

CDI CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(Amounts in thousands, except per share amounts, unless otherwise indicated)

Long-Lived Assets - The Company evaluates long-lived assets and intangible assets with definite lives for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When it is probable that undiscounted future cash flows will not be sufficient to recover an asset's carrying amount, the asset is written down to its fair value. Assets to be disposed of by sale are reported at the lower of the carrying amount or fair value less cost to sell.

Joint Ventures - The Company applies the equity-method of accounting for investments for which it has the ability to exercise significant influence, but not control, over the investee. Significant influence is generally deemed to exist if the Company has an ownership interest in the voting stock of the investee of between 20% to 50%. The Company recognizes its proportionate share of the investee's results within the operating results in the consolidated statements of operations, if applicable.

The Company consolidates investments for which it has the ability to control or for which it has an ownership interest in the voting stock of the investee in excess of 50%. The portion of the results not attributable to the Company's controlling interest in the investee's results is presented as "Income attributable to the noncontrolling interest" in the consolidated statements of operations.

Leases - The Company leases office facilities and equipment under operating leases. For significant lease agreements that provide for escalating rent payments or free-rent occupancy periods, the Company recognizes rent expense on a straight-line basis over the non-cancelable lease term. The lease term commences on the date when all conditions precedent to the Company's obligation to pay rent are satisfied. Deferred rent is included in "Other accrued expenses and other current liabilities" and "Other non-current liabilities" in the consolidated balance sheets.

Share-Based Compensation - The Company accounts for share-based compensation based on the fair value of the award at the date of grant for equity-classified awards or as re-measured each reporting date for liability-classified awards until such awards no longer remain outstanding. The Company estimates the fair value of awards of equity share options or similar awards using option-pricing models, including the Black-Scholes and Monte Carlo simulation models, and generally recognizes this value as compensation expense ratably over the requisite service period, net of estimated forfeitures.

Recent Accounting Pronouncements

In July 2013, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2013-11 Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss or a Tax Credit Carryforward Exists (ASU 2013-11). With certain exceptions, ASU 2013-11 requires entities to present an unrecognized tax benefit, or portion of an unrecognized tax benefit, as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss or a tax credit carryforward. The guidance is effective for interim and annual periods beginning after December 15, 2013 on either a prospective or retrospective basis with early adoption permitted. The Company does not expect adoption of this guidance to have a material impact on its consolidated financial position, results of operations or cash flows.

In March 2013, the FASB issued ASU No. 2013-05 Foreign Currency Matters (Topic 830): Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity. ASU 2013-05 clarifies when to release the cumulative translation adjustment into net income for transactions involving the disposition of some or all of an investment or a business combination achieved in stages (step acquisitions). The amendments are effective prospectively for interim and annual periods beginning on or after December 15, 2013. The Company does not expect adoption of this guidance to have a material impact on its consolidated financial position, results of operations or cash flows.

2. Property and Equipment

Property and equipment, net was comprised of the following for the indicated periods:

	December 31,	
	2013	2012
Computer equipment	\$ 46,427	\$ 40,281
Equipment and furniture	19,429	18,881
Software	28,249	29,538
Leasehold improvements	8,935	8,549
Total property and equipment	103,040	97,249
Accumulated depreciation	(82,512)	(75,159)
Property and equipment, net	\$ 20,528	\$ 22,090

CDI CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(Amounts in thousands, except per share amounts, unless otherwise indicated)

During the years ended December 31, 2013 and 2012, the Company capitalized \$0.7 million and \$0.2 million, respectively, of internal-use software acquisition and development costs. During 2013 and 2012, the Company recorded adjustments to retire \$1.4 million and \$10.3 million, respectively, of property and equipment and removed the associated \$1.0 million and \$9.8 million, respectively, of accumulated depreciation, recognizing a loss of \$0.4 million and \$0.5 million, respectively.

3. Fair Value Disclosures

The Company maintains a non-qualified Deferred Compensation Plan for highly compensated employees. The assets of the plan are held in the name of CDI at a third-party financial institution. Separate accounts are maintained for each participant to reflect the amounts deferred by the participant and all earnings and losses on those deferred amounts. The assets of the plan are held in publicly traded mutual funds. The fair value of the plan assets is calculated using the market price of the mutual funds as of the end of the period.

The following tables summarize the assets and liabilities measured at fair value on a recurring basis by level of the fair value hierarchy for the indicated periods:

Description	Fair Value Measurements as of December 31, 2013	Fair Value Measurements as of December 31, 2013 using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds:				
Bond	\$ 1,495	\$ 1,495	\$ —	\$ —
Large Cap	2,925	2,925	—	—
International	1,227	1,227	—	—
Mid Cap	750	750	—	—
Small Cap	738	738	—	—
Balanced	348	348	—	—
Money Market Funds	1,512	1,512	—	—
Total Assets ⁽¹⁾	<u>\$ 8,995</u>	<u>\$ 8,995</u>	<u>\$ —</u>	<u>\$ —</u>

⁽¹⁾ As of December 31, 2013, \$0.3 million and \$8.7 million are included in "Prepaid expenses and other current assets" (liability offset in "Other accrued expenses and other current liabilities") and "Other non-current assets" (liability offset in "Deferred compensation"), respectively, in the consolidated balance sheets reflecting the non-qualified Deferred Compensation Plan assets.

Description	Fair Value Measurements as of December 31, 2012	Fair Value Measurements as of December 31, 2012 using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds:				
Bond	\$ 1,972	\$ 1,972	\$ —	\$ —
Large Cap	1,980	1,980	—	—
International	917	917	—	—
Mid Cap	383	383	—	—
Small Cap	509	509	—	—
Balanced	354	354	—	—
Money Market Funds	1,508	1,508	—	—
Total Assets ⁽¹⁾	<u>\$ 7,623</u>	<u>\$ 7,623</u>	<u>\$ —</u>	<u>\$ —</u>

⁽¹⁾ As of December 31, 2012, \$0.3 million and \$7.3 million are included in "Prepaid expenses and other current assets" (liability offset in "Other accrued expenses and other current liabilities") and "Other non-current assets" (liability offset in "Deferred compensation"), respectively, in the consolidated balance sheets

reflecting the non-qualified Deferred Compensation Plan assets.

CDI CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(Amounts in thousands, except per share amounts, unless otherwise indicated)

4. Goodwill and Other Intangible Assets

The following table summarizes the changes in the Company's carrying value of goodwill by reporting segment for the indicated periods:

	December 31, 2012				December 31, 2013	
	Gross Balance	Accumulated Impairment Losses	Additions	Translation and Other Adjustments	Gross Balance	Accumulated Impairment Losses
GETS	\$ 35,713	\$ (164)	\$ —	\$ —	\$ 35,713	\$ (164)
PSS	48,245	(31,448)	—	221	47,075	(30,057)
MRI	16,578	(6,915)	—	50	16,765	(7,052)
Total goodwill	<u>\$ 100,536</u>	<u>\$ (38,527)</u>	<u>\$ —</u>	<u>\$ 271</u>	<u>\$ 99,553</u>	<u>\$ (37,273)</u>

	December 31, 2011				December 31, 2012	
	Gross Balance	Accumulated Impairment Losses	Additions	Translation and Other Adjustments	Gross Balance	Accumulated Impairment Losses
GETS	\$ 35,713	\$ (164)	\$ —	\$ —	\$ 35,713	\$ (164)
PSS	47,019	(30,616)	—	394	48,245	(31,448)
MRI	16,245	(6,670)	—	88	16,578	(6,915)
Total goodwill	<u>\$ 98,977</u>	<u>\$ (37,450)</u>	<u>\$ —</u>	<u>\$ 482</u>	<u>\$ 100,536</u>	<u>\$ (38,527)</u>

The Company performed its annual assessment for impairment of goodwill and other indefinite-lived intangible assets as of July 1, 2013 and determined there was no impairment. The Company's assessment determined that the fair values for each of the Company's reporting units, with the exception of PSS EMEA, comprised primarily of the CDI AndersElite Limited business, were substantially in excess of their related carrying values as of July 1, 2013. The PSS EMEA reporting unit had a fair value in excess of its carrying value of 15% and goodwill of \$10.5 million. The Company believes it has made reasonable estimates and assumptions to calculate the fair value of its reporting units and indefinite-lived intangible assets. If actual future results are not consistent with management's estimates and assumptions, the Company may have to take an impairment charge in the future related to its goodwill or other indefinite-lived intangible assets. There were no triggering events subsequent to July 1, 2013 that required additional testing for any reporting units or indefinite-lived intangible assets.

The following tables summarize the changes in the Company's carrying value of other intangible assets for the indicated periods:

	December 31, 2012				December 31, 2013	
	Gross Balance	Accumulated Amortization	Additions	Amortization	Gross Balance	Accumulated Amortization
Intangible assets subject to amortization:						
Trademarks	\$ 5,200	\$ (67)	\$ —	\$ (373)	\$ 5,200	\$ (440)
Developed technology	460	(184)	—	(92)	460	(276)
Client relationships	11,960	(3,593)	—	(1,032)	11,960	(4,625)
Non-compete	150	(75)	—	(30)	150	(105)
Reacquired franchise rights	972	(206)	—	(98)	972	(304)
Total intangible assets subject to amortization	<u>18,742</u>	<u>(4,125)</u>	<u>—</u>	<u>(1,625)</u>	<u>18,742</u>	<u>(5,750)</u>
Indefinite-lived intangible assets:						
Trademarks	2,165	—	—	—	2,165	—
Total other intangible assets	<u>\$ 20,907</u>	<u>\$ (4,125)</u>	<u>\$ —</u>	<u>\$ (1,625)</u>	<u>\$ 20,907</u>	<u>\$ (5,750)</u>

CDI CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(Amounts in thousands, except per share amounts, unless otherwise indicated)

	December 31, 2011				December 31, 2012			
	Gross Balance	Accumulated Amortization	Additions and Adjustments (1)	Amortization	Gross Balance	Accumulated Amortization		
Intangible assets subject to amortization:								
Trademarks	\$ 100	\$ (33)	\$ 5,100	\$ (34)	\$ 5,200	\$ (67)		
Developed technology	460	(92)	—	(92)	460	(184)		
Client relationships	11,960	(2,537)	—	(1,056)	11,960	(3,593)		
Non-compete	150	(46)	—	(29)	150	(75)		
Reacquired franchise rights	907	(111)	65	(95)	972	(206)		
Total intangible assets subject to amortization	13,577	(2,819)	5,165	(1,306)	18,742	(4,125)		
Indefinite-lived intangible assets:								
Trademarks	7,265	—	(5,100)	—	2,165	—		
Total other intangible assets	\$ 20,842	\$ (2,819)	\$ 65	\$ (1,306)	\$ 20,907	\$ (4,125)		

⁽¹⁾ In December 2012, the Company reassessed the useful life of its \$5.1 million L.R. Kimball trademark and determined the trademark to have a finite life. Accordingly, the Company accounted for this change on a prospective basis and it is being amortized on a straight-line basis over its estimated remaining useful life.

Amortization expense was \$1.6 million for 2013, \$1.3 million for 2012 and \$1.4 million for 2011. Annual amortization expense is expected to range from approximately \$1.1 million to \$1.5 million per year for each of the next five years.

5. Restructuring and Other Related Costs

In December 2013, the Company announced that it will undertake a corporate realignment in the first quarter of 2014 (the "2013 Restructuring Plan") to improve operational effectiveness and further optimize the Company's cost structure. The 2013 Restructuring Plan includes the elimination of approximately 70 positions and the consolidation of facilities and is expected to be completed during 2014. In the fourth quarter of 2013, the Company recorded a charge of \$5.7 million to "Restructuring and other related costs" in the consolidated statement of operations, comprised of \$4.6 million of employee severance and related costs, \$0.6 million of real estate exit and related costs and \$0.5 million of asset write-offs and related costs. Substantially all payments are expected to be made during 2014 with certain payments related to the consolidation of facilities expected through 2019. Additional charges of approximately \$1 million to \$3 million are expected to be recognized during 2014 related to the consolidation of facilities that include estimates for remaining lease obligations less sub-lease proceeds, facility relocation and related costs.

CDI CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(Amounts in thousands, except per share amounts, unless otherwise indicated)

In December 2011, the Company announced a strategic growth initiative. As part of this initiative, the Company approved a restructuring plan (the "2011 Restructuring Plan") designed to reduce costs and improve efficiencies. Implementation of the 2011 Restructuring Plan was completed in 2012 with certain payments expected through 2014. In the fourth quarter of 2011, the Company recorded a \$8.1 million charge to "Restructuring and other related costs" in the consolidated statement of operations, comprised of \$5.7 million of employee severance and related costs, \$0.8 million of real estate exit and related costs and \$1.5 million of asset write-offs.

The following table summarizes the provision, activity and balances related to the restructuring plans by cost type for the indicated periods:

	Employee severance and related costs	Real estate exit and related costs	Asset write-offs and related costs	Accrued restructuring liability
Charges	\$ 5,739	\$ 831	\$ 1,530	
Cash payments	(367)	—	—	
Non-cash	—	—	(1,530)	
Balance at December 31, 2011	5,372	831	—	6,203
Cash payments	(4,358)	(701)	—	
Non-cash	(587)	377	—	
Balance at December 31, 2012	427	507	—	934
Cash payments	(427)	(353)	—	
Charges	4,568	615	533	
Non-cash	—	—	(533)	
Balance at December 31, 2013	\$ 4,568	\$ 769	\$ —	\$ 5,337

The consolidated balance sheet as of December 31, 2013 include \$4.7 million in "Other accrued expenses and other current liabilities" and \$0.6 million in "Other non-current liabilities", respectively. The consolidated balance sheet as of December 31, 2012 include \$0.9 million in "Other accrued expenses and other current liabilities".

6. Short-Term Borrowings

On November 30, 2012, CDI Corp., its direct wholly-owned subsidiary, CDI Corporation, and its indirect subsidiary, CDI AndersElite Limited (each a "Borrower"), entered into a Credit Agreement (the "Credit Agreement") with Bank of America, N.A. (the "Bank"). The Credit Agreement established a \$75.0 million revolving line of credit facility (including a \$5.0 million UK overdraft facility) that expires on November 29, 2017. The Company intends to repay outstanding borrowings under the Credit Agreement as of December 31, 2013 during 2014 and as a result has recorded these borrowings in "Short-term borrowings" in the consolidated balance sheets. Borrowings under this line of credit may be used by the Company and the other Borrowers for general business purposes or for letters of credit.

The Borrowers' obligations under the Credit Agreement are guaranteed by three indirect subsidiaries of the Company: CDI-Infrastructure, LLC, CDI Marine Company, LLC and MRI Contract Staffing, Inc. The obligations of the three Borrowers and the three guarantors (the "Loan Parties") are unsecured.

Interest on borrowings under the facility are based on either an "Overnight Rate," "Sterling Overnight Rate," "LIBOR" or a "Base Rate" (each as set forth in the Credit Agreement), as chosen by the applicable Borrower each time it wishes to borrow funds. The "Applicable Rate" (as set forth in the Credit Agreement) equals either (i) the Overnight Rate, Sterling Overnight Rate or LIBOR plus a number of basis points (ranging from 1.25% to 2.00%) or (ii) the Base Rate plus a number of basis points (ranging from 0.25% to 1.00%), in each case depending on the Company's consolidated leverage ratio (which is the ratio of consolidated funded indebtedness to consolidated EBITDA, as defined in the Credit Agreement). There are customary fees associated with the facility including, but not limited to, an unused commitment fee at the rate of 0.15% to 0.225% on the daily amount of the Bank's unused commitment.

The Credit Agreement contains customary affirmative covenants and certain restrictive covenants which limit the Company with respect to, among other things, creating liens on its assets, incurring indebtedness, making acquisitions and other investments, and disposing of assets other than in the ordinary course of business. The Credit Agreement also contains financial covenants which require the Company not to exceed a maximum consolidated leverage ratio (consolidated funded indebtedness to consolidated EBITDA) of 2.5 to 1.0 and to maintain a minimum fixed charge coverage ratio of 1.2 to 1.0. The preceding financial covenant terms are as defined in the Credit Agreement. The Company was in compliance with all covenants under the Credit Agreement as of December 31, 2013.

CDI CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(Amounts in thousands, except per share amounts, unless otherwise indicated)

As of December 31, 2013, the Company had outstanding borrowings of \$2.8 million, letters of credit outstanding of \$3.1 million and \$69.1 million available to borrow under the Credit Agreement. Interest was payable at rates ranging from 1.42% to 1.78% per annum for outstanding borrowings as of December 31, 2013. As of December 31, 2013, the Company had an unsecured \$0.4 million letter of credit outstanding under an agreement with TD Bank, N.A. that expires on July 1, 2014.

7. Share-Based Compensation

On May 3, 2012, the Company's shareholders approved the CDI Corp. Amended and Restated 2004 Omnibus Stock Plan (the "Restated Omnibus Plan") for the benefit of employees, consultants and non-employee directors. The Restated Omnibus Plan amended and restated the CDI Corp. 2004 Omnibus Stock Plan and eliminated prospective participation in the CDI Corp. Stock Purchase Plan. The Restated Omnibus Plan provides for the grant of share-based awards including, but not limited to, stock options, stock appreciation rights, restricted stock, time-vested deferred stock and performance-based share awards. Vesting and other terms of share-based awards are set forth in individual agreements with the participant. The Company's share-based awards generally vest ratably over three to five years and generally expire in seven years from the date of grant.

As of December 31, 2013, the Company was authorized to issue 2.1 million additional shares of the Company's common stock under the Restated Omnibus Plan. The Company may settle share-based awards by delivering shares of the Company's common stock that are authorized but unissued or that are held in treasury. When an award is granted, the number of shares of common stock subject to such award are reserved for issuance. Shares of Company stock tendered in payment of the exercise price or withholding taxes in respect of an award shall again be available for issuance under the Restated Omnibus Plan.

Stock-based compensation expense is included in "Operating and administrative expenses" in the consolidated statements of operations and amounted to \$2.8 million (\$1.7 million, net of tax), \$3.4 million (\$2.1 million, net of tax) and \$3.4 million (\$2.1 million, net of tax) for the years ended December 31, 2013, 2012 and 2011, respectively.

The table below summarizes the components of stock-based compensation expense for all of the Company's stock-based plans by award type for the indicated periods:

	Year ended December 31,		
	2013	2012	2011
Time-vested deferred stock	\$ 1,829	\$ 1,920	\$ 1,625
Stock appreciation rights	618	647	850
Performance-based share awards	48	631	721
Stock purchase plan	68	126	162
Stock options	264	90	—
Total stock-based compensation	<u>\$ 2,827</u>	<u>\$ 3,414</u>	<u>\$ 3,358</u>

Time-Vested Deferred Stock (TVDS)

TVDS awards entitle each recipient to receive a number of shares of the Company's common stock upon vesting. The shares of TVDS generally vest ratably over five years except for those granted to the non-employee directors and certain current members of senior management, whose vesting periods vary from two to five years. TVDS will generally be forfeited prior to vesting if the holder's employment with the Company ends, or for a certain award, if the Company's stock price on the date of vesting is below the price on the date of grant. Upon vesting, a holder of TVDS receives the number of originally awarded shares plus additional shares of CDI common stock having a fair market value equal to the sum of the dividends that would have been paid on the original awarded shares during the vesting period had they been issued and outstanding throughout the vesting period. Compensation expense for TVDS is based on the fair value of the Company's common stock on the date of grant and is charged to earnings on a straight-line basis over the vesting period.

CDI CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(Amounts in thousands, except per share amounts, unless otherwise indicated)

The following table summarizes the Company's TVDS activity and related information for the indicated periods:

	Time Vested Deferred Stock	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Life (In Years)
Outstanding non-vested as of December 31, 2010	218	\$ 16.57	
Granted	305	14.74	
Vested	(70)	20.59	
Canceled	(37)	15.16	
Outstanding non-vested as of December 31, 2011	416	14.68	
Granted	104	17.14	
Vested	(95)	12.89	
Canceled	(25)	13.43	
Outstanding non-vested as of December 31, 2012	400	15.82	
Granted	104	15.21	
Vested	(92)	14.98	
Canceled	(33)	15.17	
Outstanding non-vested as of December 31, 2013	379	14.69	2.5

The following table summarizes for TVDS the accumulated dividend equivalent number of shares of common stock that would be issued for outstanding TVDS using the closing market price as of the indicated dates:

	December 31,		
	2013	2012	2011
Dividend participation	\$ 332	\$ 370	\$ 241
Closing market price per share	\$ 18.53	\$ 17.13	\$ 13.81
Equivalent shares at closing market price	18	22	17

As of December 31, 2013, total unrecognized compensation expense related to non-vested TVDS was \$2.7 million, which is expected to be recognized over a weighted-average period of 2.5 years.

Stock Appreciation Rights (SARs)

SARs represent the right to receive, upon exercise, shares of the Company's common stock having a value equal to the difference between the market price of the common stock and the exercise price, net of withholding taxes, as determined by the terms of the individual awards. SARs generally vest in three to five years and expire seven years from the date of grant. The expected life of SARs is based on the Company's historical experience. The expected stock price volatility is based on the historical volatility of the Company's common stock.

No SARs were granted in 2013. The following table summarizes the range of assumptions used to estimate the fair values of SARs granted for the indicated periods:

	Year ended December 31,	
	2012	2011
Risk-free interest rate	0.72%	0.87-2.37%
Expected life	4.3 years	4.5 years
Expected stock price volatility	56%	54-60%
Expected dividend yield	3.47%	2.71-4.97%

CDI CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(Amounts in thousands, except per share amounts, unless otherwise indicated)

The following table summarizes the Company's SARs activity and related information for the indicated periods:

	SARs	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (in Years)	Aggregate Intrinsic Value
Outstanding as of December 31, 2010	695	\$ 19.47		
Granted	429	13.15		
Exercised	(22)	10.06		
Canceled	(136)	15.70		
Expired	(109)	24.49		
Outstanding as of December 31, 2011	857	16.51		
Granted	18	14.99		
Exercised	(79)	10.88		
Canceled	(69)	13.38		
Expired	(99)	22.99		
Outstanding as of December 31, 2012	628	16.53		
Exercised	(53)	11.54		
Canceled	(16)	12.10		
Expired	(66)	25.65		
Outstanding as of December 31, 2013	493	15.98	3.0	\$ 1,999
Exercisable as of December 31, 2013	287	18.02	2.3	863
Exercisable and expected to vest as of December 31, 2013	434	16.52	2.9	1,613

The weighted average grant date fair value of SARs granted during the years ended December 31, 2012 and 2011 was \$5.20 and \$4.28, respectively. Aggregate intrinsic value represents the difference between the exercise prices of outstanding SARs and the closing price of the Company's common stock on December 31, 2013. The total intrinsic value of SARs exercised during the years ended December 31, 2013, 2012 and 2011 was \$0.3 million, \$0.5 million and \$0.1 million, respectively. As of December 31, 2013, total unrecognized compensation expense related to non-vested SARs was \$0.6 million, which is expected to be recognized over a weighted-average period of 2.3 years.

Performance-Based Share Awards

Performance-based share awards represent a number of shares of common stock to be awarded based on the achievement of certain performance criteria and generally vest over a two to five year period from the date of grant. The fair value of a performance-based share award is determined and the number of shares of common stock to be awarded is fixed on the date of grant. The Company periodically assesses the probability of achievement of the performance criteria and adjusts the amount of compensation expense recognized accordingly. Compensation expense is recognized over the vesting period and adjusted for the probability of achievement of the performance criteria.

CDI CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(Amounts in thousands, except per share amounts, unless otherwise indicated)

The following table summarizes the Company's performance-based share awards activity and related information for the indicated periods:

	Performance-based Share Awards	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Life (in Years)
Outstanding as of December 31, 2010	—	\$ —	
Granted	133	13.67	
Canceled	(26)	13.64	
Outstanding as of December 31, 2011	107	13.67	
Granted	82	17.36	
Vested	(50)	13.67	
Canceled	(32)	16.02	
Outstanding as of December 31, 2012	107	15.78	
Vested	(46)	14.00	
Canceled	(19)	17.36	
Outstanding as of December 31, 2013	42	17.36	3.2

As of December 31, 2013, total unrecognized compensation expense related to non-vested performance-based share awards was \$0.8 million, which is expected to be recognized over a weighted-average period of 3.2 years.

Stock Purchase Plan (SPP)

On May 3, 2012, pursuant to the terms of the Restated Omnibus Plan, the SPP was terminated and any shares that were available for issuance under the SPP as of that date with respect to new awards were made available for issuance under the Restated Omnibus Plan.

Under the terms of the SPP, designated employees and non-employee directors had the opportunity to purchase shares of the Company's common stock on a pre-tax basis and the Company matched participant contributions on a one for three basis. Vesting of SPP units occurs over a period of three to ten years as chosen by the participant. As of December 31, 2013, there were 32 thousand SPP units accumulated based upon participating employee and Company matching contributions and using a weighted-average market price of \$15.19. In addition, SPP units that vest will receive additional shares of the Company's common stock in lieu of dividends declared from the date of grant to the date of vesting.

Stock Options

Stock options are granted at a price equal to the quoted market price per share of the Company's common stock on the date of grant. Employee stock options generally vest ratably over a five year period and expire seven years from the date of grant.

No stock options were granted in 2011. The following table summarizes the assumptions used to estimate the fair values of stock options granted for the indicated periods:

	Year ended December 31,	
	2013	2012
Risk-free interest rate	1.55%	0.73%
Expected life	3.9 years	4.1 years
Expected stock price volatility	51%	56%
Expected dividend yield	3.10%	3.00%

CDI CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(Amounts in thousands, except per share amounts, unless otherwise indicated)

The following table summarizes the Company's stock option activity and related information for the indicated periods:

	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (in Years)	Aggregate Intrinsic Value
Outstanding as of December 31, 2010	155	\$ 23.57		
Canceled	(50)	16.05		
Expired	(105)	27.15		
Outstanding as of December 31, 2011	—	—		
Granted	154	17.36		
Canceled	(10)	17.36		
Outstanding as of December 31, 2012	144	17.36		
Granted	127	16.80		
Canceled	(11)	17.36		
Outstanding as of December 31, 2013	260	17.09	6.4	\$ 375

The weighted average grant date fair value of stock options granted during the years ended December 31, 2013 and 2012 was \$5.46 and \$6.18, respectively. At December 31, 2013, there were 27 thousand exercisable options outstanding. As of December 31, 2013, total unrecognized compensation expense related to non-vested stock options was \$1.2 million, which is expected to be recognized over a weighted-average period of 2.7 years.

8. Basic and Diluted Earnings Per Share (EPS) Data

The following table reconciles the denominator used to compute basic EPS to the denominator used to compute diluted EPS for the indicated periods:

	Year ended December 31,		
	2013	2012	2011
Numerator:			
Net income attributable to CDI	\$ 12,884	\$ 19,116	\$ 14,833
Denominator:			
Basic weighted-average shares	19,442	19,344	19,144
Dilutive effect of stock-based awards	297	401	212
Diluted weighted-average shares	19,739	19,745	19,356
Earnings per common share:			
Basic	\$ 0.66	\$ 0.99	\$ 0.77
Diluted	\$ 0.65	\$ 0.97	\$ 0.77

There were 459 thousand, 425 thousand and 729 thousand shares excluded from the computation of EPS for the years ended December 31, 2013, 2012 and 2011, respectively, because their inclusion would have been anti-dilutive.

CDI CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

*(Amounts in thousands, except per share amounts, unless otherwise indicated)***9. Income Taxes**

Income before income taxes was as follows for the indicated periods:

	Year ended December 31,		
	2013	2012	2011
United States	\$ 15,290	\$ 25,417	\$ 11,186
Foreign	5,358	6,598	8,944
Income before income taxes	<u>\$ 20,648</u>	<u>\$ 32,015</u>	<u>\$ 20,130</u>

Income tax expense was comprised of the following for the indicated periods:

	Year ended December 31,		
	2013	2012	2011
Current:			
Federal	\$ 3,040	\$ 3,845	\$ 2,595
State	870	360	1,604
Foreign	1,884	2,176	442
Total current	<u>5,794</u>	<u>6,381</u>	<u>4,641</u>
Deferred:			
Federal	328	4,819	1,086
State	1,669	1,198	(552)
Foreign	(91)	184	(45)
Total deferred	<u>1,906</u>	<u>6,201</u>	<u>489</u>
Income tax expense	<u>\$ 7,700</u>	<u>\$ 12,582</u>	<u>\$ 5,130</u>

The following table reconciles income tax expense and rate based on the U.S. statutory rate to the Company's income tax expense for the indicated periods:

	Year ended December 31,					
	2013		2012		2011	
	\$	%	\$	%	\$	%
Income tax expense based on the U.S. statutory rate	\$ 7,227	35.0 %	\$ 11,205	35.0 %	\$ 7,046	35.0 %
Effect of charge related to the UK OFT matter	—	—	—	—	(3,381)	(16.8)
State income taxes, net of federal tax benefit	1,147	5.6	1,013	3.2	684	3.4
Permanent items	179	0.9	148	0.5	164	0.8
Effect of foreign operations	1,008	4.9	2	—	289	1.4
Net change in uncertain tax positions	(737)	(3.6)	(274)	(0.9)	(139)	(0.7)
Change in valuation allowance - foreign loss deferred tax assets	(898)	(4.3)	477	1.5	634	3.2
Federal employer tax credits	(763)	(3.7)	—	—	(947)	(4.7)
Stock-based compensation	241	1.1	382	1.2	689	3.4
Other	296	1.4	(371)	(1.2)	91	0.5
Income tax expense	<u>\$ 7,700</u>	<u>37.3</u>	<u>\$ 12,582</u>	<u>39.3</u>	<u>\$ 5,130</u>	<u>25.5</u>

CDI CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(Amounts in thousands, except per share amounts, unless otherwise indicated)

The tax effects of temporary differences that give rise to the Company's deferred tax accounts were as follows for the indicated periods:

	December 31,	
	2013	2012
Deferred tax assets:		
Accrued compensation	\$ 8,597	\$ 9,264
Reserves and accruals	3,367	2,027
Loss and credit carryforwards	11,132	12,817
Total gross deferred tax assets	23,096	24,108
Less: valuation allowances	5,474	6,362
Net total deferred tax assets	17,622	17,746
Deferred tax liabilities:		
Property and equipment depreciation	3,127	3,560
Intangible asset amortization	6,358	4,815
Other	1,147	335
Total deferred tax liabilities	10,632	8,710
Net deferred tax assets	\$ 6,990	\$ 9,036

As of December 31, 2013, the Company had state net operating loss carry forwards aggregating \$93.0 million; these losses expire at various dates from 2014 through 2032.

As of December 31, 2013, the Company had foreign tax credits of \$2.1 million, which expire at various dates from 2014 through 2022.

As of December 31, 2013, the Company had foreign net operating losses of \$21.0 million, the majority of which can be carried forward indefinitely.

During 2013, 2012 and 2011, the Company (released)/added (\$0.9 million), \$0.6 million and \$0.6 million, respectively, to the valuation allowance that was set up against the Company's net foreign deferred tax assets of which \$0.1 million, \$0.5 million and \$0.4 million, respectively, related to the valuation allowance set up against the Company's net foreign deferred tax assets to fully reserve previously recorded tax benefits generated in the UK. The valuation allowance of \$1.0 million related to foreign deferred tax assets generated in Australia was released in 2013 upon the disposal of the AndersElite Australia Pty Limited business. The remaining valuation allowance is primarily due to cumulative losses in the UK operations of the CDI AndersElite Limited business over the past seven years. A valuation allowance has been established for the state net operating loss carry forwards and foreign tax credit carry forwards to reduce the assets to a level which, more likely than not, will be realized. Realization is dependent upon generating sufficient state taxable income, foreign taxable income and foreign source income, respectively, in the appropriate jurisdictions prior to the expiration of the carry forwards. In addition, the Company has considered available tax planning strategies as part of the establishment of the valuation allowances. The deferred tax asset considered realizable could be reduced if estimates of these amounts during the carry forward period are reduced.

CDI CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(Amounts in thousands, except per share amounts, unless otherwise indicated)

As of December 31, 2013, the Company had \$0.1 million of total gross unrecognized tax benefits that, if recognized, would impact the effective tax rate. The Company expects the unrecognized tax benefits to change over the next 12 months if certain tax matters ultimately settle with the applicable taxing jurisdiction during this timeframe, or if the applicable statute of limitations lapses. A reconciliation of the beginning and ending amount of gross unrecognized tax benefits is as follows for the indicated periods:

	Year ended December 31,		
	2013	2012	2011
Beginning balance of gross unrecognized tax benefits	\$ 588	\$ 1,070	\$ 1,351
Additions based on tax positions related to the current year	—	—	95
Reductions for the tax positions of prior years	(53)	(164)	(11)
Reductions for settlements and payments	(323)	(318)	(118)
Reductions due to statute expiration	(127)	—	(247)
Ending balance of gross unrecognized tax benefits	<u>\$ 85</u>	<u>\$ 588</u>	<u>\$ 1,070</u>

The Company accounts for interest and penalties related to income tax matters in income tax expense. Interest and penalties of \$0.2 million were accrued as of December 31, 2013 and \$0.6 million of interest and penalties were released during 2013. The Company files a consolidated U.S. federal income tax return and files state and foreign income tax returns in various jurisdictions as required. The U.S. federal tax return is open for examination back to 2011. State and foreign income tax returns remain open for examination back to 2009 in major jurisdictions in which the Company operates.

The Company has not recorded incremental deferred income taxes on the undistributed earnings of its foreign subsidiaries because it is management's intention to reinvest such earnings for the foreseeable future. As of December 31, 2013, the undistributed earnings of the foreign subsidiaries amounted to approximately \$40.0 million. Upon distribution of these earnings in the form of dividends or otherwise, the Company would be subject to U.S. income taxes and foreign withholding taxes, reduced by certain foreign tax credits.

10. Commitments, Contingencies and Legal Proceedings*Lease Commitments*

The Company leases office facilities and equipment under operating leases. The office facilities are generally used for sales, recruitment, engineering, design, drafting and administrative functions and are under leases with various expiration dates in the future. Rent expense for operating leases was \$12.1 million, \$12.3 million and \$13.0 million in 2013, 2012 and 2011, respectively. Sublease proceeds were \$0.4 million, \$0.2 million and \$0.7 million in 2013, 2012 and 2011, respectively. Future minimum annual rental payments under non-cancelable leases, excluding expected sublease proceeds of \$0.2 million and \$0.1 million for 2014 and 2015, are as follows for the indicated periods:

Year	Amount
2014	\$ 10,739
2015	8,652
2016	5,410
2017	3,950
2018	3,083
Thereafter	485
Total	<u>\$ 32,319</u>

CDI CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

*(Amounts in thousands, except per share amounts, unless otherwise indicated)***Self-Insurance**

The Company self-funds certain losses related to workers' compensation and employee health benefit claims. The Company maintains stop-loss insurance for workers' compensation and health care benefit claims that generally limits the Company's exposure to \$250 thousand and \$200 thousand per incident, respectively. The Company records expense for its estimated claims exposure based on incurred claims, historical experience and third-party insurance professionals or actuaries. The amounts accrued give consideration to the estimated undiscounted cash payments expected to be paid to satisfy existing claims and an allowance for incurred-but-not-reported claims. The accrual for workers' compensation estimated claims exposure was \$2.1 million and \$2.0 million as of December 31, 2013 and 2012, respectively. The Company established its self-funded health benefits program during 2011 and had accrued \$5.2 million and \$4.0 million as of December 31, 2013 and 2012, respectively, for its estimated claims exposure.

Contingent Earnout Liability

On December 20, 2010, the Company acquired substantially all of the assets and certain liabilities of DSPCon, Inc. (DSPCon) for a purchase price of \$6.9 million. Approximately \$5.6 million of the purchase price was allocated to intangible assets, including \$1.7 million for client relationships, \$0.5 million for developed technology, \$0.1 million for a trademark and \$3.4 million for goodwill. The first of up to two contingent purchase consideration payments occurred during 2012 in the amount of \$0.4 million. During 2013, the Company reversed \$1.8 million of contingent purchase consideration liability through "Operating and administrative expense" in the consolidated statement of operations. As of December 31, 2013, the remaining contingent purchase consideration was \$0.2 million and is expected to be paid in 2014.

Legal Proceedings and Claims

The Company is subject to various legal proceedings and claims that have arisen in the ordinary course of business. The Company records a liability when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Although management cannot predict the timing or outcome of these matters with certainty, management does not believe that the final resolution of these matters, individually or in the aggregate, would have a material adverse effect on the Company's consolidated financial condition, results of operations or cash flows.

In April 2011, the Company received a favorable ruling from the Competition Appeal Tribunal (CAT) on the Company's appeal of a fine imposed by the United Kingdom's Office of Fair Trading (OFT). The ruling by the CAT reduced the fine from \$12.3 million to \$2.5 million. The Company originally reserved \$12.3 million for the fine in 2009 but as a result of the appeal, reversed \$9.7 million of that reserve in the second quarter of 2011 through "Operating and administrative expenses" in the consolidated statement of operations.

11. Retirement Plan

The CDI Corporation 401(k) Saving Plan (the "Plan") is a defined contribution retirement plan maintained for the benefit of eligible employees and qualified under section 401(k) of the Internal Revenue Code. Eligible employees may make voluntary tax deferred contributions to the Plan and the Company, at its discretion, may make matching contributions subject to certain limitations. Participants are fully vested in their contributions and in the Company's matching contributions at all times except in certain limited instances. The Company recorded Plan expenses of \$2.3 million, \$2.1 million and \$1.1 million for the years ended December 31, 2013, 2012 and 2011, respectively, in the consolidated statements of operations. Plan expenses are based on a formula using a percentage of compensation or an amount determined by the Board of Directors.

12. Related Party Transactions

A member of the Company's Board of Directors is a senior partner of a law firm that provides legal services to the Company. Total disbursements to the law firm relating to these legal services aggregated \$0.8 million, \$0.3 million and \$0.5 million in 2013, 2012 and 2011, respectively.

13. Joint Ventures**CDI-Pycopsa**

In 2008, the Company formed CDI—Pycopsa Ingeniería y Construcción, S. de R.L. de C.V. (CDI-Pycopsa), a joint venture with a Mexico-based construction and industrial maintenance company. In June 2009, CDI-Pycopsa began operations. The Company consolidates CDI-Pycopsa based on the Company's controlling interest. As of December 31, 2013, the Company had a 67% ownership interest in CDI-Pycopsa and had invested an aggregate of approximately \$0.6 million. CDI-Pycopsa had pre-tax income of \$0.6 million, \$1.2 million and \$0.7 million for the years ended December 31, 2013, 2012 and 2011, respectively.

CDI CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(Amounts in thousands, except per share amounts, unless otherwise indicated)

CTQ Engineering LLC (CTQ)

In December 2006, the Company formed CTQ Engineering LLC (CTQ) with two engineering firms. Since July 2008, the Company has maintained a 50% ownership interest in CTQ. The Company accounts for its ownership interest in CTQ under the equity method of accounting based on its significant but non-controlling interest. The Company maintains a de minimis investment balance in CTQ.

14. Reporting Segments

The Company has the following three reporting segments:

- **Global Engineering and Technology Solutions (GETS)** - GETS provides engineering and information technology solutions for its clients that involve the production of deliverable work products or services performed at a CDI facility or at a client's facility under the supervision of CDI personnel. These solutions typically include analysis of a client's engineering or information technology needs and the development of a solution that generally ranges in duration from several months to multiple years. Depending on the industry, engineering services can include such functions as feasibility studies, technology assessment, conceptual design, cost estimating, preliminary design, execution planning, procurement optimization, detailed design, testing and validation of regulatory compliance, technology integration and operating and maintenance support. Information technology services can include assessments, execution of business application services, web development, service-desk support, quality assurance and testing and program management. GETS provides these solutions through a delivery model consisting of: centers of excellence, with concentrated skill sets required for larger, more complex projects; regional centers to service local needs of clients; client-centered offices to deliver site-specific services; and near-shore centers to leverage low-cost design resources.
- **Professional Services Staffing (PSS)** - PSS provides skilled technical and professional personnel to its clients for discrete periods of time to augment the client's workforce in times of project, seasonal, peak period or business cycle needs. These engagements can range from several months to multiple years in duration. PSS also provides permanent placement services. PSS provides professional staffing services to targeted industries that include managed services and managed staffing programs, functional staffing outsourcing and business advisory services. PSS delivers these services through a delivery model that provides global staffing delivery focused on select engineering and technology skill sets and competencies. During 2013, 2012 and 2011, IBM accounted for approximately 19%, 20% and 21%, respectively, of the Company's consolidated revenue. In December 2011, the Company and IBM executed a new Master Statement of Work effective as of December 31, 2011 with a term of three years. IBM may terminate the contract with or without cause at any time and has the option to extend the contract by an additional three years, in one -year increments.
- **Management Recruiters International, Inc. (MRI)** - MRI is a global franchisor that does business as MRINetwork[®] and provides the use of its trademarks, business systems and training and support services to its franchisees who engage in the search and recruitment of executive, technical, professional and managerial personnel for employment by their clients. The MRI franchisees provide permanent placement services primarily under the brand names Management Recruiters[®], Sales Consultants[®] and OfficeMates 5[®]. MRI also provides training and support, implementation services and back-office services to enable franchisees to pursue contract staffing opportunities.

For purposes of performance measurement, the Company charges certain expenses directly attributable to the reporting segments and allocates certain other expenses and support costs. Support costs consist principally of employee benefits administration, accounting support, IT services and shared service center costs. Operating and administrative expenses that are not directly attributable to the reporting segments are classified as corporate. Identifiable assets of the reporting segments exclude corporate assets. Corporate assets consist principally of all cash and cash equivalents, all current and deferred income tax assets, and certain corporate assets not directly associated with the reporting segments including certain property and equipment and certain prepaid expenses and other current assets and certain other non-current assets.

CDI CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(Amounts in thousands, except per share amounts, unless otherwise indicated)

Reporting segment data is presented in the following table for the indicated periods:

	Year ended December 31,		
	2013	2012	2011
Revenue:			
GETS	\$ 321,289	\$ 325,046	\$ 323,546
PSS	708,598	710,268	667,662
MRI	57,972	69,644	68,595
Total revenue	\$ 1,087,859	\$ 1,104,958	\$ 1,059,803
Gross profit:			
GETS	\$ 89,801	\$ 93,718	\$ 96,808
PSS	89,546	94,185	95,569
MRI	27,294	31,506	32,924
Total gross profit	\$ 206,641	\$ 219,409	\$ 225,301
Operating profit:			
GETS ^{(1), (2), (3)}	\$ 25,150	\$ 25,725	\$ 14,979
PSS ^{(1), (4)}	12,621	20,528	22,187
MRI ⁽¹⁾	8,549	10,201	9,468
Corporate ⁽¹⁾	(25,404)	(24,188)	(26,259)
Total operating profit	20,916	32,266	20,375
Other (expense) income, net	(268)	(251)	(245)
Income before income taxes	\$ 20,648	\$ 32,015	\$ 20,130

⁽¹⁾ In 2013 and 2011, the Company recorded pre-tax charges of \$5.7 million and \$8.1 million, respectively, to "Restructuring and other related costs" related to the 2013 and 2011 Restructuring Plans. The following table summarizes the amount of restructuring and other related costs recognized by reporting segment for the indicated periods:

	Year ended December 31,		
	2013	2012	2011
GETS	\$ 2,132	\$ —	\$ 4,467
PSS	2,394	—	2,622
MRI	215	—	372
Corporate	975	—	639
Restructuring and other related costs	\$ 5,716	\$ —	\$ 8,100

⁽²⁾ In 2013, the Company's GETS segment recorded a \$3.3 million benefit to "Operating and administrative expenses" related to the settlement of legal claims pursued by the Company.

⁽³⁾ In 2013, the Company's GETS segment recorded a \$1.8 million benefit to "Operating and administrative expenses" related to the reduction of an acquisition-related earnout liability.

⁽⁴⁾ In 2011, the Company's PSS segment recorded a \$9.7 million benefit to "Operating and administrative expenses" related to the successful legal appeal of the UK OFT matter.

Inter-segment activity is not significant; therefore, revenue reported for each operating segment is substantially from external clients.

CDI CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(Amounts in thousands, except per share amounts, unless otherwise indicated)

Total depreciation and amortization by reporting segment is presented in the table below for the indicated periods:

	Year ended December 31,		
	2013	2012	2011
Depreciation and amortization:			
GETS	\$ 5,730	\$ 5,171	\$ 5,761
PSS	893	840	1,210
MRI	415	538	400
Corporate	3,308	3,716	3,637
Total depreciation and amortization	\$ 10,346	\$ 10,265	\$ 11,008

Reporting segment asset data is presented in the following table for the indicated periods:

	December 31,	
	2013	2012
Assets:		
GETS	\$ 130,269	\$ 142,428
PSS	168,786	150,795
MRI	28,098	29,044
Corporate	78,654	78,438
Total assets	\$ 405,807	\$ 400,705

Capital expenditure data by reporting segment is presented in the table below for the indicated periods:

	Year ended December 31,		
	2013	2012	2011
Purchases of property and equipment:			
GETS	\$ 4,832	\$ 4,082	\$ 2,734
PSS	670	837	757
MRI	29	116	649
Corporate	1,998	1,190	1,518
Total purchases of property and equipment	\$ 7,529	\$ 6,225	\$ 5,658

The Company is domiciled in the U.S. and its reporting segments (other than PSS) operate primarily in the U.S. and Canada. Revenue attributable to foreign countries is determined based on the client's country of domicile. Revenue and fixed assets by geographic area are presented in the tables below for the indicated periods:

	Year ended December 31,		
	2013	2012	2011
Revenue:			
US	\$ 824,228	\$ 869,679	\$ 889,671
Canada	162,252	144,089	99,541
UK	79,743	59,967	55,900
Other	21,636	31,223	14,691
Total revenue	\$ 1,087,859	\$ 1,104,958	\$ 1,059,803



CDI CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(Amounts in thousands, except per share amounts, unless otherwise indicated)

	December 31,	
	2013	2012
Property and equipment, net:		
US	\$ 18,535	\$ 19,902
Canada	221	301
UK	1,633	1,724
Other	139	163
Total property and equipment, net	<u>\$ 20,528</u>	<u>\$ 22,090</u>

15. Selected Quarterly Financial Information (Unaudited)

The following is a summary of quarterly financial information for the indicated periods:

	Year Ended December 31, 2013				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Revenue	\$ 269,466	\$ 263,363	\$ 277,916	\$ 277,114	\$ 1,087,859
Gross profit	50,151	51,545	52,697	52,248	206,641
Operating and administrative expenses ^{(1), (2)}	45,238	46,303	45,751	42,717	180,009
Operating profit ^{(1), (2), (3)}	4,913	5,242	6,946	3,815	20,916
Income before income taxes	4,862	5,180	6,889	3,717	20,648
Net income	2,553	3,497	4,566	2,332	12,948
Net income attributable to CDI	2,491	3,438	4,528	2,427	12,884
Earnings per common share:					
Basic	\$ 0.13	\$ 0.18	\$ 0.23	\$ 0.13	\$ 0.66
Diluted	\$ 0.13	\$ 0.17	\$ 0.23	\$ 0.12	\$ 0.65

⁽¹⁾ In the fourth quarter of 2013, the Company recorded a \$3.3 million benefit to "Operating and administrative expenses" related to the settlement of legal claims pursued by the Company.

⁽²⁾ In 2013, the Company's GETS segment recorded a \$1.8 million benefit to "Operating and administrative expenses" related to the reduction of an acquisition-related earnout liability (by quarter: first \$0.3 million, second \$0.4 million, third \$0.5 million and fourth \$0.6 million).

⁽³⁾ In the fourth quarter of 2013, the Company recorded a \$5.7 million charge to "Restructuring and other related costs" related to the 2013 Restructuring Plan.

	Year Ended December 31, 2012				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Revenue	\$ 280,627	\$ 274,398	\$ 279,390	\$ 270,543	\$ 1,104,958
Gross profit	55,685	55,528	54,720	53,476	219,409
Operating and administrative expenses	48,296	47,664	45,711	45,472	187,143
Operating profit	7,389	7,864	9,009	8,004	32,266
Income before income taxes	7,351	7,784	8,962	7,918	32,015
Net income	3,914	5,071	5,406	5,042	19,433
Net income attributable to CDI	3,823	4,952	5,349	4,992	19,116
Earnings per common share:					
Basic	\$ 0.20	\$ 0.26	\$ 0.27	\$ 0.26	\$ 0.99
Diluted	\$ 0.20	\$ 0.25	\$ 0.27	\$ 0.25	\$ 0.97

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

The management of the Company, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of December 31, 2013. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective as of that date to provide reasonable assurance that the information required to be disclosed by the Company in this Form 10-K Report is (i) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms and (ii) accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

(b) Management's Report on Internal Control over Financial Reporting

Under Section 404 of the Sarbanes-Oxley Act of 2002, management is required to assess the effectiveness of the Company's internal control over financial reporting as of the end of each fiscal year and report, based on that assessment, whether the Company's internal control over financial reporting is effective.

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed to provide reasonable assurance of the reliability of its financial reporting and of the preparation of its financial statements for external reporting purposes, in accordance with U.S. generally accepted accounting principles.

The Company's internal control over financial reporting includes policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with the authorization of its management and directors; and (3) provide reasonable assurance regarding the prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on its financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of the effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures included in such controls may deteriorate.

The Company's management has assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2013. In making this assessment, the Company used the criteria established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in "Internal Control—Integrated Framework (1992)." These criteria are in the areas of control environment, risk assessment, control activities, information and communication, and monitoring. The Company's assessment included extensive documenting, evaluating and testing of the design and operating effectiveness of its internal control over financial reporting.

Based on the Company's processes and assessment, as described above, management has concluded that, as of December 31, 2013, the Company's internal control over financial reporting was effective.

The Company's independent registered public accounting firm, KPMG LLP, has audited and issued its report on effectiveness of the Company's internal control over financial reporting as of December 31, 2013, which is included herein.

(c) Changes in Internal Control

There were no changes in the Company's internal control over financial reporting during the Company's fourth quarter ended December 31, 2013, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

(d) Report of Independent Registered Public Accounting Firm

Report of Independent Registered Public Accounting Firm

**The Board of Directors and Shareholders
CDI Corp.:**

We have audited CDI Corp.'s internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). CDI Corp.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, CDI Corp. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of CDI Corp. as of December 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive income, cash flows and equity for each of the years in the three-year period ended December 31, 2013, and our report dated March 6, 2014 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Philadelphia, Pennsylvania
March 6, 2014

Item 9B. Other Information

None.

PART III.

Item 10. Directors, Executive Officers and Corporate Governance

Information related to directors, executive officers and corporate governance is omitted herein as the required information will be included in a definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A no later than 120 days after the close of the Company's fiscal year.

The Company has adopted a Code of Conduct that applies to all of the Company's employees, including its principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. This Code of Conduct is available on the Company's website at www.cdicorp.com, or may be obtained free of charge by making a written request addressed to the Company's Vice President of Investor Relations. The Company will disclose on its website amendments to, and, if any are granted, waivers of, its Code of Conduct for its principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions.

Item 11. Executive Compensation

Information related to executive compensation is omitted herein as the required information will be included in a definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A no later than 120 days after the close of the Company's fiscal year.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholders Matters

Information related to security ownership of certain beneficial owners and management and related stockholders matters is omitted herein as the required information will be included in a definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A no later than 120 days after the close of the Company's fiscal year.

Equity Compensation Plan Information

The following table provides information as of December 31, 2013 regarding shares of the Company's common stock that may be issued under the CDI Corp. Amended and Restated 2004 Omnibus Stock Plan (the "Restated Omnibus Plan"). The Restated Omnibus Plan amended and restated the CDI Corp. 2004 Omnibus Stock Plan and eliminated prospective participation in the CDI Corp. Stock Purchase Plan. See Note 7 - Stock-Based Compensation, in the notes to the consolidated financial statements included in Item 8 of this Form 10-K Report, for further information related to these equity compensation plans.

(in thousands, except per share amounts)	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column A)
	A	B	C
Equity compensation plans approved by security holders (a)	821	\$ 15.53 (b)	2,143
Equity compensation plans not approved by security holders	—	—	—
Total	821	\$ 15.53	2,143

(a) As of December 31, 2013, 108 thousand shares would have been issuable to participants upon exercise of Stock Appreciation Rights (SARs) under the Restated Omnibus Plan. Holders of SARs can, upon vesting, receive shares of CDI common stock having a value equal to any appreciation in the market price of the stock on the date of exercise over the market price on the date of grant. Based on the market price of CDI common stock on December 31, 2013 of \$18.53, the market price exceeded the exercise price for 297 thousand of the 493 thousand SARs outstanding as of December 31, 2013 under the Restated Omnibus Plan. The weighted-average appreciation of these SARs was \$6.73.

As of December 31, 2013, 260 thousand shares would have been issuable to participants upon exercise of Stock Options under the Restated Omnibus Plan. Employee stock options generally vest ratably over a five year period and expire seven years from the date of grant.

As of December 31, 2013, 379 thousand shares of Time-Vested Deferred Stock (TVDS) were outstanding and held by various employees and directors. For most employees, the shares of TVDS generally vest ratably over five years and will generally be forfeited prior to vesting if the holder's employment with the Company ends prior to the applicable vesting date. For directors, the shares of TVDS vest on the third anniversary of the date of grant.

As of December 31, 2013, 42 thousand shares of performance-based share awards were outstanding under the Restated Omnibus Plan, vesting at various times over the course of the next two to five years if the applicable performance goals are met. The fair value of a performance-based share award is determined and the number of shares of common stock to be awarded is fixed on the date of grant.

As of December 31, 2013, 32 thousand SPP units outstanding. Upon vesting, the holders are entitled to receive an equal number of shares of CDI common stock under the Restated Omnibus Plan.

- ^(b) The weighted-average exercise price relates to outstanding SARs and Stock Options. Not included in the calculation of the weighted-average exercise price were shares of CDI common stock issuable under the Stock Purchase Plan, shares of TVDS and shares of performance-based share awards.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information related to certain relationships and related transactions and director independence is omitted herein as the required information will be included in a definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A no later than 120 days after the close of the Company's fiscal year.

Item 14. Principal Accountant Fees and Services

Information related to principal accountant fees and services is omitted herein as the required information will be included in a definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A no later than 120 days after the close of the Company's fiscal year.

PART IV.**Item 15. Exhibits, Financial Statement Schedules**

Documents filed as part of this report on Form 10-K:

(a) Financial Statements:

The consolidated balance sheets of the Registrant as of December 31, 2013 and 2012, the related consolidated statements of operations, comprehensive income, cash flows and equity for each of the years ended December 31, 2013, 2012 and 2011, the footnotes thereto, and the reports of KPMG LLP, independent registered public accounting firm, are filed herewith.

(b) Financial Statement Schedules:

All schedules have been omitted because they are not applicable or the required information is included in the consolidated financial statements or notes thereto.

(c) Exhibits:

Exhibit No.	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	SEC File No.	Exhibit	Filing Date	
3.1	Articles of Incorporation of the Registrant, as amended effective December 11, 2007	10-K	001-05519	3.1	3/7/2008	
3.2	Bylaws of the Registrant, as amended effective December 11, 2007	10-K	001-05519	3.2	3/7/2008	
10.1	Credit Agreement dated November 30, 2012 among Bank of America, N.A. (along with certain other lenders) and the Registrant (along with certain of its subsidiaries)	8-K	001-05519	10.1	12/4/2012	
10.2*	CDI Corp. Amended and Restated 2004 Omnibus Stock Plan	Def. Proxy Stmt. (14A)	001-05519	Appendix A	4/4/2012	
10.3*	CDI Corp. Stock Purchase Plan for Management Employees and non-Employee Directors, as amended and restated effective May 17, 2011	10-Q	001-05519	10.3	8/5/2011	
10.4*	CDI Corporation Deferred Compensation Plan	10-K	001-05519	—	3/31/2005	
10.5*	Executive Severance Program applicable to executive officers of the Registrant	10-K	001-05519	10.12	3/11/2009	
10.6*	Executive Stock Purchase Opportunity Program approved by the Board of Directors of the Registrant on March 9, 2006	8-K	001-05519	10.1	3/15/2006	
10.7*	Form of Stock Appreciation Rights Agreement	8-K	001-05519	10.1	6/6/2005	
10.8*	Form of Stock Appreciation Rights Agreement	8-K	001-05519	10.1	6/30/2006	
10.9*	Form of Time-Vested Stock Agreement	8-K	001-05519	10.2	6/30/2006	
10.10*	Changes to the Directors' Compensation Arrangements, approved by the Board of Directors on June 11, 2007 and effective on July 18, 2007	10-Q	001-05519	10	8/3/2007	
10.11*	Form of Director's Time-Vested Deferred Stock Award	10-Q	001-05519	10.a	11/7/2007	
10.12*	Employment Agreement between CDI Corporation and Brian D. Short effective March 16, 2009, and offer letter dated February 11, 2009 from CDI Corporation to Brian D. Short	10-Q	001-05519	10.2	8/6/2009	
10.13*	Policy on Cash Bonus Awards and Equity Awards "Clawback"	10-K	001-05519	10.37	3/2/2010	
10.14*	Form of Stock Appreciation Rights Agreement for 2010 grants	10-Q	001-05519	10.1	11/5/2010	
10.15*	Form of Time-Vested Deferred Stock Agreement for 2010 awards	10-Q	001-05519	10.2	11/5/2010	
10.16*	Form of Performance-Contingent Deferred Stock Agreement for 2010 awards	10-Q	001-05519	10.3	11/5/2010	
10.17*	Employment Agreement dated January 10, 2011 between the Registrant and Paulett Eberhart	8-K	001-05519	10.1	1/14/2011	

Exhibit No.	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	SEC File No.	Exhibit	Filing Date	
10.18*	2011 CEO Cash Bonus Plan	Def. Proxy Stmt. (14A)	001-05519	Appendix A	4/19/2011	
10.19*	Employment and Consulting Agreement dated as of February 15, 2009 between CDI Corporation and Robert J. Giorgio. and Amendment to Employment Agreement between CDI Corporation and Robert J. Giorgio effective as of December 16, 2010	10-Q	001-05519	10.1	8/5/2011	
10.20*	Offer letter dated May 18, 2011 and Employment Agreement dated May 31, 2011 between CDI Corporation and Phillip L. Clark	10-Q	001-05519	10.2	8/5/2011	
10.21*	Offer Letter dated August 15, 2011 from CDI Corporation to Robert M. Larney	8-K	001-05519	10.1	8/31/2011	
10.22*	Employment Agreement effective August 30, 2011 between CDI Corporation and Robert M. Larney	8-K	001-05519	10.2	8/31/2011	
10.23*	Form of Non-Qualified Option Agreement for 2012 awards to executive officers	8-K	001-05519	10.1	11/7/2012	
10.24*	Form of Performance Shares Agreement for 2012 awards to executive officers	8-K	001-05519	10.2	11/7/2012	
10.25*	Form of 2012 Executive Incentive Program Overview distributed to executive officers	10-Q	001-05519	10.1	10/31/2012	
10.26*	Second Amendment to Employment Agreement between CDI Corporation and Robert J. Giorgio dated December 31, 2012	10-K	001-05519	10.33	3/1/2013	
10.27	Technical Services Agreement dated as of July 24, 2009 between CDI Corporation and International Business Machines Corporation	10-K	001-05519	10.34	3/1/2013	
10.28	Predominant Supplier Attachment to the Technical Services Statement of Work between CDI Corporation and International Business Machines Corporation effective as of July 1, 2008	10-Q	001-05519	10.3	8/8/2008	
10.29	Master Statement of Work between CDI Corporation and International Business Machines Corporation effective as of December 31, 2011	8-K	001-05519	10.1	12/22/2011	
10.30*	Offer Letter dated December 1, 2011 from CDI Corporation to Stuart Batchelor	10-Q	001-05519	10.1	8/2/2013	
10.31*	Service Agreement dated December 3, 2011 between CDI AndersElite Limited and Stuart Batchelor	10-Q	001-05519	10.2	8/2/2013	
10.32*	Letter agreement dated February 28, 2013 between CDI Corporation and Stuart Batchelor, amending the Service Agreement with Stuart Batchelor	10-Q	001-05519	10.3	8/2/2013	
10.33*	Offer Letter dated July 23, 2013 from CDI Corporation to William J. Wasilewski	10-Q	001-05519	10.1	11/1/2013	
10.34*	Employment Agreement between CDI Corporation and William J. Wasilewski effective August 19, 2013	10-Q	001-05519	10.2	11/1/2013	
10.35*	Third Amendment to Employment and Consulting Agreement between CDI Corporation and Robert J. Giorgio executed on September 19, 2013	10-Q	001-05519	10.3	11/1/2013	
10.36*	Form of 2013 Executive Incentive Program Overview distributed to executive officers	10-Q	001-05519	10.4	11/1/2013	
21	Subsidiaries of the Registrant					X
23	Consent of Independent Registered Public Accounting Firm					X
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of Sarbanes-Oxley Act of 2002					X
32	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X

Exhibit No.	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	SEC File No.	Exhibit	Filing Date	
101**						
(101.INS)	XBRL Instance Document					
(101.SCH)	XBRL Taxonomy Extension Schema Document					
(101.CAL)	XBRL Taxonomy Extension Calculation Linkbase Document					
(101.DEF)	XBRL Taxonomy Extension Definition Linkbase Document					
(101.LAB)	XBRL Taxonomy Extension Label Linkbase Document					
(101.PRE)	XBRL Taxonomy Extension Presentation Linkbase Document					

* Constitutes a management contract or compensatory plan or arrangement.

** Pursuant to Regulation S-T, these interactive data files are deemed not filed or incorporated in any registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933 or Section 18 of the Securities Exchange Act of 1934 and otherwise are not subject to liability under those sections.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 6, 2014

CDI Corp.
By: /s/ Robert M. Larney
Robert M. Larney
Executive Vice President and
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By: <u>/s/ H. Paulett Eberhart</u> H. Paulett Eberhart President, Chief Executive Officer and Director (Principal Executive Officer) Date: March 6, 2014	By: <u>/s/ Anna M. Seal</u> Anna M. Seal Director Date: March 6, 2014	By: <u>/s/ Lawrence C. Karlson</u> Lawrence C. Karlson Director Date: March 6, 2014
---	--	--

By: <u>/s/ Robert M. Larney</u> Robert M. Larney Executive Vice President and Chief Financial Officer (Principal Financial Officer) Date: March 6, 2014	By: <u>/s/ Michael J. Emmi</u> Michael J. Emmi Director Date: March 6, 2014	By: <u>/s/ Ronald J. Kozich</u> Ronald J. Kozich Director Date: March 6, 2014
--	--	--

By: <u>/s/ Thomas M. Walsh</u> Thomas M. Walsh Chief Accounting Officer (Principal Accounting Officer) Date: March 6, 2014	By: <u>/s/ Walter R. Garrison</u> Walter R. Garrison Director Date: March 6, 2014	By: <u>/s/ Barton J. Winokur</u> Barton J. Winokur Director Date: March 6, 2014
--	--	--

By: /s/ Albert E. Smith
Albert E. Smith
Director
Date: March 6, 2014

SUBSIDIARIES OF THE REGISTRANT

The following are subsidiaries of the Registrant as of December 31, 2013 and the jurisdiction in which each is organized. Each of the subsidiaries generally conducts its business using the names indicated except as separately set forth herein. Certain subsidiaries are not listed. These omitted subsidiaries individually and in the aggregate do not constitute a significant subsidiary.

Subsidiary	State or Country of Organization
Subsidiary of the Registrant:	
CDI Corporation	Pennsylvania
Subsidiaries of CDI Corporation:	
CDI-Aerospace, LLC (a)	Delaware
CDI AndersElite Limited	United Kingdom
CDI Architects, Inc.	Delaware
CDI Business Solutions GmbH	Germany
CDI Caribe Operations LLC	Puerto Rico
CDI Marine Company, LLC	Florida
C.D.I. Professional Services Group, S. de R.L. de C.V. (b)	Mexico
CDI Professional Services, Ltd.	Canada
CTQ Engineering, LLC*	Delaware
Management Recruiters International, Inc. (c)	Delaware
Maplehill Corporation	Delaware
CDI-M&T Company, LLC (d)	Pennsylvania
Subsidiaries of CDI AndersElite Limited:	
CDI Contractor Services Limited	United Kingdom
Subsidiaries of Management Recruiters International, Inc.:	
Brownshill LLC	Delaware
CDI-Infrastructure, LLC (e)	Delaware
Franchise Services of Ohio, Inc.	Delaware
MRI Contract Staffing, Inc.	Ohio
Subsidiaries of Brownshill LLC:	
Brownshill Holdings Limited	United Kingdom
Browns Canyon LLC	Delaware
Subsidiary of Brownshill Holdings Limited:	
MRIWW Franchise Services Ltd.	United Kingdom
Subsidiary of Maplehill Corporation:	
Asset Computer Personnel Corporation	Canada
Subsidiary of C.D.I. Professional Services Group, S. de R.L. de C.V.	
CDI—Pycopsa Ingeniería Y Construcción, S. de R.L. de C.V.*	Mexico
Subsidiary of MRI Contract Staffing, Inc.:	
Access Point, LLC	Delaware

* Not a wholly-owned subsidiary.

(a) CDI-Aerospace, LLC also conducts its business using the name DSPCon.

(b) C.D.I. Professional Services Group, S. de R.L. de C.V. also conducts its business using the name CDI.

(c) Management Recruiters International, Inc. also conducts its business using (or grants to franchisees the right to use) the following names: MRI, MRINetwork,

MRI Worldwide, Sales Consultants and Office Mates 5.

- (d) CDI Marine Company, LLC and CDI-M&T Company, LLC also conduct their business using the name CDI Government Services.
- (e) CDI-Infrastructure, LLC also conducts its business using the name L.R. Kimball.

Consent of Independent Registered Public Accounting Firm

The Board of Directors
CDI Corp.:

We consent to the incorporation by reference in the registration statements on Form S-8 (Nos. 333-123888 and 333-186763) and on Form S-3 (No. 333-112752) of CDI Corp. of our reports dated March 6, 2014 , with respect to the consolidated balance sheets of CDI Corp. and subsidiaries as of December 31, 2013 and 2012 , and the related consolidated statements of operations, comprehensive income, cash flows and equity for each of the years in the three-year period ended December 31, 2013 , and the effectiveness of internal control over financial reporting as of December 31, 2013 , which reports appear in the December 31, 2013 annual report on Form 10-K of CDI Corp.

/s/ KPMG LLP

Philadelphia, Pennsylvania
March 6, 2014

CERTIFICATION

I, H. Paulett Eberhart, certify that:

1. I have reviewed this annual report on Form 10-K of CDI Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 6, 2014

By: /s/ H. Paulett Eberhart

H. Paulett Eberhart
President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Robert M. Larney, certify that:

1. I have reviewed this annual report on Form 10-K of CDI Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 6, 2014

By: /s/ Robert M. Larney

Robert M. Larney
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of CDI Corp. (the "Company") for the year ended December 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned Chief Executive Officer and Chief Financial Officer of the Company each hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002 that, to their knowledge: 1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and 2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the periods covered in the Report.

Date: March 6, 2014

By: /s/ H. Paulett Eberhart
H. Paulett Eberhart
President and Chief Executive Officer
(Principal Executive Officer)

Date: March 6, 2014

By: /s/ Robert M. Larney
Robert M. Larney
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to CDI Corp. and will be retained by CDI Corp. and furnished to the Securities and Exchange Commission or its staff upon request.

GUARANTEE OF PERFORMANCE

For value received, CDI Corp, a Pennsylvania corporation (the "Guarantor"), located at 1717 Arch Street, 35th Floor, Philadelphia, Pennsylvania 19103, absolutely and unconditionally guarantees to assume the duties and obligations of Management Recruiters International, Inc. located at 1717 Arch Street, 36th Floor, Philadelphia, Pennsylvania 19103 (the "Franchisor") under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2013 Franchise Disclosure Document as it may be amended and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Philadelphia, Pennsylvania on the 25 day of MARCH, 2013

GUARANTOR:

CDI CORP.

By: 

Name: Robert Larney
Title: Chief Financial Officer