Months Ended	
	April 3, 2005	March 26, 2004
Revenues (1)	\$ 505,541	\$ 467,212
Cost of services (2)	400,416	368,325
Gross profit	105,125	98,887
Selling, general and administrative expenses	101,899	95,745
Interest expense	799	1,443
Interest income	(859)	(1,018)
Restructuring and other charges	1,772	8,884
	103,611	105,054
Earnings (loss) from continuing operations before income taxes and discontinued operations	1,514	(6,167)
Income tax (expense) benefit	(545)	1,996
	969	(4,171)
Discontinued operations:		
Loss from discontinued operations (3)	(2,765)	(6,425)
Income tax benefit	568	2,464
Loss from discontinued operations	(2,197)	(3,961)
	(4,394)	(7,922)
Net loss	\$ (1,228)	\$ (8,132)
Earnings (loss) per share-Basic:		
Earnings (loss) from continuing operations before discontinued operations	\$ 0.02	\$ (0.07)
Loss from discontinued operations	(0.04)	(0.07)
	\$ (0.02)	\$ (0.13)
Earnings (loss) per share-Diluted:		
Earnings (loss) from continuing operations before discontinued operations	\$ 0.02	\$ (0.07)
Loss from discontinued operations	(0.04)	(0.07)
	\$ (0.02)	\$ (0.13)
Weighted average shares used in computation of earnings (loss) per share:		
Basic	61,532	60,536
Diluted	62,006	60,536

- (1) Includes sales of all company-owned and licensed offices and royalties on sales of franchised offices.
- (2) Cost of services includes 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 loss on disposal of \$488 and \$1,942, for the three months ended April 3, 2005 and March 26, 2004, respectively.

**SPHERION CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

(unaudited, amounts in thousands, except share data)

	April 3, 2005	December 31, 2004
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 7,697	\$ 5,154
Receivables, less allowance for doubtful accounts of \$6,714 and \$7,077	311,274	352,606
Deferred tax asset	20,199	19,263
Income tax receivable	12,441	12,363
Insurance deposit	25,501	26,436
Other current assets	19,590	18,885
Assets of discontinued operations	3,560	4,772
Total current assets	400,262	439,479
Goodwill	48,950	48,757
Property and equipment, net	93,489	97,683
Deferred tax asset	148,865	149,436
Insurance deposit	63,346	66,482
Intangibles and other assets	28,906	28,429
	\$ 783,818	\$ 830,266
<b>Liabilities and Stockholders' Equity</b>		
Current Liabilities:		
Accounts payable and other accrued expenses	\$ 87,038	\$ 108,308
Accrued salaries, wages and payroll taxes	59,054	62,956
Revolving lines of credit	12,877	32,131
Accrued insurance reserves	34,016	34,135
Accrued income taxes	57,665	57,765
Current portion of long-term debt and other short-term borrowings	11,400	12,398
Accrued restructuring	3,548	2,420
Other current liabilities	8,009	8,050
Liabilities of discontinued operations	1,572	1,488
Total current liabilities	275,179	319,651
Long-term debt, net of current portion	4,344	4,766
Accrued insurance reserves	29,008	28,879
Deferred compensation and other long-term liabilities	31,514	32,678
Total liabilities	340,045	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, 4,093,356 and 4,238,678 shares, respectively	(38,866)	(40,430)
Additional paid-in capital	847,174	847,806
Accumulated deficit	(367,999)	(366,771)
Accumulated other comprehensive income	2,811	3,034
Total stockholders' equity	443,773	444,292
	\$ 783,818	\$ 830,266

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

	<b>Management Guidance</b>	<b>Three Months Ended</b>	
	<b>Three Months Ended July 3, 2005</b>	<b>April 3, 2005</b>	<b>March 26, 2004</b>
Adjusted earnings from continuing operations		\$ 2,103	\$ 1,604
Restructuring and other charges, net of tax benefit of \$638 and \$3,109, respectively		(1,134)	(5,775)
Earnings (loss) from continuing operations		<u>969</u>	<u>(4,171)</u>
Loss from discontinued operations		(2,197)	(3,961)
Net loss		<u>\$ (1,228)</u>	<u>\$ (8,132)</u>
<b>Per share-Diluted amounts:</b>			
Adjusted earnings from continuing operations	\$0.01 to \$0.05	\$ 0.03	\$ 0.03
Restructuring and other charges, net of tax	-	(0.02)	(0.10)
Earnings (loss) from continuing operations	<u>\$0.01 to \$0.05</u>	<u>0.02</u>	<u>(0.07)</u>
Loss from discontinued operations		(0.04)	(0.07)
Net loss		<u>\$ (0.02)</u>	<u>\$ (0.13)</u>
Weighted average shares used in computation of earnings (loss) per share:			
Diluted		62,006	60,536

**SPHERION CORPORATION AND SUBSIDIARIES**  
**SEGMENT INFORMATION**  
(unaudited, dollar amounts in thousands)

	Three Months Ended		
	April 3, 2005	March 26, 2004	December 31, 2004
<b>Revenues:</b>			
Staffing Services	\$ 402,082	\$ 374,099	\$ 461,430
Professional Services	103,459	93,113	110,408
Segment revenue	<u>\$ 505,541</u>	<u>\$ 467,212</u>	<u>\$ 571,838</u>
<b>Gross profit:</b>			
Staffing Services	\$ 73,419	\$ 71,454	\$ 82,065
Professional Services	31,706	27,433	33,848
Segment gross profit	<u>\$ 105,125</u>	<u>\$ 98,887</u>	<u>\$ 115,913</u>
<b>Segment operating profit:</b>			
Staffing Services	\$ 3,371	\$ 6,714	\$ 8,701
Professional Services	3,524	2,278	2,809
Segment operating profit	<u>6,895</u>	<u>8,992</u>	<u>11,510</u>
Unallocated corporate costs	(3,551)	(5,673)	(3,565)
Amortization of intangibles	(118)	(177)	(120)
Interest expense	(799)	(1,443)	(1,207)
Interest income	859	1,018	821
Restructuring and other charges	<u>(1,772)</u>	<u>(8,884)</u>	<u>222</u>
Earnings (loss) from continuing operations before income taxes and discontinued operations	<u>\$ 1,514</u>	<u>\$ (6,167)</u>	<u>\$ 7,661</u>
<b>MEMO:</b>			
<b>Gross profit margin:</b>			
Staffing Services	18.3%	19.1%	17.8%
Professional Services	30.6%	29.5%	30.7%
Total Spherion	20.8%	21.2%	20.3%
<b>Segment operating profit margin:</b>			
Staffing Services	0.8%	1.8%	1.9%
Professional Services	3.4%	2.4%	2.5%
Total Spherion	1.4%	1.9%	2.0%
<b>Supplemental Cash Flow Information:</b>			
Operating cash flow	\$ 20,294	\$ 2,438	\$ 5,373
Capital expenditures	\$ 1,190	\$ 4,519	\$ 1,660
Depreciation and amortization	\$ 5,578	\$ 8,511	\$ 6,046
DSO	57	57	60

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

	Three Months Ended		
	April 3, 2005	March 26, 2004	December 31, 2004
<b>Staffing Services</b>			
<b>Revenue by Skill:</b>			
Clerical	\$ 259,619	\$ 246,616	\$ 284,828
Light Industrial	142,463	127,483	176,602
Segment Revenue	<u>\$ 402,082</u>	<u>\$ 374,099</u>	<u>\$ 461,430</u>
<b>Revenue by Service:</b>			
Temporary Staffing	\$ 332,903	\$ 285,711	\$ 388,519
Managed Services	65,035	84,672	69,128
Permanent Placement	4,144	3,716	3,783
Segment Revenue	<u>\$ 402,082</u>	<u>\$ 374,099</u>	<u>\$ 461,430</u>
<b>Gross Profit Margin by Service:</b> (As % of Applicable Revenue)			
Temporary Staffing	16.1%	15.1%	16.5%
Managed Services	24.0%	29.2%	20.8%
Permanent Placement	100.0%	100.0%	100.0%
Total Staffing Services	18.3%	19.1%	17.8%
<b>Professional Services</b>			
<b>Revenue by Skill:</b>			
Information Technology	\$ 65,593	\$ 63,720	\$ 70,551
Finance & Accounting	24,209	19,844	26,277
Other	13,657	9,549	13,580
Segment Revenue	<u>\$ 103,459</u>	<u>\$ 93,113</u>	<u>\$ 110,408</u>
<b>Revenue by Service:</b>			
Temporary Staffing	\$ 93,140	\$ 84,541	\$ 100,460
Permanent Placement	10,319	8,572	9,948
Segment Revenue	<u>\$ 103,459</u>	<u>\$ 93,113</u>	<u>\$ 110,408</u>
<b>Gross Profit Margin by Service:</b> (As % of Applicable Revenue)			
Temporary Staffing	23.0%	22.3%	23.8%
Permanent Placement	100.0%	100.0%	100.0%
Total Professional Services	30.6%	29.5%	30.7%