

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, DC 20549

**FORM 8-K**

**CURRENT REPORT PURSUANT  
TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported): **November 16, 2005**

**LABOR READY, INC.**

(Exact Name of Registrant as Specified in Its Charter)

**Washington**

(State or Other Jurisdiction of Incorporation)

**001-14543**

(Commission File Number)

**91-1287341**

(IRS Employer Identification No.)

**1015 A Street, Tacoma, Washington**  
(Address of Principal Executive Offices)

**98402**  
(Zip Code)

**(253) 383-9101**

(Registrant's Telephone Number, Including Area Code)

**Not Applicable**

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 7.01. Regulation FD Disclosure**

In connection with a management presentation with analysts and portfolio managers scheduled for November 16, 2005 at 12:00 PM (ET) in New York City, the Company has issued a press release (the "Press Release"), which is attached to this report as Exhibit 99.1. Also, copies of the slide presentation which will be presented by the Company at the management presentation and generally to members of the financial and investment community from time to time (the "Investor Presentation"), are attached to this report as Exhibit 99.2 and are also available on the Company's website, www.laborready.com.

In accordance with General Instruction B.2. of Form 8-K, the information contained in this report (including the Press Release and Investor Presentation) shall not be deemed "Filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall the Press Release or the Investor Presentation be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing. This report will not be deemed a determination or an admission as to the materiality of any information in the report that is required to be disclosed solely by Regulation FD.

**Item 9.01. Financial Statements and Exhibits.**

**(c) Exhibits**

- 99.1. Press Release of Labor Ready, Inc. dated November 16, 2005
- 99.2. Investor Presentation

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

LABOR READY, INC.  
(Registrant)

Date: November 16, 2005

By: /s/ Steven C. Cooper.



FOR IMMEDIATE RELEASE:

**LABOR READY TO PRESENT COMPANY UPDATE  
Reaffirms 2005 Forecasts and Provides 2006 Outlook**

**TACOMA, WA, November 16, 2005**—Labor Ready, Inc. (NYSE: LRW) CEO Joe Sambataro and President and CFO Steve Cooper will review the company's current strategies and operational trends with analysts and portfolio managers at 12 p.m. (ET), today in New York City. The slides from the presentation will be available on the Labor Ready website (<http://www.laborready.com>) under Investor Relations.

In anticipation of management's presentation, the company reaffirmed its previously released forecast for the fourth quarter of 2005 and for the year. The company estimates net income per share for the fourth quarter to be between \$0.24 and \$0.26 with net income per share for the year to be between \$1.13 and \$1.15. Estimated revenue for the quarter is expected to be between \$325 and \$330 million with revenue for the year expected to be in the range of \$1.225 to \$1.230 billion.

Labor Ready also announced plans to open 40 branches in 2006 and finish 2005 with approximately 890 branches. The company anticipates opening most of its new locations in the first two quarters of 2006.

Management also provided their initial outlook for fiscal year 2006. Net income per share for the year is estimated to be between \$1.30 and \$1.35. Estimated revenue for the year is expected to be in the range of \$1.370 to \$1.390 billion. Included in these estimates is the net income per share impact related to "Share-Based Payments," of \$0.06 per share for the year compared to \$0.02 per share for share based payments in 2005.

The company expects to release its financial results for the fourth quarter ending Dec. 30, 2005 after the market closes on Feb. 1, 2006 and will host a conference call at 8 a.m. (PT) on Feb. 2, 2006. Details for the conference call will be announced separately.

About Labor Ready

Labor Ready is an international provider of temporary employees for manual labor, light industrial and skilled construction jobs, operating under the brand names of Labor Ready, Workforce, Spartan Staffing, and CLP Resources. Labor Ready's customers are primarily small- to mid-sized businesses in the transportation, warehousing, hospitality, landscaping, construction, light manufacturing, retail, wholesale, facilities and sanitation industries. Annually, Labor Ready serves approximately 300,000 customers and puts more than 600,000 people to work through its more than 890 branch locations in the United States, Canada, and the United Kingdom. For additional information, visit Labor Ready's website at [www.laborready.com](http://www.laborready.com).

This news release contains forward-looking statements, such as statements about the ranges of revenues, gross margins and net income anticipated for future periods, improvements in safety and workers' compensation claims and costs, strategies for increasing revenue and net income, and other factors that may affect Labor Ready's financial results and operations in the future. Labor Ready's actual results are, however, subject to a number of risks, including without limitation the following: 1) national and global economic conditions; 2) Labor Ready's ability to continue to attract and retain customers and maintain profit margins in the face of new and existing competition; 3) potential new laws and regulations that could have a materially adverse effect on Labor Ready's operations and financial results; 4) significant labor disturbances which could disrupt industries Labor Ready serves; 5) increased costs and collateral requirements in connection with Labor Ready's insurance obligations, including workers' compensation insurance; 6) adverse safety and risk management experiences; 7) the adequacy of Labor Ready's financial reserves; 8) Labor Ready's continuing ability to comply with financial covenants in its lines of credit and other financing agreements; 9) Labor Ready's ability to attract and retain competent employees in key positions; 10) Labor Ready's ability to successfully complete and integrate CLP Resources and other acquisitions that it may make

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from time to time; and 11) other risks described in Labor Ready's filings with the Securities and Exchange Commission, including its most recent Form 10-K and Form 10-Q filings.

For more information, contact:

Steve Cooper, President and CFO  
253-680-8213

Stacey Burke, Director of Corporate Communications  
253-680-8291

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## Labor Ready Analyst Day



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## Safe Harbor Statement

### *Cautionary Note about Forward-Looking Statements*

Certain statements made by us in this presentation that are not historical facts or that relate to future plans, events or performances are forward-looking statements within the meaning of the federal securities laws. Our actual results may differ materially from those expressed in any forward-looking statements made by us. Forward-looking statements involve a number of risks and uncertainties including, but not limited to, the risks described in the Company's most recent 10-K and 10-Q filings. All forward-looking statements are qualified by those risk factors.

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# Introduction to Directors

**Bob Sullivan**

Chairman

**Keith Grinstein**

**Gates McKibbin**

**Joe Sambataro**

**Bill Steele**

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# Management Team

**Joe Sambataro**

CEO

**Steve Cooper**

President & CFO

**Bob Breen**

VP, Strategic Planning

**Chris Burger**

Regional VP, Operations

**Jim Defebaugh**

VP & General Counsel

**Derrek Gafford**

VP, Finance

**Yolanda Hubbard**

VP, National Sales & Marketing

**Wayne Larkin**

Regional VP, Operations

**Gary North**

Regional VP, Operations

**Billie Otto**

VP, Chief Information Officer

**Noel Wheeler**

President & CEO, CLP Resources

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# “We Put People to Work.”

More than 600,000 people employed annually

**LABOR READY**

*Dependable Temporary Labor.*

797 BRANCHES

The largest supplier of on-demand manual labor with branch locations in the U.S., Canada and the U.K.

**CLP**  
SKILLED TRADES SOLUTIONS

53 BRANCHES

One of the largest companies focusing exclusively on skilled trades staffing.



21 BRANCHES

Southeastern supplier of on-demand manual labor with locations in Florida and other Southeastern states.

**SPARTAN**  
STAFFING

18 BRANCHES

Supplier of light industrial labor to small- and mid-size businesses with locations in Florida and other Southeastern states.

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## Investment Highlights

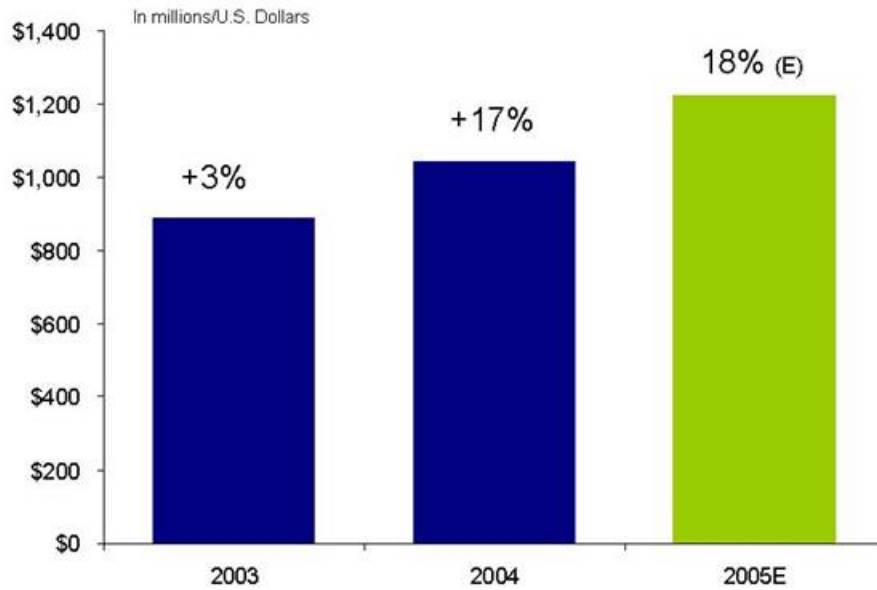
- Market leader in fragmented industry
- Large and growing market
- Favorable demographic trends
- Diverse customer base
- Scalable and flexible model
- Significant capacity for operating margin expansion
- Strong management and controls

Labor Ready is realizing **significant operating leverage** as it benefits from a **growing economy** and the maturation of its existing branch network.

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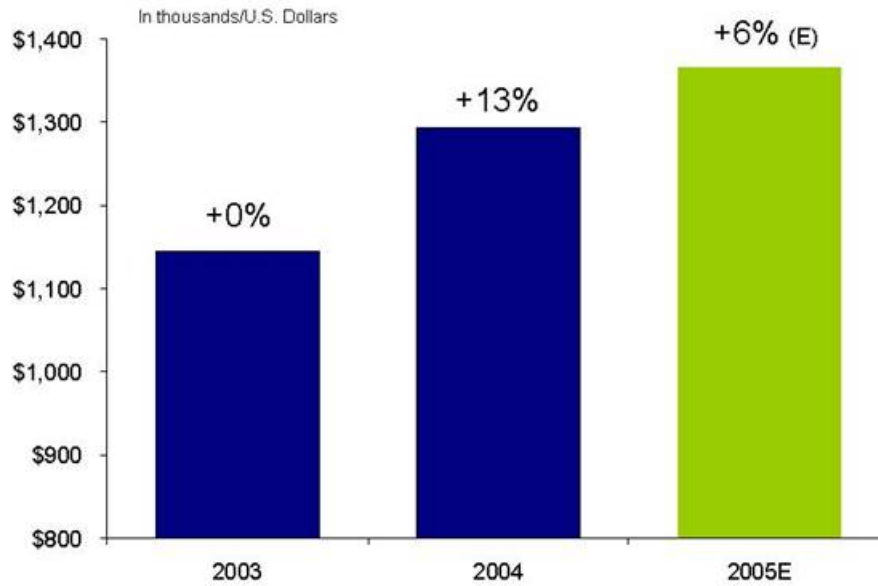
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# Consolidated Revenues



E - Based on management guidance issued on Nov. 16, 2005

# Average Sales per Branch



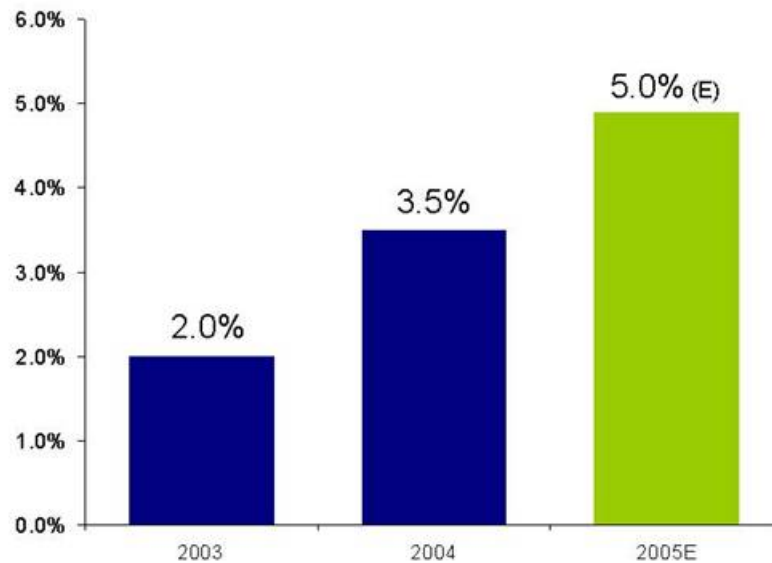
E - Based on management guidance issued on Nov. 16, 2005

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# Consolidated Net Income %



E - Based on management guidance issued on Nov. 16, 2005

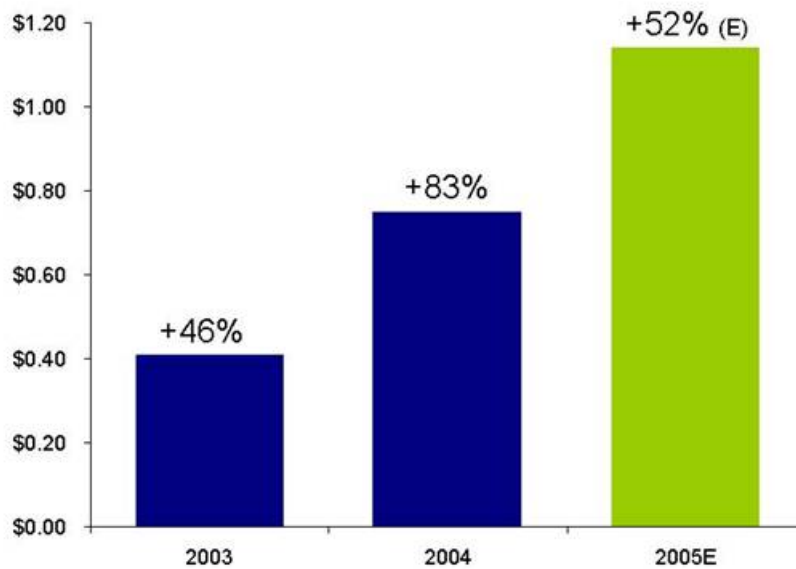
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# Diluted Earnings per Share



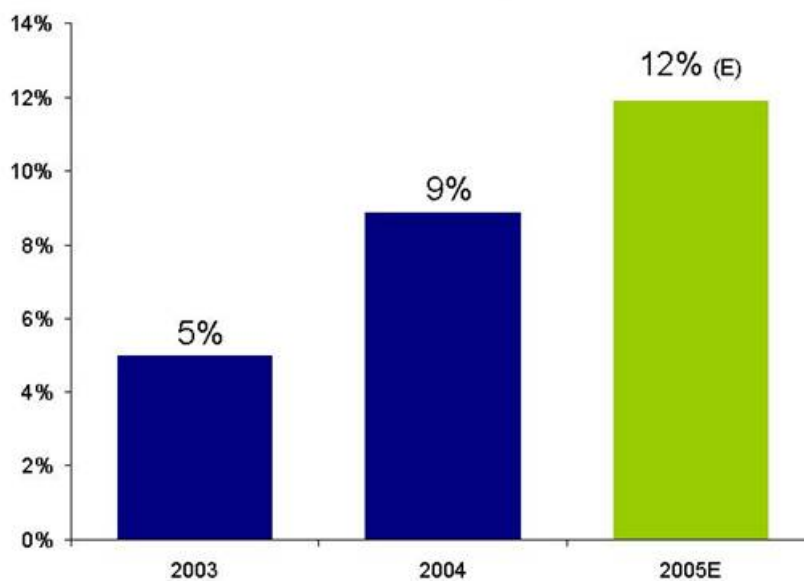
E - Based on management guidance issued on Nov. 16, 2005

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# Return On Assets



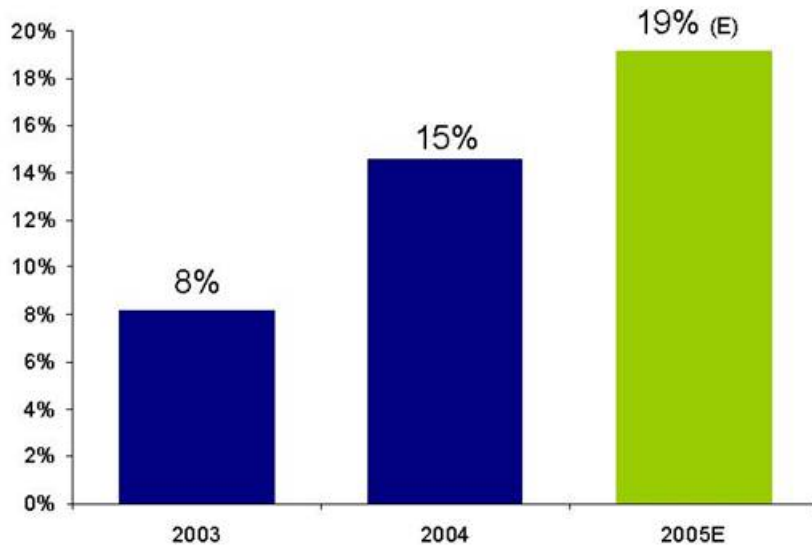
E - Based on management guidance issued on Nov. 16, 2005

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# Return On Equity



E - Based on management guidance issued on Nov. 16, 2005

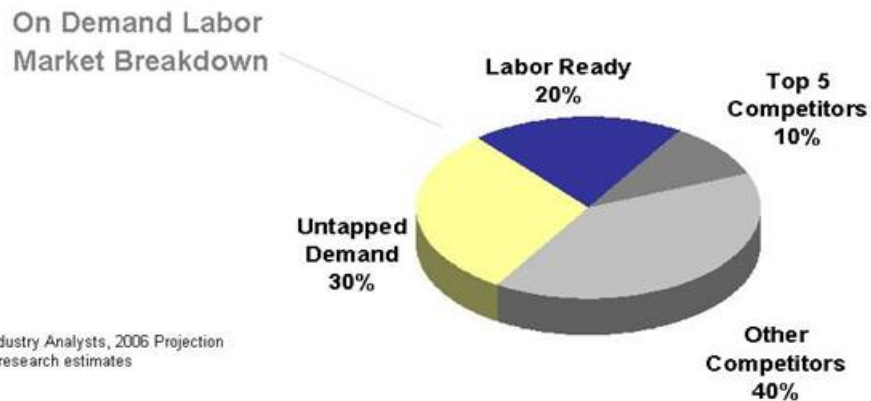
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# Growth Industry

- U.S. staffing market: \$131 billion industry <sup>(a)</sup>
- U.S. industrial staffing: \$22 billion <sup>(a)</sup>
- Estimated U.S. on-demand labor market: \$6–\$7 billion <sup>(b)</sup>



(a) Staffing Industry Analysts, 2006 Projection  
(b) Company research estimates

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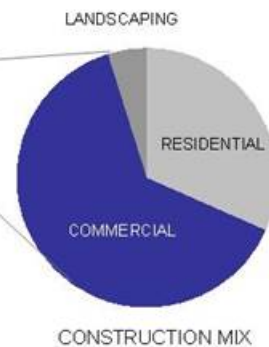
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# Diversified Customer Base

- More than 300,000 customers
  - Largest customer represents less than 2% of sales
  - Average yearly sales per customer of \$3,900
  - More than 400 industry classifications

Sales by Industry in 2005

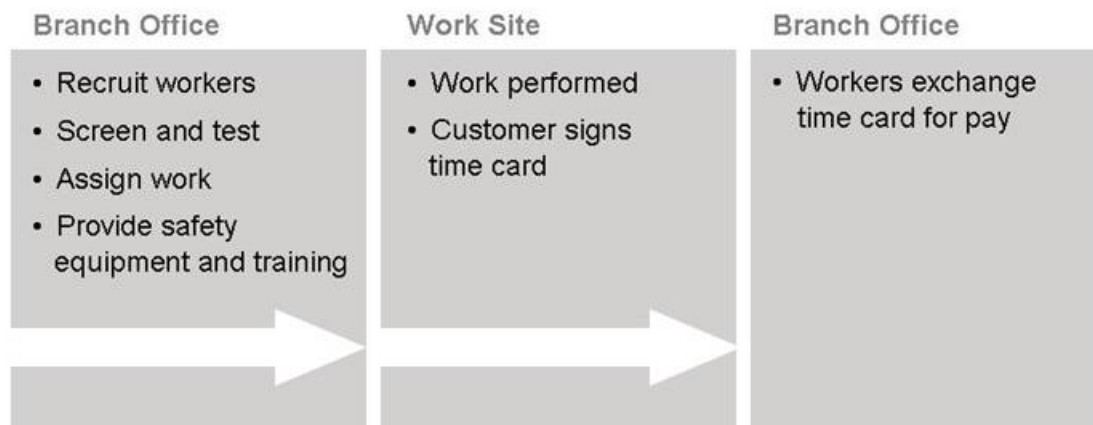
Construction & Landscaping	39%
Manufacturing	18%
Hospitality, Services & Other	18%
Transportation	10%
Wholesale	10%
Retail	6%



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# Branch Office Model

- Matching customer and worker needs

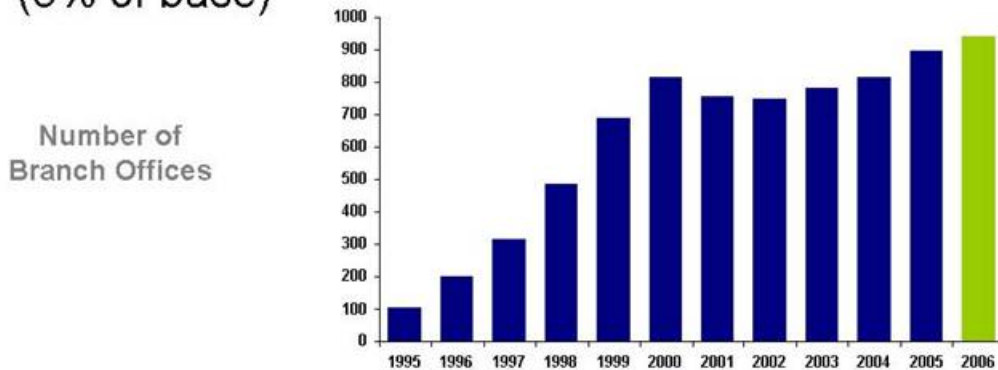


# Strong Value Proposition

- **Attracting customers with:**
  - Outsource the recruiting, screening and hiring of workers
  - Eliminate hiring and layoff costs
  - Access to workers on short notice
  - Management of labor costs
  - National scale and multiple locations
  - 100% Satisfaction Guarantee
- **Attracting workers with:**
  - Flexibility
  - Work Today – Paid Today
  - Access to full-time employment opportunities

# Branch Expansion

- Quickly developed branch footprint
- Acquired 25 branches in 2004; and 50 in 2005
- Opening approximately 45 new locations in 2006 (5% of base)



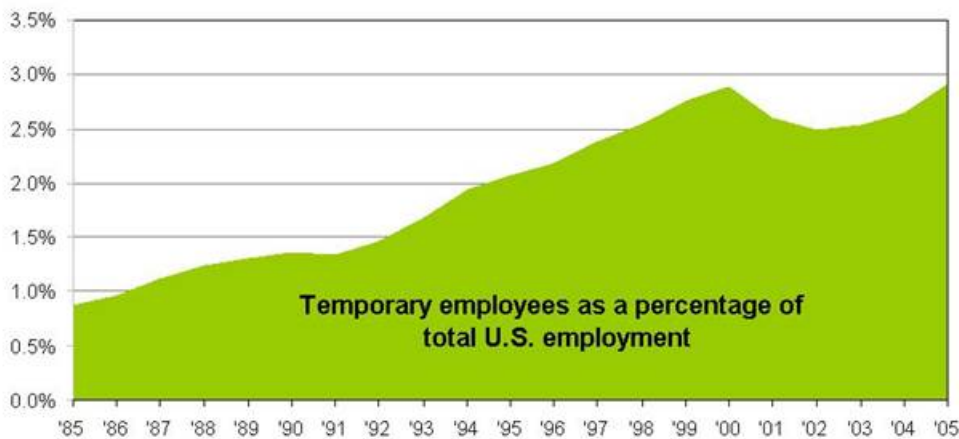
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# Temporary Employee Penetration

- Temporary employees make up a small but growing share of total employment in the U.S.



\* Source: Bureau of Labor Statistics

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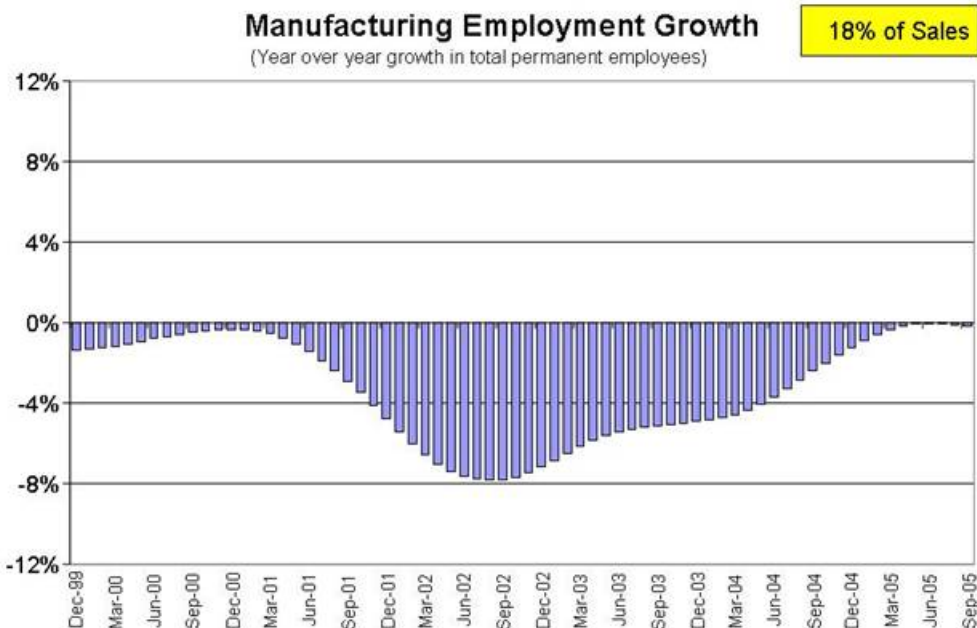
# Construction Employment Growth



Source: Bureau of Labor Statistics. Measured on a trailing 12 month basis. Not seasonally adjusted.  
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# Manufacturing Employment Growth



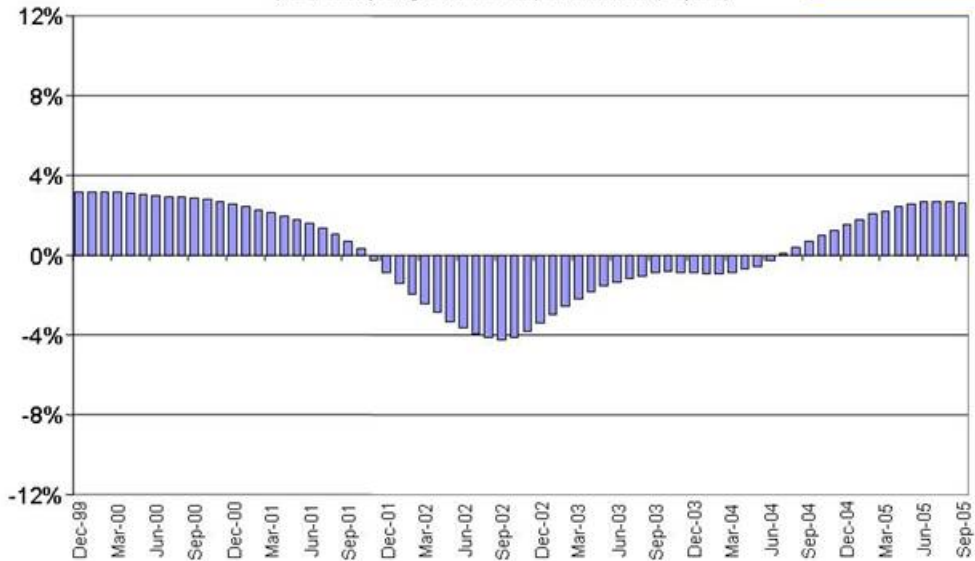
Source: Bureau of Labor Statistics. Measured on a trailing 12 month basis. Not seasonally adjusted.  
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# Transportation Employment Growth

**Transportation Employment Growth**  
(Year over year growth in total permanent employees)

9% of Sales



Source: Bureau of Labor Statistics. Measured on a trailing 12 month basis. Not seasonally adjusted.

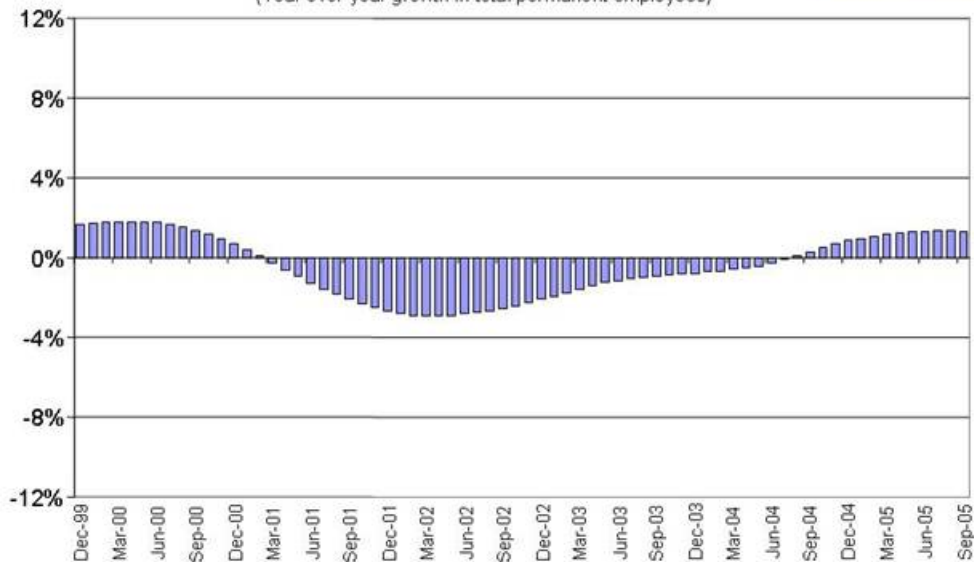
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# Wholesale Employment Growth

**Wholesale Trade Employment Growth**  
(Year over year growth in total permanent employees)

9% of Sales

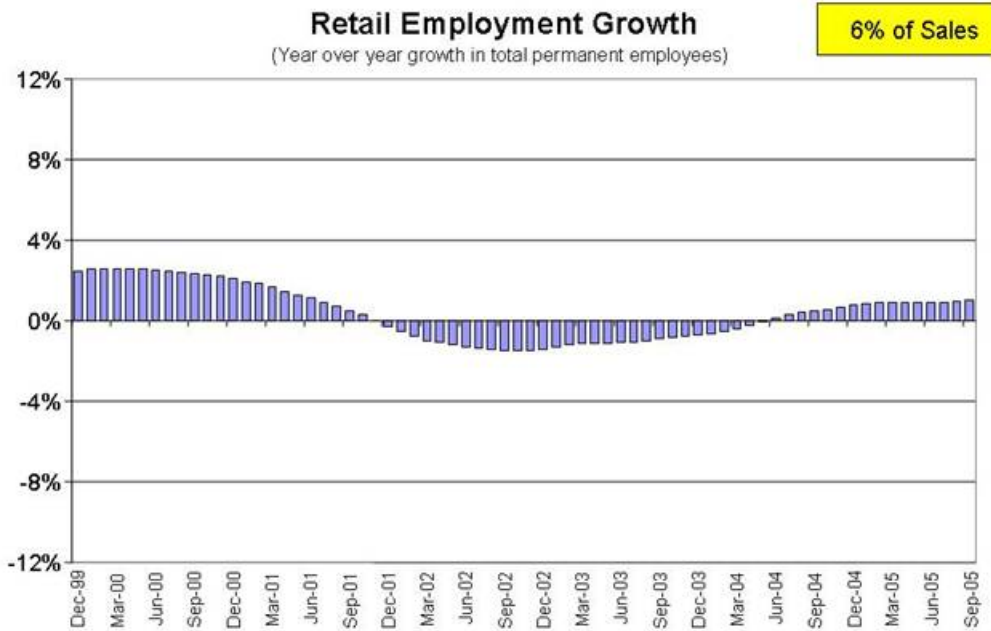


Source: Bureau of Labor Statistics. Measured on a trailing 12 month basis. Not seasonally adjusted.

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# Retail Employment Growth

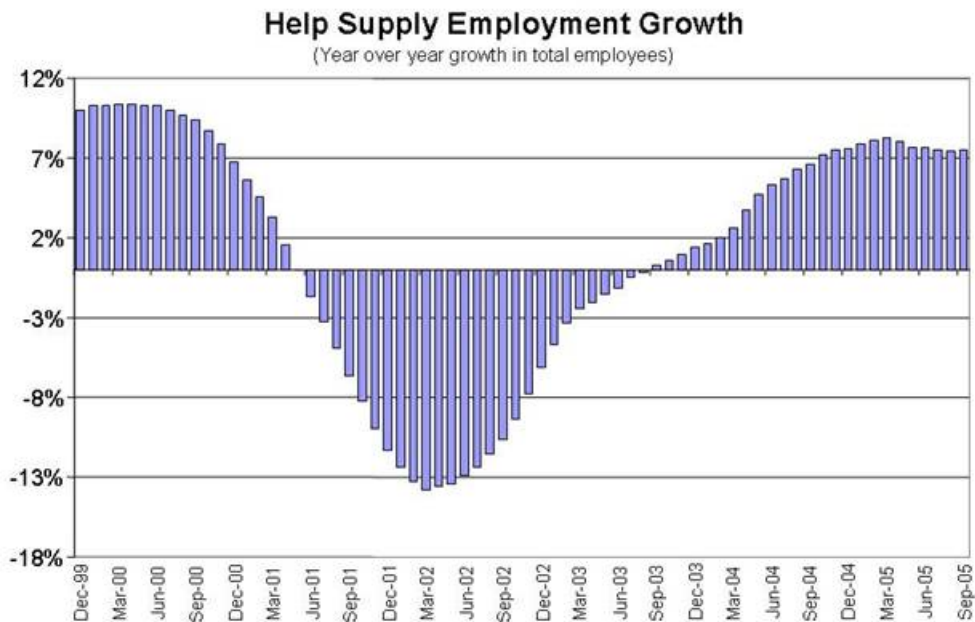


Source: Bureau of Labor Statistics. Measured on a trailing 12 month basis. Not seasonally adjusted.

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# Help Supply Employment Growth



Source: Bureau of Labor Statistics. Measured on a trailing 12 month basis. Not seasonally adjusted.

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# Favorable Demographic Trends

## Temporary Employment

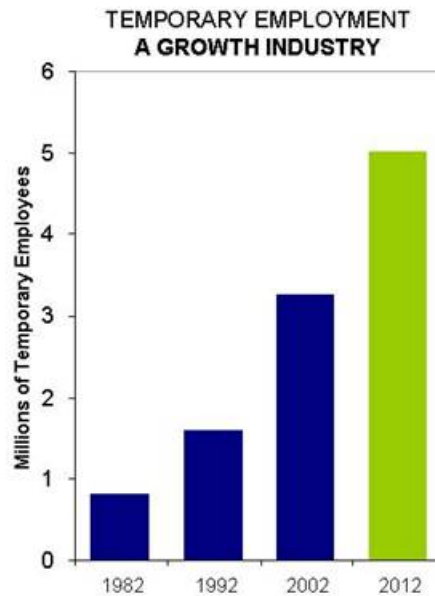
expected to be the fifth fastest growing industry over the next decade with nearly 1.8 million new jobs by 2012\*

## Unskilled Jobs

expected to make up 70% of the top 20 fastest growing occupations\*

## Construction

expected to be the only U.S. goods-producing industry with employment growth during the next decade\*






\* Source: Bureau of Labor Statistics, 2012 Projections

# Business Strategies and Financial Update

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## Key Business Strategies

-  1 Grow same branch revenues and profits
-  2 Expand into new markets
-  3 Diversify services and brands

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# Grow Same Branch Revenues & Profits

- **Sales**
  - Branches currently at 50% of optimal capacity
  - Comprehensive sales training launched in 2005
  - CRM System deployed in 2005
  - New sales force incentive plan slated for 2006
- **Customer Service**
  - Improved tenure rates of branch teams
  - Expanded customer call center operations
  - Expanded services for multi-branch customers
- **Leadership Development**
  - Experienced Sr. Management Team driving strategy
  - Tenure rates of operations leadership team at all-time high

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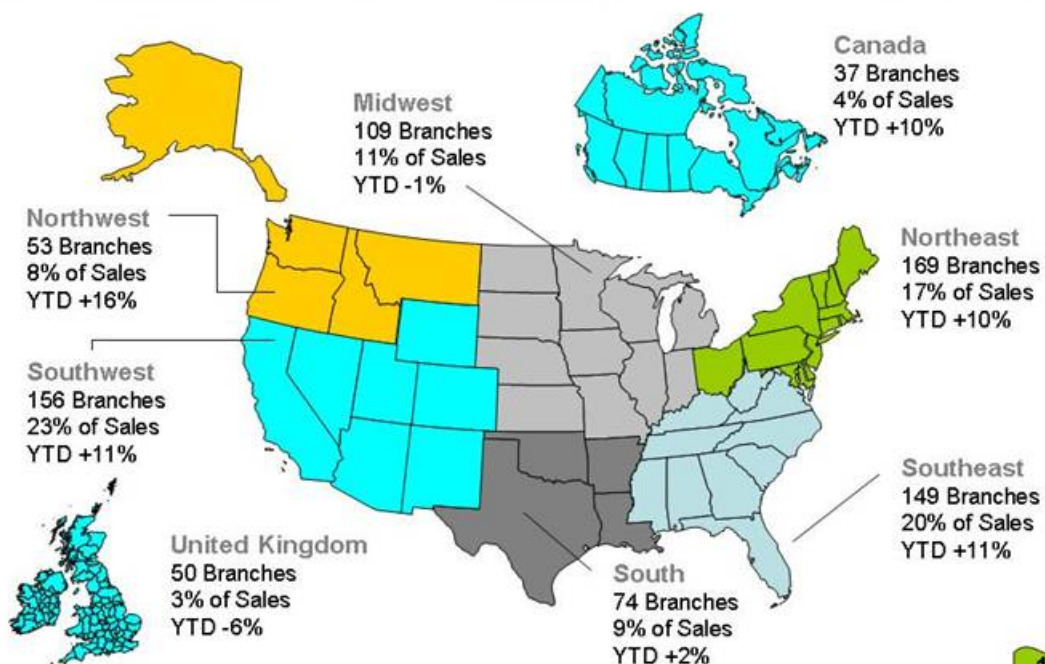


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# Regional Results

Excludes acquired locations from Spartan Staffing and CLP Resources



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# Branch Profit Potential

## SENSITIVITY ANALYSIS BASED ON

Revenue	\$1,400,000	\$1,600,000	\$1,800,000
Gross Profit	420,000	480,000	540,000
Gross Profit Margin	30.0%	30.0%	30.0%
Branch Expenses	216,000	230,000	244,000
As a % of Revenue	15.4%	14.4%	13.6%
Operating Income	\$204,000	\$250,000	\$296,000
Operating Income Margin	14.6%	15.6%	16.4%

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# Targeted Incremental Profit %

	Percentage of Incremental Same Branch Sales
Revenue	100%
Gross Profit	30%
Variable Operating Costs <sup>A</sup>	14%
Income before Taxes	16%
Net Income after Taxes	10%

A- Includes management's estimate of variable branch, region, and corporate costs as a percentage of incremental revenue.

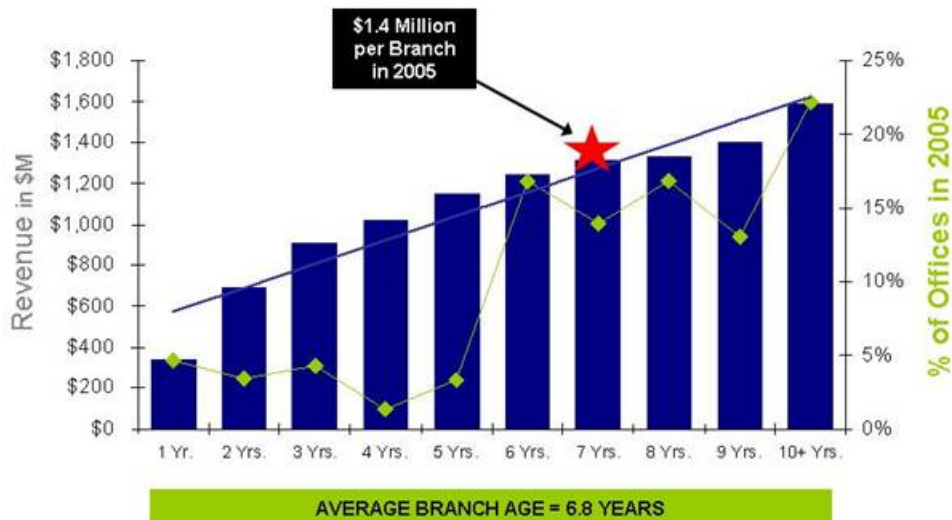
E- Based on management guidance issued on Nov. 16, 2005

2005E Net Income After Taxes  
Is Expected to be **5.0%** as  
a percentage of revenues.

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# Branch Maturity Drives Revenue

## Branch Revenue and Maturity (2002 – 2004 Avg.)



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Excludes acquired locations from Spartan Staffing and CLP Resources.

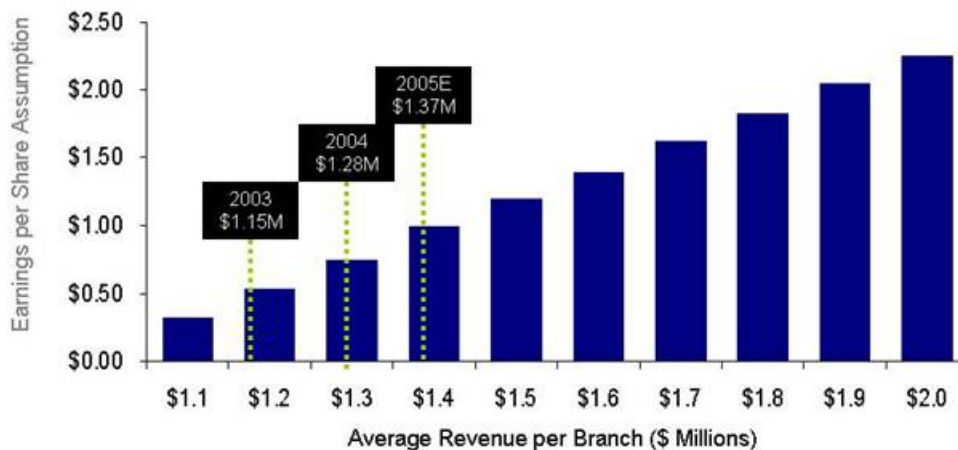


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# Operating Leverage Drives Profits

## Earnings Per Share Sensitivity Analysis (a)



(a) Earnings per share sensitivity analysis based on consistent gross profit margins, management's estimates of fixed and variable expenses, regional and back office overhead and related assumptions, at varying levels of per office revenues.

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E - Based on management guidance issued on Nov. 16, 2005



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## Expand into New Markets

- Holding New Branch Openings to 5% of Base
  - Limits dilution to current earnings
  - Modest number of new branch openings keeps field management focused on growing our existing branches
  - Avoids over–investment in the event of economic downturn
  - Consistent approach to levels of investment for new operations

# Expand into New Markets

- Resource Allocation:  
How We Decide Where to Expand
  - Market potential and return on investment
  - Human capital availability and readiness
  - Speed to breakeven
  - Track record of successful new branch expansion

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# Brand Distinctions



ON DEMAND	LIGHT INDUSTRIAL	SKILLED TRADES
Short Assignments	Longer Assignments	Longer Assignments
All Industries	Manufacturing & Warehousing	Construction
\$6-\$7 per Hour Wage Rate Daily Pay	\$7-\$8 per Hour Wage Rate Weekly Pay	\$12-\$18 per Hour Wage Rate Weekly Pay
90% of Marketing Focused on Customers	Marketing Efforts Split 50/50 Between Customers and Workers	Marketing Efforts Split 50/50 Between Customers and Workers
Small-Medium Customers	Small-Medium Customers	Small-Medium Customers

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# New Branch Economics

	<b>LABOR READY</b> <small>Dependable Temporary Labor</small>	<b>SPARTAN</b> <small>STAFFING</small>	<b>CLP</b> <small>SKILLED TRADER SOLUTIONS</small>
Capital Expenditure Costs	\$35,000	\$50,000	\$70,000
Revenue Expectations (in thousands)			
Gross Margins	30-32%	22-24%	28-30%
Initial Expense Structure	\$12,000 per Mo.	\$15,000 per Mo.	\$25,000 per Mo.
Targeted Breakeven Period	12 Months	15 Months	19 Months
Mature Branch Profitability <sup>a</sup>	12%	12%	12%
Targeted After-tax Return on Investment	35%	35%	35%

<sup>a</sup>Targeted branch-level profitability as a percentage of revenues in the fourth year of operation. Excludes regional and corporate costs, depreciation, amortization, interest and taxes.

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# 2006 Labor Ready Expansion Plans

- 20–25 New Labor Ready Locations
- Disbursed throughout North America
- No New Locations Planned for UK in 2006



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# 2006 Spartan Expansion Plans

- 10 New locations in 2006
- Areas of Expansion Focus:
  - Adjacent Markets



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# 2006 CLP Expansion Plans

- 12 New Locations in 2006
- Areas of Expansion Focus:
  - Texas and Florida



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# Diversify Services & Brands

- Rationale
  - Common customer base
  - Leverage recruiting resources
  - Channel synergies
  - Opportunity to create a growth platform
  - Opportunity to leverage management and systems
- Constraints
  - Fit and culture
  - Financial capital / investment return
  - Human capital
  - Speed of integration

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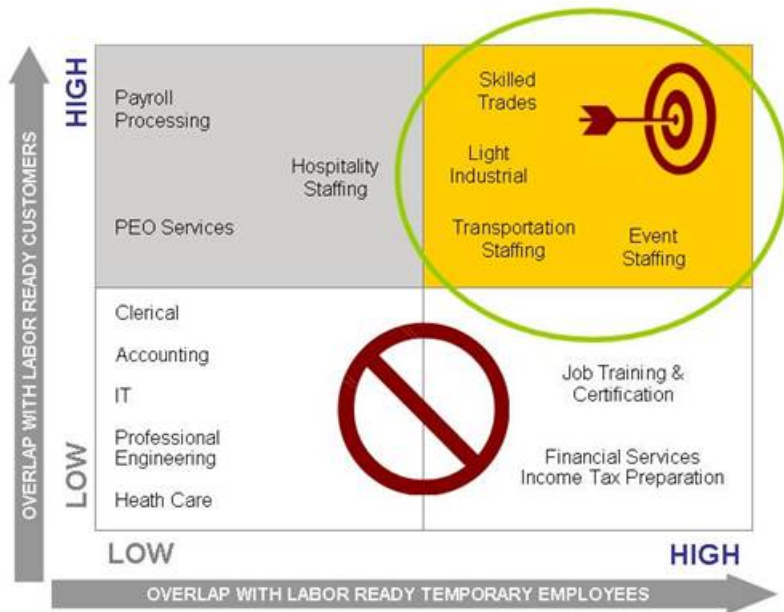
# Significant Growth Opportunities

- Available Through Diversification

Executing a strategy to build the dominant national provider in the fragmented temporary light industrial and skilled trades staffing industries, serving small- and mid-sized companies.

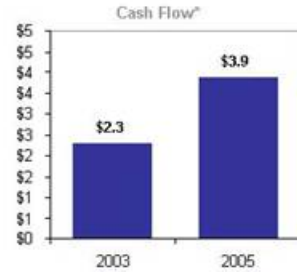
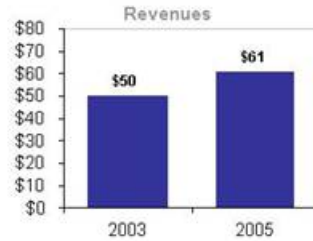


# Targeted Diversification



# Spartan Group Acquisition

- Acquired April 1, 2004
- 2003 Revenues of \$50 Million
- 2003 Cash Flow\* of \$2.3 Million
- \$9.8 Million Purchase Price
- Accretive: Projected 2005 Cash Flow\* of \$3.9 Million



\*Defined as net income before interest, taxes, depreciation and amortization measured over the trailing 12 months ended September 2005. Includes acquired branches only.

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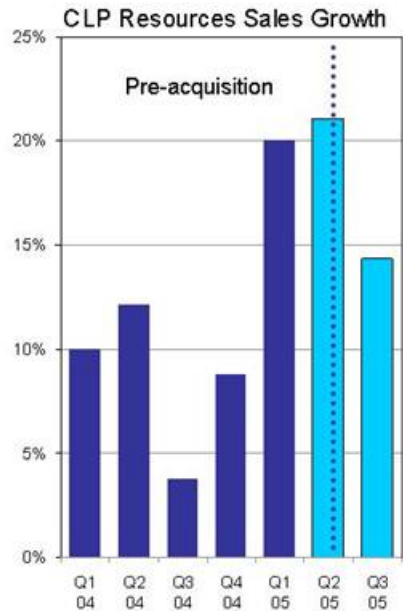


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# CLP Resources Acquisition

- Acquired May 27, 2005
- 2004 Revenues of \$114 Million
- 2004 Cash Flow\* of \$7.5 Million
- \$46 Million Purchase Price
- Accretive: Projected 2005 Cash Flow\* of \$6.5 Million



\*Defined as net income before interest, taxes, depreciation and amortization.

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# Speed of Integration

## Integration Phases

1. Culture
2. Policies and Systems
3. Cross Selling and Employee Referrals

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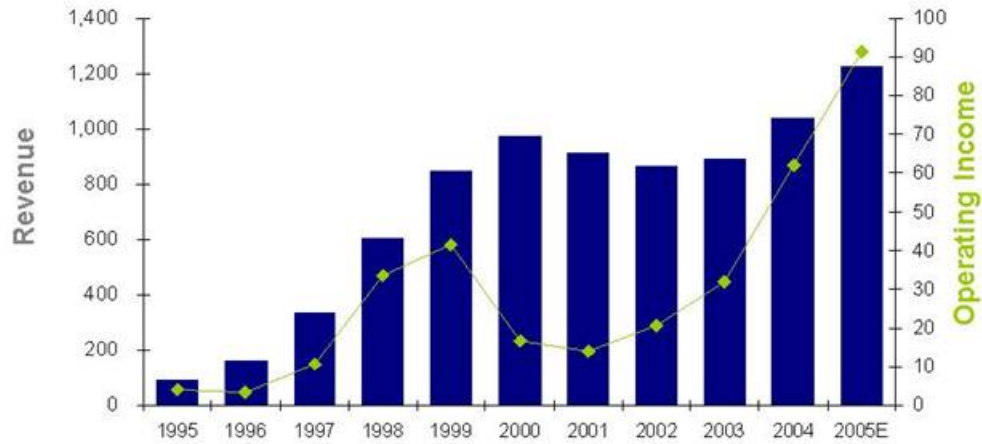
# Financial Highlights

- Improving revenue and profitability
- Strong gross margins
- Controlled operating costs
- Significant operating leverage
- Strong balance sheet

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# Long-Term Growth

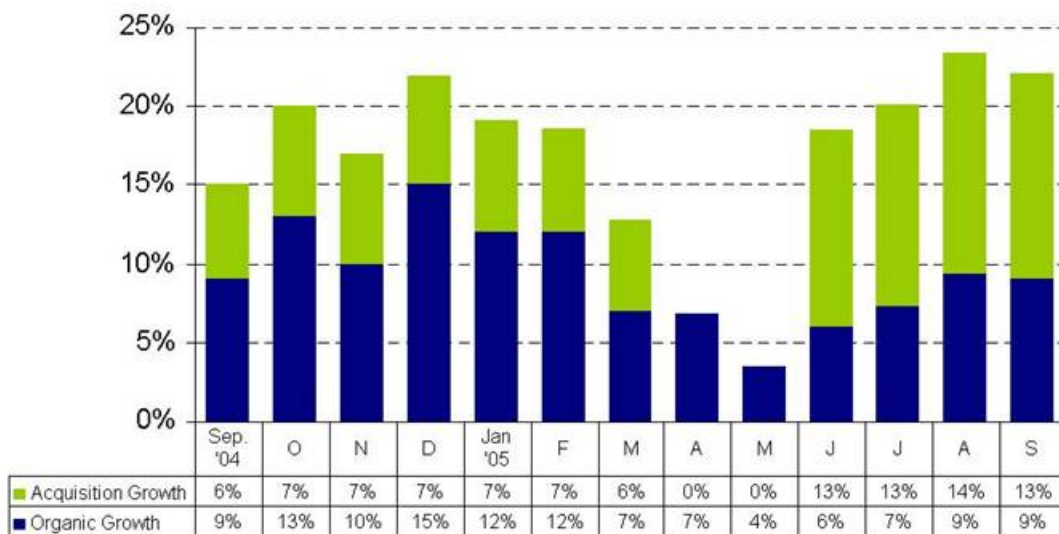
Annual Revenue and Operating Income (in \$M)



No. of Branches	106	200	316	486	687	816	756	748	779	815	895
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[Link to searchable text of slide shown above](#)

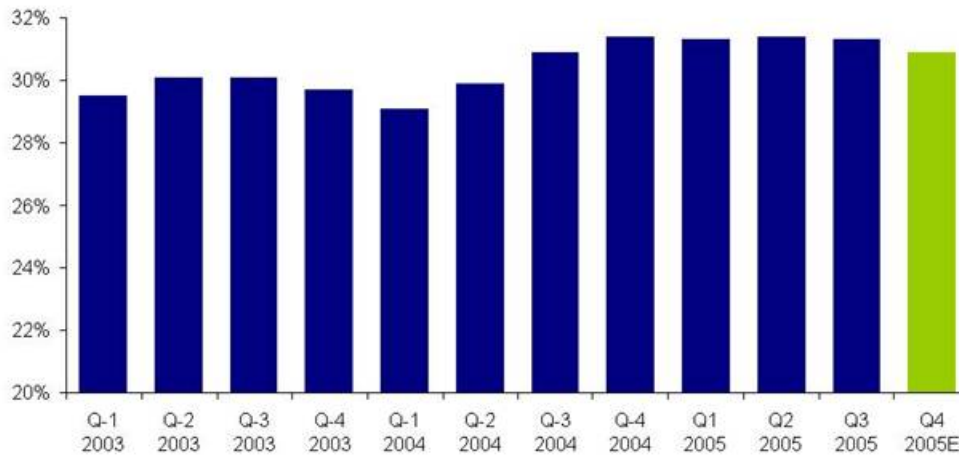
# Monthly Sales Growth Trends



[Link to searchable text of slide shown above](#)

# Consistent Gross Margin

- Gross Margin as a Percentage of Revenue

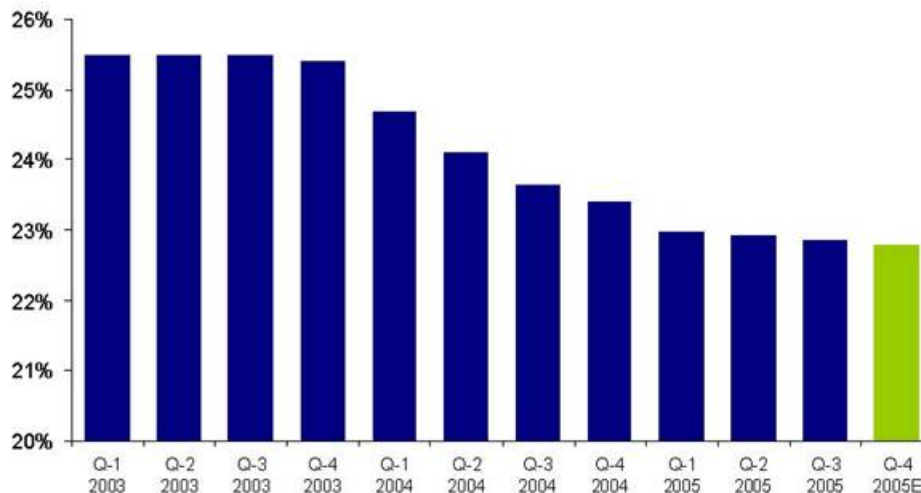


E - Based on management guidance issued on Nov. 16, 2005

[Link to searchable text of slide shown above](#)

# Selling, General & Admin. Costs

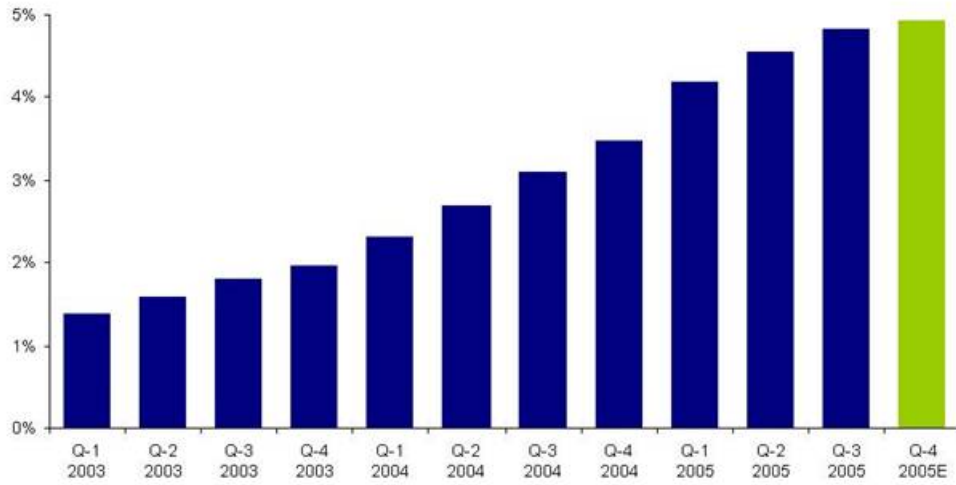
- Trailing four quarters as a percentage of revenue



E - Based on management guidance issued on Nov. 16, 2005

# Net Income

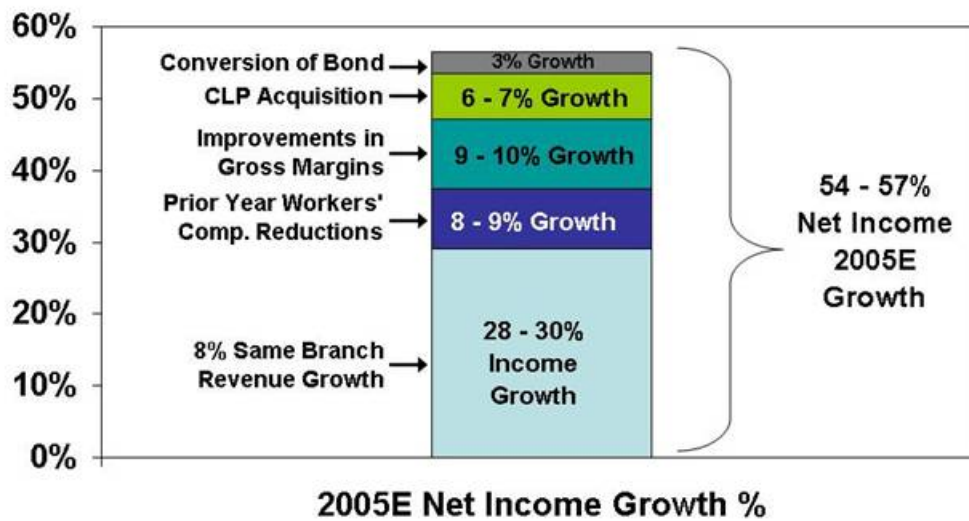
- Trailing four quarters as a percentage of revenue



E - Based on management guidance issued on Nov. 16, 2005



# 2005<sup>E</sup> Net Income Growth



[Link to searchable text of slide shown above](#)

# Strong Balance Sheet

	Q3 2005	Q4 2004
Cash and investments	\$130M	\$141M
Current ratio	3.0	3.2
Restricted cash	\$147M	\$129M
Workers' compensation reserve	\$168M	\$136M
Long term debt	\$ 2M	\$ 73M
Shareholders' equity	\$330M	\$202M

[Link to searchable text of slide shown above](#)

# Financial Outlook

	2003	2004	2005 <sup>E</sup>	2006 Forecast <sup>E</sup>
Revenues	\$891	\$1044	\$1,225 - 1,230	\$1,370 - \$1,390
Organic Growth	3%	12%	9 - 10%	7% - 9%
Acquisition Growth	0%	5%	8%	4%
Total Revenue Growth	3%	17%	17 - 18%	11% - 13%
Net Income	\$18	\$39	\$59 - \$60	\$71 - \$74
Net Income Growth	51%	107%	54 - 57%	18% - 23%
"Share-based Payments"			\$0.02	\$0.06
Earnings per Share	\$0.41	\$0.75	\$1.13-\$1.15	\$1.30-\$1.35

Amounts in millions of U.S. dollars, except per share amounts.  
E - Based on management guidance issued on Nov. 16, 2005

LABOR READY WE PUT PEOPLE TO WORK

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[Link to searchable text of slide shown above](#)

## Investment Highlights

- Market leader in fragmented industry
- Large and growing market
- Favorable demographic trends
- Diverse customer base
- Scalable and flexible model
- Significant capacity for operating margin expansion
- Strong management and controls

Labor Ready is realizing **significant operating leverage** as it benefits from a **growing economy** and the maturation of its existing branch network.

LABOR READY WE PUT PEOPLE TO WORK

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[Link to searchable text of slide shown above](#)

## Searchable text section of graphics shown above

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### Labor Ready Analyst Day

[GRAPHIC]

**LABOR READY WE PUT PEOPLE TO WORK**

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### Safe Harbor Statement

#### *Cautionary Note about Forward-Looking Statements*

Certain statements made by us in this presentation that are not historical facts or that relate to future plans, events or performances are forward-looking statements within the meaning of the federal securities laws. Our actual results may differ materially from those expressed in any forward-looking statements made by us. Forward-looking statements involve a number of risks and uncertainties including, but not limited to, the risks described in the Company's most recent 10-K and 10-Q filings. All forward-looking statements are qualified by those risk factors.

1

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### Introduction to Directors

Bob Sullivan  
Chairman

Keith Grinstein

Gates McKibbin

Joe Sambataro

Bill Steele

2

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### Management Team

Joe Sambataro  
CEO

Steve Cooper  
President & CFO

Bob Breen  
VP, Strategic Planning

Chris Burger  
Regional VP, Operations

Jim Defebaugh  
VP & General Counsel

Derrek Gafford  
VP, Finance

Yolanda Hubbard  
VP, National Sales & Marketing

Wayne Larkin  
Regional VP, Operations

Gary North  
Regional VP, Operations

Billie Otto  
VP, Chief Information Officer

**“We Put People to Work.”**

More than 600,000 people employed annually

[LOGO]

The largest supplier of on-demand manual labor with branch locations in the U.S., Canada and the U.K.

**797 BRANCHES**

[LOGO]

One of the largest companies focusing exclusively on skilled trades staffing.

**53 BRANCHES**

[LOGO]

Southeastern supplier of on-demand manual labor with locations in Florida and other Southeastern states.

**21 BRANCHES**

[LOGO]

Supplier of light industrial labor to small- and mid-size businesses with locations in Florida and other Southeastern states.

**18 BRANCHES**

**Investment Highlights**

- Market leader in fragmented industry
- Large and growing market
- Favorable demographic trends
- Diverse customer base
- Scalable and flexible model
- Significant capacity for operating margin expansion
- Strong management and controls

Labor Ready is realizing **significant operating leverage** as it benefits from a **growing economy** and the maturation of its existing branch network.

**Consolidated Revenues**

[CHART]

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(E) - Based on management guidance issued on Nov. 16, 2005

**Average Sales per Branch**

[CHART]

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(E) - Based on management guidance issued on Nov. 16, 2005

**Consolidated Net Income %**

[CHART]

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(E) - Based on management guidance issued on Nov. 16, 2005

8

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**Diluted Earnings per Share**

[CHART]

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(E) - Based on management guidance issued on Nov. 16, 2005

9

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**Return On Assets**

[CHART]

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(E) - Based on management guidance issued on Nov. 16, 2005

10

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**Return On Equity**

[CHART]

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(E) - Based on management guidance issued on Nov. 16, 2005

11

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**Growth Industry**

- U.S. staffing market: \$131 billion industry (a)
- U.S. industrial staffing: \$22 billion (a)
- Estimated U.S. on-demand labor market: \$6-\$7 billion (b)

**On Demand Labor  
Market Breakdown**

[CHART]

- 
- (a) Staffing Industry Analysts, 2006 Projection  
(b) Company research estimates

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**Diversified Customer Base**

- More than 300,000 customers
  - Largest customer represents less than 2% of sales
  - Average yearly sales per customer of \$3,900
  - More than 400 industry classifications

**Sales by Industry in 2005**

Construction & Landscaping	39%
Manufacturing	18%

Hospitality, Services & Other	18%
Transportation	10%
Wholesale	10%
Retail	6%

[CHART]

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**Branch Office Model**

- Matching customer and worker needs

**Branch Office**

- Recruit workers
- Screen and test
- Assign work
- Provide safety equipment and training

**Work Site**

- Work performed
- Customer signs time card

**Branch Office**

- Workers exchange time card for pay

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**Strong Value Proposition**

- Attracting customers with:
  - Outsource the recruiting, screening and hiring of workers
  - Eliminate hiring and layoff costs
  - Access to workers on short notice
  - Management of labor costs
  - National scale and multiple locations
  - 100% Satisfaction Guarantee
- Attracting workers with:
  - Flexibility
  - Work Today – Paid Today
  - Access to full-time employment opportunities

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**Branch Expansion**

- Quickly developed branch footprint
- Acquired 25 branches in 2004; and 50 in 2005
- Opening approximately 45 new locations in 2006 (5% of base)

**Number of Branch Offices**

[CHART]

16

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**Temporary Employee Penetration**

- Temporary employees make up a small but growing share of total employment in the U.S.

[CHART]

\* Source: Bureau of Labor Statistics

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## Construction Employment Growth

### Construction Employment Growth (Year over year growth in total permanent employees)

39% of Sales

[CHART]

Source: Bureau of Labor Statistics. Measured on a trailing 12 month basis. Not seasonally adjusted.

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## Manufacturing Employment Growth

### Manufacturing Employment Growth (Year over year growth in total permanent employees)

18% of Sales

[CHART]

Source: Bureau of Labor Statistics. Measured on a trailing 12 month basis. Not seasonally adjusted.

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## Transportation Employment Growth

### Transportation Employment Growth (Year over year growth in total permanent employees)

9% of Sales

[CHART]

Source: Bureau of Labor Statistics. Measured on a trailing 12 month basis. Not seasonally adjusted.

20

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## Wholesale Employment Growth

### Wholesale Trade Employment Growth (Year over year growth in total permanent employees)

9% of Sales

[CHART]

Source: Bureau of Labor Statistics. Measured on a trailing 12 month basis. Not seasonally adjusted.

21

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## Retail Employment Growth

### Retail Employment Growth (Year over year growth in total permanent employees)

6% of Sales

[CHART]

Source: Bureau of Labor Statistics. Measured on a trailing 12 month basis. Not seasonally adjusted.

22

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**Help Supply Employment Growth**  
(Year over year growth in total employees)

[CHART]

Source: Bureau of Labor Statistics. Measured on a trailing 12 month basis. Not seasonally adjusted.

23

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**Favorable Demographic Trends**

**Temporary Employment**

expected to be the fifth fastest growing industry over the next decade with nearly 1.8 million new jobs by 2012\*

**Unskilled Jobs**

expected to make up 70% of the top 20 fastest growing occupations\*

**Construction**

expected to be the only U.S. goods-producing industry with employment growth during the next decade\*

TEMPORARY EMPLOYMENT  
A GROWTH INDUSTRY

[CHART]

\* Source: Bureau of Labor Statistics, 2012 Projections

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**Business Strategies  
and  
Financial Update**

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**Key Business Strategies**



Grow same branch revenues and profits



Expand into new markets



Diversify services and brands

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**Grow Same Branch Revenues & Profits**

- Sales
  - Branches currently at 50% of optimal capacity
  - Comprehensive sales training launched in 2005
  - CRM System deployed in 2005
  - New sales force incentive plan slated for 2006
- Customer Service
  - Improved tenure rates of branch teams
  - Expanded customer call center operations
  - Expanded services for multi-branch customers
- Leadership Development
  - Experienced Sr. Management Team driving strategy



- Tenure rates of operations leadership team at all-time high



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### Regional Results

Excludes acquired locations from Spartan Staffing and CLP Resources

[GRAPHIC]



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### Branch Profit Potential

#### SENSITIVITY ANALYSIS BASED ON

	\$ 1,400,000	\$ 1,600,000	\$ 1,800,000
Revenue	\$ 1,400,000	\$ 1,600,000	\$ 1,800,000
Gross Profit	420,000	480,000	540,000
Gross Profit Margin	30.0%	30.0%	30.0%
Branch Expenses	216,000	230,000	244,000
As a % of Revenue	15.4%	14.4%	13.6%
Operating Income	\$ 204,000	\$ 250,000	\$ 296,000
Operating Income Margin	14.6%	15.6%	16.4%



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### Targeted Incremental Profit %

	Percentage of Incremental Same Branch Sales
Revenue	100%
Gross Profit	30%
Variable Operating Costs(A)	14%
Income before Taxes	16%
Net Income after Taxes	10%

2005(E) Net Income After Taxes Is Expected to be **5.0%** as a percentage of revenues.

(A) - Includes management's estimate of variable branch, region, and corporate costs as a percentage of incremental revenue.

(E) - Based on management guidance issued on Nov. 16, 2005



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### Branch Maturity Drives Revenue

Branch Revenue and Maturity (2002 – 2004 Avg.)

[CHART]

**AVERAGE BRANCH AGE = 6.8 YEARS**

Excludes acquired locations from Spartan Staffing and CLP Resources.

**Operating Leverage Drives Profits**

Earnings Per Share Sensitivity Analysis (a)

[CHART]

(a) Earnings per share sensitivity analysis based on consistent gross profit margins, management's estimates of fixed and variable expenses, regional and back office overhead and related assumptions, at varying levels of per office revenues.

(E) - - Based on management guidance issued on Nov. 16, 2005

**Expand into New Markets**

- Holding New Branch Openings to 5% of Base
  - Limits dilution to current earnings
  - Modest number of new branch openings keeps field management focused on growing our existing branches
  - Avoids over-investment in the event of economic downturn
  - Consistent approach to levels of investment for new operations

- Resource Allocation:  
How We Decide Where to Expand
  - Market potential and return on investment
  - Human capital availability and readiness
  - Speed to breakeven
  - Track record of successful new branch expansion

**Brand Distinctions**

[LOGO]

[LOGO]

[LOGO]

**ON DEMAND****LIGHT INDUSTRIAL****SKILLED TRADES**

Short Assignments	Longer Assignments	Longer Assignments
All Industries	Manufacturing & Warehousing	Construction
\$6-\$7 per Hour Wage Rate Daily Pay	\$7-\$8 per Hour Wage Rate Weekly Pay	\$12-\$18 per Hour Wage Rate Weekly Pay
90% of Marketing Focused on Customers	Marketing Efforts Split 50/50 Between Customers and Workers	Marketing Efforts Split 50/50 Between Customers and Workers
<b>Small-Medium Customers</b>	<b>Small-Medium Customers</b>	<b>Small-Medium Customers</b>

**New Branch Economics**

	[LOGO]	[LOGO]	[LOGO]
Capital Expenditure Costs	\$ 35,000	\$ 50,000	\$ 70,000
Revenue Expectations (in thousands)	[CHART]	[CHART]	[CHART]
Gross Margins	30-32%	22-24%	28-30%
Initial Expense Structure	\$ 12,000 per Mo.	\$ 15,000 per Mo.	\$ 25,000 per Mo.
Targeted Breakeven Period	12 Months	15 Months	19 Months
Mature Branch Profitability (a)	12%	12%	12%
Targeted After-tax Return on Investment	35%	35%	35%

(a) Targeted branch-level profitability as a percentage of revenues in the fourth year of operation. Excludes regional and corporate costs, depreciation, amortization, interest and taxes.



**2006 Labor Ready Expansion Plans**

- 20–25 New Labor Ready Locations
- Disbursed throughout North America
- No New Locations Planned for UK in 2006

[GRAPHIC]



**2006 Spartan Expansion Plans**

- 10 New locations in 2006 [LOGO]
- Areas of Expansion Focus:
  - Adjacent Markets

[GRAPHIC]



**2006 CLP Expansion Plans**

- 12 New Locations in 2006 [LOGO]
- Areas of Expansion Focus:
  - Texas and Florida

[GRAPHIC]



## Diversify Services & Brands

- Rationale
  - Common customer base
  - Leverage recruiting resources
  - Channel synergies
  - Opportunity to create a growth platform
  - Opportunity to leverage management and systems
- Constraints
  - Fit and culture
  - Financial capital / investment return
  - Human capital
  - Speed of integration



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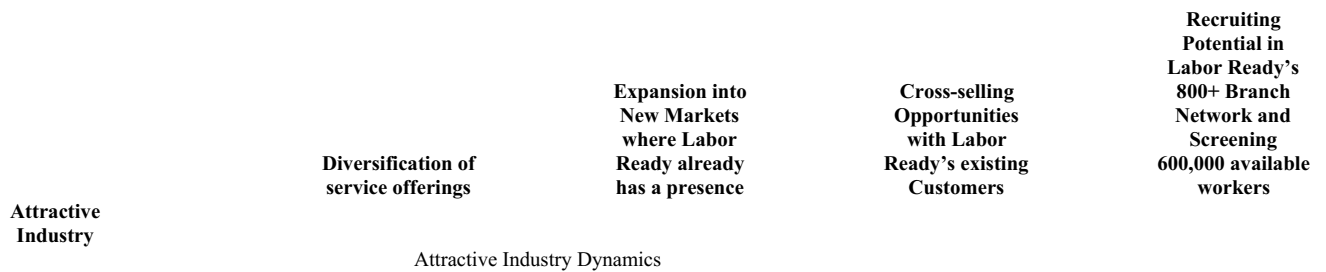
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## Significant Growth Opportunities

- Available Through Diversification

Executing a strategy to build the dominant national provider in the fragmented temporary light industrial and skilled trades staffing industries, serving small- and mid-sized companies.

### TEAMING UP WITH LABOR READY



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## Targeted Diversification

[GRAPHIC]



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## Spartan Group Acquisition

- Acquired April 1, 2004
- 2003 Revenues of \$50 Million
- 2003 Cash Flow\* of \$2.3 Million
- \$9.8 Million Purchase Price
- Accretive: Projected 2005 Cash Flow\* of \$3.9 Million

[LOGO]

Revenues

[CHART]

Cash Flow\*

[CHART]

\*Defined as net income before interest, taxes, depreciation and amortization measured over the trailing 12 months ended September 2005. Includes acquired branches only.



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### CLP Resources Acquisition

- Acquired May 27, 2005
- 2004 Revenues of \$114 Million
- 2004 Cash Flow\* of \$7.5 Million
- \$46 Million Purchase Price
- Accretive: Projected 2005 Cash Flow\* of \$6.5 Million

[LOGO]

CLP Resources Sales Growth

[CHART]

\*Defined as net income before interest, taxes, depreciation and amortization.



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### Speed of Integration

Integration Phases

1. Culture
2. Policies and Systems
3. Cross Selling and Employee Referrals



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### Financial Highlights

- Improving revenue and profitability
- Strong gross margins
- Controlled operating costs
- Significant operating leverage
- Strong balance sheet

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### Long-Term Growth

## Annual Revenue and Operating Income (in \$M)

[CHART]

(E) - Based on management guidance issued on Nov. 16, 2005

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## Monthly Sales Growth Trends

[CHART]

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## Consistent Gross Margin

- Gross Margin as a Percentage of Revenue

[CHART]

(E) - Based on management guidance issued on Nov. 16, 2005

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## Selling, General & Admin. Costs

- Trailing four quarters as a percentage of revenue

[CHART]

(E) - Based on management guidance issued on Nov. 16, 2005

49

## Net Income

- Trailing four quarters as a percentage of revenue

[CHART]

(E) - Based on management guidance issued on Nov. 16, 2005

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## 2005(E) Net Income Growth

[CHART]

(E) - Based on management guidance issued on Nov. 16, 2005

51

## Strong Balance Sheet

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Shareholders' equity	\$	330M	\$	202M

52

### Financial Outlook

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Net Income Growth	51 %	107 %	54 - 57 %	18 - 23 %
“Share-based Payments”			\$0.02	\$0.06
<b>Earnings per Share</b>	\$ <b>0.41</b>	\$ <b>0.75</b>	<b>\$1.13-\$1.15</b>	<b>\$1.30-\$1.35</b>

Amounts in millions of U.S. dollars, except per share amounts.

(E) - Based on management guidance issued on Nov. 16, 2005

53

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