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Administaff, Inc. Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Michael Baker - Raymond James.

Michael Baker - Raymond James & Associates

United Health continues to face some service issues, and I'm wondering if that had any impact on retention.

Paul Sarvadi

No, Michael. We have just continued to have great service experience. We are such a large customer for United Health Care, and most of their service issues were out in the, right on the California market that dealt with the conversion from them going from the Pacific Air platform to the United platform.

I would say that, from all of the qualitative feedback that we've had, it's just been very nominal. So, we may have lost a few because of that, but we just didn't see that much taking place.

Michael Baker - Raymond James & Associates

Doug in terms of the sequential downtick in D&A it looked a little bit more pronounced than what we've seen in the past. If you could just provide some sense of maybe what drove that and just give us a sense of how that might trend for the year?

Douglas Sharp

I think for the full year it's fairly consistent with 2008, our estimate for the full year with the previous years. We did have some assets become fully amortized, going from the fourth of last year to the first of this year. We do have some capital expenditures coming online still. I think the bottom line is, to the full year we expect to be relatively consistent.

Operator

Your next question comes from Tobey Sommer - SunTrust Robinson.

Tobey Sommer - SunTrust Robinson Humphrey

I had a question about your sales force growth, which seems to be pretty impressive in terms of the higher figure at 15%; what is the distribution of them? Is your new sales office initiative absorbing the

bulk of that increase, or are you also fleshing out some of your recent office openings over the last couple years?

Paul Sarvadi

We're pretty aggressive in our office openings over the course of last year and we still have four new office openings this year, but it's a mix between adding to those new offices and then selling out our other current offices and making sure we're fully staffed to take advantage of this climate in terms of having really better candidates available for us.

We've had a great run in hiring and also in training. This first quarter's been very exciting. Our office has been full of new sales staff and the quality level looks fantastic; so we're very excited about that going forward.

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