Kforce Inc Reports First Quarter Results
Revenue of 192.9 Million and EPS Of 8 Cents

TAMPA, FL –May 3, 2005 – Kforce Inc. (NASDAQ: KFRC), a professional staffing firm, today announced results for the first quarter of 2005. Revenue for the quarter ended March 31, 2005 was $192.9 million compared to $130.2 million for the first quarter of 2004 and $190.2 million for the quarter ended December 31, 2004. The Firm reported earnings for the first quarter of 2005 of $3.1 million or 8 cents per share compared to $1.1 million or 3 cents per share in the first quarter of 2004 and $17.6 million or 45 cents per share in the fourth quarter of 2004.

"We are very pleased that we were able to reach the top end of our earnings guidance which, we believe, reflects our enhanced operating leverage. Positive operating trends for the Firm continued in Q1 as revenues grew sequentially for the sixth straight quarter, search revenues increased for the sixth straight quarter, the spread between bill rates and pay rates improved for the fourth straight quarter, and operating expenses as a percentage of revenue again declined," said David L. Dunkel, Kforce's Chairman and Chief Executive Officer. "Total Firm revenues are up 48.1% year over year. In addition, we believe that our diversified balanced service offerings, as well as offering both flexible and search, mitigate the impact that any one segment has on total Firm performance in the short term. Kforce also has a legacy of success in permanent placement, which continues to grow as a percentage of total revenues, and now represents 7% of the revenue stream, up from 6.1% in Q4 2004. We reiterate our goal of between 10 to 15% of total Kforce revenue being comprised of permanent placement."

Continued Mr. Dunkel; "We believe macro trends for staffing remain favorable with March Bureau of Labor Statistics data indicating college educated unemployment at 2.5% and the 16th consecutive month of non-farm employment gains. Staffing employment growth increased 8.4% year over year and the overall staffing capture of total payroll dollars is within 1/10 of a percent of its all time high. We believe that the professional segment, particularly Technology, Finance and Accounting and Health and Life Sciences, is the sweet spot of staffing."

William L. Sanders, President said; "Search revenues increased for the sixth straight quarter up 15.4% sequentially and 61.5% year-over-year. We were particularly pleased with the increase in our Technology search business, which grew 30.7% sequentially and 124.1% year-over-year. We believe this increase indicates the continuing strong demand for Technology staffing services. We believe it is noteworthy that Technology search was the strongest percentage contributor to both our sequential and year over year search growth. We were excited to see the number of permanent placements continuing to increase and the average placement fee remaining strong. We remain positive for a continued ramp up in search revenues in 2005. Our Technology flex practice continued to grow with the addition of VistaRMS in the first quarter. As expected Finance and Accounting revenue was impacted by the scaling back of high bill rate Sarbanes-Oxley work. Revenue growth for our HLS group remains strong with 21.1% year over year growth."

Continued Mr. Sanders; "As we look forward, we are continuing our emphasis on acquiring and retaining great people and believe that the acquisition of VistaRMS is a reflection of this commitment. We are pleased to note that we are essentially complete with the integration of VistaRMS and are already beginning to see the benefits across the entire organization of making this great team a part of the Firm. We will also continue to emphasize the training of our associates as well as providing them with state of the art tools. We are currently rolling out a new state of the art front end system and intend to upgrade our internal financial systems and processes later this year. We believe that these actions will help fuel future growth and operating results by allowing our associates to be productive."

Joe Liberatore, Chief Financial Officer added, “First quarter earnings per share of 8 cents was impacted by approximately 4 cents from higher payroll related taxes that most significantly affect the Firm in the first quarter, approximately 1 cent for costs related to the completion of our 2004 Sarbanes-Oxley 404 assessment and audit and 1 cent of integration costs related to the acquisition of VistaRMS revenues.”

Continued Mr. Liberatore; “To assist in the comparison with prior quarters as the result of the Firm recording income tax expense in the first quarter of 2005, we believe it is useful to look at EBITDA, an indication of cash earnings per share. EBITDA for the first quarter was $8.1 million or 20 cents per share versus $7.5 million or 19 cents per share in the fourth quarter of 2004 and $2.5 million or 8 cents per share in Q1 2004. The Firm has been able to increase EBITDA per share 150% over the past year. Shareholder equity at the end of Q1 2005 is $192.8 million compared to $93.5 million at the end of Q1 2004, representing an increase of 106%.”

Mr. Liberatore continued; “Flex gross profit at the end of Q1 2005 is 100 basis points higher than a year ago driven by an improving spread between bill and pay rate. We continue to see improvement in the spread between bill rates and pay rates in all three business segments, which we believe is the result of our continued focus on pricing, client mix and business mix and are optimistic that improvement will continue.”

Mr. Liberatore continued; “The Firm also continues to exhibit improved operating leverage through declining operating costs as a percentage of revenue. Operating expenses decreased 60 basis points to 28.0% in Q1 2005 from 28.6% in Q4 2004 and 29.1% in Q1 2004. This decrease is attributable to continued scrutiny of all controllable costs including the management of our accounts receivable portfolio, which had only 3.8% of all receivables past due more than 60 days from the date of invoice as of quarter end. As of Q1 2005, days sales outstanding (DSO) on accounts receivable declined to 32.2 days from 40.8 days at Q4 2004.”

Mr. Liberatore continued; “Looking forward to the second quarter, we expect to continue to realize the benefits of the leverage in our operating platform, though we still expect expenses to be affected by payroll related taxes, applied to both our core and consultant populations, albeit at a lower level than Q1. We have substantially completed the integration of VistaRMS and don’t expect any incremental costs with regard to this transaction to affect Q2. We believe revenues may be in the $196 to $200 million range and earnings per share for Q2 may be in the 11 to 13 cents range which reflects approximately 41 million weighted average diluted shares outstanding.”

Kforce will host a conference call today to discuss these results. The call will begin at 5:00 p.m. Eastern Time. The dial-in number is 1-617-786-2963, pass code 72302390. The replay of the call will be available from 7:00 p.m. Eastern Time Tuesday, May 3 through May 10, 2005, by dialing 1-617-801-6888, pass code 33934523.

It will also be Webcast live at www.kforce.com (select “Investor Relations”) and will be available for Webcast replay until June 3, 2005.

The webcast is also being distributed over CCBN’s Investor Distribution Network to both institutional and individual investors. Individual investors can listen to the call through CCBN’s individual investor center at www.fulldisclosure.com or by visiting any of the investor sites in CCBN’s Individual Investor Network. Institutional investors can access the call via CCBN’s password-protected event management site, StreetEvents (www.streetevents.com).

About Kforce

Kforce (NASDAQ: KFRC) is a professional staffing firm providing flexible and permanent staffing solutions for organizations in the skill areas of technology, finance & accounting, and health and life sciences. Backed by more than 1,600 staffing specialists, Kforce operates with 83 offices in 45 markets in North America. For more information, please visit our Web site at www.kforce.com.

Q1 Financials

Certain of the above statements contained in this press release are forward-looking statements that involve a number of risks and uncertainties. Such forward-looking statements are within the meaning of that term in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Act of 1934, as amended. Factors that could cause actual results to differ materially include the following: business conditions and growth in the staffing industry and general economy; competitive factors, risks due to shifts in the market demand, including, without limitation, shifts in demand for our Health and Life Sciences, Finance and Accounting and Technology Groups, as well as the market for search and flexible staffing assignments; changes in the service mix; ability of the Firm to complete acquisitions; and the risk factors listed from time to time in the Firm's reports filed with the Securities and Exchange Commission, as well as assumptions regarding the foregoing. In particular, there can be no assurance that the above transaction will be consummated. The words “should,” “believe,” “estimate,” “expect,” “intend,” “anticipate,” “foresee,” “plan” and similar expressions and variations thereof identify certain of such forward-looking statements, which speak only as of the dates on which they were made. Additionally, any statements related to future integrations are forward-looking statements. The Firm undertakes no obligation to publicly update or revise any forward-looking statements. As a result, such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those indicated in the forward-looking statements as a result of various factors. Readers are cautioned not to place undue reliance on these forward-looking statements.