

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

|   | Three Months Ended   |                    |
|---|----------------------|--------------------|
|   | December 31,<br>2006 | January 1,<br>2006 |
| Revenues (1)  | \$ 500,623           | \$ 499,279         |
| Cost of services (2)  | 380,357              | 384,756            |
| Gross profit  | 120,266              | 114,523            |
| Selling, general and administrative expenses  | 107,428              | 100,539            |
| Interest expense  | 494                  | 677                |
| Interest income   | (989)                | (1,044)            |
| Restructuring and other charges (3)   | 126                  | -                  |
|   | 107,059              | 100,172            |
| <br>  |                      |                    |
| Earnings from continuing operations before income taxes and discontinued operations | 13,207               | 14,351             |
| Income tax expense  | (2,900)              | (4,870)            |
|   | 10,307               | 9,481              |
| Earnings from continuing operations before discontinued operations                  | 10,307               | 9,481              |
| Earnings (loss) from discontinued operations, net of tax (4)                        | 29,502               | (3,139)            |
|   | 29,502               | (3,139)            |
| <br>  |                      |                    |
| Net earnings  | \$ 39,809            | \$ 6,342           |
| <br>  |                      |                    |
| Earnings per share-Basic:   |                      |                    |
| Earnings from continuing operations before discontinued operations                  | \$ 0.18              | \$ 0.16            |
| Earnings (loss) from discontinued operations  | 0.52                 | (0.05)             |
|   | \$ 0.70              | \$ 0.11            |
| <br>  |                      |                    |
| Earnings per share-Diluted*:  |                      |                    |
| Earnings from continuing operations before discontinued operations                  | \$ 0.18              | \$ 0.16            |
| Earnings (loss) from discontinued operations  | 0.52                 | (0.05)             |
|   | \$ 0.70              | \$ 0.10            |
| <br>  |                      |                    |
| Weighted-average shares used in computation of earnings per share:                  |                      |                    |
| Basic   | 56,557               | 59,689             |
| Diluted   | 56,936               | 60,459             |

(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) Restructuring and other charges primarily includes severance charges of approximately \$1.1 million and a credit of \$(1.0) million from a favorable settlement related to an investment that was previously written-off.

(4) Includes a tax benefit of \$29,702 in 2006, related to the resolution of certain international tax matters.

\*Earnings per share amounts are calculated independently for each component and may not add due to rounding.

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

|   | Twelve Months Ended  |                    |
|---|----------------------|--------------------|
|   | December 31,<br>2006 | January 1,<br>2006 |
| Revenues (1)  | \$ 1,933,059         | \$ 1,980,574       |
| Cost of services (2)  | 1,478,151            | 1,544,790          |
| Gross profit  | 454,908              | 435,784            |
| Selling, general and administrative expenses  | 422,806              | 404,454            |
| Interest expense  | 1,965                | 3,205              |
| Interest income   | (4,055)              | (4,072)            |
| Restructuring and other charges (3)   | (177)                | 1,763              |
|   | 420,539              | 405,350            |
| <br>  |                      |                    |
| Earnings from continuing operations before income taxes and discontinued operations | 34,369               | 30,434             |
| Income tax expense  | (11,780)             | (10,221)           |
|   |                      |                    |
| <br>  |                      |                    |
| Earnings from continuing operations before discontinued operations                  | 22,589               | 20,213             |
| Earnings (loss) from discontinued operations, net of tax (4)                        | 32,093               | (8,184)            |
|   |                      |                    |
| <br>  |                      |                    |
| Net earnings  | \$ 54,682            | \$ 12,029          |
| <br>  |                      |                    |
| Earnings per share-Basic*:  |                      |                    |
| Earnings from continuing operations before discontinued operations                  | \$ 0.39              | \$ 0.33            |
| Earnings (loss) from discontinued operations  | 0.56                 | (0.13)             |
|   | \$ 0.96              | \$ 0.20            |
| <br>  |                      |                    |
| Earnings per share-Diluted:   |                      |                    |
| Earnings from continuing operations before discontinued operations                  | \$ 0.39              | \$ 0.33            |
| Earnings (loss) from discontinued operations  | 0.56                 | (0.13)             |
|   | \$ 0.95              | \$ 0.20            |
| <br>  |                      |                    |
| Weighted-average shares used in computation of earnings per share:                  |                      |                    |
| Basic   | 57,212               | 60,938             |
| Diluted   | 57,784               | 61,430             |

(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) Restructuring and other charges primarily includes severance charges of approximately \$0.8 million and a credit of \$(1.0) million from a favorable settlement related to an investment that was previously written-off.

(4) Includes a tax benefit of \$30,943 in 2006, related to the resolution of certain international tax matters.

*\*Earnings per share amounts are calculated independently for each component and may not add due to rounding.*

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

|   | December 31,<br>2006 | January 1,<br>2006 |
|---|----------------------|--------------------|
| <b>Assets</b>   |                      |                    |
| Current Assets:   |                      |                    |
| Cash and cash equivalents   | \$ 54,640            | \$ 30,163          |
| Receivables, less allowance for doubtful accounts of \$3,354 and \$4,708                              | 274,185              | 294,330            |
| Deferred tax asset  | 11,462               | 9,155              |
| Insurance deposit   | 24,501               | 24,914             |
| Other current assets  | 16,414               | 18,906             |
| Total current assets  | 381,202              | 377,468            |
| Goodwill  | 49,703               | 48,861             |
| Property and equipment, net of accumulated depreciation of \$93,723 and \$114,038                     | 87,291               | 88,562             |
| Deferred tax asset  | 122,867              | 152,084            |
| Insurance deposit   | 25,177               | 53,115             |
| Other assets  | 27,147               | 22,554             |
|   | \$ 693,387           | \$ 742,644         |
| <b>Liabilities and Stockholders' Equity</b>   |                      |                    |
| Current Liabilities:  |                      |                    |
| Accounts payable and other accrued expenses   | \$ 78,368            | \$ 93,570          |
| Accrued salaries, wages and payroll taxes   | 59,062               | 62,619             |
| Accrued insurance reserves  | 22,368               | 27,503             |
| Accrued income tax payable  | 3,512                | 51,792             |
| Current portion of long-term debt and other short-term borrowings                                     | 2,068                | 3,141              |
| Other current liabilities   | 8,555                | 8,950              |
| Total current liabilities   | 173,933              | 247,575            |
| Long-term debt, net of current portion  | 2,377                | 3,735              |
| Accrued insurance reserves  | 20,292               | 28,119             |
| Deferred compensation   | 18,984               | 16,818             |
| Other long-term liabilities   | 6,659                | 7,892              |
| Total liabilities   | 222,245              | 304,139            |
| Stockholders' Equity:   |                      |                    |
| Preferred stock, par value \$0.01 per share; authorized, 2,500,000 shares; none issued or outstanding | -                    | -                  |
| Common stock, par value \$0.01 per share; authorized, 200,000,000; issued 65,341,609 shares           | 653                  | 653                |
| Treasury stock, at cost, 8,777,220 and 6,510,739 shares, respectively                                 | (77,856)             | (56,299)           |
| Additional paid-in capital  | 844,735              | 845,056            |
| Accumulated deficit   | (300,060)            | (354,742)          |
| Accumulated other comprehensive income  | 3,670                | 3,837              |
| Total stockholders' equity  | 471,142              | 438,505            |
|   | \$ 693,387           | \$ 742,644         |

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

|   | <b>Management Guidance</b> |                              |                            |                              |                            |
|---|----------------------------|------------------------------|----------------------------|------------------------------|----------------------------|
|   | <b>Three Months Ended</b>  | <b>Three Months Ended</b>    |                            | <b>Twelve Months Ended</b>   |                            |
|   | <b>April 1,<br/>2007</b>   | <b>December 31,<br/>2006</b> | <b>January 1,<br/>2006</b> | <b>December 31,<br/>2006</b> | <b>January 1,<br/>2006</b> |
| Adjusted earnings from continuing operations                              |                            | \$ 9,341                     | \$ 9,481                   | \$ 25,189                    | \$ 21,341                  |
| Restructuring and other charges, net of tax benefit (expense) (1)         |                            | 249                          | -                          | 447                          | (1,128)                    |
| Stock option expense under FAS No. 123R, net of tax benefit               |                            | (764)                        | -                          | (3,047)                      | -                          |
| Work Opportunity Tax Credit and other credits                             |                            | 1,481                        | -                          | -                            | -                          |
| Earnings from continuing operations                                       |                            | <u>10,307</u>                | <u>9,481</u>               | <u>22,589</u>                | <u>20,213</u>              |
| Earnings (loss) from discontinued operations                              |                            | 29,502                       | (3,139)                    | 32,093                       | (8,184)                    |
| Net earnings  |                            | <u>\$ 39,809</u>             | <u>\$ 6,342</u>            | <u>\$ 54,682</u>             | <u>\$ 12,029</u>           |
| <b>Per share-Diluted amounts:</b>   |                            |                              |                            |                              |                            |
| Adjusted earnings from continuing operations                              |                            | \$ 0.16                      | \$ 0.16                    | \$ 0.44                      | \$ 0.35                    |
| Restructuring and other charges, net of tax                               |                            | -                            | -                          | 0.01                         | (0.02)                     |
| Stock option expense under FAS No. 123R, net of tax                       |                            | (0.01)                       | -                          | (0.05)                       | -                          |
| Work Opportunity Tax Credit and other credits                             |                            | 0.03                         | -                          | -                            | -                          |
| Earnings from continuing operations                                       | <u>\$0.04 to \$0.08</u>    | <u>0.18</u>                  | <u>0.16</u>                | <u>0.39</u>                  | <u>0.33</u>                |
| Earnings (loss) from discontinued operations                              |                            | 0.52                         | (0.05)                     | 0.56                         | (0.13)                     |
| Net earnings *  |                            | <u>\$ 0.70</u>               | <u>\$ 0.10</u>             | <u>\$ 0.95</u>               | <u>\$ 0.20</u>             |
| Diluted weighted-average shares used in computation of earnings per share |                            | 56,936                       | 60,459                     | 57,784                       | 61,430                     |

\*Earnings per share amounts are calculated independently for each component and may not add due to rounding.

(1) - Restructuring and other charges, net of tax benefit (expense), for the three and twelve months ended December 31, 2006, primarily includes severance charges of approximately \$(0.7) million and \$(0.5) million, respectively, and a credit of approximately \$1.0 million from a favorable settlement related to an investment that was previously written-off.

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

|   | Three Months Ended   |                    |                    | Twelve Months Ended  |                     |
|---|----------------------|--------------------|--------------------|----------------------|---------------------|
|   | December 31,<br>2006 | January 1,<br>2006 | October 1,<br>2006 | December 31,<br>2006 | January 1,<br>2006  |
| <b>Revenues:</b>  |                      |                    |                    |                      |                     |
| Staffing Services   | \$ 375,185           | \$ 383,094         | \$ 371,074         | \$ 1,440,386         | \$ 1,530,395        |
| Professional Services   | 125,438              | 116,185            | 124,399            | 492,673              | 450,179             |
| Segment revenue   | <u>\$ 500,623</u>    | <u>\$ 499,279</u>  | <u>\$ 495,473</u>  | <u>\$ 1,933,059</u>  | <u>\$ 1,980,574</u> |
| <b>Gross profit:</b>  |                      |                    |                    |                      |                     |
| Staffing Services   | \$ 78,489            | \$ 77,511          | \$ 77,196          | \$ 293,366           | \$ 292,641          |
| Professional Services   | 41,777               | 37,012             | 40,077             | 161,542              | 143,143             |
| Segment gross profit  | <u>\$ 120,266</u>    | <u>\$ 114,523</u>  | <u>\$ 117,273</u>  | <u>\$ 454,908</u>    | <u>\$ 435,784</u>   |
| <b>Segment operating profit:</b>  |                      |                    |                    |                      |                     |
| Staffing Services   | \$ 11,170            | \$ 11,748          | \$ 7,745           | \$ 24,565            | \$ 26,342           |
| Professional Services   | 6,029                | 5,719              | 4,950              | 23,279               | 19,236              |
| Segment operating profit  | <u>17,199</u>        | <u>17,467</u>      | <u>12,695</u>      | <u>47,844</u>        | <u>45,578</u>       |
| Unallocated corporate costs   | (4,315)              | (3,393)            | (3,686)            | (15,541)             | (13,832)            |
| Amortization of intangibles   | (46)                 | (90)               | (39)               | (201)                | (416)               |
| Interest expense  | (494)                | (677)              | (481)              | (1,965)              | (3,205)             |
| Interest income   | 989                  | 1,044              | 940                | 4,055                | 4,072               |
| Restructuring and other charges   | <u>(126)</u>         | <u>-</u>           | <u>-</u>           | <u>177</u>           | <u>(1,763)</u>      |
| Earnings from continuing operations before income taxes and discontinued operations | <u>\$ 13,207</u>     | <u>\$ 14,351</u>   | <u>\$ 9,429</u>    | <u>\$ 34,369</u>     | <u>\$ 30,434</u>    |
| <b>MEMO:</b>  |                      |                    |                    |                      |                     |
| <b>Gross profit margin:</b>   |                      |                    |                    |                      |                     |
| Staffing Services   | 20.9%                | 20.2%              | 20.8%              | 20.4%                | 19.1%               |
| Professional Services   | 33.3%                | 31.9%              | 32.2%              | 32.8%                | 31.8%               |
| Total Spherion  | 24.0%                | 22.9%              | 23.7%              | 23.5%                | 22.0%               |
| <b>Segment operating profit margin:</b>   |                      |                    |                    |                      |                     |
| Staffing Services   | 3.0%                 | 3.1%               | 2.1%               | 1.7%                 | 1.7%                |
| Professional Services   | 4.8%                 | 4.9%               | 4.0%               | 4.7%                 | 4.3%                |
| Total Spherion  | 3.4%                 | 3.5%               | 2.6%               | 2.5%                 | 2.3%                |
| <b>Supplemental Cash Flow Information:</b>  |                      |                    |                    |                      |                     |
| Operating cash flow   | \$ 26,121            | \$ 13,307          | \$ (2,127)         | \$ 46,085            | \$ 72,285           |
| Capital expenditures  | \$ 5,782             | \$ 3,227           | \$ 4,923           | \$ 22,677            | \$ 9,651            |
| Depreciation and amortization   | \$ 5,714             | \$ 5,298           | \$ 5,627           | \$ 22,198            | \$ 21,906           |
| DSO   | 50                   | 54                 | 52                 | 50                   | 54                  |

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

|  | Three Months Ended   |                    |                    | Twelve Months Ended  |                     |
|--|----------------------|--------------------|--------------------|----------------------|---------------------|
|  | December 31,<br>2006 | January 1,<br>2006 | October 1,<br>2006 | December 31,<br>2006 | January 1,<br>2006  |
| <b>Staffing Services</b>               |                      |                    |                    |                      |                     |
| <b>Revenue by Skill:</b>               |                      |                    |                    |                      |                     |
| Clerical                               | \$ 232,882           | \$ 233,934         | \$ 233,289         | \$ 908,070           | \$ 944,432          |
| Light Industrial                       | 142,303              | 149,160            | 137,785            | 532,316              | 585,963             |
| Segment Revenue                        | <u>\$ 375,185</u>    | <u>\$ 383,094</u>  | <u>\$ 371,074</u>  | <u>\$ 1,440,386</u>  | <u>\$ 1,530,395</u> |
| <b>Revenue by Service:</b>             |                      |                    |                    |                      |                     |
| Temporary Staffing                     | \$ 323,000           | \$ 332,942         | \$ 316,435         | \$ 1,231,301         | \$ 1,312,515        |
| Managed Services                       | 47,291               | 45,005             | 47,958             | 187,268              | 200,141             |
| Permanent Placement                    | 4,894                | 5,147              | 6,681              | 21,817               | 17,739              |
| Segment Revenue                        | <u>\$ 375,185</u>    | <u>\$ 383,094</u>  | <u>\$ 371,074</u>  | <u>\$ 1,440,386</u>  | <u>\$ 1,530,395</u> |
| <b>Gross Profit Margin by Service:</b> |                      |                    |                    |                      |                     |
| (As % of Applicable Revenue)           |                      |                    |                    |                      |                     |
| Temporary Staffing                     | 18.3%                | 17.4%              | 17.4%              | 17.3%                | 16.8%               |
| Managed Services                       | 30.9%                | 32.4%              | 32.1%              | 31.5%                | 27.3%               |
| Permanent Placement                    | 100.0%               | 100.0%             | 100.0%             | 100.0%               | 100.0%              |
| Total Staffing Services                | 20.9%                | 20.2%              | 20.8%              | 20.4%                | 19.1%               |
| <br>                                   |                      |                    |                    |                      |                     |
| <b>Professional Services</b>           |                      |                    |                    |                      |                     |
| <b>Revenue by Skill:</b>               |                      |                    |                    |                      |                     |
| Information Technology                 | \$ 82,413            | \$ 74,358          | \$ 81,817          | \$ 320,389           | \$ 288,309          |
| Finance & Accounting                   | 25,840               | 27,304             | 25,353             | 104,225              | 105,001             |
| Other                                  | 17,185               | 14,523             | 17,229             | 68,059               | 56,869              |
| Segment Revenue                        | <u>\$ 125,438</u>    | <u>\$ 116,185</u>  | <u>\$ 124,399</u>  | <u>\$ 492,673</u>    | <u>\$ 450,179</u>   |
| <b>Revenue by Service:</b>             |                      |                    |                    |                      |                     |
| Temporary Staffing                     | \$ 112,710           | \$ 104,643         | \$ 111,247         | \$ 440,170           | \$ 402,286          |
| Permanent Placement                    | 12,728               | 11,542             | 13,152             | 52,503               | 47,893              |
| Segment Revenue                        | <u>\$ 125,438</u>    | <u>\$ 116,185</u>  | <u>\$ 124,399</u>  | <u>\$ 492,673</u>    | <u>\$ 450,179</u>   |
| <b>Gross Profit Margin by Service:</b> |                      |                    |                    |                      |                     |
| (As % of Applicable Revenue)           |                      |                    |                    |                      |                     |
| Temporary Staffing                     | 25.8%                | 24.3%              | 24.2%              | 24.8%                | 23.7%               |
| Permanent Placement                    | 100.0%               | 100.0%             | 100.0%             | 100.0%               | 100.0%              |
| Total Professional Services            | 33.3%                | 31.9%              | 32.2%              | 32.8%                | 31.8%               |