

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

	Three Months Ended	
	July 2, 2006 (4)	July 3, 2005 (4)
Revenues (1)	\$ 472,714	\$ 479,091
Cost of services	359,916	373,824
Gross profit (2)	112,798	105,267
Selling, general and administrative expenses	105,875	101,059
Interest expense	506	652
Interest income	(1,084)	(966)
Restructuring charges	(303)	(168)
	104,994	100,577
Earnings from continuing operations before income taxes and discontinued operations	7,804	4,690
Income tax expense	(3,333)	(1,701)
	4,471	2,989
Discontinued operations:		
Loss from discontinued operations before income taxes (3)	(2,345)	(1,426)
Income tax benefit	1,485	192
Loss from discontinued operations	(860)	(1,234)
Net earnings	\$ 3,611	\$ 1,755
Earnings (loss) per share-Basic:		
Earnings from continuing operations before discontinued operations	\$ 0.08	\$ 0.05
Loss from discontinued operations	(0.02)	(0.02)
	\$ 0.06	\$ 0.03
Earnings (loss) per share-Diluted*:		
Earnings from continuing operations before discontinued operations	\$ 0.08	\$ 0.05
Loss from discontinued operations	(0.01)	(0.02)
	\$ 0.06	\$ 0.03
Weighted average shares used in computation of earnings (loss) per share:		
Basic	57,320	61,802
Diluted	57,991	62,104

(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 loss on disposal of \$1,558 and \$19 in the second quarters of 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 \$2.9 million and \$2.3 million for the second quarters of 2006 and 2005, respectively, and net earnings from operations of \$0.2 million and \$0.2 million, respectively.

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

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**CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS**  
(unaudited, in thousands, except per share amounts)

	Six Months Ended	
	July 2, 2006 (4)	July 3, 2005 (4)
Revenues (1)	\$ 936,963	\$ 986,806
Cost of services	719,594	776,076
Gross profit (2)	<u>217,369</u>	<u>210,730</u>
Selling, general and administrative expenses	207,075	203,003
Interest expense	990	1,451
Interest income	(2,126)	(1,825)
Restructuring charges	(303)	1,604
	<u>205,636</u>	<u>204,233</u>
Earnings from continuing operations before income taxes and discontinued operations	11,733	6,497
Income tax expense	(5,023)	(2,361)
	<u>6,710</u>	<u>4,136</u>
Discontinued operations:		
Loss from discontinued operations before income taxes (3)	(1,669)	(4,484)
Income tax benefit	1,473	875
Loss from discontinued operations	<u>(196)</u>	<u>(3,609)</u>
Net earnings	<u>\$ 6,514</u>	<u>\$ 527</u>
Earnings (loss) per share-Basic*:		
Earnings from continuing operations before discontinued operations	\$ 0.12	\$ 0.07
Loss from discontinued operations	-	(0.06)
	<u>\$ 0.11</u>	<u>\$ 0.01</u>
Earnings (loss) per share-Diluted:		
Earnings from continuing operations before discontinued operations	\$ 0.11	\$ 0.07
Loss from discontinued operations	-	(0.06)
	<u>\$ 0.11</u>	<u>\$ 0.01</u>
Weighted average shares used in computation of earnings (loss) per share:		
Basic	57,899	61,665
Diluted	58,671	62,053

(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 \$159 and \$506 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 \$5.4 million and \$4.5 million for 2006 and 2005, respectively, and net earnings from operations of \$0.3 million and \$0.4 million, respectively.

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

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

<b>Assets</b>	July 2, 2006	January 1, 2006
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 22,253	\$ 30,163
Receivables, net of allowance for doubtful accounts of \$4,538 and \$4,708, respectively	271,161	294,330
Deferred tax asset	9,157	9,155
Insurance deposit	26,809	24,914
Other current assets	18,479	18,906
Total current assets	347,859	377,468
Goodwill	50,016	48,861
Property and equipment, net of accumulated depreciation of \$120,496 and \$114,038, respectively	87,367	88,562
Deferred tax asset	147,822	152,084
Insurance deposit	45,007	53,115
Other assets	26,312	22,554
	\$ 704,383	\$ 742,644
<b>Liabilities and Stockholders' Equity</b>		
<b>Current Liabilities:</b>		
Accounts payable and other accrued expenses	\$ 78,824	\$ 93,570
Accrued salaries, wages and payroll taxes	64,156	62,619
Accrued insurance reserves	25,716	27,503
Accrued income tax payable	50,291	51,792
Current portion of long-term debt and other short-term borrowings	2,501	3,141
Accrued restructuring and other current liabilities	6,826	8,950
Total current liabilities	228,314	247,575
Long-term debt, net of current portion	2,826	3,735
Accrued insurance reserves	25,450	28,119
Deferred compensation and other long-term liabilities	25,619	24,710
Total liabilities	282,209	304,139
<b>Stockholders' Equity:</b>		
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, 8,786,102 and 6,510,739 shares, respectively	(77,986)	(56,299)
Additional paid-in capital	842,977	845,056
Accumulated deficit	(348,228)	(354,742)
Accumulated other comprehensive income	4,758	3,837
Total stockholders' equity	422,174	438,505
	\$ 704,383	\$ 742,644

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

	Management Guidance	Three Months Ended		Six Months Ended	
	Three Months Ended				
	October 1, 2006	July 2, 2006	July 3, 2005	July 2, 2006	July 3, 2005
Adjusted earnings from continuing operations		\$ 5,114	\$ 2,881	\$ 8,006	\$ 5,163
Restructuring charges, net of tax (expense) benefit of \$130, \$60, \$130 and \$(577)		173	108	173	(1,027)
Stock option expense under FAS No. 123R, net of tax benefit of \$108 and \$196		(816)	-	(1,469)	-
Earnings from continuing operations		<u>4,471</u>	<u>2,989</u>	<u>6,710</u>	<u>4,136</u>
Loss from discontinued operations		(860)	(1,234)	(196)	(3,609)
Net earnings		<u>\$ 3,611</u>	<u>\$ 1,755</u>	<u>\$ 6,514</u>	<u>\$ 527</u>
<b>Per share-Diluted amounts:</b>					
Adjusted earnings from continuing operations	\$0.09 to \$0.13	\$ 0.09	\$ 0.05	\$ 0.14	\$ 0.08
Restructuring charges, net of tax	-	-	-	-	(0.02)
Stock option expense under FAS No. 123R, net of tax	(0.01)	(0.01)	-	(0.03)	-
Earnings from continuing operations	<u>\$0.08 to \$0.12</u>	<u>0.08</u>	<u>0.05</u>	<u>0.11</u>	<u>0.07</u>
Loss from discontinued operations		(0.01)	(0.02)	-	(0.06)
Net earnings		<u>\$ 0.06</u>	<u>\$ 0.03</u>	<u>\$ 0.11</u>	<u>\$ 0.01</u>
Diluted weighted average shares used in computation of earnings (loss) per share		57,991	62,104	58,671	62,053

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

	Three Months Ended			Six Months Ended	
	July 2, 2006	July 3, 2005	April 2, 2006	July 2, 2006	July 3, 2005
<b>Revenues:</b>					
Staffing Services	\$ 348,711	\$ 364,657	\$ 345,416	\$ 694,127	\$ 768,913
Professional Services	124,003	114,434	118,833	242,836	217,893
Segment revenue	<u>\$ 472,714</u>	<u>\$ 479,091</u>	<u>\$ 464,249</u>	<u>\$ 936,963</u>	<u>\$ 986,806</u>
<b>Gross profit:</b>					
Staffing Services	\$ 71,505	\$ 67,803	\$ 66,176	\$ 137,681	\$ 141,560
Professional Services	41,293	37,464	38,395	79,688	69,170
Segment gross profit	<u>\$ 112,798</u>	<u>\$ 105,267</u>	<u>\$ 104,571</u>	<u>\$ 217,369</u>	<u>\$ 210,730</u>
<b>Segment operating profit:</b>					
Staffing Services	\$ 4,195	\$ 2,811	\$ 1,455	\$ 5,650	\$ 6,475
Professional Services	6,714	5,438	5,586	12,300	8,962
Segment operating profit	<u>10,909</u>	<u>8,249</u>	<u>7,041</u>	<u>17,950</u>	<u>15,437</u>
Unallocated corporate costs	(3,941)	(3,937)	(3,599)	(7,540)	(7,488)
Amortization of intangibles	(45)	(104)	(71)	(116)	(222)
Interest expense	(506)	(652)	(484)	(990)	(1,451)
Interest income	1,084	966	1,042	2,126	1,825
Restructuring and other charges	<u>303</u>	<u>168</u>	<u></u>	<u>303</u>	<u>(1,604)</u>
Earnings from continuing operations before income taxes and discontinued operations	<u>\$ 7,804</u>	<u>\$ 4,690</u>	<u>\$ 3,929</u>	<u>\$ 11,733</u>	<u>\$ 6,497</u>
<b>MEMO:</b>					
<b>Gross profit margin:</b>					
Staffing Services	20.5%	18.6%	19.2%	19.8%	18.4%
Professional Services	33.3%	32.7%	32.3%	32.8%	31.7%
Total Spherion	23.9%	22.0%	22.5%	23.2%	21.4%
<b>Segment operating profit margin:</b>					
Staffing Services	1.2%	0.8%	0.4%	0.8%	0.8%
Professional Services	5.4%	4.8%	4.7%	5.1%	4.1%
Total Spherion	2.3%	1.7%	1.5%	1.9%	1.6%
<b>Supplemental Cash Flow Information:</b>					
Operating cash flow	\$ 4,085	\$ 36,318	\$ 18,002	\$ 22,091	\$ 56,613
Capital expenditures	\$ 5,055	\$ 2,807	\$ 6,917	\$ 11,972	\$ 3,997
Depreciation and amortization	\$ 5,459	\$ 5,540	\$ 5,397	\$ 10,857	\$ 11,118
DSO	53	55	53	53	55

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

	Three Months Ended			Six Months Ended	
	July 2, 2006	July 3, 2005	April 2, 2006	July 2, 2006	July 3, 2005
<b>Staffing Services</b>					
<b>Revenue by Skill:</b>					
Clerical	\$ 222,114	\$ 222,550	\$ 219,784	\$ 441,898	\$ 484,343
Light Industrial	126,597	142,107	125,632	252,229	284,570
Segment Revenue	\$ 348,711	\$ 364,657	\$ 345,416	\$ 694,127	\$ 768,913
<b>Revenue by Service:</b>					
Temporary Staffing	\$ 296,534	\$ 316,090	\$ 295,332	\$ 591,866	\$ 648,993
Managed Services	46,775	44,599	45,244	92,019	111,808
Permanent Placement	5,402	3,968	4,840	10,242	8,112
Segment Revenue	\$ 348,711	\$ 364,657	\$ 345,416	\$ 694,127	\$ 768,913
<b>Gross Profit Margin by Service:</b>					
(As % of Applicable Revenue)					
Temporary Staffing	17.1%	16.6%	16.1%	16.6%	16.4%
Managed Services	32.8%	25.5%	30.3%	31.6%	24.5%
Permanent Placement	100.0%	100.0%	100.0%	100.0%	100.0%
Total Staffing Services	20.5%	18.6%	19.2%	19.8%	18.4%
<b>Professional Services</b>					
<b>Revenue by Skill:</b>					
Information Technology	\$ 80,106	\$ 73,009	\$ 76,053	\$ 156,159	\$ 138,602
Finance & Accounting	26,413	26,320	26,619	53,032	50,529
Other	17,484	15,105	16,161	33,645	28,762
Segment Revenue	\$ 124,003	\$ 114,434	\$ 118,833	\$ 242,836	\$ 217,893
<b>Revenue by Service:</b>					
Temporary Staffing	\$ 109,859	\$ 100,993	\$ 106,354	\$ 216,213	\$ 194,133
Permanent Placement	14,144	13,441	12,479	26,623	23,760
Segment Revenue	\$ 124,003	\$ 114,434	\$ 118,833	\$ 242,836	\$ 217,893
<b>Gross Profit Margin by Service:</b>					
(As % of Applicable Revenue)					
Temporary Staffing	24.7%	23.8%	24.4%	24.5%	23.4%
Permanent Placement	100.0%	100.0%	100.0%	100.0%	100.0%
Total Professional Services	33.3%	32.7%	32.3%	32.8%	31.7%