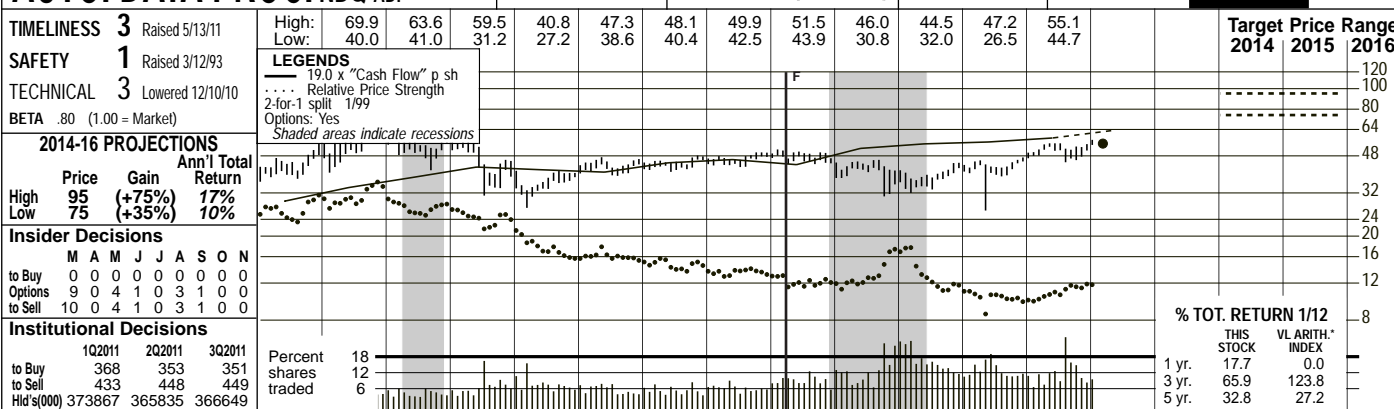


# AUTO. DATA PROC. NDQ-ADP

RECENT PRICE **54.87** P/E RATIO **20.0** (Trailing: 20.9 Median: 23.0) RELATIVE P/E RATIO **1.27** DIV'D YLD **2.9%**

**VALUE LINE**



1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC	14-16
5.08	6.20	7.02	7.94	8.81	10.00	11.25	11.36	12.02	13.21	14.65	15.82	14.56	17.20	17.67	18.15	20.13	22.10	Revenues per sh <sup>A</sup>	27.50
1.00	1.14	1.28	1.41	1.54	1.79	2.00	2.24	2.17	2.12	2.34	2.42	2.30	2.74	2.88	2.94	3.07	3.35	"Cash Flow" per sh	4.45
.69	.79	.90	.99	1.10	1.31	1.52	1.75	1.67	1.56	1.79	1.85	1.83	2.20	2.39	2.39	2.52	2.75	Earnings per sh <sup>AB</sup>	3.70
.16	.19	.22	.26	.30	.34	.40	.45	.48	.54	.61	.68	.83	1.04	1.24	1.34	1.42	1.55	Div'ds Decl'd per sh <sup>C</sup>	1.78
.21	.28	.30	.33	.28	.26	.30	.24	.22	.35	.34	.52	.32	.35	.31	.21	.37	.35	Cap'l Spending per sh	1.40
3.68	4.02	4.54	5.64	6.38	7.29	7.53	8.30	9.03	9.23	9.97	10.71	9.61	9.97	10.61	11.14	12.25	13.45	Book Value per sh <sup>D</sup>	17.50
569.37	575.42	585.68	604.21	628.58	628.75	623.94	616.32	594.84	587.12	580.20	561.40	535.80	510.30	501.70	492.00	490.80	484.00	Common Shs Outst'g <sup>E</sup>	480.00
21.2	23.4	23.9	29.2	35.8	36.5	38.4	30.3	21.9	26.0	24.0	24.3	26.0	20.1	16.0	17.2	18.7		Avg Ann'l P/E Ratio	23.0
1.42	1.47	1.38	1.52	2.04	2.37	1.97	1.66	1.25	1.37	1.28	1.31	1.38	1.21	1.07	1.09	1.17		Relative P/E Ratio	1.55
1.1%	1.1%	1.0%	.9%	.8%	.7%	.7%	.8%	1.3%	1.3%	1.4%	1.5%	1.7%	2.3%	3.2%	3.3%	3.0%		Avg Ann'l Div'd Yield	2.1%

CAPITAL STRUCTURE as of 12/31/11				2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995	
Total Debt \$25.5 mill. Due in 5 Yrs \$22.0 mill.				27.6%	27.9%	25.1%	22.5%	22.9%	22.1%	22.0%	22.4%	23.3%	22.5%	21.0%	22.5%	22.5%	21.0%	22.5%	22.5%	22.5%	22.5%
LT Debt \$25.5 mill. LT Interest \$2.0 mill. (less than 1% of Cap'l)				269.2	279.1	274.7	306.8	304.4	288.6	208.9	238.5	237.8	238.6	253.4	265	265	265	265	265	265	265
Leases, Uncapitalized Annual rentals \$131.0 mill.				976.4	1100.8	1018.2	935.6	1055.4	1072.4	1021.2	1161.7	1208.5	1207.4	1254.2	1350	1350	1350	1350	1350	1350	1350
Pension Assets-6/11 \$1313.3 mill. Oblg. \$1178.8 mill.				38.1%	38.4%	38.1%	37.4%	37.1%	38.5%	37.1%	35.9%	36.6%	35.2%	35.1%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
Pfd Stock None				13.9%	15.7%	14.2%	12.1%	12.4%	12.1%	13.1%	13.2%	13.6%	13.5%	12.7%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%
Common Stock 490,575,881 shs. as of 1/31/12				1747.2	1406.2	1676.7	993.2	1640.4	2167.4	1573.4	1343.1	1521.0	1568.6	1252.2	1300	1300	1300	1300	1300	1300	1300
MARKET CAP: \$26.9 billion (Large Cap)				110.2	90.6	84.7	76.2	75.8	74.3	43.5	52.1	42.7	39.8	34.2	30.0	30.0	30.0	30.0	30.0	30.0	30.0
CURRENT POSITION				4701.0	5114.2	5371.5	5417.7	5783.8	6011.6	5147.9	5087.2	5322.6	5478.9	6010.4	6450	6450	6450	6450	6450	6450	6450
Cash and ST Secs.				20.4%	21.2%	18.7%	17.1%	18.3%	18.2%	20.6%	23.4%	22.8%	22.0%	20.8%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%
Receivables				20.8%	21.5%	19.0%	17.3%	18.2%	17.8%	19.8%	22.8%	22.7%	22.0%	20.9%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%
Other				15.5%	16.1%	13.7%	11.6%	12.3%	11.3%	10.9%	12.0%	10.9%	9.7%	9.3%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%
Current Assets				25%	25%	28%	33%	33%	37%	45%	47%	52%	56%	55%	55%	55%	55%	55%	55%	55%	55%
Accts Payable				1671.2	1425.7	1331.3															
Debt Due				1127.7	1364.8	1353.9															
Other				685.2	657.4	692.4															
Current Liab.				3484.1	3447.9	3377.6															

**BUSINESS:** Automatic Data Processing, Inc. is the nation's largest provider of business outsourcing solutions, serving about 570,000 customers. Revenues by segment in 2011: The Employer Services unit, provides payroll and tax services (70%); The Professional Employer Organization unit, provides comprehensive human resources solutions to smaller companies (16%); Services for auto and truck dealerships, include accounting, inventory, leasing, and parts ordering (14%). Brokerage services spun-off in March, 2007. Has about 51,000 employees. Officers and directors own less than 1.0% of stock (9/11 Proxy). Chairman: Leslie Brun. CEO: Carlos Rodriguez, Inc.: DE. Address: 1 ADP Boulevard, Roseland, NJ 07068. Telephone: 973-974-5000. Internet: www.adp.com.

ANNUAL RATES				Past 10 Yrs.	Past 5 Yrs.	Est'd '09-'11 to '14-'16
of change (per sh)				10 Yrs.	5 Yrs.	to '14-'16
Revenues				6.5%	5.0%	8.0%
"Cash Flow"				5.5%	5.0%	8.5%
Earnings				6.5%	7.0%	8.5%
Dividends				14.5%	17.0%	6.0%
Book Value				5.0%	2.5%	9.0%

Fiscal Year Ends	QUARTERLY REVENUES (\$ mill.) <sup>A</sup>				Full Fiscal Year
	Sep.30	Dec.31	Mar.31	Jun.30	
2008	1992	2150	2427	2207	8776.5
2009	2182	2203	2375	2107	8867.0
2010	2103	2204	2443	2178	8927.6
2011	2229	2405	2738	2507	9879.5
2012	2522	2583	2950	2645	10700

Fiscal Year Ends	EARNINGS PER SHARE <sup>AB</sup>				Full Fiscal Year
	Sep.30	Dec.31	Mar.31	Jun.30	
2008	.45	.55	.77	.43	2.20
2009	.54	.59	.80	.46	2.39
2010	.56	.62	.79	.42	2.39
2011	.56	.62	.85	.48	2.52
2012	.61	.68	.90	.56	2.75

Cal-endar	QUARTERLY DIVIDENDS PAID <sup>C</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2008	.29	.29	.29	.29	1.16
2009	.33	.33	.33	.33	1.32
2010	.34	.34	.34	.34	1.36
2011	.36	.36	.36	.36	
2012	.395				

**Automatic Data Processing will likely perform well in fiscal 2012 (year ends June 30th).** The payroll processor's top line rose 7%, to nearly \$2.6 billion, in the December quarter. We think the environment is improving, as corporations are starting to expand, and new business formation is picking up. The company has also been able to enter new markets, through numerous small acquisitions. The recent purchase of PhyLogic Healthcare, which provides entry into the large medical billing arena, is one example. We look for the top line to reach \$10.7 billion in 2012, a healthy advance, overall.

**The company's largest business segment is holding up well.** The Employer Services unit, which accounts for most of the top line, should post respectable revenue advances. The company has added new clients through improved marketing efforts. Moreover, the client retention rate still remains high. This unit will likely deliver a 7% revenue advance this year.

**Elsewhere, the smaller units remain a bit more mixed.** The Professional Employer Organization (PEO) segment, which accounts for 16% of the top line, is

expanding at a decent pace, thanks to the increased utilization of outsourcing solutions. However, the Interest on Funds Held for Clients unit, which now accounts for about 5% of the top line, continues to struggle. Lower investment returns are only partially being offset by higher account balances. Moreover, the low interest-rate environment will probably create challenges for some time.

**The profit outlook remains stable, for now.** The company posted earnings of \$0.68 per diluted share for the December quarter. It should be noted that this figure excluded a small gain on the sale of assets. We have lowered our full-year 2012 forecast by \$0.05, to \$2.75 per diluted share. However, our estimate still suggests a healthy annual advance.

**These shares have risen a bit in price since our November report.** This probably reflects investors' optimism about prospects for gains in employment, and the outlook for payroll processors. Meantime, our projections indicate that this issue holds worthwhile appreciation potential for the next 3 to 5 years.

Adam Rosner February 17, 2012