

“Fiscal 2007 was
a year of strong
performance.
We increased



VISION. COMMITMENT. PERFORMANCE. | 2007 SUMMARY ANNUAL REPORT

revenues and new
business sales,

and continued to strengthen our product set.”

LETTER TO SHAREHOLDERS

I am pleased to be sharing my thoughts with you as the fifth chief executive officer in ADP's 46 years as a public company. ADP is a company that is continually evolving, but at our core we remain deeply committed to the culture and philosophy that have served us so well for so many years.

ADP Mission Statement and the Service Profit Chain

Our Mission is to provide superior value to our clients by making available a wide range of easy-to-use, cost-effective, business outsourcing solutions for employers and vehicle dealers of all types and sizes throughout the world.

I strongly believe that our past and future success depends largely on a process called the Service Profit Chain. The Service Profit Chain simply states that “when happy, engaged associates provide higher levels of client service, clients stay with ADP longer, buy more services, and refer others to use ADP services...” and the chain continues from there. This process has served us well and is an outgrowth of our fundamental beliefs that our clients deserve World Class Service and, as an Employer of Choice committed to the Service Profit Chain, we need to attract, engage, and retain the best associates.

Increasing Shareholder Value

At the beginning of fiscal 2007, I communicated that my top priority as CEO would be to increase shareholder value through:

- A more focused ADP,
- Improving financial metrics with accelerating revenue growth and improving margins, and
- Returning a higher level of excess cash to our shareholders through increased dividends and share repurchases.

We are executing well on this priority and I am confident we are on the right path to continue the course for the future.



Gary C. Butler
PRESIDENT & CHIEF EXECUTIVE OFFICER

investment. Excluding the net one-time gain, diluted earnings per share from continuing operations were \$1.80, an increase of 24% over last year. Return on equity was healthy at 24%. Our investments in the Employer Services salesforce and expanded product set are clearly paying off as we achieved our third consecutive year of double-digit growth in new business sales. Our continuing commitment to World Class Service has resulted in another year of record client retention levels in Employer Services. Additionally, I am very pleased to share with you that for the 2006 calendar year-end, we prepared over 50 million W-2's, our highest level yet for year-end processing. Fiscal 2007 was also an excellent year for Dealer Services, both in our core North American business and in our international business. New business sales growth was strong and client retention continued at enviable levels.

Returning Cash to Shareholders

We began fiscal 2007 with cash and marketable securities of \$2.5 billion. In addition to our opening balance sheet, we had strong operating cash flows of \$1.3 billion. Furthermore, from the BSG spin-off we received a \$690 million cash dividend and approximately \$73 million in cash that was repatriated from BSG's Canadian subsidiaries. Collectively, this enabled ADP to buy back over 40 million shares of its common stock for treasury at a cost of over \$1.9 billion during fiscal 2007, reflecting our confidence in ADP's future growth opportunities. We also exited fiscal 2007 with a strong balance sheet with nearly \$1.9 billion in cash and marketable securities. Our share buyback program is an ongoing commitment and, depending on market conditions, I anticipate we will continue to repurchase ADP shares as we move into fiscal 2008.

In furthering our commitment to return a greater level of excess cash to our shareholders, ADP's board of directors increased the cash dividend 24% during fiscal 2007. This raised the dividend yield as of January 1, 2007 to about 2%, higher than our historical levels of 1% to 1.5%. Additionally, this increased, annual dividend of \$0.92 per share was maintained after the completion of the BSG spin-off.

Our Associates

ADP's team of nearly 46,000 associates is central to our continued success. Our dedicated associates continued to provide World Class Service to approximately 585,000 clients around the world. I would like to extend my special thanks to the many associates whose extra efforts contributed to the successful spin-off of the BSG business.

A More Focused ADP

We are very pleased to have completed the tax-free spin-off of the Brokerage Services Group (BSG) business on March 30, 2007. We also divested Sandy Corporation, a Dealer Services business, in January 2007 and the Travel Clearing business in July 2007, both non-strategic, slow-growing businesses. The new ADP is a more focused company with the Employer Services and Dealer Services businesses having excellent growth potential for revenue and pretax earnings. I am confident that the newly focused ADP is well positioned to sustain strong organic revenue growth and pretax margin expansion.

Improving Financial Metrics

Fiscal 2007 was a year of strong performance. We increased revenues and new business sales, and continued to strengthen our product set. Revenues grew 14% and organic revenue growth was excellent at 12%. This is an acceleration over the fiscal 2006 organic growth rate of 10%. Diluted earnings per share from continuing operations of \$1.83 increased 26%, which includes the fiscal 2007 first quarter net one-time gain primarily from the sale of a Dealer Services non-core minority

Our leadership is strong. Mike Martone, who was most recently the group president of Employer Services, was named chief operating officer this year. In addition, we promoted Kris Borkovich, Laurie Eldridge, Ed Flynn, and Al Nietzel to the position of corporate vice president in recognition of their important contributions to our success.

New ADP Chairman

Art Weinbach, ADP's former chief executive officer and current non-executive chairman, will retire from ADP's board of directors effective November 13, 2007, in accordance with ADP's corporate governance principles regarding CEO transitions. Art was an invaluable resource for me this year and deserves much of the credit in the highly successful tax-free spin-off of our BSG business. Art is currently executive chairman of Broadridge Financial Solutions, Inc., our former BSG business.

I am pleased to announce that Les Brun will become the new non-executive chairman of ADP upon Art's retirement. Les is the chairman and chief executive officer of Sarr Group, LLC, an investment holding company. Les has served as an ADP director since 2003, and was also chairman of ADP's nominating / corporate governance committee from 2005 through August 2007.

Ann Jordan retired from the ADP board effective August 2007. Ann had been a director since 1993 and we thank her for many years of valuable counsel and participation in ADP's ongoing success.

A Look to ADP's Future

As we move forward from fiscal 2007 we do so from a position of strength. We continue to invest in new products, to enhance our service delivery processes, and to expand our distribution resources, all of which are critical to our future success. I believe we are executing the right strategies with an excellent foundation for sustained double-digit revenue growth and increasing profitability over time.

I am also pleased that our recent fiscal 2008 forecasts of approximately 12% revenue growth and 18% to 21% diluted earnings per share growth, up from \$1.80 in fiscal 2007 excluding the first quarter net one-time gain, are very much in line with our excellent performance in fiscal 2007 and fully in sync with our strategic priority to increase shareholder value.

Thank you for your continued confidence in ADP. I am very excited about the long-term prospects for our Company.



Gary C. Butler
PRESIDENT & CHIEF EXECUTIVE OFFICER

August 29, 2007

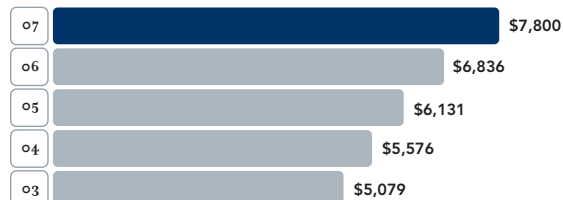
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FINANCIAL HIGHLIGHTS

(Dollars and shares in millions, except per share amounts)

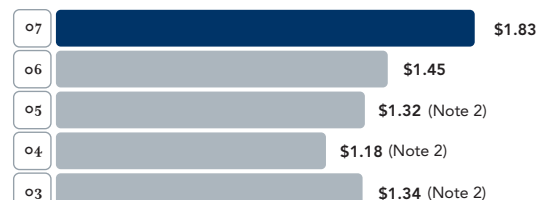
Years ended June 30,	2007	2006	Change
Total revenues	\$ 7,800.0	\$ 6,835.6	14%
Net earnings from continuing operations	\$ 1,021.2	\$ 841.9	21%
Basic earnings per share from continuing operations	\$ 1.86	\$ 1.46	27%
Diluted earnings per share from continuing operations	\$ 1.83	\$ 1.45	26%
Cash dividends declared	\$ 480.7	\$ 408.6	18%
Cash dividends declared per share	\$ 0.8750	\$ 0.7100	23%
Basic weighted average shares outstanding	549.7	574.8	
Diluted weighted average shares outstanding	557.9	580.3	
Return on equity (Note 1)	23.7%	17.4%	
At year end:			
Cash, cash equivalents, and marketable securities	\$ 1,884.6	\$ 2,461.3	
Working capital from continuing operations	\$ 1,534.8	\$ 1,596.4	
Total assets before funds held for clients	\$ 8,159.7	\$ 10,006.2	
Long-term debt	\$ 43.5	\$ 74.3	
Stockholders' equity	\$ 5,147.9	\$ 6,011.6	
Number of employees	46,000	46,000	

TOTAL REVENUES (Dollars in millions)



Note 1. Return on equity has been calculated as net earnings from continuing operations divided by average stockholders' equity, excluding the average cumulative net earnings from discontinued operations for each of the five years beginning with fiscal 2003. See our Selected Financial Data table within the 2007 Annual Report on Form 10-K for additional information on our return on equity calculation.

DILUTED EPS FROM CONTINUING OPERATIONS (In Dollars)



Note 2. The Company adopted Statement of Financial Accounting Standards No. 123R, "Share-Based Payment" ("SFAS No. 123R"), effective July 1, 2005, using the modified prospective method. The adoption of SFAS No. 123R requires the recognition of stock-based compensation expense in the consolidated financial statements beginning in fiscal 2006. The financial information presented for fiscal years 2005, 2004, and 2003 do not include stock-based compensation expense.

PERSPECTIVES

ADP'S EXECUTIVE LEADERSHIP TEAM



Gary C. Butler

PRESIDENT & CHIEF EXECUTIVE OFFICER



S. Michael Martone

CHIEF OPERATING OFFICER



Christopher R. Reidy

CHIEF FINANCIAL OFFICER

Revenue growth has accelerated. Do you see this acceleration continuing and what growth rate is sustainable?

Our market opportunities are huge and we have the right distribution channels and product sets in place to effectively compete and gain market share.

ADP is well positioned to achieve 10% to 12% organic revenue growth on an annual basis supplemented by 1% to 2% revenue growth from acquisitions. We divested slower-growing, less-profitable, non-strategic businesses in fiscal 2007 and successfully refocused ADP on our Employer Services and Dealer Services businesses which are in attractive, high-growth markets. Fiscal 2007 was our third consecutive year in ADP's return to double-digit revenue growth and we are forecasting another double-digit revenue growth year for fiscal 2008.

How will revenue growth continue to increase in the businesses?

Total company organic revenue growth in the 10% to 12% range is currently being driven by Employer Services. Growth in our client base is creating additional opportunities to cross-sell our beyond payroll solutions, and there is still significant opportunity to increase penetration of these solutions within the base.

Our newer HR BPO offerings – GlobalView®, Comprehensive Outsourcing Services (COS), and Administrative Services Offering (ASO), are being well received by the marketplace and are still in their infancy in terms of revenue contribution. The PEO (Professional Employer Organization), our long-standing HR BPO offering to small- and mid-sized clients, continues to grow exceptionally well.

Additionally, the acquisitions made during fiscal 2007 bring terrific

What are the priorities for capital deployment?

Our strategic priority is to increase shareholder value, a key component of which is the deployment of ADP's excess capital. Our priorities for use of capital include strategic tuck-in acquisitions, accretive share repurchases, and dividends.

This past year, our approach to acquisitions has changed. We are actively pursuing acquisitions that are close to our core and complement our existing capabilities, and are no longer interested in large acquisitions that would be dilutive to earnings per share over multiple years. We are not interested in pursuing transactions that do not have revenue growth rates at least as high as our existing businesses. Our focus is on: acquisitions that leverage our strong distribution channel and bring additional payroll / HR and DMS business to ADP, enhancing our market position; transactions that add scale and are accretive to margins in

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Employer Services is the global market leader for HR, payroll, and benefit services. The opportunity in the markets we serve is \$85 billion. The mid-market, which we define as companies with 50 to 999 employees, is the most penetrated and only 45% to 50% of those businesses outsource their payroll. Our other markets are less than 30% penetrated for payroll outsourcing. All of our markets offer significant growth opportunities for payroll and additional



services. Our economic value proposition to all-sized companies is based on scalable, proprietary platforms with excellent processing economies, as well as proven service delivery. Our distribution capabilities are superior, with a strong field sales organization of about 4,000.

Dealer Services is the leading global provider of dealer management system (DMS) solutions, and has a significant market opportunity to capture dealer and manufacturer spend of about \$9 billion worldwide. Dealer Services' growth opportunities in the international marketplace are significant, especially in the Asia-Pacific region of the world.

S. Michael Martone

CHIEF OPERATING OFFICER



products to ADP with solid growth potential, for example, sales of the Employeease® product are quite strong.

ADP's international opportunities are tremendous. In Employer Services, our GlobalView offering that targets large multinational companies is unique in the marketplace. There has been heavy demand for this service offering. Most GlobalView clients are new clients to ADP, and retention is very high. We anticipate GlobalView growing to a \$500 million annual revenue business over the next five years.

Dealer Services is also well positioned as the global market leader of fully integrated solutions for vehicle dealers and manufacturers. Organic revenue growth in Dealer Services continued to improve in fiscal 2007, and market opportunities have increased. While the North American core DMS markets are penetrated, there are new emerging areas of opportunity domestically such as Digital Marketing and other layered applications. Opportunities in Asia and Eastern Europe are significant since vehicle sales growth in recent years has outpaced North America and Western Europe. Asia is poised to become the largest region for automotive sales in the world over the

Christopher R. Reidy

CHIEF FINANCIAL OFFICER

a short period of time; as well as transactions that bring new product capabilities and capture emerging growth opportunities. Fiscal 2007 was a good year for acquisitions and we anticipate continuing along this course.

Shareholder-friendly cash distributions are another key element of our capital deployment strategy. Our share buyback program is more substantive than in past years, and we are paying higher dividends to our shareholders. In the fourth quarter of fiscal 2006, upon the receipt of cash from the sale of our Claims Services Group business combined with our strong recurring cash flows, ADP stepped up the level of share buybacks and acquired over 17 million shares of its stock for treasury for approximately \$800 million. During fiscal 2007, utilizing our strong recurring cash flows and the cash received from the spin-off of our Brokerage Services Group business, we acquired over 40 million ADP shares for over \$1.9 billion. Our intent is to continue to buy back shares for treasury, depending on market conditions. We anticipate that the level of buybacks will be



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Is ADP where it expected to be post spin-off?

Yes, the direction for the new ADP has been set and we are executing well against our strategic growth program which consists of five key elements to continue to grow our leadership position.

1. Strengthening and growing our core business
2. Growing our differentiated HR BPO offerings
3. Expanding internationally
4. Entering adjacent markets which leverage our core strategic assets
5. Expanding profit margins through increased operating efficiency

We will maintain market leadership through World Class Service and Product Leadership, and by being an Employer of Choice. Service is a high priority for us; without it we don't have a business. Product Leadership is key for driving new business sales and organic revenue growth.



S. Michael Martone

CHIEF OPERATING OFFICER

next three to five years and Dealer Services is the first global DMS provider to the Asian market. We expect strong international new business sales to contribute to an annual organic revenue growth rate of 9% to 10% in the next five years at Dealer Services.



Can you update us on your distribution enhancement initiative in Employer Services?

ADP has one of the best salesforces around and our terrific sales results this year reflect that. We are, therefore, focused on continuing to increase the productivity of our sales associates and enhancing our distribution channels, which both contribute to margin expansion.

We are very excited about our newly established telesales distribution channel. We exited fiscal 2007 with about 125 telesales associates and anticipate increasing that number to about 250 over the next few months. Our telesales associates sold over \$35 million of new business in fiscal 2007 and we expect the amount generated from telesales to grow substantially next year.

Christopher R. Reidy

CHIEF FINANCIAL OFFICER

higher than historical levels, but not at the aggressive pace of the last five fiscal quarters.

Following a 19% increase in the calendar year 2006 dividend, ADP's board of directors increased the calendar year 2007 dividend 24%, resulting in a dividend yield of about 2% and payout ratio approaching 50% – both higher than historical levels. ADP has raised its annual dividend for over 30 consecutive years.

We remain committed to returning excess cash to our shareholders through a combination of share buybacks and cash dividends, and are pleased to have maintained a triple-A credit rating from both credit rating agencies – Standard & Poor's and Moody's.



How will ADP continue to expand margins?

Employer Services and Dealer Services are scale businesses that can be further leveraged for pretax margin expansion as we continue to grow the businesses. Continued margin expansion is a key element to increasing shareholder value. To that end, ADP has divested slower-growing, less-profitable, non-strategic businesses. With a more focused ADP, we are continuing to

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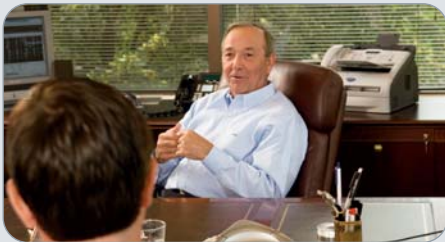
BPO is by far our single biggest organic revenue driver because the revenue potential from a client using a bundle of multiple services is many times greater than that of a traditional payroll / payroll tax client.

Additionally, the opportunities for international expansion are enormous, and we have a three-year lead in the market in terms of both our GlobalView offering in Employer Services and our Autoline® product in Dealer Services.

Growing adjacent markets — insurance, pre-employment services, and sales and use tax — is also critical for driving long-term growth in the businesses.

Expanding margins, coupled with organic revenue growth, are the key drivers for increasing shareholder value.

Driving all five elements of our strategic growth are ADP's outstanding associates — we must be an "Employer of Choice." Without our associates none of the rest will happen.



S. Michael Martone

CHIEF OPERATING OFFICER

Our expansion of telesales has enabled us to complement client outreach in a more cost-effective manner. The cost of a sale through a telesales associate is lower than the cost of a sale by a traditional "feet on the street" salesperson. In support of our direct sales organization, our telesales associates generate leads and drive penetration of our beyond payroll solutions across our client base, which lead to increased salesforce productivity.



In addition, Employer Services made several strategic acquisitions in fiscal 2007 that have expanded our suite of services. The Employease acquisition provides us with a competitive advantage in our Major Accounts market. Employease is a self-service, Web-based HR and benefits solution that enhances our core payroll offerings. We have already sold this solution to over 1,500 clients with nearly half of them becoming new ADP payroll clients.

The Employease acquisition, along with the VirtualEdge®, Mintax®, and Taxware® acquisitions, brings terrific new services to ADP's clients and prospects. We intend to leverage our extensive distribution capabilities to make these new acquisitions even more successful.

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CHIEF FINANCIAL OFFICER



streamline our back-office functions to better leverage our infrastructure and we are focused on improving operating efficiencies.

We have achieved early successes on our margin expansion initiatives: consolidation of our data centers; increased resources at our offshore locations in Hyderabad and Pune, India, and at our smartshore facilities in El Paso, Texas and Allentown, Pennsylvania; and we opened a new smartshore facility in Augusta, Georgia in July 2007. As we exited fiscal 2007, we had more than 2,900 associates in these locations, with two thirds offshore. We anticipate growing the number of offshore and smartshore associates to over 4,000 by the end of fiscal 2008.

Additionally, we are driving operating efficiencies in our distribution channels: increasing productivity in the field sales organization; increasing telesales efforts; and expanding alternate distribution channel growth.

We also are committed to growing our newer service offerings such as GlobalView, COS, ASO, and Pre-employment Services, to become scale businesses.

EMPLOYER SERVICES

WHO WE ARE

The global leader in outsourced payroll, HR, benefits, and compliance solutions that help employers of all sizes identify, attract, develop, and retain their employees

How We Serve The Market

Traditional Payroll and Payroll Tax Filing:

Small businesses – 1-49 employees
Medium-size businesses – 50-999 employees
Large businesses – 1,000+ employees
International businesses – multinationals and other businesses outside the United States

“Bundled” Services for Employers:

Professional Employer Organization (PEO) – for small- and medium-size businesses – includes co-employment

- Benefits, payroll, payroll tax administration
- Risk management
- HR compliance
- Health and workers’ compensation coverage
- HR guidance / support

Administrative Services Offering (ASO) – for small- and medium-size businesses

- Core bundled services similar to those of our PEO
- No co-employment arrangement
- Clients can retain their own workers’ compensation and health insurance policies, or can purchase coverage from a menu of optional services

Comprehensive Outsourcing Services (COS) – for medium- and large-size businesses

- HR administration (applicant, employee data, performance and compensation management, employment and wage verification, and employee self-service)
- Payroll administration (time and labor management, gross-to-net, tax filing and compliance services, new hire and wage garnishment services, direct deposit)
- Benefits administration (COBRA services, health and welfare, FSAs, carrier enrollment services, commuter benefit services)

GlobalView® – global payroll and HR services for multinational businesses

- Offered on a single global platform
- Multilingual, multicurrency solution
- Hosted by ADP
- Legislatively compliant in all markets served

Geographic Markets Served

North America | Europe | Asia-Pacific | Latin America

“Beyond Payroll” – Additional Services for Employers:

Pre-employment services

- Applicant management (job requisitions and postings, candidate search and ranking, on-boarding and reporting)
- Federal and state employment-based and geography-based tax credits
- Screening and selection (background, criminal history and reference checks, and identity validation)

Time and labor management services

- Collection and calculation of employee hours
- Performance and attendance documentation
- Workforce management tools

Tax and compliance services

- Electronic money movement of client taxes and direct deposit funds
- Employment-related tax services
- New hire reporting
- Wage garnishment services
- Unemployment compensation services
- Workers' compensation insurance

Human resource management services

- Employee data and records management
- Management of salaries and pay grades
- Career and succession planning
- Government reporting

Benefits administration services

- Health and welfare
- COBRA administration
- Flexible Spending Account (FSA) services

Retirement services recordkeeping and related services

- Retirement (primarily 401(k)) plans
- Deferred compensation plans
- “Premium only” cafeteria plans

WHAT WE ACCOMPLISHED IN 2007

This year, more companies than ever used Employer Services including PEO Services (ES) solutions to help identify, attract, hire, pay, and retain employees. In fiscal 2007, we:

- Served over 560,000 employers worldwide
- Paid nearly 33 million workers in over 30 countries, including 1-in-6 U.S. employees
- Provided over 50 million workers with one or more of our services
- Moved over one trillion dollars in client payroll taxes, direct deposits, and related funds in the United States and Canada

The demand for ES products and services created strong growth in new business sales, higher revenues, and excellent client revenue retention.

Significant Revenue Growth

This year, total ES revenues grew over 12% to \$6.5 billion — with over 11% organic growth and 1% growth from acquisitions. In the United States, revenues from traditional payroll and payroll tax filing, our oldest, largest and most profitable businesses, grew 9%. U. S. revenues derived from services other than our traditional payroll and payroll tax filing businesses — what we refer to as “beyond payroll” revenues — grew 21%.

Consistent New Sales Growth

New sales — annualized recurring revenues anticipated from sales to new clients and additional services to existing clients — grew 11% to over one billion dollars. This was our third consecutive year of double-digit new sales growth in ES.

New business sales growth is the single most important contributor to future revenue growth. Adding new clients creates incremental opportunities to cross-sell additional products and services.

Higher Client Longevity

In 2007, we achieved record client revenue retention. ES clients are staying an average of 10 years, based on revenue life cycle. Our largest clients, both in the United States and in our international markets, generally are with us on average for about 15 years.

Increased client longevity is a key ES business metric, because it directly relates to margin improvement. Revenue from existing clients is more profitable than revenue from new clients, where there are offsetting selling and implementation expenses. [See Abercrombie & Fitch case study, page 14.]

Acquisitions

We made several acquisitions to help us expand our client base and reach into adjacent markets:

- **Employeease®** — a leading Web-based solution for HR and benefits professionals, featuring employee self-service — which we are branding as ADP’s HR/Benefits Solution [See Access Insurance Holdings case study, page 16.]

- **VirtualEdge®** — a robust, hosted, multi-lingual, multi-country solution for recruiters and hiring managers that adds value and capabilities to our existing screening and selection services
- Intuit’s fully outsourced payroll business
- **Mintax®** — a provider of state and local tax credit incentives, complementing our existing business that focuses on federal incentives
- **Taxware®** — a provider of transaction-processing solutions for sales and value-added taxes that leverages our extensive money-movement capabilities

Serving the Growing Trend Toward HR BPO Solutions

The demand for HR BPO (business process outsourcing) “bundled” solutions among companies of all sizes continues to grow, and we are actively meeting that market demand with a comprehensive suite of scalable solutions for companies of every size:

PEO and ASO — for small- and medium-size businesses

ADP’s Professional Employer Organization (PEO) — **TotalSource®** — is the largest PEO in the United States in terms of number of worksite employees paid. The revenue opportunity from PEO clients is seven-to-ten times that of a traditional payroll client.

This year, we increased the number of worksite employees served by our PEO to 159,000 from 139,000 last year. [See Universal Imaging case study, page 18.] Of the six new offices we opened nationwide this year, four are in California, one of our fastest-growing markets.

Our ASO – ADP Resource® – offers core bundled services similar to those of our PEO without a co-employment arrangement and appeals to small- and medium-size businesses. Our ASO offering is a national product. We are already in 23 U.S. markets and growing rapidly.

Comprehensive Outsourcing Services (COS) – for medium- and large-size businesses

COS offers a multiprocess solution that enables large U.S. clients to fully outsource payroll, HR, time and labor management, and applicant management, as well as payroll, HR, and benefits administration. On average, revenues from a COS client are two-to-three times that of a traditional payroll client, because COS clients desire multiple services.

Our COS solution has been selected by over 50 companies to serve more than 500,000 employees, of which 39 clients representing approximately 370,000 employees are currently live. In addition, 80 percent of COS clients under contract are new payroll clients to ADP.

GlobalView – our global solution for multinational businesses

GlobalView – which leverages the SAP® ERP Human Capital Management solution – is our HR BPO service that enables multinational companies to manage their global payroll and HR on a single platform.

This year, the number of companies that have chosen GlobalView increased from 48 to 65, with a total employee population of 730,000.

Well-received since its launch in 2004, GlobalView is now available to process payrolls in 32 countries. By the end of 2008, we plan to have the capability to process in over 40 countries. [See IKEA case study, page 12.]

Productivity Improvement Initiatives

ES has several strategic initiatives to help us focus on providing the best possible service to our clients as we consistently strive to improve our productivity, margins, and service levels.

Smartshore Solution Centers – Last year, we opened our first smartshore center in

enables us to economically sell services to businesses we could not efficiently reach, lowering our overall cost of sales, and enabling our 4,000-person field salesforce to focus on clients and prospects that require on-site calls.

Alliances – ES continued to build strong ties with its alliance partners. By partnering with other companies whose offerings complement ours, and reaching out to prospects through relationships with accountants and banks, we further extend the distribution of our products. [See Craig Franklin, CPA, P.C. case study, page 20.]

We serve over 560,000 employers worldwide...and we pay nearly 33 million workers in over 30 countries

El Paso, Texas; this year, we added a second in Augusta, Georgia, to continue our strategy of providing quality client service through a centralized service environment.

Offshore Solution Centers – Our first offshore facility, in Hyderabad, India, helped improve our level of global competitiveness by serving clients with essential IT support services across multiple time zones. This year, we added a second offshore facility in Pune, India.

ES TeleSales – We strengthened our superior distribution capabilities by creating a new sales distribution channel. ES TeleSales

Room to Grow

ES competes in markets that are large and growing. Each offers the opportunity for future growth.

We estimate our total ES opportunity in the markets we serve to be about \$85 billion, and believe we have the right products, services, and strategies to keep winning and growing.

“With GlobalView®, we have one platform for our HR and payroll services and the ability to ensure a world-class HR and payroll service experience for IKEA employees around the world.”

Albert Martens
HR Program Director
IKEA

“IKEA can trust us to deliver consistent, compliant service under a single GlobalView contract, platform, and service level agreement worldwide.”

Dominique Thomann
Vice President & General Manager
GlobalView Europe



THE CLIENT

Founded in Sweden in 1943, IKEA is an international home furnishing company that offers a wide range of affordably priced, well-designed, functional products.

THEIR NEED

Provide flexible, efficient, and compliant HR and payroll services for 90,000 employees across more than 30 countries throughout Europe, North America, and Asia.



OUR SOLUTION

ADP's GlobalView **HR and payroll services**. A **multilingual, multicurrency, compliant, and scalable solution** on a single shared platform worldwide, provides clients with visibility across their global organizations. Payroll and HR experts deliver support from **strategic, local service centers**.



THE CLIENT

Reflecting a classic American lifestyle, Abercrombie & Fitch is a leading specialty retailer of casual luxury apparel for men, women, and children.

THEIR NEED

A comprehensive, compliant payroll solution with the capability to compute and file payroll-related taxes in multiple jurisdictions, with the flexibility to support a highly seasonal base of approximately 80,000 U.S. employees.

Abercrombie
& Fitch



“With ADP hosting the payroll solution, we don’t have to commit internal IT resources to support our payroll function. ADP maintains the system, implements upgrades to assure regulatory compliance, and manages our federal and state payroll tax filings.”

Marcia Aamodt
Director of HRIS and Payroll Services
Abercrombie & Fitch

“ADP exemplifies what companies want in a service provider. Our commitment to client satisfaction allows us to deliver services that truly complement our clients’ business needs.”

Tom Valuska
Relationship Manager
ADP National Account Services

OUR SOLUTION

A **hosted solution** for the complex payrolls of large businesses. ADP manages and maintains its payroll system at a **secure hosting facility** to which clients transmit their payroll data. ADP in turn distributes net pay to employees, **submits withholdings to taxing authorities in numerous jurisdictions**, and remits any voluntary employee deductions to other entities as needed.

“We’re a growing company that moves quickly to seize new opportunities. ADP supports our entrepreneurial spirit and ability to grow by providing us with fast, functional, and flexible Web-based solutions that place no burden on our internal IT resources.”

David Hughes

Vice President – Human Resources
Access Insurance Holdings, Inc.

“The versatility of our product gives clients instant access to real-time information for HR and benefits management. It also helps clients focus on what really matters – recruiting and retaining great people.”

Linda MacCartney

Senior Implementation Consultant
ADP’s HR/Benefits Solution



THE CLIENT

Access Insurance Holdings, Inc. is a 250-employee auto insurance carrier that provides coverage to consumers in several states through independent insurance agents and brokers.

THEIR NEED

Create an efficient and cost-effective infrastructure for HR, payroll, and benefits administration as the company enters new markets and aggressively grows its business.



OUR SOLUTION

ADP's **HR/Benefits Solution**. A hosted, **Web-based** solution for human resources and benefits administration that integrates seamlessly with ADP payroll. It enables clients to control benefits costs, access real-time data for HR reporting, and **empowers employees through self-service access** to information online, anytime, anywhere.



THE CLIENT

Universal Imaging provides outpatient medical diagnostic imaging services, including mobile services, to physicians' offices and other medical facilities in the Detroit, Michigan, metropolitan area.

THEIR NEED

Manage employment administration for a staff of fifty employees, including health benefits, 401(k), and employee relations issues, through a comprehensive solution that does not add to headcount and mitigates the risks of employer-related noncompliance.



"Professionals with great expertise from ADP's PEO are handling our HR needs, payroll, compliance, benefits, and other administration. Our business benefits from their knowledge and especially the HR support they provide."

Phil Young
President
Universal Imaging, Inc.

"Our PEO clients receive a great deal of value through all the services we deliver. Among other things, the employee benefits we provide help clients to compete for the best talent."

Tracey Amicucci, PHR
Senior HR Business Partner
ADP TotalSource®

OUR SOLUTION

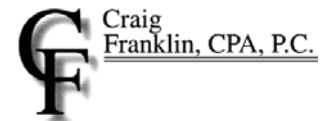
ADP's **Professional Employer Organization** – TotalSource, provides an integrated suite of HR management solutions, including benefits, payroll and payroll tax administration, risk management, **HR compliance**, workers' compensation, and HR support. Through a co-employment model, it streamlines employers' administrative burdens, **reduces employment-related liability**, and enhances competitiveness.

"I think it's so important for small business clients to use ADP for payroll that I won't take on a new client unless they do. ADP's payroll service is what a payroll service needs to be – accurate, timely, secure, efficient, and compliant."

Craig Franklin, CPA
San Antonio, Texas

"Accountants know that the last thing their clients need to worry about is doing payroll. We are the payroll service market leader. That's why so many accountants tell their clients to outsource their payroll to ADP."

Karyn Priore
Regional Accountant Specialist
ADP Small Business Services



THE CLIENT

Craig Franklin, CPA, P.C. serves more than 300 clients, mostly small businesses, in and around San Antonio, Texas. Established in 1997, the firm provides a wide range of services from tax consulting to retirement planning.

THEIR NEED

Recommend a trusted and reliable outsourcer of payroll and payroll tax filing services for small business clients.



OUR SOLUTION

ADP's **payroll and payroll tax filing services**. ADP provides **multiple input options**, direct deposit of employee pay, paychecks, pay vouchers, and reports. Our Internet payroll service is a hosted solution that provides **added value, flexibility, and convenience**. ADP calculates, files, and deposits federal, state, and local payroll taxes, **keeps abreast of compliance changes**, and assumes responsibility for inquiries from tax agencies. Additionally, ADP's solution enables easy integration between payroll and the general ledger.

DEALER SERVICES

WHO WE ARE

The largest global provider of integrated Dealer Management Systems (DMS) and business solutions for vehicle dealers and manufacturers

How We Serve The Market

We provide computing solutions and integrated applications that help dealers utilize technology to increase efficiency throughout every area of the dealership.

This goes beyond a traditional DMS to include fully integrated solutions such as: Hosted (ASP) Solutions, Phone / Video Systems, and Digital Marketing. Our suite of solutions also includes management reporting tools which allow dealers to easily identify over- and under-performing areas across the enterprise.

Front-End Services: Enables dealerships to sell more vehicles and generate more profit from each sale using comprehensive solutions including:

- Digital Marketing
- Customer Relationship Management (CRM)
- Finance and Insurance (F&I) / Desking
- Credit Check Services
- Digital Contracting
- Computerized Vehicle Registration

Business Office Services: Help dealers efficiently manage two of their most important resources – cash and employees:

- Accounts Payable / Accounts Receivable / General Ledger
- Asset and Cash Management
- HR Management (pre-employment screening, selection, retention)
- Payroll and Payroll Tax Filing

Parts Department: Maximize profit opportunities through comprehensive offerings including:

- Automated Customer Notification Solutions
- Parts Invoicing
- Parts Inventory Management

Service Department: Creates the opportunity for dealers to get more customers in for service, generate higher profits for each repair, and improve customer satisfaction through solutions such as:

- CRM Features for Service
- Repair Order Invoicing
- Warranty Management

Geographic Markets Served

North America | Europe | South Africa | Asia-Pacific

WHAT WE ACCOMPLISHED IN 2007

Dealer Services continued to grow its North American business and expanded its global footprint. In fiscal 2007, we:

- Served nearly 25,500 clients in over 50 countries
- Grew revenues over 14% to \$1.2 billion, aided by the December 2005 acquisition of Kerridge Computer Co. Ltd., whose Autoline® solution is the leading global DMS
- Achieved strong growth in new business sales
- Maintained client revenue retention of over 90%
- Expanded pretax margin 160 basis points

Strengthened the North American Market Position of our Core Business

We continued to strengthen our business in North America by capturing additional market share by selling more complementary applications and services beyond our core DMS offering to existing clients:

- Sustained strong sales of our North American core DMS, w.e.b.Suite® 2007, increasing users 19% to a total of over 200,000 users
- Grew the number of Application Service Provider (ASP) Managed Services sites 21%, with over 60% of all new system sales choosing the ASP model
- Grew the number of IP telephony solution sites 40% to 1,100 dealer sites and nearly 44,000 phones. Launched a hosted IP telephony solution, ADP Network Phone ASP – a flexible, scalable phone solution that includes intelligent phones that are integrated into the ADP DMS system

- Introduced ADP Network Video, an application that makes it easy for dealers to monitor critical areas of their dealership, such as F&I office and service department transactions, as well as other areas inside and outside of the dealership
- Initiated a Rapid Pro Migration (RPM) software installation process across North America that resulted in reduced costs and smoother upgrades
- Expanded our Human Resource Screening and Selection Services to include services to assist dealers in hiring and retaining the best talent

We maintained our strong relationships with large dealer groups – seven of the ten largest auto consolidators have chosen ADP as their exclusive, single-source DMS provider.

Capitalized on Opportunities in the Emerging Digital Marketing Arena

With dealership advertising and marketing programs evolving steadily into digital media, our 2006 acquisition of BZ ResultsSM, the premier provider of innovative e-marketing solutions, has become a strong catalyst for accelerating the growth of our Digital Marketing business.

BZ Results helps dealers engage more online customers using tools such as search engine optimization, e-mail marketing, virtual test drives, Internet lead management, and automated follow-up. [See Tasca Automotive case study on page 26.] This year, our Digital Marketing new sales volume doubled.

Leveraged and Expanded Our International Presence

As a result of our growing international presence, we are uniquely positioned as the leading global DMS provider and partner to dealers and their manufacturers, building upon strong and longstanding relationships.

We serve nearly
25,500 clients in
over 50 countries.

We continued our focus on capturing market share and building manufacturer relations in the automotive retail markets in Europe and China. This year, we obtained an exclusive contract to provide our services to BMW China Automotive. [See case study on page 24.] We also expanded our international presence by partnering with Mercedes-Benz in 23 worldwide markets, including China.

ADP Dealer Services gained market share across Europe by serving more dealerships in the large dealer group segment. We obtained manufacturer certifications for ADP's Autoline DMS in a number of new geographic markets this year. Our dedicated, large account focus in Europe has enabled ADP to become the DMS provider of choice for over half of the top 25 European dealer groups.



THE CLIENT

The world's largest maker of premium vehicles.

THEIR NEED

A world-class dealer management system to help facilitate their growth in the rapidly expanding automotive market in China.

DEALER SERVICES



BMW (China) Automotive Trading Ltd.
BMW Brilliance Automotive Ltd.



“China is one of the fastest growing markets for BMW and we selected ADP as our DMS partner because of their knowledge of the global markets and ability to tailor their software solution to our local needs.”

Dr. Maximilian Kellner
Chief Financial Officer
BMW Group Region China

“ADP’s commitment is anchored in helping our clients succeed in the dynamic Asian economies by leveraging our deep understanding of the global automotive retail markets and delivering best-in-class solutions to meet their local business requirements.”

Margaret Woodard
Vice President – Asia Strategy & Market Development
ADP Dealer Services

OUR SOLUTION

ADP’s Autoline® Dealer Management System (DMS). The robust Autoline DMS **supports sales, after-sales, and accounting processes** throughout the entire BMW and MINI dealer networks in China.

“Digital marketing provides automotive consumers with an important new way to help them research, shop, and buy vehicles online, 24/7. ADP’s BZ ResultsSM, the leader in automotive digital marketing, helps us drive more consumers to our dealerships for sales and service.”

Bob Tasca III

Vice President
Tasca Automotive Group

“Today, over 70% of consumers start their car-buying experience online. With our system, Tasca Automotive attracts more consumers at a lower cost than traditional advertising, leading to increased sales and profitability.”

William Reilly

Vice President
BZ Results, an ADP Company



THE CLIENT

Tasca Automotive Group, headquartered in Cranston, Rhode Island, serves consumers with automotive sales and service for multiple brands of vehicles at three locations.

THEIR NEED

Increase showroom and service department traffic to create new sales, expand overall revenues, and grow repeat business.



OUR SOLUTION

BZ Results, part of ADP's **Digital Marketing** solution. Fully utilizes the latest technology and electronic media to help dealers **engage more online customers**. Key features include: search engine optimization, **e-mail marketing**, virtual test drives, **Internet lead management**, and automated follow-up.

STATEMENTS OF CONSOLIDATED EARNINGS

(In millions, except per share amounts)

Years ended June 30,	2007 ^(B)	2006 ^(B)	2005 ^(C)
Revenues, other than interest on funds held for clients and PEO revenues	\$ 6,267.4	\$ 5,582.1	\$ 5,132.9
Interest on funds held for clients	653.6	549.8	421.4
PEO revenues ^(A)	879.0	703.7	577.0
Total revenues	7,800.0	6,835.6	6,131.3
Costs of revenues			
Operating expenses	3,392.3	2,970.5	2,588.1
Systems development and programming costs	486.1	472.3	426.6
Depreciation and amortization	208.9	160.9	150.6
Total cost of revenues	4,087.3	3,603.7	3,165.3
Selling, general and administrative expenses	2,206.2	1,933.7	1,758.6
Interest expense	94.9	72.8	32.3
Total expenses	6,388.4	5,610.2	4,956.2
Other income, net	(211.9)	(135.8)	(62.7)
Earnings from continuing operations before income taxes	1,623.5	1,361.2	1,237.8
Provision for income taxes	602.3	519.3	457.2
Net earnings from continuing operations	1,021.2	841.9	780.6
Earnings from discontinued operations, net of provision for income taxes of \$110.6, \$274.5 and \$165.3 for the fiscal years ended June 30, 2007, 2006 and 2005, respectively	117.5	712.1	274.8
Net Earnings	\$ 1,138.7	\$ 1,554.0	\$ 1,055.4
Basic earnings per share from continuing operations	\$ 1.86	\$ 1.46	1.34
Basic earnings per share from discontinued operations	0.21	1.24	0.47
Basic earnings per share	\$ 2.07	\$ 2.70	\$ 1.81
Diluted earnings per share from continuing operations	\$ 1.83	\$ 1.45	\$ 1.32
Diluted earnings per share from discontinued operations	0.21	1.23	0.47
Diluted earnings per share	\$ 2.04	\$ 2.68	\$ 1.79
Basic weighted average shares outstanding	549.7	574.8	583.2
Diluted weighted average shares outstanding	557.9	580.3	590.0

(A) Professional Employer Organization (PEO) revenues are net of direct pass-through costs of \$9,082.5, \$6,977.0 and \$5,499.2, respectively.

(B) The Statements of Consolidated Earnings for the years ended June 30, 2007 and 2006 reflect the results of the Company on an "as reported" basis and include incremental stock compensation expense relating to the Company's stock compensation plans of \$23.3 and \$23.7 in operating expenses, \$84.7 and 95.7 in selling, general, and administrative expenses, and \$22.5 and \$23.3 in systems development and programming costs, as well as a related tax benefit of \$38.9 and \$41.7 in provision for income taxes, in accordance with Statement of Financial Accounting Standards (SFAS) No. 123R, "Share-Based Payment," which the Company adopted as of July 1, 2005.

(C) The Statement of Consolidated Earnings for the year ended June 30, 2005 reflects the result of the Company on an "as reported" basis and does not include stock compensation expense relating to our stock option plan and employee stock purchase plan.

Our Annual Report on Form 10-K, which includes Management's Discussion and Analysis, Financial Statements and related Footnotes, is available online under "Investor Relations" on ADP's Web site, www.adp.com.

CONSOLIDATED BALANCE SHEETS

(In millions, except per share amounts)

June 30,	2007	2006
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,746.1	\$ 1,800.1
Short-term marketable securities	70.4	327.5
Accounts receivable, net	1,041.9	752.2
Other current assets	448.1	394.3
Assets of discontinued operations	57.7	2,208.7
Total current assets	3,364.2	5,482.8
Long-term marketable securities	68.1	333.7
Long-term receivables, net	226.5	215.4
Property, plant and equipment, net	723.8	700.0
Other assets	735.5	771.9
Goodwill	2,353.6	1,976.2
Intangible assets, net	688.0	526.2
Total assets before funds held for clients	8,159.7	10,006.2
Funds held for clients	18,489.2	17,483.9
Total assets	\$26,648.9	\$27,490.1
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 125.9	\$ 125.2
Accrued expenses and other current liabilities	703.4	662.8
Accrued payroll and payroll-related expenses	402.6	346.3
Dividends payable	122.0	102.6
Short-term deferred revenues	299.1	244.4
Income taxes payable	118.7	196.4
Liabilities of discontinued operations	19.1	996.5
Total current liabilities	1,790.8	2,674.2
Long-term debt	43.5	74.3
Other liabilities	390.5	360.8
Deferred income taxes	127.7	100.4
Long-term deferred revenues	475.5	481.4
Total liabilities before client funds obligations	2,828.0	3,691.1
Client funds obligations	18,673.0	17,787.4
Total liabilities	21,501.0	21,478.5
Stockholders' equity:		
Preferred stock, \$1.00 par value: Authorized, 0.3 shares; issued, none	-	-
Common stock, \$0.10 par value: Authorized, 1,000.0 shares; issued, 638.7 shares at June 30, 2007 and 2006; outstanding, 535.8 and 561.4 shares at June 30, 2007 and 2006, respectively	63.9	63.9
Capital in excess of par value	351.8	157.4
Retained earnings	9,378.5	9,111.4
Treasury stock - at cost: 102.9 and 77.3 shares, respectively	(4,612.9)	(3,194.8)
Accumulated other comprehensive loss	(33.4)	(126.3)
Total stockholders' equity	5,147.9	6,011.6
Total liabilities and stockholders' equity	\$26,648.9	\$27,490.1

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STATEMENTS OF CONSOLIDATED STOCKHOLDERS' EQUITY

(In millions, except per share amounts)

	Common Stock		Capital in Excess of Par Value	Deferred Compensation	Retained Earnings	Treasury Stock	Comprehensive Income	Accumulated Comprehensive Income (Loss)
	Shares	Amount						
Balance at June 30, 2004	638.7	\$63.9	\$96.6	\$(17.0)	\$7,326.9	\$(2,033.2)		\$(19.5)
Net earnings	-	-	-	-	1,055.4	-	\$1,055.4	-
Foreign currency translation adjustments							52.5	52.5
Unrealized net loss on securities, net of tax							(16.8)	(16.8)
Minimum pension liability adjustment, net of tax							(2.1)	(2.1)
Comprehensive income							<u>\$1,089.0</u>	
Stock plans and related tax benefits	-	-	(94.5)	3.7	(63.6)	373.6		-
Treasury stock acquired (14.1 shares)	-	-	-	-	-	(591.4)		-
Acquisitions	-	-	-	-	-	0.6		-
Debt conversion (0.1 shares)	-	-	(2.1)	-	-	3.6		-
Dividends (\$0.6050 per share)	-	-	-	-	(352.7)	-		-
Balance at June 30, 2005	638.7	63.9	-	(13.3)	7,966.0	(2,246.8)		14.1
Net earnings	-	-	-	-	1,554.0	-	\$1,554.0	-
Foreign currency translation adjustments							80.2	80.2
Unrealized net loss on securities, net of tax							(221.0)	(221.0)
Minimum pension liability adjustment, net of tax							0.4	0.4
Comprehensive income							<u>\$1,413.6</u>	
Elimination of deferred compensation upon adoption of Statement of Financial Accounting Standards No. 123R	-	-	(13.3)	13.3	-	-		-
Stock-based compensation expense	-	-	174.9	-	-	-		-
Stock plans and related tax benefits	-	-	(3.7)	-	-	375.6		-
Treasury stock acquired (29.6 shares)	-	-	-	-	-	(1,326.9)		-
Debt conversion (0.1 shares)	-	-	(0.5)	-	-	3.3		-
Dividends (\$0.7100 per share)	-	-	-	-	(408.6)	-		-
Balance at June 30, 2006	638.7	63.9	157.4	-	9,111.4	(3,194.8)		(126.3)
Adoption of Statement of Financial Accounting Standards No.158, net of tax								(63.1)
Net earnings	-	-	-	-	1,138.7	-	\$1,138.7	-
Foreign currency translation adjustments							76.4	76.4
Unrealized net loss on securities, net of tax							81.9	81.9
Minimum pension liability adjustment, net of tax							(2.3)	(2.3)
Comprehensive income							<u>\$1,294.7</u>	
Stock-based compensation expense	-	-	148.7	-	-	-		-
Stock plans and related tax benefits	-	-	55.4	-	-	464.4		-
Treasury stock acquired (40.2 shares)	-	-	-	-	-	(1,920.3)		-
Adoption of Staff Accounting Bulletin No. 108, net of tax	-	-	(3.2)	-	44.3	-		-
Brokerage Services Group spin-off	-	-	-	-	(1,125.2)	-		-
Brokerage Services Group dividend	-	-	-	-	690.0	-		-
Debt conversion (1.1 shares)	-	-	(6.5)	-	-	37.8		-
Dividends (\$0.8750 per share)	-	-	-	-	(480.7)	-		-
Balance at June 30, 2007	638.7	\$63.9	\$351.8	-	\$9,378.5	\$(4,612.9)		\$(33.4)

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STATEMENTS OF CONSOLIDATED CASH FLOWS

(In millions)

Years ended June 30,	2007	2006	2005
Cash Flows From Operating Activities			
Net earnings	\$1,138.7	\$1,554.0	\$1,055.4
Adjustments to reconcile net earnings to cash flows provided by operating activities:			
Gain on sale of cost-based investment	(38.6)	-	-
Depreciation and amortization	288.8	246.0	225.6
Deferred income taxes	15.1	(5.0)	10.3
Stock-based compensation expense	130.5	142.7	11.8
Pension expense	40.3	31.4	23.0
Net realized (gain) loss from the sales of marketable securities	(8.3)	4.6	28.5
Amortization of premiums and discounts on available-for-sale securities	40.5	75.4	120.0
Gain on sale of businesses, net of tax	(20.9)	(452.8)	-
Impairment of assets of discontinued operations businesses	-	18.6	-
Other	40.8	30.6	(24.1)
Changes in operating assets and liabilities, net of effects from acquisitions and divestitures of businesses:			
(Increase) decrease in accounts receivable	(255.6)	(8.4)	10.5
(Increase) decrease in other assets	(88.0)	28.2	(134.9)
(Decrease) increase in accounts payable, accrued expenses and other liabilities	(45.0)	(98.6)	215.7
Operating activities of discontinued operations	59.7	245.8	(108.3)
Net cash flows provided by operating activities	1,298.0	1,812.5	1,433.5
Cash Flows From Investing Activities			
Purchases of marketable securities	(4,449.1)	(5,846.5)	(7,599.4)
Proceeds from the sales and maturities of marketable securities	4,840.0	4,955.0	6,629.1
Net (purchases of) proceeds from client funds securities	(598.0)	1,364.1	(3,765.6)
Net increase (decrease) in client funds obligations	707.7	(174.3)	5,018.9
Capital expenditures	(172.8)	(258.8)	(153.5)
Additions to intangibles	(150.0)	(115.2)	(90.6)
Acquisitions of businesses, net of cash acquired	(446.9)	(339.1)	(434.4)
Proceeds from the sale of investment	38.6	-	-
Dividend received from Broadridge Financial Solutions, Inc., net of \$29.9 million in cash retained by Broadridge Financial Solutions, Inc.	660.1	-	-
Other	14.5	12.3	4.7
Proceeds from the sale of businesses included in discontinued operations, net of cash divested	17.2	902.4	17.2
Investing activities of discontinued operations	(30.5)	(47.7)	(64.3)
Net cash flows provided by (used in) investing activities	430.8	452.2	(437.9)
Cash Flows From Financing Activities			
Proceeds from issuance of notes	0.6	0.5	0.4
Payments of debt	(1.8)	(0.7)	(1.1)
Repurchases of common stock	(1,900.4)	(1,299.9)	(584.4)
Proceeds from stock purchase plan and exercises of stock options	344.2	218.0	146.3
Excess tax benefit related to exercises of stock options	0.2	7.9	-
Dividends paid	(461.3)	(393.9)	(344.9)
Financing activities of discontinued operations	134.1	119.3	37.2
Net cash flows used in financing activities	(1,884.4)	(1,348.8)	(746.5)
Effect of exchange rate changes on cash and cash equivalents	15.7	9.4	13.3
Net change in cash and cash equivalents	(139.9)	925.3	262.4
Cash and cash equivalents, beginning of year	1,900.7	975.4	713.0
Cash and cash equivalents, end of year	1,760.8	1,900.7	975.4
Less cash and cash equivalents of discontinued operations, end of year	14.7	100.6	198.1
Cash and cash equivalents of continuing operations, end of year	\$1,746.1	\$1,800.1	\$ 777.3

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BOARD OF DIRECTORS

Gregory D. Brenneman ^{(1)*, (2)}
President and Chief Executive Officer,
Quiznos
Chairman, ADP Compensation Committee

Leslie A. Brun ^{(2), (3)}
Chairman and Chief Executive Officer,
Sarr Group, LLC

Gary C. Butler
President and Chief Executive Officer

Leon G. Cooperman ^{(1)*, (3)}
Chairman and Chief Executive Officer,
Omega Advisors, Inc.
Chairman, ADP Audit Committee

R. Glenn Hubbard ^{(1)*, (2)}
Dean of The Graduate School
of Business at Columbia University

John P. Jones ^{(2), (3)}
Chairman and Chief Executive Officer,
Air Products and Chemicals, Inc.
Chairman, ADP Nominating/Corporate
Governance Committee

Frederic V. Malek ^{(2), (3)}
Chairman,
Thayer Capital Partners

Henry Taub
Honorary Chairman

Arthur F. Weinbach
Chairman

(1) Audit Committee

* a designated "audit committee financial expert"

(2) Compensation Committee

(3) Nominating/Corporate Governance Committee

CORPORATE OFFICERS

Gary C. Butler
President and Chief Executive Officer

S. Michael Martone
Chief Operating Officer

Christopher R. Reidy
Chief Financial Officer

Corporate Vice Presidents

Steven J. Anenen

James B. Benson

Kris D. Borkovich

Benito Cachinero

Raymond L. Colotti

Laurie J. Eldridge

Edward B. Flynn III

John J. Gleason

Campbell B. Langdon

Regina R. Lee

Alfred A. Nietzel

Carlos Rodriguez

Alan Sheiness

Jan Siegmund

George I. Stoeckert

Staff Vice Presidents

Stephen A. Doherty

Michael C. Eberhard

David H. Garfinkel

Charles Gibbons

Gary E. Tarino

Daniel A. Zaccardo

CORPORATE OFFICERS



EXECUTIVE MANAGEMENT

(Left to Right)

Christopher R. Reidy

James B. Benson

Gary C. Butler

Benito Cachinero

S. Michael Martone



BUSINESS UNIT PRESIDENTS

(Left to Right)

Jan Siegmund

Regina R. Lee

Carlos Rodriguez

Steven J. Anenen

Laurie Eldridge

Campbell B. Langdon

George I. Stoeckert



FINANCE EXECUTIVES

(Left to Right)

Alfred A. Nietzel

Raymond L. Colotti

Alan Sheiness



SALES EXECUTIVES

(Left to Right)

Kris D. Borkovich

Edward B. Flynn III

John J. Gleason

CORPORATE INFORMATION

Corporate Headquarters

Automatic Data Processing, Inc.
One ADP Boulevard
Roseland, New Jersey 07068-1728
973.974.5000

Stock Transfer Agent and Registrar

American Stock Transfer, our transfer agent, maintains the records for our registered stockholders and can help you with a variety of stockholder-related services.

You may contact American Stock Transfer by regular, registered, or overnight mail at 59 Maiden Lane, Plaza Level, New York, New York 10038.

You may call American Stock Transfer at the following numbers:

888.414.6896 (U.S. and Canada)
866.703.9077 (TDD for hearing impaired)
718.921.8124 (International)
718.921.8386 (TDD for hearing impaired)

Automated telephone support services are available 24 hours per day, 7 days per week. American Stock Transfer customer service representatives are available Monday through Thursday from 8:00 a.m. to 7:00 p.m. (Eastern) and on Friday from 8:00 a.m. to 5:00 p.m. (Eastern).

When calling, please have your social security number or taxpayer identification number available, and please identify yourself as an ADP stockholder. You will also need to provide the name in which your account is being maintained.

Independent Registered Public Accounting Firm

Deloitte & Touche LLP

Corporate Governance

Visit the "About ADP" section of ADP's Web site, at www.adp.com, to see its key governance documents, including its Corporate Governance Principles, Audit Committee Charter, Compensation Committee Charter, and Nominating/Corporate Governance Committee Charter; key philosophy documents including its Corporate Philosophy; and key ethics documents, including its Code of Business Conduct & Ethics, and Code of Ethics for Principal Executive Officer and Senior Financial Officers.

Annual Report, Form 10-K, and Other Reports and Filings

This 2007 Summary Annual Report is also available online under "Investor Relations" on ADP's Web site at www.adp.com. Our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statement, statements of change in beneficial ownership and other SEC filings, and amendments to those reports, statements and filings, are available, without charge, on ADP's Web site as soon as reasonably practicable after they are electronically filed with or furnished to the SEC. Copies also are available, without charge, from ADP Investor Relations at: One ADP Boulevard, Roseland, New Jersey 07068-1728. Phone: 973.974.5858.

Our Chief Executive Officer and Chief Financial Officer have furnished the Sections 302 and 906 certifications required by the SEC in our annual report on Form 10-K. In addition, our Chief Executive Officer has certified to the NYSE that he is not aware of any violation by us of the NYSE corporate governance listing standards.

ADP Common Stock

The shares of ADP Common Stock are listed on the New York Stock Exchange with the symbol ADP. As of August 29, 2007, there were 40,547 registered holders of ADP's Common Stock.

Product Information

For information about ADP's products and services, visit us at www.adp.com.

Contact ADP's Audit Committee or Board of Directors

To report complaints about ADP's accounting, internal accounting controls or auditing matters, or other concerns to the Audit Committee or the non-management members of the Board of Directors, send a detailed note, with relevant documents, to P.O. Box 34, Roseland, New Jersey 07068, leave a message for a return call at 973.974.5770, or send an e-mail to adp_audit_committee@adp.com.

Annual Meeting

This year's stockholders' meeting will be held at Automatic Data Processing, Inc., One ADP Boulevard, Roseland, New Jersey, on November 13, 2007 at 10:00 a.m. A notice of the meeting, proxy statement, and proxy voting card will be mailed to stockholders starting on or about September 26, 2007.

Forward-Looking Statements

This report and other written or oral statements made from time to time by ADP may contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Statements that are not historical in nature and which may be identified by the use of words like "expects," "assumes," "projects," "anticipates," "estimates," "we believe," "could be" and other words of similar meaning, are forward-looking statements. These statements are based on management's expectations and assumptions and are subject to risks and uncertainties that may cause actual results to differ materially from those expressed. Factors that could cause actual results to differ materially from those contemplated by the forward-looking statements include: ADP's success in obtaining, retaining and selling additional services to clients; the pricing of products and services; changes in laws regulating payroll taxes, professional employer organizations and employee benefits; overall market and economic conditions, including interest rate and foreign currency trends; competitive conditions; auto sales and related industry changes; employment and wage levels; changes in technology; availability of skilled technical associates and the impact of new acquisitions and divestitures. ADP disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. These risks and uncertainties, along with the risk factors discussed under "Item 1A. - Risk Factors" in our annual report on Form 10-K for the fiscal year ended June 30, 2007, should be considered in evaluating any forward-looking statements contained herein.

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“As we move forward from fiscal 2007 we do so from a position of strength. We continue to invest in new products, to enhance our

(continued from Inside Back Cover)

service delivery processes,
and to expand our
distribution resources,
all of which are critical
to our future success.”

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