

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

	Three Months Ended	
	October 1, 2006 (4)	October 2, 2005 (4)
Revenues (1)	\$ 495,473	\$ 494,489
Cost of services	378,200	383,958
Gross profit (2)	<u>117,273</u>	<u>110,531</u>
Selling, general and administrative expenses	108,303	100,912
Interest expense	481	1,077
Interest income	(940)	(1,203)
Restructuring and other charges	-	159
	<u>107,844</u>	<u>100,945</u>
Earnings from continuing operations before income taxes and discontinued operations	9,429	9,586
Income tax expense	<u>(3,857)</u>	<u>(2,990)</u>
Earnings from continuing operations before discontinued operations	5,572	6,596
Earnings (loss) from discontinued operations, net of tax (3)	<u>2,787</u>	<u>(1,436)</u>
Net earnings	<u>\$ 8,359</u>	<u>\$ 5,160</u>
Earnings per share-Basic*:		
Earnings from continuing operations before discontinued operations	\$ 0.10	\$ 0.11
Earnings (loss) from discontinued operations	0.05	(0.02)
	<u>\$ 0.15</u>	<u>\$ 0.08</u>
Earnings per share-Diluted*:		
Earnings from continuing operations before discontinued operations	\$ 0.10	\$ 0.11
Earnings (loss) from discontinued operations	0.05	(0.02)
	<u>\$ 0.15</u>	<u>\$ 0.08</u>
Weighted average shares used in computation of earnings (loss) per share:		
Basic	56,545	60,723
Diluted	56,911	61,147

(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 on disposal of \$1,958 and \$557 in the third 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 \$2.1 million for the third quarters of 2006 and 2005, respectively, and net earnings from operations of \$0.1 million and \$0.2 million, respectively.

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

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

	Nine Months Ended	
	October 1, 2006 (4)	October 2, 2005 (4)
Revenues (1)	\$ 1,432,436	\$ 1,481,295
Cost of services	1,097,794	1,160,034
Gross profit (2)	<u>334,642</u>	<u>321,261</u>
Selling, general and administrative expenses	315,378	303,915
Interest expense	1,471	2,528
Interest income	(3,066)	(3,028)
Restructuring and other charges	<u>(303)</u>	<u>1,763</u>
	<u>313,480</u>	<u>305,178</u>
Earnings from continuing operations before income taxes and discontinued operations	21,162	16,083
Income tax expense	<u>(8,880)</u>	<u>(5,351)</u>
Earnings from continuing operations before discontinued operations	12,282	10,732
Earnings (loss) from discontinued operations, net of tax (3)	<u>2,591</u>	<u>(5,045)</u>
Net earnings	<u>\$ 14,873</u>	<u>\$ 5,687</u>
Earnings per share-Basic:		
Earnings from continuing operations before discontinued operations	\$ 0.21	\$ 0.17
Earnings (loss) from discontinued operations	0.05	(0.08)
	<u>\$ 0.26</u>	<u>\$ 0.09</u>
Earnings per share-Diluted*:		
Earnings from continuing operations before discontinued operations	\$ 0.21	\$ 0.17
Earnings (loss) from discontinued operations	0.04	(0.08)
	<u>\$ 0.26</u>	<u>\$ 0.09</u>
Weighted average shares used in computation of earnings (loss) per share:		
Basic	57,451	61,353
Diluted	58,087	61,753

(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 on disposal of \$2,117 and \$51 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 \$8.4 million and \$6.5 million for 2006 and 2005, respectively, and net earnings from operations of \$0.5 million and \$0.6 million, respectively.

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

SPHERION CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited, in thousands, except share data)

	October 1, 2006	January 1, 2006
Assets		
Current Assets:		
Cash and cash equivalents	\$ 32,537	\$ 30,163
Receivables, less allowance for doubtful accounts of \$3,765 and \$4,708	280,921	294,330
Deferred tax asset	8,800	9,155
Insurance deposit	26,070	24,914
Other current assets	16,960	18,906
Total current assets	365,288	377,468
Goodwill	50,404	48,861
Property and equipment, net of accumulated depreciation of \$89,994 and \$114,038	86,972	88,562
Deferred tax asset	144,231	152,084
Insurance deposit	26,451	53,115
Other assets	26,749	22,554
	\$ 700,095	\$ 742,644
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable and other accrued expenses	\$ 70,157	\$ 93,570
Accrued salaries, wages and payroll taxes	64,707	62,619
Accrued insurance reserves	24,742	27,503
Accrued income tax payable	49,290	51,792
Current portion of long-term debt and other short-term borrowings	2,009	3,141
Accrued restructuring and other current liabilities	6,872	8,950
Total current liabilities	217,777	247,575
Long-term debt, net of current portion	2,508	3,735
Accrued insurance reserves	23,142	28,119
Deferred compensation and other long-term liabilities	25,564	24,710
Total liabilities	268,991	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, 8,816,102 and 6,510,739 shares, respectively	(78,219)	(56,299)
Additional paid-in capital	843,816	845,056
Accumulated deficit	(339,869)	(354,742)
Accumulated other comprehensive income	4,723	3,837
Total stockholders' equity	431,104	438,505
	\$ 700,095	\$ 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		Nine Months Ended	
	Three Months Ended	October 1,		October 1,	
	December 31,	2006	October 2,	2006	October 2,
	2006	2006	2005	2006	2005
Adjusted earnings from continuing operations		\$ 6,385	\$ 6,698	\$ 14,388	\$ 11,860
Restructuring and other charges, net of tax (expense) benefit of \$(57), \$127 and \$(635)		-	(102)	176	(1,128)
Stock option expense under FAS No. 123R, net of tax benefit of \$105 and \$301		(813)	-	(2,282)	-
Earnings from continuing operations		<u>5,572</u>	<u>6,596</u>	<u>12,282</u>	<u>10,732</u>
Earnings (loss) from discontinued operations		2,787	(1,436)	2,591	(5,045)
Net earnings		<u>\$ 8,359</u>	<u>\$ 5,160</u>	<u>\$ 14,873</u>	<u>\$ 5,687</u>
Per share-Diluted amounts:					
Adjusted earnings from continuing operations	\$0.10 to \$0.14	\$ 0.11	\$ 0.11	\$ 0.25	\$ 0.19
Restructuring and other charges, net of tax	(0.01)	-	-	-	(0.02)
Stock option expense under FAS No. 123R, net of tax	(0.01)	(0.01)	-	(0.04)	-
Earnings from continuing operations	<u>\$0.08 to \$0.12</u>	<u>0.10</u>	<u>0.11</u>	<u>0.21</u>	<u>0.17</u>
Earnings (loss) from discontinued operations		0.05	(0.02)	0.04	(0.08)
Net earnings		<u>\$ 0.15</u>	<u>\$ 0.08</u>	<u>\$ 0.26</u>	<u>\$ 0.09</u>
Diluted weighted-average shares used in computation of earnings per share		56,911	61,147	58,087	61,753

SPHERION CORPORATION AND SUBSIDIARIES
SEGMENT INFORMATION

(unaudited, dollar amounts in thousands)

	Three Months Ended			Nine Months Ended	
	October 1, 2006	October 2, 2005	July 2, 2006	October 1, 2006	October 2, 2005
Revenues:					
Staffing Services	\$ 371,074	\$ 378,388	\$ 348,711	\$ 1,065,201	\$ 1,147,301
Professional Services	124,399	116,101	124,003	367,235	333,994
Segment revenue	<u>\$ 495,473</u>	<u>\$ 494,489</u>	<u>\$ 472,714</u>	<u>\$ 1,432,436</u>	<u>\$ 1,481,295</u>
Gross profit:					
Staffing Services	\$ 77,196	\$ 73,570	\$ 71,505	\$ 214,877	\$ 215,130
Professional Services	40,077	36,961	41,293	119,765	106,131
Segment gross profit	<u>\$ 117,273</u>	<u>\$ 110,531</u>	<u>\$ 112,798</u>	<u>\$ 334,642</u>	<u>\$ 321,261</u>
Segment operating profit:					
Staffing Services	\$ 7,745	\$ 8,119	\$ 4,195	\$ 13,395	\$ 14,594
Professional Services	4,950	4,555	6,714	17,250	13,517
Segment operating profit	<u>12,695</u>	<u>12,674</u>	<u>10,909</u>	<u>30,645</u>	<u>28,111</u>
Unallocated corporate costs	(3,686)	(2,951)	(3,941)	(11,226)	(10,439)
Amortization of intangibles	(39)	(104)	(45)	(155)	(326)
Interest expense	(481)	(1,077)	(506)	(1,471)	(2,528)
Interest income	940	1,203	1,084	3,066	3,028
Restructuring and other charges	-	(159)	303	303	(1,763)
Earnings from continuing operations before income taxes and discontinued operations	<u>\$ 9,429</u>	<u>\$ 9,586</u>	<u>\$ 7,804</u>	<u>\$ 21,162</u>	<u>\$ 16,083</u>
MEMO:					
Gross profit margin:					
Staffing Services	20.8%	19.4%	20.5%	20.2%	18.8%
Professional Services	32.2%	31.8%	33.3%	32.6%	31.8%
Total Spherion	23.7%	22.4%	23.9%	23.4%	21.7%
Segment operating profit margin:					
Staffing Services	2.1%	2.1%	1.2%	1.3%	1.3%
Professional Services	4.0%	3.9%	5.4%	4.7%	4.0%
Total Spherion	2.6%	2.6%	2.3%	2.1%	1.9%
Supplemental Cash Flow Information:					
Operating cash flow	\$ (2,127)	\$ 2,365	\$ 4,085	\$ 19,964	\$ 58,978
Capital expenditures	\$ 4,923	\$ 2,427	\$ 5,055	\$ 16,895	\$ 6,424
Depreciation and amortization	\$ 5,627	\$ 5,490	\$ 5,459	\$ 16,484	\$ 16,608
DSO	52	55	53	52	55

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

	Three Months Ended			Nine Months Ended	
	October 1, 2006	October 2, 2005	July 2, 2006	October 1, 2006	October 2, 2005
Staffing Services					
Revenue by Skill:					
Clerical	\$ 233,289	\$ 226,155	\$ 222,114	\$ 675,187	\$ 710,498
Light Industrial	137,785	152,233	126,597	390,014	436,803
Segment Revenue	<u>\$ 371,074</u>	<u>\$ 378,388</u>	<u>\$ 348,711</u>	<u>\$ 1,065,201</u>	<u>\$ 1,147,301</u>
Revenue by Service:					
Temporary Staffing	\$ 316,435	\$ 330,580	\$ 296,534	\$ 908,301	\$ 979,573
Managed Services	47,958	43,328	46,775	139,977	155,136
Permanent Placement	6,681	4,480	5,402	16,923	12,592
Segment Revenue	<u>\$ 371,074</u>	<u>\$ 378,388</u>	<u>\$ 348,711</u>	<u>\$ 1,065,201</u>	<u>\$ 1,147,301</u>
Gross Profit Margin by Service:					
(As % of Applicable Revenue)					
Temporary Staffing	17.4%	17.0%	17.1%	16.9%	16.6%
Managed Services	32.1%	29.5%	32.8%	31.7%	25.9%
Permanent Placement	100.0%	100.0%	100.0%	100.0%	100.0%
Total Staffing Services	20.8%	19.4%	20.5%	20.2%	18.8%
Professional Services					
Revenue by Skill:					
Information Technology	\$ 81,817	\$ 75,349	\$ 80,106	\$ 237,976	\$ 213,951
Finance & Accounting	25,353	27,168	26,413	78,385	77,697
Other	17,229	13,584	17,484	50,874	42,346
Segment Revenue	<u>\$ 124,399</u>	<u>\$ 116,101</u>	<u>\$ 124,003</u>	<u>\$ 367,235</u>	<u>\$ 333,994</u>
Revenue by Service:					
Temporary Staffing	\$ 111,247	\$ 103,510	\$ 109,859	\$ 327,460	\$ 297,643
Permanent Placement	13,152	12,591	14,144	39,775	36,351
Segment Revenue	<u>\$ 124,399</u>	<u>\$ 116,101</u>	<u>\$ 124,003</u>	<u>\$ 367,235</u>	<u>\$ 333,994</u>
Gross Profit Margin by Service:					
(As % of Applicable Revenue)					
Temporary Staffing	24.2%	23.5%	24.7%	24.4%	23.4%
Permanent Placement	100.0%	100.0%	100.0%	100.0%	100.0%
Total Professional Services	32.2%	31.8%	33.3%	32.6%	31.8%