

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

	Three Months Ended	
	April 2, 2006 (4)	April 3, 2005 (4)
Revenues (1)	\$ 464,249	\$ 507,715
Cost of services	359,678	402,252
Gross profit (2)	104,571	105,463
Selling, general and administrative expenses	101,200	101,944
Interest expense	484	799
Interest income	(1,042)	(859)
Restructuring charges	-	1,772
	100,642	103,656
Earnings from continuing operations before income taxes and discontinued operations	3,929	1,807
Income tax expense	(1,690)	(660)
	2,239	1,147
Discontinued operations:		
Earnings (loss) from discontinued operations before income taxes (3)	676	(3,058)
Income tax (expense) benefit	(12)	683
Earnings (loss) from discontinued operations	664	(2,375)
Net earnings (loss)	\$ 2,903	\$ (1,228)
Earnings (loss) per share-Basic:		
Earnings from continuing operations before discontinued operations	\$ 0.04	\$ 0.02
Earnings (loss) from discontinued operations	0.01	(0.04)
	\$ 0.05	\$ (0.02)
Earnings (loss) per share-Diluted:		
Earnings from continuing operations before discontinued operations	\$ 0.04	\$ 0.02
Earnings (loss) from discontinued operations	0.01	(0.04)
	\$ 0.05	\$ (0.02)
Weighted average shares used in computation of earnings (loss) per share:		
Basic	58,466	61,532
Diluted	59,338	62,006

(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 \$1,718 and \$(488) in 2006 and 2005, respectively.

(4) During the first quarter of 2006, efforts to sell a call center were discontinued, and therefore, its operating results were reclassified from discontinued operations to continuing operations. This call center had revenues of \$2.5 million and \$2.2 million for the first quarters of 2006 and 2005, respectively, and net earnings from operations of \$0.1 million and \$0.2 million, respectively.

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

<b>Assets</b>	April 2, 2006	January 1, 2006
Current Assets:		
Cash and cash equivalents	\$ 31,719	\$ 30,163
Receivables, less allowance for doubtful accounts of \$4,041 and \$4,708	265,141	294,330
Deferred tax asset	9,627	9,155
Income tax receivable	1,084	4,231
Insurance deposit	25,825	24,914
Other current assets	21,876	14,675
Total current assets	355,272	377,468
Goodwill	49,179	48,861
Property and equipment, net of accumulated depreciation of \$118,241 and \$114,038	87,211	88,562
Deferred tax asset	150,018	152,084
Insurance deposit	48,822	53,115
Other assets	25,784	22,554
	\$ 716,286	\$ 742,644
<b>Liabilities and Stockholders' Equity</b>		
Current Liabilities:		
Accounts payable and other accrued expenses	\$ 83,470	\$ 93,570
Accrued salaries, wages and payroll taxes	59,040	62,619
Accrued insurance reserves	27,051	27,503
Accrued income tax payable	51,532	51,792
Current portion of long-term debt and other short-term borrowings	2,709	3,141
Accrued restructuring and other current liabilities	8,591	8,950
Total current liabilities	232,393	247,575
Long-term debt, net of current portion	3,188	3,735
Accrued insurance reserves	27,322	28,119
Deferred compensation and other long-term liabilities	24,568	24,710
Total liabilities	287,471	304,139
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, 7,483,016 and 6,510,739 shares, respectively	(66,364)	(56,299)
Additional paid-in capital	842,720	845,056
Accumulated deficit	(351,839)	(354,742)
Accumulated other comprehensive income	3,645	3,837
Total stockholders' equity	428,815	438,505
	\$ 716,286	\$ 742,644

**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</b>	<b>April 2,</b>	<b>April 3,</b>
	<b>July 2,</b>	<b>2006</b>	<b>2005</b>
	<b>2006</b>		
Adjusted earnings from continuing operations		\$ 2,892	\$ 2,281
Restructuring charges, net of tax benefit of \$638		-	(1,134)
Stock option expense under FAS No. 123R, net of tax benefit of \$88		(653)	-
Earnings from continuing operations		<u>2,239</u>	<u>1,147</u>
Earnings (loss) from discontinued operations		664	(2,375)
Net earnings (loss)		<u>\$ 2,903</u>	<u>\$ (1,228)</u>
<b>Per share-Diluted amounts:</b>			
Adjusted earnings from continuing operations	\$0.05 to \$0.09	\$ 0.05	\$ 0.04
Restructuring charges, net of tax	-	-	(0.02)
Stock option expense under FAS No. 123R, net of tax	(0.01)	(0.01)	-
Earnings from continuing operations	<u>\$0.04 to \$0.08</u>	<u>0.04</u>	<u>0.02</u>
Earnings (loss) from discontinued operations		0.01	(0.04)
Net earnings (loss)		<u>\$ 0.05</u>	<u>\$ (0.02)</u>
Diluted weighted average shares used in computation of earnings (loss) per share		59,338	62,006

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

	Three Months Ended		
	April 2, 2006	April 3, 2005	January 1, 2006
<b>Revenues:</b>			
Staffing Services	\$ 345,416	\$ 404,256	\$ 383,094
Professional Services	118,833	103,459	116,185
Segment revenue	<u>\$ 464,249</u>	<u>\$ 507,715</u>	<u>\$ 499,279</u>
<b>Gross profit:</b>			
Staffing Services	\$ 66,176	\$ 73,757	\$ 77,511
Professional Services	38,395	31,706	37,012
Segment gross profit	<u>\$ 104,571</u>	<u>\$ 105,463</u>	<u>\$ 114,523</u>
<b>Segment operating profit:</b>			
Staffing Services	\$ 1,455	\$ 3,664	\$ 11,748
Professional Services	5,586	3,524	5,719
Segment operating profit	<u>7,041</u>	<u>7,188</u>	<u>17,467</u>
Unallocated corporate costs	(3,599)	(3,551)	(3,393)
Amortization of intangibles	(71)	(118)	(90)
Interest expense	(484)	(799)	(677)
Interest income	1,042	859	1,044
Restructuring and other charges	<u>-</u>	<u>(1,772)</u>	<u>-</u>
Earnings from continuing operations before income taxes and discontinued operations	<u>\$ 3,929</u>	<u>\$ 1,807</u>	<u>\$ 14,351</u>
<b>MEMO:</b>			
<b>Gross profit margin:</b>			
Staffing Services	19.2%	18.2%	20.2%
Professional Services	32.3%	30.6%	31.9%
Total Spherion	22.5%	20.8%	22.9%
<b>Segment operating profit margin:</b>			
Staffing Services	0.4%	0.9%	3.1%
Professional Services	4.7%	3.4%	4.9%
Total Spherion	1.5%	1.4%	3.5%
<b>Supplemental Cash Flow Information:</b>			
Operating cash flow	\$ 18,002	\$ 20,294	\$ 13,307
Capital expenditures	\$ 6,917	\$ 1,190	\$ 3,227
Depreciation and amortization	\$ 5,397	\$ 5,578	\$ 5,298
DSO	53	57	54

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

	Three Months Ended		
	April 2, 2006	April 3, 2005	January 1, 2006
<b>Staffing Services</b>			
<b>Revenue by Skill:</b>			
Clerical	\$ 219,784	\$ 261,793	\$ 233,934
Light Industrial	125,632	142,463	149,160
Segment Revenue	\$ 345,416	\$ 404,256	\$ 383,094
<b>Revenue by Service:</b>			
Temporary Staffing	\$ 295,332	\$ 332,903	\$ 332,942
Managed Services	45,244	67,209	45,005
Permanent Placement	4,840	4,144	5,147
Segment Revenue	\$ 345,416	\$ 404,256	\$ 383,094
<b>Gross Profit Margin by Service:</b> (As % of Applicable Revenue)			
Temporary Staffing	16.1%	16.1%	17.4%
Managed Services	30.3%	23.8%	32.4%
Permanent Placement	100.0%	100.0%	100.0%
Total Staffing Services	19.2%	18.2%	20.2%
 <b>Professional Services</b>			
<b>Revenue by Skill:</b>			
Information Technology	\$ 76,053	\$ 65,593	\$ 74,358
Finance & Accounting	26,619	24,209	27,304
Other	16,161	13,657	14,523
Segment Revenue	\$ 118,833	\$ 103,459	\$ 116,185
<b>Revenue by Service:</b>			
Temporary Staffing	\$ 106,354	\$ 93,140	\$ 104,643
Permanent Placement	12,479	10,319	11,542
Segment Revenue	\$ 118,833	\$ 103,459	\$ 116,185
<b>Gross Profit Margin by Service:</b> (As % of Applicable Revenue)			
Temporary Staffing	24.4%	23.0%	24.3%
Permanent Placement	100.0%	100.0%	100.0%
Total Professional Services	32.3%	30.6%	31.9%