



Wednesday, September 5, 2007, 8:15 A.M. EDT

Nonfarm private employment grew 38,000 from July to August of 2007 on a seasonally adjusted basis, according to the *ADP National Employment Report*[™].

This month's *ADP National Employment Report* suggests that a deceleration of employment may be underway. The August increase of 38,000 was the smallest since June of 2003 and the second consecutive weak monthly reading.

In August, employment in the service-providing sector of the economy grew a moderate 87,000, while employment in the goods-producing sector declined 49,000. This marks the ninth consecutive monthly decline in the goods-producing sector. Employment in the manufacturing sector declined 33,000.

Small- and medium-size businesses more than accounted for the increase in total employment in August, with employment among these businesses advancing by 70,000. In contrast, employment among large businesses fell by 32,000 in August, the third consecutive monthly decline.

The gains in employment at small- and medium-size businesses were concentrated in the service-providing sector of the economy, which showed a gain of 94,000. However, employment among these same-size businesses in the goods-producing sector fell 24,000.

For information on the construction and use of the *ADP Report*, please visit the methodology section of the *ADP National Employment Report* website at <http://ADPEmploymentreport.com/methodology.aspx>.



DERIVED FROM ADP PAYROLL DATA

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

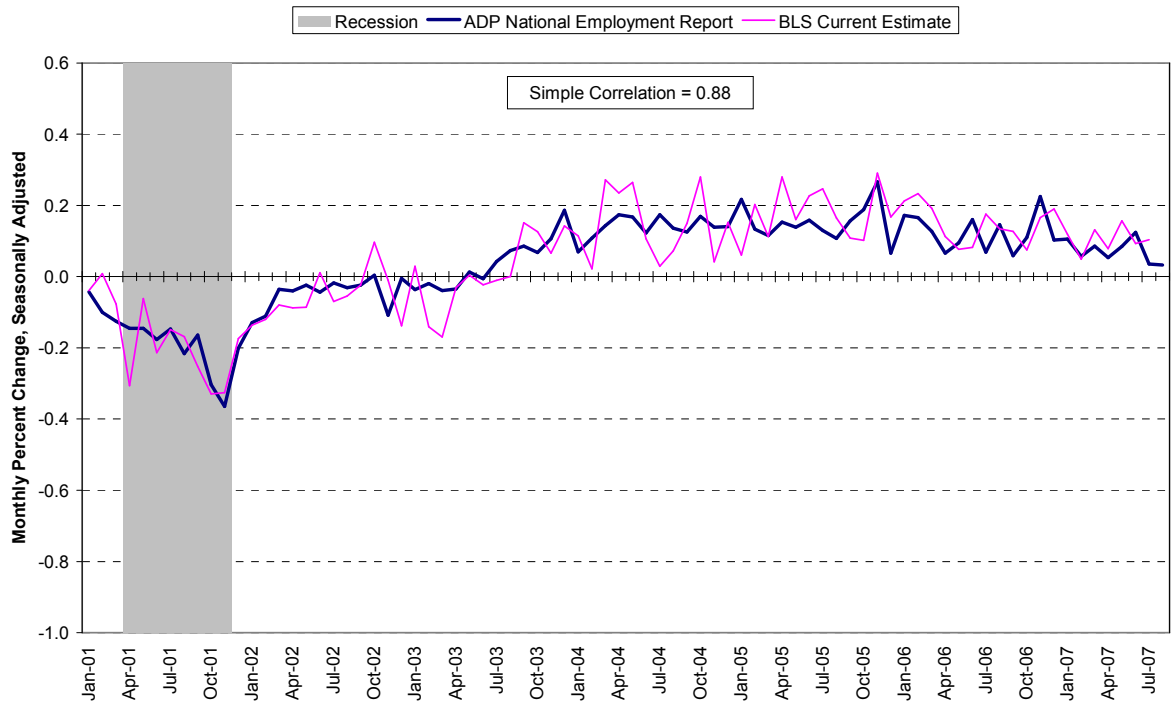
| Industry / Size of Payroll | Seasonally Adjusted | | | | | | Change from: Jul. 2007 - Aug. 2007p |
|-----------------------------------|---------------------|-----------|-----------|-----------|-----------|------------|---|
| | Mar. 2007 | Apr. 2007 | May. 2007 | Jun. 2007 | Jul. 2007 | Aug. 2007p | |
| Total nonfarm private..... | 115,217 | 115,278 | 115,376 | 115,519 | 115,560 | 115,598 | 38 |
| Small (1-49)..... | 50,500 | 50,541 | 50,598 | 50,687 | 50,725 | 50,769 | 44 |
| Medium (50-499)..... | 45,314 | 45,341 | 45,375 | 45,437 | 45,454 | 45,480 | 26 |
| Large (> 499)..... | 19,403 | 19,396 | 19,403 | 19,395 | 19,381 | 19,349 | -32 |
| Goods-producing..... | 22,390 | 22,347 | 22,321 | 22,303 | 22,258 | 22,209 | -49 |
| Small (1-49)..... | 8,120 | 8,108 | 8,102 | 8,107 | 8,098 | 8,090 | -8 |
| Medium (50-499)..... | 9,883 | 9,865 | 9,849 | 9,844 | 9,826 | 9,810 | -16 |
| Large (> 499)..... | 4,387 | 4,374 | 4,370 | 4,352 | 4,334 | 4,309 | -25 |
| Service-providing..... | 92,827 | 92,931 | 93,055 | 93,216 | 93,302 | 93,389 | 87 |
| Small (1-49)..... | 42,380 | 42,433 | 42,496 | 42,580 | 42,627 | 42,679 | 52 |
| Medium (50-499)..... | 35,431 | 35,476 | 35,526 | 35,593 | 35,628 | 35,670 | 42 |
| Large (> 499)..... | 15,016 | 15,022 | 15,033 | 15,043 | 15,047 | 15,040 | -7 |
| Addendum: | | | | | | | |
| Manufacturing..... | 14,028 | 14,009 | 13,997 | 13,984 | 13,958 | 13,925 | -33 |

p = preliminary

The matched sample used to develop the *ADP National Employment Report* was derived from ADP data which, during the first six months of 2007, averaged approximately 383,000 payrolls representing nearly 23 million U.S. employees. This approximately represents the size of the matched sample used this month.

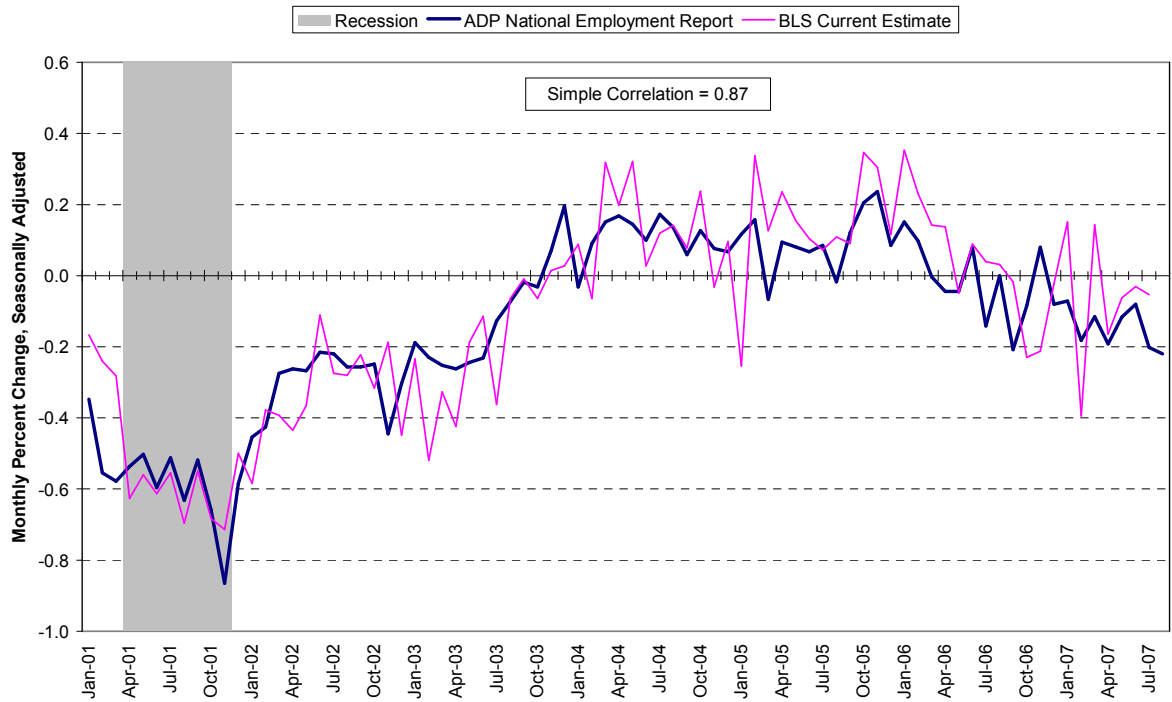


Chart 1. Growth of Nonfarm Private Employment, All Industries



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

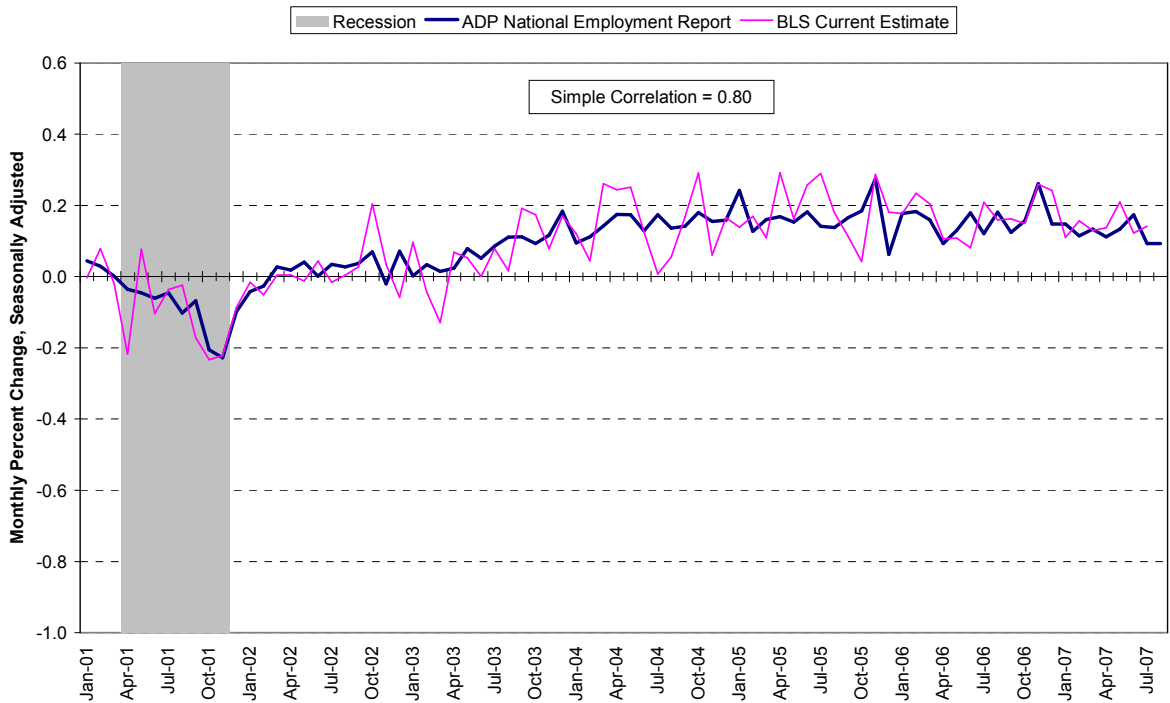
Chart 2. Growth of Nonfarm Private Employment, Goods-Producing Industries



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

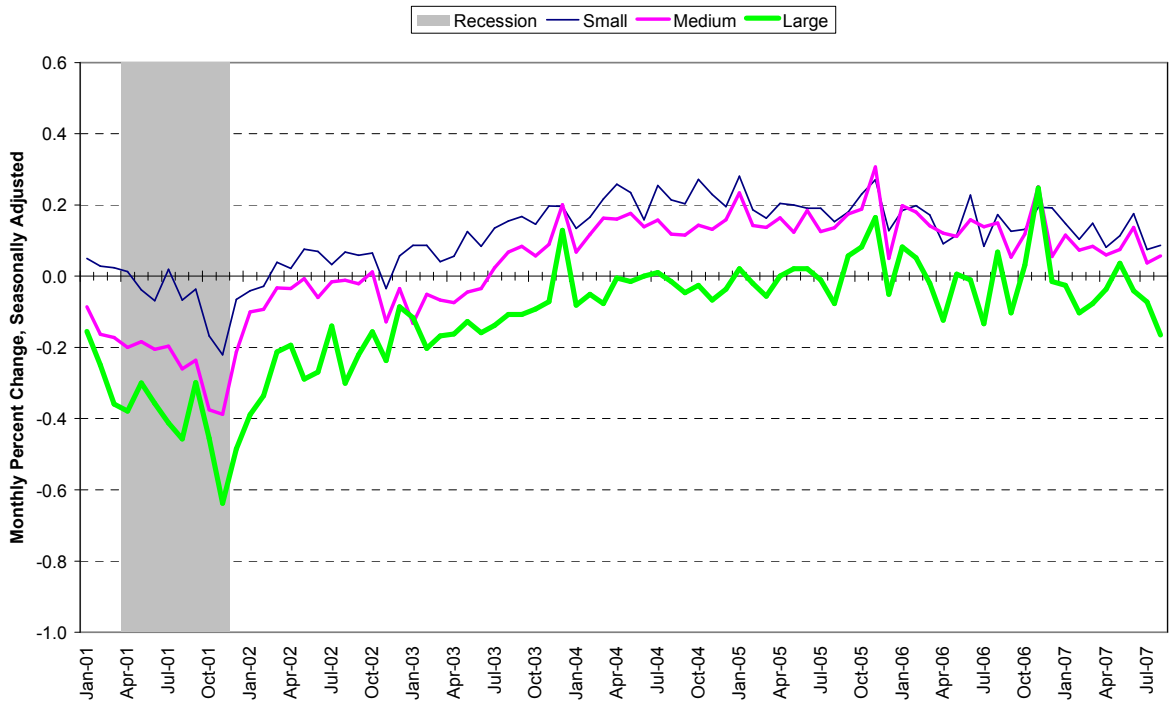


Chart 3. Growth of Nonfarm Private Employment, Service-Providing Industries



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

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



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



About the *ADP National Employment Report*SM

The *ADP National Employment Report*, sponsored by ADP[®], was developed and is maintained by Macroeconomic Advisers, LLC. It is a measure of employment derived from an anonymous subset of roughly 500,000 U.S. business clients. During the first six months of 2007, this subset represented approximately 383,000 U.S. business clients representing nearly 23 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 12th 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>.

For a full schedule of future releases, please visit: www.ADPEmploymentreport.com

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