

## **Kforce Inc. Reports Second Quarter Results Revenue Of \$198.5 Million And EPS OF 14 Cents**

**TAMPA, FL** – August 2, 2005 – Kforce Inc. (NASDAQ: KFRC), a professional staffing firm, today announced results for the second quarter of 2005. Revenue for the quarter ended June 30, 2005 was \$198.5 million compared to \$152.2 million for the quarter ended June 30, 2004 and \$192.9 million for the quarter ended March 31, 2005. The Firm reported net income for the second quarter of 2005 of \$5.7 million or 14 cents per share compared to \$251,000 or 1 cent per share in the second quarter of 2004 and \$3.1 million or 8 cents per share in the first quarter of 2005.

“Earnings exceeded the top end of our guidance which, we believe, reflects our enhanced operating leverage. Positive operating trends for the Firm continued in Q2 as revenues grew sequentially for the seventh straight quarter, search revenues increased for the seventh straight quarter, the spread between bill rates and pay rates improved for the fifth 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 in the second quarter were up 30.4% year over year. We believe that our diversified specialty staffing revenue footprint offering both flexible staffing and permanent placement, uniquely positions Kforce to fully leverage revenue opportunities.”

William L. Sanders, President said; “We believe the second quarter marks another milestone in our improved revenue and profitability. We are particularly encouraged that sales associate productivity reached an all-time high in the second quarter. We are also encouraged by improving revenue trends as we enter the second half of 2005. It is noteworthy that July has shown strong improvement, with the week ending July 24th being the strongest week for flex revenue in the Firm’s history. Search revenues increased in the second quarter for the seventh straight quarter and are now up 40.8% year-over-year. We remain positive for a continued improvement in search revenues in 2005. Our Technology flex practice continues to grow and we are optimistic about our prospects in technology staffing for the second half of the year. We are pleased as well with the sequential growth in Finance and Accounting revenue in the second quarter which historically is the softest quarter of the year. Revenue growth for our HLS group remains strong with 17.1% year over year growth.”

Continued Mr. Sanders; “We continue to see improvement in our margins as Flex Gross Profit increased by 1.3% to 27.2% in Q2 ‘05 from 25.9% in Q1 ‘05 driven by the reduction of payroll related taxes, business mix and improving spread between bill rate and pay rate. Flex Gross Profit has also improved 90 basis points from 26.3% in Q2 2004. We are optimistic that improvement will continue. The Firm’s continued focus on productivity has resulted in a year over year 25.3% improvement in Gross Profit per person and a 20.5% improvement in revenue per person. As we look forward, we will continue to focus on revenue growth through our emphasis on acquiring and retaining great people.”

Joe Liberatore, Chief Financial Officer added; “Positive operating trends for the Firm continued in Q2 as total revenues, search revenues, gross margins and operating expenses as a percent of revenue all again improved. Earnings per Share of \$.14 exceeded the consensus estimate of \$.12 and was above our guidance of \$.11 - \$.13. EBITDA per share in Q2 2005, an indication of cash earnings per share, increased to \$.30 per share in the quarter from \$.05 in the second quarter last year. Operating expense as a percent to revenue decreased sequentially by .6% from 28.0% to 27.4% and has declined year over year from 30.6%. Days sales outstanding of our accounts receivable also declined slightly to 31.8 days from 32.2 days in Q1 2005, which we believe signifies the continued quality of our accounts receivable portfolio. We continue to maintain a conservative balance sheet and build liquidity. Our strong cash flow funded the repurchase of 751,000 shares of the Firm’s stock during the quarter for \$5.9 million or \$7.87 per share and \$3.9 million in capital expenditures during the quarter while still reducing the

outstanding balance on our Credit Facility by \$5.5 million. At the end of Q2 2005 bank debt was \$30.0 million compared to \$35.5 million at the end of Q1 2005.”

Mr. Liberatore continued; “Looking forward to the third quarter, we expect to continue to realize the benefits of the leverage in our operating platform. We believe revenues may be in the \$200 million to \$205 million range with earnings per share for Q3 of 14 to 16 cents. This reflects approximately 40.0 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, August 2 through August 9, 2005, by dialing 1-617-801-6888, pass code 69008309.

It will also be Webcast live at [www.kforce.com](http://www.kforce.com) (select “Investor Relations”) and will be available for Webcast replay until September 2, 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.earnings.com](http://www.earnings.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](http://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 74 offices in 43 markets in North America. For more information, please visit our Web site at [www.kforce.com](http://www.kforce.com).

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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 estimates of revenues and earnings per share for the third quarter will be achieved. 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.