

Staffing Industry REPORT[®]

Analysis • Trends • News • Data

RESEARCH

Updated forecast: \$131 billion this year *2006 growth rate estimated at 9.9%*

For the third year in a row, the staffing industry is experiencing solid growth, with three out of four sectors seeing substantial revenue improvement. In February, we forecast 11.0% overall growth in U.S. staffing industry revenue for 2006 (*SI Report*, Feb. 24, p.1). Reflecting a slight softening of overall employment growth, we are now adjusting that estimate downward slightly to 9.9%.

We forecast that total industry revenue will be \$131.0 billion in 2006, up from \$119.2 billion in the previous year. That's down slightly from our previous estimate of 2006 sales of \$133.0 billion. Place and search, legal, finance

FORECAST

Temporary Help

Overall, temporary help is expected to grow 8.2% in 2006, with commercial staffing increasing 6.7% and professional/specialty segments increasing by 9.6%. So far in 2006, growth in the temporary office/clerical and industrial staffing segments both seem to be moderating due to decelerat-

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COMPENSATION

Restricted stock boosts pay packages at public companies *Median total compensation \$835,500*

Total compensation for top executives at publicly traded U.S. staffing firms continued its upward trend in 2005 with a median increase of 27% from 2004. While the median

base salary of \$365,000 didn't change from 2004, the median value of restricted stock more than doubled, and the number of executives who received restricted stock went up, too. Median total compensation for 2005 was \$834,455. The median bonus in 2005 was \$230,000, up from \$208,234 in 2004.

Once again, *Staffing Industry Report* is presenting compensation data for top executives in public companies. Our parent, Staffing Industry Analysts Inc., contracted with Equilar Inc. for data on 71 chief and second highest-paid executives. Equilar is a compensation research firm located in San Mateo CA.

"Last year, top executives at staffing firms witnessed a considerable shift in the nature of their pay," said Equilar Senior Analyst Alexander Cwirko-Godycki. "Although cash

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STAFFING BAROMETER

Employment Payrolls grow but less-than-expected	↑
Staffing Stocks Market antsy about the industry	↓
Temp Growth Not growing as fast, but pretty good	↑
Leading Indicators Construction drags down economic outlook	→
Industry Outlook Earnings good but economy dicey, prognosticators say	⇒

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STAFFING INDUSTRY REPORT

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incentives continue to serve as the bulk of total compensation, the median percentage of pay delivered in cash fell from 71% in 2004 to 62% in 2005. A key driver of this change is increased use of restricted stock. In 2005, over 35% of executives received a restricted stock award, an increase of nearly 10% from 2004.”

The most highly compensated executive in 2005 was Thomas Friel, chairman and CEO of executive search specialist Heidrick & Struggles International Inc. Friel received \$21.3 million in total compensation. For the past few years, the most highly compensated executive was Harold “Max” Messmer, CEO of Robert Half International Inc. Messmer

ranked second in 2005, with total compensation of \$13.2 million.

As in 2004, there were 31 executives with total compensation above \$1 million in 2005. The two who moved up considerably are from companies specializing in direct hire, a segment that is outperforming other segments of the staffing industry. Friel’s total compensation went to \$21.3 million in 2005 from \$2.3 million in 2004. Restricted stock and other compensation of \$19.7 million gave a substantial boost to his total compensation.

Another executive who got a big raise was Jon Chait, chairman and CEO of Hudson Highland Group Inc., a company focus-

ing on contingent and retained search and contract staffing. Chait’s compensation went to \$3.5 million in 2005 from \$680,000 in 2004, with the help of \$2.4 million in restricted stock and other compensation.

The lowest-paid executive on our list was Marilyn White, a VP with General Employment Enterprises Inc., who made \$209,700 and did not receive any stock options.

One-third get bonuses

Four staffing industry executives earned bonuses of \$1 million or more. Robert Half executives scored the largest bonuses as a percent of salary – CEO Messmer and CFO

2005 Executive Compensation of Publicly Traded Staffing Companies

Company	Executive	Title	2005 Total Compensation \$ [A]	Base Salary \$ [A]
Heidrick & Struggles International Inc.	Friel, Thomas J.	Chairman and CEO	21,255,964	600,000
Robert Half International Inc.	Messmer, Jr., Harold M.	Chairman and CEO	13,226,735	525,000
Manpower Inc.	Joerres, Jeffrey A.	Chairman, President and CEO	9,423,263	1,000,000
Robert Half International Inc.	Waddell, M. Keith	Vice Chairman, President and CFO	8,077,159	265,000
Korn/Ferry International	Reilly, Paul C.	CEO and Chairman	4,463,932	650,000
MPS Group Inc.	Payne, Timothy D.	President and CEO	4,099,530	600,000
Gevity HR Inc.	Vonk, Erik	Chairman and CEO	3,813,639	600,000
Hudson Highland Group Inc. [M]	Raymond, Mary Jane	EVP and CFO	3,785,244	350,000
Kelly Services Inc. [N]	Adderley, Terrence E.	Chairman and CEO	3,520,525	929,167
Hudson Highland Group Inc.	Chait, Jon F.	Chairman and CEO	3,457,356	500,000
Manpower Inc.	Van Handel, Michael J.	EVP CFO and Secretary	3,395,924	500,000
Heidrick & Struggles International Inc.	Kelly, L. Kevin	President, Europe and Asia Pacific	3,210,743	775,000
AMN Healthcare Services Inc.	Nowakowski, Susan R.	President and CEO	2,819,746	494,593
Kelly Services Inc.	Camden, Carl T.	President and COO	2,559,342	764,583
Resources Connection Inc.	Murray, Donald B.	Chairman, CEO, President and Director	2,547,830	559,000
Labor Ready Inc. [P]	Sambataro Jr., Joseph P.	Director and CEO	2,541,133	535,000
MPS Group Inc.	Crouch, Robert P.	SVP, CFO, and Treasurer	2,052,390	300,000
Administaff Inc.	Sarvadi, Paul J.	Chairman and CEO	2,051,178	555,692
Spherion Corp.	Krause, Roy G.	President and CEO	2,025,806	535,192
Korn/Ferry International Inc.	Burnison, Gary D.	COO, CFO and EVP	1,938,667	475,000
Barrett Business Services Inc.	Sherertz, William W.	President and CEO	1,789,697	250,000
AMN Healthcare Services Inc.	Dreyer, David C.	CFO and Chief Accounting Officer	1,768,781	335,295
On Assignment Inc.	Dameris, Peter T.	President and CEO	1,562,929	440,385
Kforce Inc.	Dunkel, David L.	Chairman, CEO, and Director	1,265,000	575,000
Computer Horizons Corp.	Shea, Michael J.	CFO, VP	1,253,151	220,000
Gevity HR Inc.	Harris, Lisa J.	SVP, Client Services and CIO	1,251,435	345,000
Westaff Inc.	Newman, Patricia M.	President and CEO	1,248,185	345,000
Kforce Inc. [O]	Pierce, Ken W.	SVP, Chief Marketing Officer	1,207,500	446,798
Medical Staffing Network Holdings Inc. [Q]	Peck, Gary	COO	1,150,283	275,000
Administaff Inc.	Arizpe, A. Steve	EVP, Client Services and COO	1,122,337	375,000
Spherion Corp.	Mulrooney, Byrne K.	President, Staffing Services	1,117,627	344,021
Resources Connection Inc.	Giusto, Stephen J.	CFO, EVP Corp. Development, Secretary and Director	994,720	350,000
Labor Ready Inc.	Cooper, Steven C.	President	917,875	286,000
RCM Technologies Inc.	Kopyt, Leon	Chairman, CEO, President and Director	894,067	315,289
Cross Country Healthcare Inc.	Boshart, Joseph A.	President and CEO	882,021	475,000
Barrett Business Services Inc.	Mulholland, Michael D.	VP-Finance, Treasurer and Secretary; CEO	834,455	368,000
RemedyTemp Inc.	Palmer, Greg	President and CEO	792,809	535,682
TSR	Hughes, Joseph F.	Chairman, CEO, President, Treasurer & Director	768,000	464,000

STAFFING INDUSTRY REPORT

Keith Waddell each were awarded bonuses of roughly 900% of base. At the other end of the spectrum, 32% of public staffing company executives received no bonus at all; that's slightly higher than in 2004, when about 26% of executives went without a bonus.

But the real money was in other forms of compensation. Twenty-two executives received options, restricted stock and other forms of compensation with aggregate value of more than \$1 million. Fifty-eight percent of staffing industry executives tracked received options grants, down from 61% in 2004, but the percentage of executives awarded restricted stock grants increased to 49% from 40%.

Pay percentage

Heidrick & Struggles paid out 4.9% of rev-

enue to CEO Friel, followed by General Employment Enterprises, which paid CEO Herbert Imhoff 2.6% of the company's total revenue. According to our proprietary benchmarking data, for most large staffing firms, total personnel costs as a percent of revenue are typically in the low teens.

At the other end of the spectrum, the two companies with the lowest combined executive pay as a percent of revenue were the same two as last year: Manpower Inc. and Volt Information Sciences Inc.

For most public staffing companies, total compensation for the top two executives combined was less than 2% of 2005 year-end market capitalization. With regard to this measure, Ablest Inc.'s President and CEO Kurt Moore and Chairman Charles Heist took the top spot with 4.5%. David

and Stephen Savitsky, CEO and president, respectively, of ATC Healthcare Inc., came in second with 4.4%. In 2004, the Savitsky brothers were at the top with 7%.

All compensation data was derived from proxy or 10-K reports filed as of July 13 with the U.S. Securities and Exchange Commission and reflects the most recent fiscal year. Total compensation was calculated as the sum of salary, bonus, other annual and other compensation, restricted stock, long-term incentive plan payouts, and the Black-Scholes value of stock options.

How we compare

In a survey for The New York Times, compensation consultant Pearl Meyer & Partners found that CEO compensation at major U.S. companies generally rose 10% in 2005.

"Annual pay and performance will never move in lockstep, since compensation programs also reflect long-term financial and strategic goals," said Jan Koors, managing director of Pearl Meyer & Partners. "However, they are clearly moving more in sync as more companies respond to investor pressures."

CEO compensation programs in 2005 saw a third straight decline in stock option values, down 1.4% to \$2.1 million atop a 7% decrease a year earlier. At the same time, there was a 15% rise to \$1.9 million in the value of stock awards and long-term performance plans. This shift reflects governance pressure to put more compensation value into vehicles that promote long-term performance, rather than the more day-to-day stock price focus critics believe is engendered by heavy option use, the survey said.

Another study of CEO compensation at large companies revealed modest changes in CEO compensation in 2005. Mercer

Bonus \$ [A]	Options \$ [A,B]	Restricted Stock & Other \$[A,I]	Company Revenue (\$000s) [A]	Total Compensation as Percent of Total Revenue [C]	Market Cap (\$000s) [C]	Total Compensation as Percent of Market Capitalization [C]
580,000	410,245	19,665,719	432,850	4.9%	596,159.8	3.6%
4,798,406	0	7,903,329	3,338,439	0.4%	6,427,668.0	0.2%
1,625,000	3,281,640	3,516,623	16,080,400	0.1%	4,053,205.4	0.2%
2,376,738	0	5,435,421	3,338,439	0.2%	6,427,668.0	0.1%
1,650,000	692,224	1,471,708	476,377	0.9%	585,102.9	0.8%
810,000	1,503,280	1,186,250	1,684,699	0.2%	1,429,670.5	0.3%
810,000	2,352,809	50,830	608,797	0.6%	671,640.8	0.6%
150,000	2,247,644	1,037,600	1,428,276	0.3%	414,301.2	0.9%
926,000	0	1,665,358	5,289,825	0.1%	940,020.5	0.4%
592,000	2,365,356	0	1,428,276	0.2%	414,301.2	0.8%
813,000	1,093,880	989,044	16,080,400	0.0%	4,053,205.4	0.1%
835,000	98,459	1,502,284	432,850	0.7%	596,159.8	0.5%
394,615	1,915,700	14,838	705,843	0.4%	631,037.9	0.4%
625,000	0	1,169,759	5,289,825	0.0%	940,020.5	0.3%
802,175	1,183,928	2,727	537,636	0.5%	951,001.5	0.3%
267,500	1,320,983	417,650	1,236,070	0.2%	1,149,030.0	0.2%
405,000	751,640	595,750	1,684,699	0.1%	1,429,670.5	0.1%
830,618	0	664,868	1,169,612	0.2%	1,186,181.9	0.2%
300,000	745,332	445,282	1,971,665	0.1%	592,996.4	0.3%
725,000	69,265	669,402	476,377	0.4%	585,102.9	0.3%
81,825	1,303,768	154,104	231,389	0.8%	269,669.8	0.7%
228,800	1,197,313	7,373	705,843	0.3%	631,037.9	0.3%
600,000	467,980	54,564	237,856	0.7%	269,560.7	0.6%
690,000	0	0	802,265	0.2%	442,703.6	0.3%
25,000	0	1,008,151	268,836	0.5%	137,257.7	0.9%
230,000	676,435	0	608,797	0.2%	671,640.8	0.2%
90,000	560,060	151,327	612,861	0.2%	76,485.1	1.6%
0	0	932,500	802,265	0.2%	442,703.6	0.3%
0	660,838	114,445	402,507	0.3%	158,437.4	0.7%
408,891	0	369,425	1,169,612	0.1%	1,186,181.9	0.1%
170,000	375,347	222,280	1,971,665	0.1%	592,996.4	0.2%
311,350	394,643	2,727	537,636	0.2%	951,001.5	0.1%
158,125	257,848	186,613	1,236,070	0.1%	1,149,030.0	0.1%
75,000	325,310	18,757	180,618	0.5%	60,011.1	1.5%
228,896	279,875	5,250	645,393	0.1%	572,220.0	0.2%
65,469	568,986	0	231,389	0.4%	269,669.8	0.3%
257,127	0	0	514,274	0.2%	79,962.5	1.0%
304,000	0	0	51,445	1.5%	27,179.7	2.8%

(Chart continues on following pages)

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Compensation Chart continued from page 11

Company	Executive	Title	2005 Total Compensation \$ [A]	Base Salary \$ [A]
Ablest Inc. [D]	Moore, Kurt R.	President and CEO	731,658	265,000
Computer Task Group Inc.	Boldt, James R.	Chairman, President and CEO	720,282	408,772
Cross Country Healthcare Inc.	Hensel, Emil	CFO	710,407	276,000
Analysts International Corp.	Baker, Jeffrey P.	President	694,364	386,761
Comforce Corp.	Fanning, John C.	Chairman and CEO	683,783	413,529
On Assignment Inc. [T]	Mohr, Shawn M.	President, HC Div. and Chief Sales Officer	679,697	259,981
CDI Corp.	Ballou, Roger H.	President and CEO	593,000	567,500
Comforce Corp.	Maccarrone, Harry V.	EVP, CFO and Secretary	576,226	294,825
Computer Horizons Corp. [J]	Conroy, Dennis J.	President and CEO	571,579	365,000
CDI Corp. [H]	Kerschner, Mark A.	EVP and CFO	569,256	310,000
TechTeam Global Inc. [U]	Coyro, Jr., William F.	President, CEO	553,973	348,462
TeamStaff inc.	Smith, T. Kent	President, CEO, Director	536,680	250,000
General Employment Enterprises Inc.	Imhoff, Jr., Herbert F.	Chairman and CEO, President and COO	531,360	412,500
National Technical Systems Inc. [R]	McGinnis, William	CEO	527,889	293,750
RemedyTemp Inc.	Houdeshell, Monty A.	SVP and Chief Administrative Officer	526,633	265,960
Cosys IT Partners Inc. [K]	Willis, Michael T.	Chairman, CEO and President	511,514	478,125
Volt Information Sciences Inc.	Daley, Thomas	SVP	508,137	249,995
Cosys IT Partners Inc. [L]	Barker, Michael H.	EVP--Field Operations	480,363	312,000
National Technical Systems Inc. [S]	Lin, Jack	Chairman and former CEO	478,944	316,563
Volt Information Sciences Inc.	Shaw, William	President, co-CEO and Chairman	458,288	455,250
TechTeam Global Inc.	Gumber, Robert W.	VP of Operations EMEA	451,367	210,769
Medical Staffing Network Holdings Inc.	Adamson, Robert J.	Chairman and CEO	448,154	441,154
TSR Inc.	Bago, Ernest G.	President, TSR Consulting Services Inc.	448,000	200,000
Computer Task Group Inc.	Gyde, Filip J.L.	SVP- European operations	440,425	238,096
RCM Technologies Inc.	Campanelli, Rocco	EVP	422,434	175,000
Analysts International Corp. [F]	Lavelle, Michael J.	CEO and Chairman	408,385	404,575
ATC Healthcare Inc.	Savitsky, David	CEO	373,649	373,649
TeamStaff inc.	Filippelli, Rick J.	VP and CFO	362,988	224,988
Ablest Inc. [E]	Heist, Charles H.	Chairman	326,138	200,000
ATC Healthcare Inc. [G]	Savitsky, Stephen	President and Chairman	280,621	280,621
Volt Information Sciences Inc.	Shaw, Steven A.	EVP, co-CEO and COO	275,802	262,500
Weststaff Inc.	Sodestrom, Dirk A.	SVP and CFO	253,792	253,577
General Employment Enterprises Inc.	White, Marilyn L.	VP	209,700	180,000

Compensation continued from page 11

Human Resource Consulting found that bonuses given to the CEOs of the 350 large public companies studied were closely tied to overall company performance.

“The close alignment of pay and performance reflected in the 2005 Mercer survey numbers indicates that organizations are moving toward more responsible executive compensation,” said Peter Chingos, a senior executive compensation consultant with Mercer.

The survey also revealed that while the use of stock options continued to decline – from 57% of long-term incentives in 2004 to 52% in 2005 – there is an increasing trend of using more restricted stock and performance share. This trend can be seen in the staffing industry, too. According to the Mercer survey, use of restricted stock rose to 26% in 2005 from 22% of long-term incentives in 2004. ◇

What total compensation includes

- Salary: As stated by the company. Annualized for mid-year hires (from an employment agreement when available). Noted for mid-year retirements/resignations.
 - Bonus: As stated by the company.
 - Other annual /All other compensation: As stated by the company.
 - Restricted Stock: Dollar value as stated by the company when available. If the company discloses restricted stock granted as a number of shares, Equilar converts it to a dollar value based on the stock price on the date of grant when available, or with the fiscal year-end stock price.
 - Long-Term Incentive Payouts: As stated by the company.
 - Value of Stock Options (Black-Scholes): Calculated by Equilar for options granted in the most recent fiscal year using the Black-Scholes formula with the assumptions outlined below. Black-Scholes is a complex mathematical formula widely used to value exchange-traded options. Black-Scholes relies on several key assumptions to estimate the present value of options. The use of different assumptions can produce significantly different estimates of the present value of options. Consequently, the grant date present values provided are only theoretical values and may not accurately represent present value.
 - Volatility: Historical three-year stock price volatility measured on a daily basis from the date of grant. If a company has not been publicly traded for at least three years, volatility is measured from the IPO date through grant date. Source: Tradeline. (Tradeline is a division of SunGard Data Systems and Equilar's third-party market data provider.)
 - Risk Free Rate: U.S. Government Bond Yield on the date of grant corresponding to the term of the option. Source: Tradeline.
 - Dividends: Cumulative dividends for the 12-month period prior to the option grant date divided by stock price. Source: Tradeline.
 - Term: Full term of the option as stated by the company.
- Total Compensation: Calculated as the sum of salary, bonus, other annual/all other compensation, restricted stock, LTIP payouts, and the estimated value of stock options (as calculated using the Black-Scholes methodology).

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Bonus \$ [A]	Options \$ [A,B]	Restricted Stock & Other \$[A,I]	Company Revenue (\$000s) [A]	Total Compensation as Percent of Total Revenue [C]	Market Cap (\$000s) [C]	Total Compensation as Percent of Market Capitalization [C]
265,000	0	201,658	137,457	0.5%	23,979.9	3.1%
126,597	125,076	59,837	294,465	0.2%	83,402.2	0.9%
171,672	257,485	5,250	645,393	0.1%	572,220.0	0.1%
0	299,610	7,993	322,298	0.2%	60,314.4	1.2%
0	239,837	30,417	539,841	0.1%	40,391.0	1.7%
280,000	0	139,716	237,856	0.3%	269,560.7	0.3%
25,000	0	500	1,133,584	0.1%	525,700.2	0.1%
25,000	239,837	16,564	539,841	0.1%	40,391.0	1.4%
0	203,040	3,539	268,836	0.2%	137,257.7	0.4%
30,000	96,675	132,581	1,133,584	0.1%	525,700.2	0.1%
73,292	0	132,219	166,497	0.3%	102,598.8	0.5%
170,000	116,680	0	55,804	1.0%	26,604.0	2.0%
70,710	0	48,150	20,348	2.6%	10,708.4	5.0%
156,276	77,863	0	111,524	0.5%	43,083.5	1.2%
127,661	133,012	0	514,274	0.1%	79,962.5	0.7%
0	0	33,389	661,657	0.1%	225,792.2	0.2%
255,158	0	2,984	2,177,619	0.0%	288,420.3	0.2%
0	0	168,363	661,657	0.1%	225,792.2	0.2%
147,207	15,174	0	111,524	0.4%	43,083.5	1.1%
0	0	3,038	2,177,619	0.0%	288,420.3	0.2%
47,586	55,181	137,831	166,497	0.3%	102,598.8	0.4%
0	0	7,000	402,507	0.1%	158,437.4	0.3%
248,000	0	0	51,445	0.9%	27,179.7	1.6%
43,943	62,538	95,848	294,465	0.1%	83,402.2	0.5%
75,000	162,655	9,779	180,618	0.2%	60,011.1	0.7%
0	0	3,810	322,298	0.1%	60,314.4	0.7%
0	0	0	71,528	0.5%	14,675.1	2.5%
138,000	0	0	55,804	0.7%	26,604.0	1.4%
88,900	0	37,238	137,457	0.2%	23,979.9	1.4%
0	0	0	71,528	0.4%	14,675.1	1.9%
10,000	0	3,302	2,177,619	0.0%	288,420.3	0.1%
0	0	215	612,861	0.0%	76,485.1	0.3%
18,000	0	11,700	20,348	1.0%	10,708.4	2.0%

[A] Source: Equilar [B] Grant date present value of options. Calculated by Equilar using the Black-Scholes formula. [C] Calculated Company FY end. [D] Restricted Stock: Value of 21,616 shares of common stock issued based on the fiscal year end stock price of \$8.39 on 12/31/2005 [E] Restricted Stock: Value of 2,722 shares of common stock issued based on the fiscal year end stock price of \$8.39 on 12/31/2005. [F] LaVelle retired from his position as the CEO as of Dec. 31, 2005. He currently serves as chairman. [G] Stephen Savitsky served as CEO until November 2001. He continues to serve as president and chairman. [H] Base Salary: Annualized base salary. [I] Restricted stock represents \$ value as stated by company when available. Otherwise the value is estimated by Equilar. [J] Base Salary: Annualized base salary. [K] Willis resigned from the company the Board in February 2006. [L] Restricted Stock: Represents the value of 12,500 shares of restricted stock granted at \$11.88, the stock price on Feb. 9, 2006, the day of the grant. [M] Base Salary: Annualized base salary [N] In February 2006, Terence Adderley suffered a cardiac incident and relinquished his role as CEO. [O] As of Jan. 1, 2006, Pierce was no longer a Kforce employee. [P] Sambataro resigned as CEO effective May 17, 2006 [Q] Peck joined Medical Staffing Network in March 2005 and resigned in January 2006. Base Salary: Annualized base salary. [R] As of May 1, 2005, in addition to continuing to serve as president, McGinnis became CEO. [S] As of May 1, 2005, Lin ceased serving as CEO but continues to serve as chairman. [T] Restricted Stock: Represents the value of 24,712 restricted stock units granted on 8/2/2005 at the fair market value of \$5.42 per share. [U] Coyro ceased being president and CEO on Feb. 3, 2006.

Source: Equilar from company reports

Forecast continued from page 9

revenue per worksite employee per month in the most recent second quarter versus the year-ago period) and increases in covered employees. **Administaff** and **Gevity HR Inc.** reported revenue increases of 21% and 10%, respectively, for the first six months of 2006 versus the same period a year earlier.

Data from the Bureau of Labor Statistics suggest, however, that not every PEO may be participating in this growth, as the total number of persons co-employed by PEOs has been relatively flat. That is consistent with reports from within the industry that smaller PEOs are at a disadvantage both in acquiring health plans and in matching the array of services larger PEOs are able to offer. We project over-

all PEO industry growth of 11% in 2006 and 8% in 2007.

Outplacement

The performance of the outplacement sector continues to run counter to that of the rest of the staffing industry. We project little or no material growth in the near future. Reflecting ongoing low unemployment rates, we estimate that revenue in this segment will decline by 9.0% in 2006. This is a more pessimistic assessment since we forecast flat revenue of \$1 billion in February.

This year is shaping up to be the third in a row of strong growth in the staffing industry. Softening employment growth should take some of the

wind out of the industry's sails in the second half of the year and into 2007, but the effect is not expected to be dramatic, nor will it affect each segment equally. It says something very positive about temporary employment that it need only be nurtured by the background of a normal economy to grow as a proportion of total employment, a result upon which this forecast is partly based.

Although that penetration is not expected to expand materially in the near future, neither is it expected to decline, and meanwhile, the place and search sector is booming. Expect continued growth in this industry for the foreseeable future, though at a slightly more moderate pace. ♦