



## National Employment Report

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**Media Contacts:**

ADP Public Relations

ADP

(973) 974-7612

[Public\\_Relations@adp.com](mailto:Public_Relations@adp.com)

Zach Siegel

Cohn & Wolfe for ADP

(212) 798-9859

[Zach\\_Siegel@CohnWolfe.com](mailto:Zach_Siegel@CohnWolfe.com)

Kate Leeson

Cohn & Wolfe for ADP

(212) 798-9861

[Kate\\_Leeson@CohnWolfe.com](mailto:Kate_Leeson@CohnWolfe.com)

### **ADP NATIONAL EMPLOYMENT REPORT SHOWS UNITED STATES ADDED 57,000 PRIVATE SECTOR JOBS IN FEBRUARY**

*ADP Enhances Report Methodology and introduces New Industry and Company Size  
Data*

**ROSELAND, New Jersey – March 7, 2007** – Private sector employment increased by 57,000 in February, according to today's *ADP National Employment Report*. Beginning today, the *ADP National Employment Report* will be developed from a significantly larger sample of anonymous payroll data, and will utilize more advanced data filtering and seasonal adjustment procedures. The *ADP Report* also has been broadened to now include additional detail on nonfarm private employment by select industry sectors and by company size.

#### **Nonfarm Private Employment Highlights – February Report:**

- Total employment: +57,000
- Small businesses\* +53,000
- Medium businesses\*\* +33,000
- Large businesses\*\*\* -29,000
  
- Goods-producing sector: -43,000
- Service-providing sector: +100,000

Addendum:

- Manufacturing industry: -29,000

\* *Small businesses represent payrolls with 1-49 employees*

\*\* *Medium businesses represent payrolls with 50-499 employees*

\*\*\* *Large businesses represent payrolls with more than 499 employees*

“Today marks an exciting milestone for the *ADP National Employment Report*,” said Gary Butler, President and CEO, ADP. “We have made the *ADP Report* more comprehensive with the addition of monthly employment data by industry and company size, thus providing economists, financial professionals, and government policy makers with new and valuable information about the national labor market.”

“Private nonfarm employment grew a modest 57,000 from January to February of 2007 on a seasonally adjusted basis, according to the *ADP National Employment Report*,” said Joel Prakken, Chairman of Macroeconomic Advisers, LLC. “This month’s *ADP National Employment Report* suggests employment in February grew somewhat less than the recent three month average increase in employment of 99,000, as estimated by the *ADP National Employment Report*.”

Prakken added, “Continuing recent trends, employment in the service-providing sector of the economy advanced 100,000, while employment in the goods-producing sector, which includes the construction industry, declined by 43,000. Employment in manufacturing industries fell by 29,000.”

“Other new detail in The *ADP Report* shows that employment at small and medium size businesses employing less than 500 workers grew 86,000, while employment at larger businesses declined 29,000. Over the last six months, small and medium size businesses accounted for most of the growth in private nonfarm employment,” said Prakken.

**Revisions to the *ADP National Employment Report*<sup>TM</sup>**

The February 2007 *ADP National Employment Report* released on Wednesday March 7, 2007 is the first regularly released *ADP Report* to incorporate key methodological revisions, including: (1) a larger sample of payrolls; (2) improved procedures for seasonal adjustment; (3) better detection of outliers; and (4) additional detail on private nonfarm employment by select industry and by size of payroll. Additional details on the revisions are available at [www.ADPemploymentreport.com](http://www.ADPemploymentreport.com).

DERIVED FROM ADP PAYROLL DATA

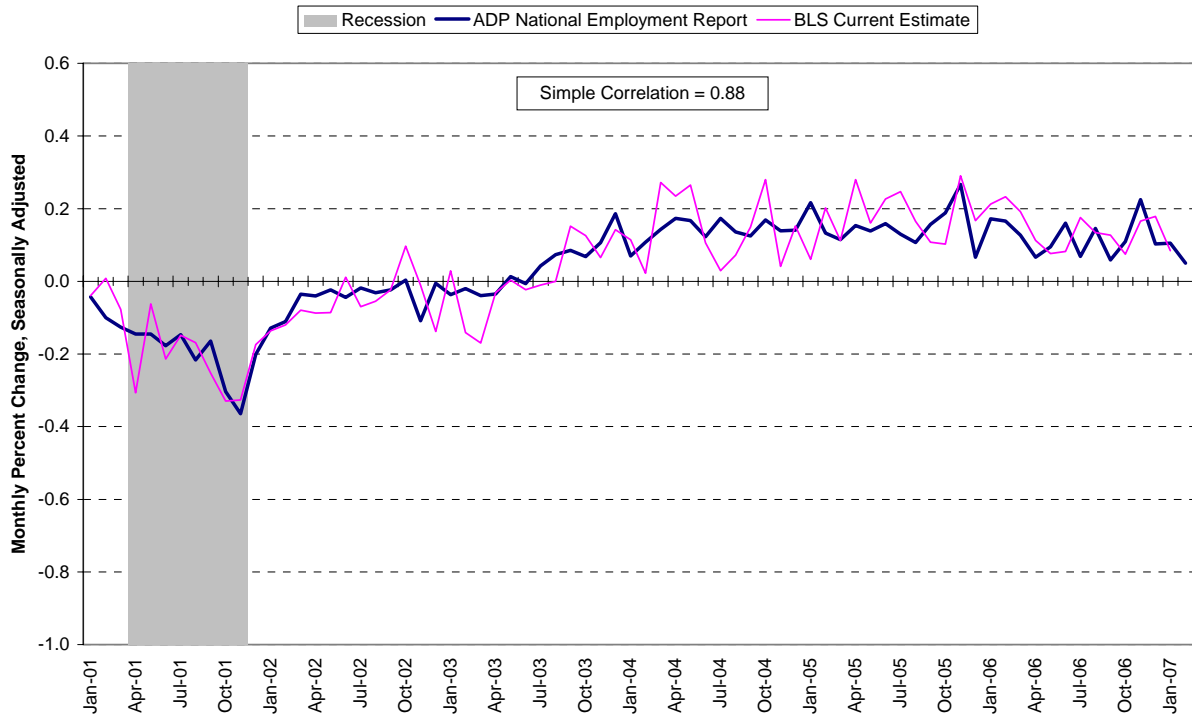
**Table 1. Employees on nonfarm private payrolls by selected industry sector and size**  
(In thousands)

Industry / Size of Payroll	Seasonally Adjusted						Change from: Jan. 2007 - Feb. 2007p
	Sep. 2006	Oct. 2006	Nov. 2006	Dec. 2006	Jan. 2007	Feb. 2007p	
<b>Total nonfarm private</b> .....	114,432	114,557	114,815	114,933	115,054	115,111	57
Small (1-49).....	50,040	50,106	50,203	50,299	50,373	50,426	53
Medium (50-499).....	45,000	45,053	45,166	45,191	45,243	45,276	33
Large (> 499).....	19,392	19,398	19,446	19,443	19,438	19,409	-29
<b>Goods-producing</b> .....	22,492	22,473	22,491	22,473	22,457	22,414	-43
Small (1-49).....	8,085	8,087	8,102	8,115	8,121	8,118	-3
Medium (50-499).....	9,941	9,933	9,943	9,926	9,917	9,900	-17
Large (> 499).....	4,466	4,453	4,446	4,432	4,419	4,396	-23
<b>Service-providing</b> .....	91,940	92,084	92,324	92,460	92,597	92,697	100
Small (1-49).....	41,955	42,019	42,101	42,184	42,252	42,308	56
Medium (50-499).....	35,059	35,120	35,223	35,265	35,326	35,376	50
Large (> 499).....	14,926	14,945	15,000	15,011	15,019	15,013	-6
<b>Addendum:</b>							
Manufacturing.....	14,133	14,118	14,117	14,095	14,072	14,043	-29

p = preliminary

The matched sample used to develop the *ADP National Employment Report* was derived from ADP data and, during the last six months of 2006, averaged 364,000 payrolls representing 22 million U.S. employees. This approximately represents the size of the matched sample used this month.

**Chart 1. Growth of Private Nonfarm Employment, All Industries**



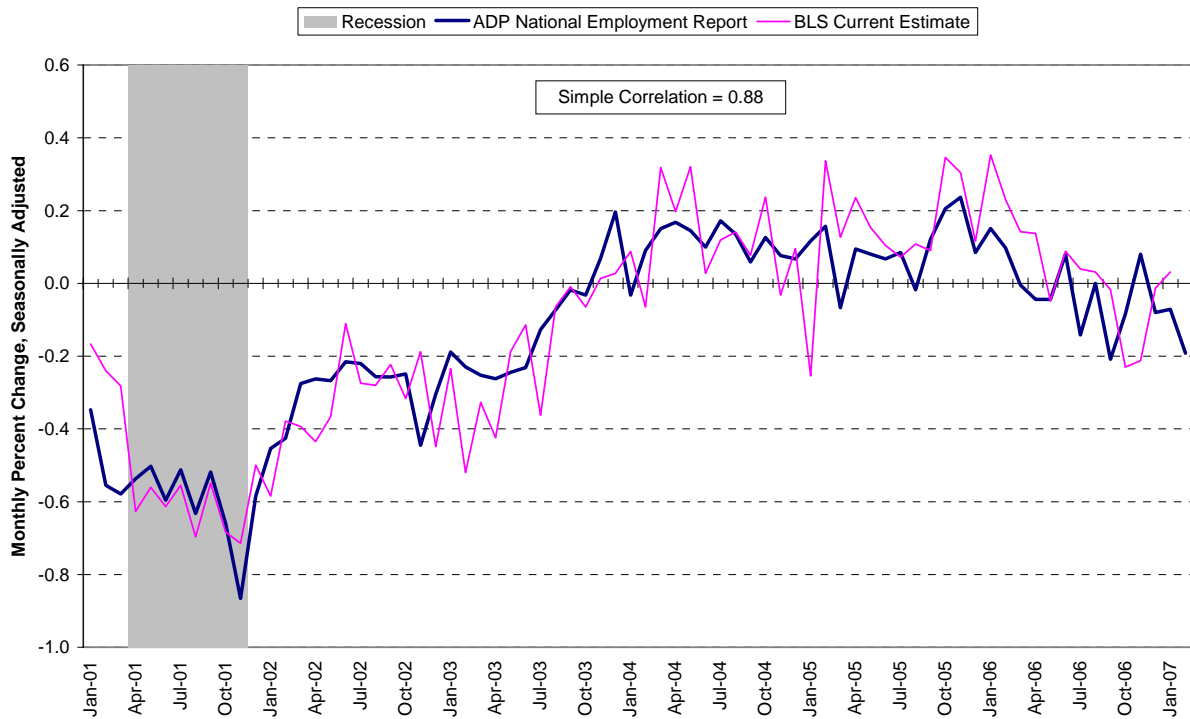
Source: Automatic Data Processing, Inc., Macroeconomic Advisers, LLC., Bureau of Labor Statistics

## Goods-Producing Sector

Nonfarm private employment in the goods-producing sector decreased by 43,000 in February, according to the *ADP National Employment Report*.

- Small businesses -3,000
- Medium businesses -17,000
- Large businesses -23,000

Chart 2. Growth of Private Nonfarm Employment, Goods-Producing Industries



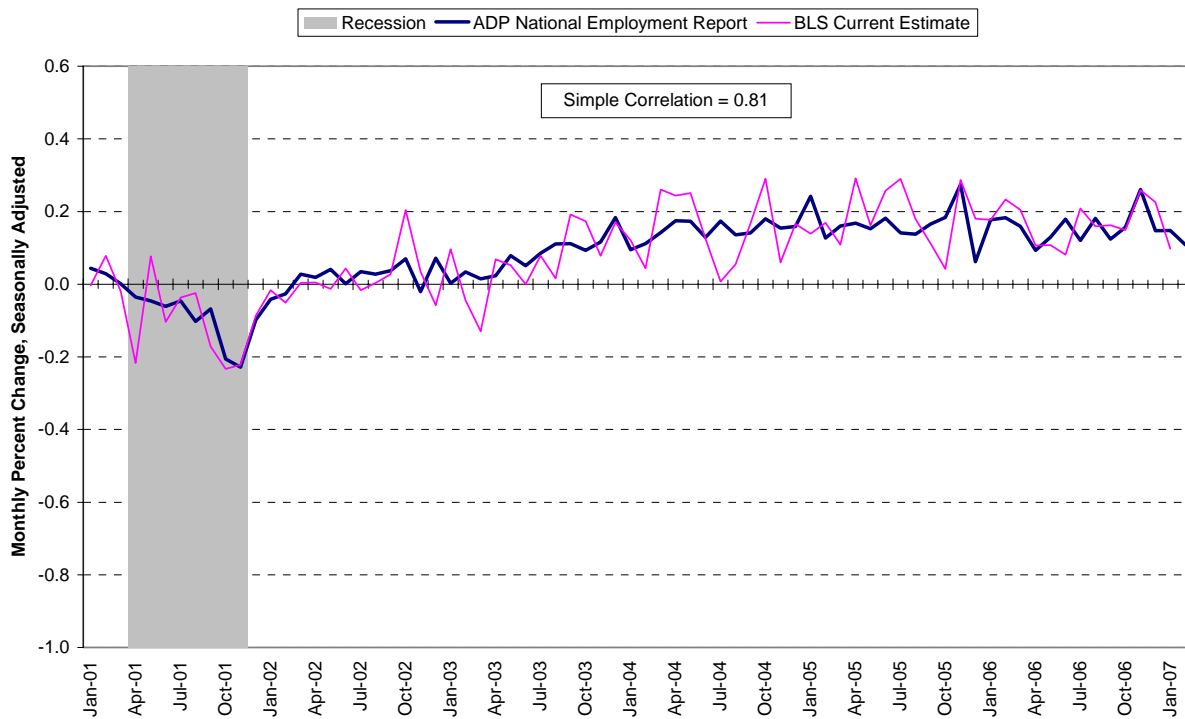
Source: Automatic Data Processing, Inc., Macroeconomic Advisers, LLC., Bureau of Labor Statistics

## Service-Providing Sector

Nonfarm private employment in the service-providing sector increased by 100,000 in February, according to the *ADP National Employment Report*.

- Small businesses +56,000
- Medium businesses +50,000
- Large businesses -6,000

**Chart 3. Growth of Private Nonfarm Employment, Service-Providing Industries**



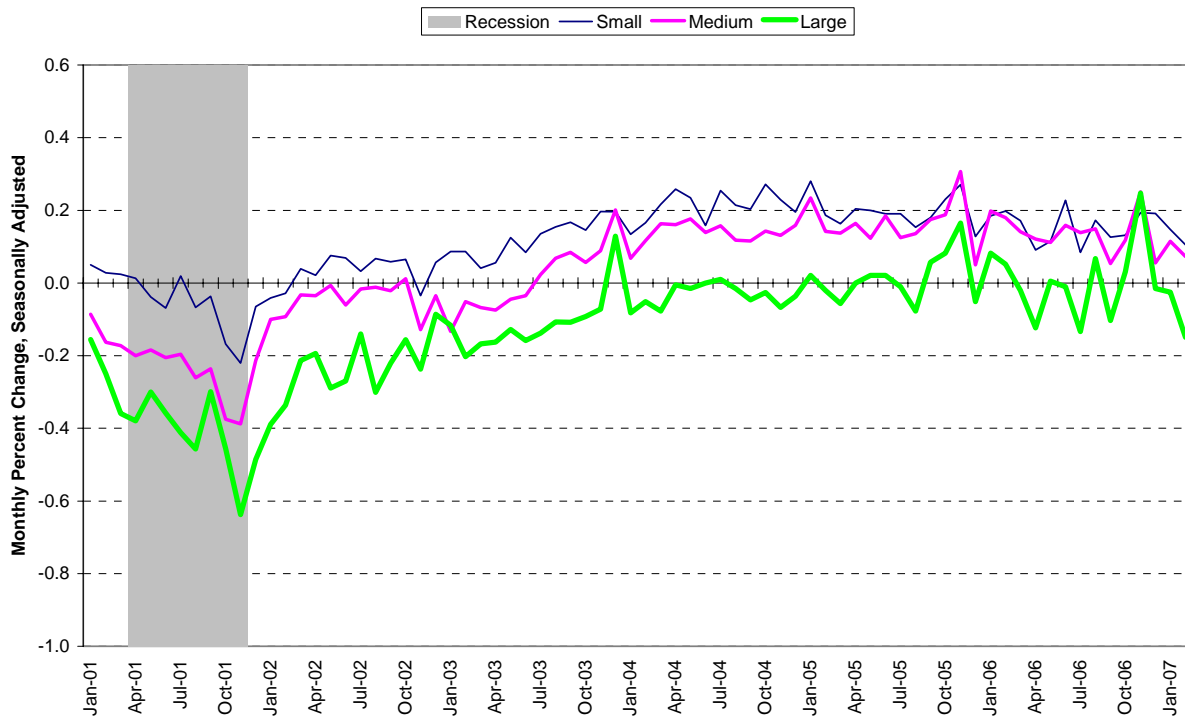
Source: Automatic Data Processing, Inc., Macroeconomic Advisers, LLC., Bureau of Labor Statistics

## Company Size

Total nonfarm private employment in the United States increased in Small and Medium businesses and decreased in Large businesses in February, according to the *ADP National Employment Report*.

- Small businesses +53,000
- Medium businesses +33,000
- Large businesses -29,000

Chart 4. Growth of Private Nonfarm Employment, by Size of Payroll



Source: Automatic Data Processing, Inc., Macroeconomic Advisers, LLC.

## Interpreting the Report

The forecasts of *total* nonfarm private employment, as well as nonfarm private employment by *industry sector* and *company size* are represented as both a *monthly employment level* and a *monthly change in employment*. The *employment level* represents the number of nonfarm private jobs in the U.S. economy at a common point in time each month. The *change in monthly employment* represents the increase or decrease in employment between these common points in time in two consecutive months.

To obtain additional information about the *ADP National Employment Report* including supporting data and the schedule of future release dates, or to subscribe to the monthly e-mail alerts and RSS feeds, please visit [www.ADPemploymentreport.com](http://www.ADPemploymentreport.com). The March 2007 *ADP National Employment Report* will be released on Wednesday, April 4, 2007 at 8:15 a.m. EDT.

### **About the *ADP National Employment Report* <sup>SM</sup>**

The *ADP National Employment Report*, sponsored by ADP<sup>®</sup>, was developed and is maintained by Macroeconomic Advisers, LLC. It is a measure of employment derived from an anonymous subset of 500,000 U.S. business clients. During the last six months of 2006, this subset represented approximately 364,000 U.S. business clients and approximately 22 million U.S. employees working in all private industrial sectors. The data is collected for pay periods that can be interpolated to include the week of the 12<sup>th</sup> of each month, and processed with statistical methodologies similar to those used by the U.S. Bureau of Labor Statistics to compute employment from its monthly survey of establishments. Due to this processing, this subset is modified to make it indicative of national employment levels; therefore, the resulting employment changes computed for the *ADP National Employment Report* are not representative of changes in ADP's total base of U.S. business clients.

Empirical analysis performed by Macroeconomic Advisers suggests that the *ADP National Employment Report* can be used to develop a forecast of “true” employment that is superior to those resulting from consensus estimates, survey data, or other models of employment that do not incorporate the results of the *ADP Report*.

For a description of the underlying data and the statistical properties of the series, please see “*ADP National Employment Report: Development Methodology*” at <http://ADPemploymentreport.com/methodology.aspx>.

### **About ADP**

Automatic Data Processing, Inc. (NYSE: ADP), with nearly \$9 billion in revenues and more than 570,000 clients worldwide, is one of the largest providers of a broad range of premier, mission-critical, cost-effective transaction processing and information-based business solutions. Employer Services (ES), a division of ADP, offers the widest range of HR, payroll, and benefits administration solutions from a single source, to meet the extensive business needs of employers worldwide. Built with more than 50 years of industry experience, ADP ES' cost-effective, easy-to-use solutions provide superior value to companies of all sizes. Approximately 540,000 companies rely on ADP ES for unparalleled service and compliance expertise, allowing them to focus on other core activities. For more information about ADP ES or to contact a local ADP sales office, reach us at 1.800.225.5237 or visit the company's Web site at [www.ADP.com](http://www.ADP.com).

### **About Macroeconomic Advisers, LLC**

Macroeconomic Advisers, LLC (MA) has been the most trusted source for U.S. macroeconomic forecasts and commentary, monetary and fiscal policy analysis, and

econometric modeling for over 20 years. MA has three primary service lines: (1) *Macroeconomic Modeling*. MA licenses its structural econometric model of the U.S. economy to firms who use it to produce their own macroeconomic forecasts; (2) *U.S. Economic Forecasts*. MA produces monthly economic forecasts, weekly economic commentaries, and analysis of economic indicators; (3) *Monetary Policy Insights (MPI)*. Directed by MA co-founder and former Federal Reserve Board Governor Laurence Meyer, MPI ties MA's economic forecasts to the prospective course of monetary policy and the resulting implications for fixed-income markets. MA's clients include leading financial service firms, nonfinancial corporations, key policymaking agencies of the U.S. government, as well as State and Foreign Government agencies. Additional information on Macroeconomic Advisers, LLC is available on the company's Web site, [www.MacroAdvisers.com](http://www.MacroAdvisers.com).

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