

AUTOMATIC DATA PROCESSING INC

Form 424B2

September 09, 2015

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CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities Offered	Maximum Aggregate Offering Price	Amount of Registration Fee(1)
2.250% Senior Notes due 2020	\$1,000,000,000	\$116,200
3.375% Senior Notes due 2025	\$1,000,000,000	\$116,200

(1) Calculated in accordance with Rule 457(r) under the Securities Act of 1933, as amended.

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**Filed Pursuant to Rule 424(b)(2)
Registration No. 333-206631**

Prospectus Supplement

(To Prospectus Dated August 28, 2015)

\$2,000,000,000

Automatic Data Processing, Inc.

\$1,000,000,000 2.250% Senior Notes due 2020

\$1,000,000,000 3.375% Senior Notes due 2025

We are offering \$1,000,000,000 of our 2.250% Senior Notes due 2020 (the 2020 Notes) and \$1,000,000,000 of our 3.375% Senior Notes due 2025 (the 2025 Notes and, together with the 2020 Notes, the Notes.) We will pay interest on the Notes on March 15 and September 15 of each year, beginning on March 15, 2016. The 2020 Notes will mature on September 15, 2020 and the 2025 Notes will mature on September 15, 2025. At our option, we may redeem the Notes of either or both series offered hereby in whole or in part at any time and from time to time before their respective maturities at the redemption prices described herein under Description of Notes Optional Redemption.

Upon a Change of Control Triggering Event, we will be required to make an offer to repurchase all outstanding Notes of either series at a price in cash equal to 101% of the principal amount of the Notes of such series, plus any accrued and unpaid interest to, but not including, the repurchase date.

The Notes will be our senior unsecured obligations and will rank equally with all of our other senior unsecured indebtedness from time to time outstanding.

Investing in the Notes involves risks. See the sections entitled Risk Factors beginning on page S-5 of this prospectus supplement and in our Annual Report on Form 10-K for the year ended June 30, 2015, which is incorporated by reference into this prospectus supplement and the accompanying prospectus.

	Per 2020 Note	Total	Per 2025 Note	Total
Public offering price(1)	99.911%	\$ 999,110,000	99.891%	\$ 998,910,000
Underwriting discount	0.350%	\$ 3,500,000	0.450%	\$ 4,500,000
Proceeds to the Company (before expenses and commissions)(1)	99.561%	\$ 995,610,000	99.441%	\$ 994,410,000

(1) Plus accrued interest, if any, from September 15, 2015, if settlement occurs after that date.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The Notes will be ready for delivery in book-entry form only through the facilities of The Depository Trust Company for the accounts of its participants, including Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme*, on or about September 15, 2015.

Joint Book-Running Managers

BofA Merrill Lynch

J.P. Morgan

BNP PARIBAS

Citigroup

Morgan Stanley

Wells Fargo Securities

Co-Managers

Barclays

Deutsche Bank Securities

MUFG

BMO Capital Markets

Mizuho Securities

PNC Capital Markets LLC

RBC Capital Markets

Lloyds Securities

SOCIETE GENERALE

The Williams Capital Group, L.P.

BNY Mellon Capital Markets, LLC

KeyBanc Capital Markets

SunTrust Robinson Humphrey

BB&T Capital Markets

Scotiabank

TD Securities

UMB Financial Services, Inc.

RBS

September 8, 2015

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We have not authorized anyone to provide any information other than that contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus supplement and the accompanying prospectus are an offer to sell only the Notes, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus supplement, the accompanying prospectus or in any free writing prospectus, as well as information previously filed with the Securities and Exchange Commission (SEC) and incorporated herein by reference, is current only as of the date of such information. Our business, financial condition, results of operations and prospects may have changed since that date.

References in this prospectus supplement and the accompanying prospectus to the Company, ADP, we, us, and our refer to Automatic Data Processing, Inc. and its subsidiaries, except where the context otherwise requires.

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INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows ADP to incorporate by reference the information it files with the SEC. This permits ADP to disclose important information to you by referencing these filed documents, which are considered part of this prospectus supplement and the accompanying prospectus. Information that ADP files later with the SEC will automatically update and supersede this information.

We incorporate by reference the documents set forth below that ADP previously filed with the SEC and any future filings made with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act until the offering of the Notes has been completed; provided that, unless otherwise stated, we will not incorporate by reference any filing that is furnished or deemed furnished to the SEC.

The following documents filed with the SEC are incorporated by reference into this prospectus supplement:

Current Reports on Form 8-K filed on October 1, 2014 (but only with respect to Item 5.02), March 2, 2015 and August 5, 2015;

Annual Report on Form 10-K for the fiscal year ended June 30, 2015 filed on August 7, 2015; and

the information specifically incorporated by reference into our Annual Report on Form 10-K for the fiscal year ended June 30, 2014 from our Definitive Proxy Statement on Schedule 14A filed with the SEC on September 25, 2014.

ADP will provide without charge, upon written or oral request, a copy of any or all of the documents which are incorporated by reference in this prospectus supplement and the accompanying prospectus, other than exhibits which are specifically incorporated by reference into those documents. Requests should be directed to Investor Relations, Automatic Data Processing, Inc., One ADP Boulevard, Roseland, New Jersey 07068, telephone number (973) 974-5858. The information found on our website is not a part of this prospectus supplement or the accompanying prospectus.

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SUMMARY

The Company

Automatic Data Processing, Inc. is a pioneer in business process outsourcing. We are one of the world's leading providers of human capital management solutions to employers, offering solutions to businesses of all sizes, whether they have simple or complex needs. We serve more than 630,000 clients in more than 100 countries. ADP employed approximately 55,000 persons as of June 30, 2015. Our principal executive offices are located at One ADP Boulevard, Roseland, New Jersey 07068, and our telephone number is (973) 974-5000.

The Offering

Issuer	Automatic Data Processing, Inc.
Notes Offered	\$1,000,000,000 aggregate principal amount of 2.250% Senior Notes due 2020. \$1,000,000,000 aggregate principal amount of 3.375% Senior Notes due 2025.
Maturity	The 2020 Notes will mature on September 15, 2020, unless earlier redeemed or repurchased, and the 2025 Notes will mature on September 15, 2025, unless earlier redeemed or repurchased.
Interest	The 2020 Notes will bear interest at 2.250% per year, and the 2025 Notes will bear interest at 3.375% per year. Interest will be payable semi-annually in arrears on March 15 and September 15 of each year, beginning March 15, 2016 in the case of each series.
Ranking	Each series of Notes will be senior unsecured obligations of Automatic Data Processing, Inc. and will rank equally with all of our other senior unsecured indebtedness from time to time outstanding and effectively subordinated to any of our secured indebtedness from time to time outstanding, to the extent of the value of the assets securing such debt. As of June 30, 2015, we had \$5.3 million of outstanding senior unsecured indebtedness, not including the debt of our subsidiaries, and \$6.7 million of secured indebtedness. As of June 30, 2015, debt of our subsidiaries, to which the Notes will be structurally subordinated, was approximately \$1.1 million.

Additional Notes

We may, without the consent of the noteholders, issue additional Notes of either series having the same ranking and the same interest rate, maturity and other terms (other than the issue date, the public offering price, the payment of interest accruing prior to the issue date of such additional Notes and the first payment of interest following such issue date) as the Notes of such series offered by this prospectus supplement.

Any such additional Notes will be a part of the applicable series having the same terms as the Notes; provided that, if any additional

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Notes subsequently issued are not fungible for U.S. federal income tax purposes with any Notes previously issued, such additional Notes shall trade under a separate CUSIP number.

Sinking Fund

None.

Offer to Repurchase Upon a Change of Control Triggering Event

Upon a Change of Control Triggering Event, we will be required to make an offer to repurchase all outstanding Notes at a price in cash equal to 101% of the principal amount of the Notes of either series, plus any accrued and unpaid interest to, but not including, the repurchase date. See Description of Notes Change of Control Offer.

Optional Redemption

At our option, we may redeem the Notes of either series in whole or in part at any time and from time to time before their maturity at the redemption prices described herein under Description of Notes Optional Redemption.

Use of Proceeds

We will receive net proceeds from the offering of the Notes of approximately \$1,986.1 million after deducting underwriting discounts, commissions and estimated offering expenses. We intend to use the net proceeds of this offering to effect previously announced share repurchases over the next 12 to 24 months, subject to market conditions, and any remainder for general corporate purposes. See Use of Proceeds.

Covenants

We will issue the Notes under an indenture with Wells Fargo Bank, National Association as trustee. The indenture includes certain covenants, including limitations on our ability to:

create liens on our assets; and

merge or consolidate with another entity.

These covenants are subject to a number of important exceptions, limitations and qualifications that are described under Description of Notes Limitation on Liens in this prospectus supplement and under Description of Debt Securities Consolidation, Merger or Sale in the accompanying prospectus.

Listing

We do not intend to list the Notes on any national securities exchange. The Notes will be new securities for which there is currently no public market.

Form and Denomination

Each series of the Notes will be represented by one or more global securities registered in the name of the nominee of DTC. Beneficial interests in the global securities will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its participants including Clearstream Banking and Euroclear. The Notes will be issued only in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

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Governing Law

The indenture and the Notes will be governed by the laws of the State of New York.

Trustee

Wells Fargo Bank, National Association.

Risk Factors

Investing in the Notes involves risks. See the section entitled "Risk Factors" in this prospectus supplement and in our Annual Report on Form 10-K for the year ended June 30, 2015, which is incorporated by reference into this prospectus supplement and the accompanying prospectus, for a discussion of factors you should consider carefully before deciding to invest in the Notes.

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SPECIAL NOTE ON FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus 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 and 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. Forward-looking statements are subject to inherent risks and uncertainties. Factors that could cause actual results to differ materially from those expressed or implied in our forward-looking statements include:

ADP's success in obtaining, and retaining clients, and selling additional services to clients;

the pricing of products and services;

compliance with existing or new legislation or regulations;

changes in, or interpretations of, existing legislation or regulations;

overall market, political and economic conditions, including interest rate and foreign currency trends;

competitive conditions;

our ability to maintain our current credit rating and the impact on our funding costs and profitability;

security or privacy breaches, fraudulent acts, and system interruptions and failures;

employment and wage levels;

changes in technology;

availability of skilled technical associates; and

the impact of new acquisitions and divestitures.

The factors identified above are not exhaustive. 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 ADP's most recently filed Annual Report on Form 10-K and the risk factors under the caption Risk Factors in this prospectus supplement and the accompanying prospectus, should be considered in evaluating any forward-looking statements contained herein.

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RISK FACTORS

Investing in the Notes involves risks. Before making a decision to invest in the Notes, you should carefully consider the risks described under "Risk Factors" in Item 1A of our Annual Report on Form 10-K for the fiscal year ended June 30, 2015, which is incorporated by reference into this prospectus supplement and the accompanying prospectus, as well as the risks set forth below. See "Where You Can Find More Information" in the accompanying prospectus.

The indenture governing the Notes does not contain financial covenants or meaningful restrictions on us or our subsidiaries.

Neither we nor any of our subsidiaries are restricted from incurring additional debt or other liabilities under the indenture. We may from time to time incur additional debt and other liabilities. In addition, we are not restricted from paying dividends or making distributions on our capital stock or purchasing or redeeming our capital stock under the indenture.

Active trading markets for the Notes may not develop.

The Notes constitute a new issue of securities, for which there is no existing market. We do not intend to apply for listing of the Notes on any securities exchange. We cannot assure you trading markets for the Notes will develop, or of the ability of holders of the Notes to sell their Notes or of the prices at which holders may be able to sell their Notes. The underwriters have advised us that they currently intend to make a market in each series of the Notes. However, the underwriters are not obligated to do so, and any market-making with respect to the Notes may be discontinued at any time without notice. If no active trading markets develop, you may be unable to resell the Notes at any price or at their fair market value.

If trading markets do develop, changes in our ratings or the financial markets could adversely affect the market prices of the Notes.

The market prices of the Notes will depend on many factors, including, among others, the following:

ratings on our debt securities assigned by rating agencies;

the prevailing interest rates being paid by other companies similar to us;

our results of operations, financial condition and prospects; and

the condition of the financial markets.

The condition of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future, which could have an adverse effect on the market prices of the Notes. In addition, rating agencies continually review the ratings they have assigned to companies and debt securities, including our company. Negative changes in the ratings assigned to us or our debt securities could have an adverse effect on the market prices of the Notes.

The Notes will be effectively subordinated to the indebtedness and other liabilities of our subsidiaries.

A significant portion of our operations are conducted through our subsidiaries. None of our subsidiaries is a guarantor of the Notes. As a result, our right to receive assets upon the liquidation or recapitalization of any of our subsidiaries, and your consequent right to benefit from our receipt of those assets, will be subject to the claims of such subsidiary's creditors. Accordingly, the Notes are effectively subordinated to all indebtedness and other liabilities, including trade payables, of our subsidiaries. Even if we were recognized as a creditor of one or more of our subsidiaries, our claims would still be effectively subordinated to any security interests in or other liens on the assets of any such subsidiary and to any indebtedness or other liabilities of any such subsidiary

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senior to our claims. As of June 30, 2015, debt of our subsidiaries, to which the Notes will be structurally subordinated, was approximately \$1.1 million.

In addition, we derive a significant portion of our revenues from our subsidiaries. As a result, our cash flow and our ability to service our debt and other obligations, including the Notes, will depend on the results of operations of our subsidiaries and upon the ability of our subsidiaries to provide us with cash to pay amounts due on our obligations, including the Notes. Our subsidiaries are separate and distinct legal entities and have no obligation to make payments on the Notes or to make funds available to us for that purpose. In addition, dividends, loans or other distributions from our subsidiaries to us are dependent upon results of operations of our subsidiaries, may be subject to contractual and other restrictions, may be subject to tax or other laws limiting our ability to repatriate funds from foreign subsidiaries and may be subject to other business considerations.

The Notes will be unsecured and therefore will be effectively subordinated to any secured indebtedness we may incur.

The Notes will not be secured by any of our assets. As a result, the Notes will be effectively subordinated to any secured debt we or our subsidiaries may incur to the extent of the value of the assets securing such debt. In any liquidation, dissolution, bankruptcy or other similar proceeding, the holders of any of our secured debt and the secured debt of our subsidiaries may assert rights against the assets pledged to secure that debt in order to receive full payment of their debt before the assets may be used to pay other creditors, including the holders of the Notes. As of June 30, 2015, we had \$6.7 million of secured indebtedness outstanding.

We may not be able to repurchase the Notes upon a Change of Control Triggering Event.

If a Change of Control Triggering Event occurs, we will be required to make an offer to repurchase all outstanding Notes at a price in cash equal to 101% of the principal amount of the Notes of either series, plus any accrued and unpaid interest to, but not including, the repurchase date. We may not be able to repurchase the Notes of either series upon a Change of Control Triggering Event, however, because we may not have sufficient funds to do so. In addition, agreements governing indebtedness we may incur in the future may restrict us from purchasing the Notes of either series in the event of a Change of Control Triggering Event. Our failure to repurchase properly tendered Notes of either series would constitute an event of default under the indenture governing the Notes. See Description of Notes Change of Control Offer.

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USE OF PROCEEDS

We will receive net proceeds from the offering of the Notes of approximately \$1,986.1 million after deducting underwriting discounts, commissions and estimated offering expenses. We intend to use the net proceeds of this offering to effect previously announced share repurchases over the next 12 to 24 months, subject to market conditions, and any remainder for general corporate purposes.

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The following table sets forth a summary of our capitalization on a consolidated basis as of June 30, 2015. We have presented our capitalization on both an actual and an as adjusted basis to reflect the issuance and sale of the Notes offered hereby, but not the application of the net proceeds from the issuance and sale of the Notes. See Use of Proceeds. This table should be read in conjunction with our consolidated financial statements and the related notes incorporated by reference in this prospectus supplement and the accompanying prospectus.

	As of June 30, 2015	
	Actual	As Adjusted for the Offering
	(In millions, except per share amounts)	
Long-term debt:		
Notes offered hereby	\$	\$ 2,000.0
Other long-term debt	9.4	9.4
Total long-term debt	9.4	2,009.4
Stockholders' equity:		
Preferred stock, \$1.00 par value - authorized: 0.3 shares; issued: none		
Common stock, \$0.10 par value - authorized: 1,000 shares; issued: 638.7 shares	63.9	63.9
Capital in excess of par value	663.3	663.3
Retained earnings	13,460.3	13,460.3
Treasury stock at cost (172.3 shares)	(9,118.4)	(9,118.4)
Accumulated other comprehensive (loss)	(260.6)	(260.6)
Total stockholders' equity	4,808.5	4,808.5
Total capitalization	\$ 4,817.9	\$ 6,817.9

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DESCRIPTION OF NOTES

This description of the Notes being offered hereby supplements and, to the extent it is inconsistent, replaces, the description of the general provisions of the debt securities and the indenture in the accompanying prospectus. The Notes will be senior debt issued under an indenture dated as of September 15, 2015, between Automatic Data Processing, Inc. and Wells Fargo Bank, National Association, as trustee, as supplemented by the first supplemental indenture to be dated as of September 15, 2015 (collectively, the indenture). The 2020 Notes and the 2025 Notes each are a separate series under the indenture.

The following statements relating to the Notes and the indenture are summaries of certain provisions thereof and are subject to, and qualified in their entirety by reference to, the detailed provisions of the form of each series of Notes, the indenture and any supplemental indenture, officer's certificate or similar document related to such series of Notes. Certain provisions of the indenture are summarized in the accompanying prospectus. We encourage you to read the summaries of the Notes and the indenture in both this prospectus supplement and the accompanying prospectus, as well as the form of each series of Notes and the indenture and any supplemental indenture, officer's certificate or similar document related to such series of Notes.

General Terms of Notes

Interest and principal will be payable in U.S. dollars. The Notes will be issued only in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. There will be no sinking fund payments for the Notes. We do not intend to apply for the listing of the Notes on a national securities exchange or for quotation of the Notes on any automated dealer quotation system.

The security registrar and transfer agent for the Notes will be Wells Fargo Bank, National Association until such time as a successor security registrar or transfer agent is appointed.

We may, without the consent of the noteholders of either series of Notes, issue additional Notes of either series having the same ranking and the same interest rate, maturity and other terms as such series of Notes offered by this prospectus supplement (except for the issue date, the public offering price, the payment of interest accruing prior to the issue date of such additional Notes and the first payment of interest following such issue date). Any such additional Notes of either series will be a part of the applicable series having the same terms as the Notes, provided that, if any additional Notes subsequently issued are not fungible for U.S. federal income tax purposes with any Notes previously issued, such additional Notes shall trade under a separate CUSIP number.

Interest

The 2020 Notes will be initially limited to \$1,000,000,000 aggregate principal amount and the 2025 Notes will be initially limited to \$1,000,000,000 aggregate principal amount. The 2020 Notes will bear interest at 2.250% per year, and the 2025 Notes will bear interest at 3.375% per year. Interest will be payable semi-annually in arrears on March 15 and September 15 of each year, beginning March 15, 2016 in the case of each series. Interest on the Notes of each series will accrue from September 15, 2015, or from the most recent date to which interest has been paid or provided for. Interest on the Notes will be paid to holders of record on the March 1 or September 1 immediately preceding the interest payment date in the case of each series. Interest on the Notes will be computed on the basis of a 360-day year of twelve 30-day months.

If an interest payment date for the Notes of either series falls on a day that is not a business day, the interest payment shall be postponed to the next succeeding business day, and no interest on such payment shall accrue for the period

from and after such interest payment date. It will be an event of default under the indenture if we fail to pay interest when due and such failure continues for 30 days.

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The 2020 Notes will mature on September 15, 2020 and the 2025 Notes will mature on September 15, 2025. If the maturity date for the Notes of either series falls on a day that is not a business day, the principal of and interest on the Notes of such series shall be due on the next succeeding business day, and no interest on such payment shall accrue for the period from and after the maturity date of such series.

Ranking

The Notes will be senior unsecured obligations of Automatic Data Processing, Inc. and will rank equally with all of our other senior unsecured indebtedness from time to time outstanding. However, the Notes will be structurally subordinated to any indebtedness of our subsidiaries and will be effectively subordinated to any secured indebtedness to the extent of the value of the assets securing such indebtedness. As of June 30, 2015, we had \$5.3 million of outstanding senior indebtedness, not including the debt of our subsidiaries, and \$6.7 million of secured indebtedness. As of June 30, 2015, debt of our subsidiaries, to which the Notes will be structurally subordinated, was approximately \$1.1 million.

Optional Redemption

Each series of Notes will be redeemable, in whole at any time or in part from time to time, at our option.

2020 Notes

If the 2020 Notes are redeemed prior to August 15, 2020 (the date that is one month prior to the stated maturity date for the 2020 Notes), the redemption price for the 2020 Notes to be redeemed will equal the greater of the following amounts, plus, in each case, accrued and unpaid interest thereon to but excluding the redemption date:

100% of the principal amount of the 2020 Notes to be redeemed; or

the sum of the present values of the remaining scheduled payments of principal and interest on the 2020 Notes to be redeemed (exclusive of interest accrued to the date of redemption) discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the then current Treasury Rate plus 12.5 basis points.

If the 2020 Notes are redeemed on or after August 15, 2020 (the date that is one month prior to the stated maturity date for the 2020 Notes), the redemption price for the 2020 Notes to be redeemed will equal 100% of the principal amount of such Notes plus accrued and unpaid interest thereon to but excluding the redemption date.

2025 Notes

If the 2025 Notes are redeemed prior to June 15, 2025 (the date that is three months prior to the stated maturity date for the 2025 Notes), the redemption price for the 2025 Notes to be redeemed will equal the greater of the following amounts, plus, in each case, accrued and unpaid interest thereon to but excluding the redemption date:

100% of the principal amount of the 2025 Notes to be redeemed; or

the sum of the present values of the remaining scheduled payments of principal and interest on the 2025 Notes to be redeemed (exclusive of interest accrued to the date of redemption) discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the then current Treasury Rate plus 20 basis points.

If the 2025 Notes are redeemed on or after June 15, 2025 (the date that is three months prior to the stated maturity date for the 2025 Notes), the redemption price for the 2025 Notes to be redeemed will equal 100% of the principal amount of such Notes plus accrued and unpaid interest thereon to but excluding the redemption date.

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Comparable Treasury Issue means the United States Treasury security selected by the Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the series of Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Notes.

Comparable Treasury Price means, with respect to any redemption date, (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

Independent Investment Banker means one of the Reference Treasury Dealers appointed by the Company.

Reference Treasury Dealer means (i) J.P. Morgan Securities LLC and its successors and (ii) Merrill Lynch, Pierce, Fenner & Smith Incorporated and its successors, or one or more Reference Treasury Dealers as we may specify from time to time; provided, however, that if any of them ceases to be a primary U.S. Government securities dealer for the City of New York (each a **Primary Treasury Dealer**), we will substitute another Primary Treasury Dealer.

Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day preceding such redemption date.

Treasury Rate means, with respect to any redemption date, the rate per year equal to:

- (i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated **H.15(519)** or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption **Treasury Constant Maturities**, for the maturity corresponding to the Comparable Treasury Issue; provided that, if no maturity is within three months before or after the remaining life of the series of debt securities to be redeemed, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Treasury Rate shall be interpolated or extrapolated from those yields on a straight line basis, rounding to the nearest month; or
- (ii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

The Treasury Rate will be calculated on the third business day preceding the redemption date. As used in the immediately preceding sentence and in the definition of **Reference Treasury Dealer Quotations** above, the term **business day** means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed.

Notice of any redemption will be mailed at least 30 but not more than 60 days before the redemption date to each holder of record of the Notes to be redeemed at its registered address. The notice of redemption for the Notes will state, among other things, the series and the amount of Notes to be redeemed, the redemption date, the CUSIP and ISIN number(s), the manner in which the applicable redemption price will be calculated and the place

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or places where payment will be made upon presentation and surrender of Notes to be redeemed. If less than all of the Notes of a series are to be redeemed at our option, the trustee will select, in accordance with the procedures of DTC, the Notes of such series, or portions of the Notes of such series, to be redeemed. Unless we default in the payment of the redemption price, interest will cease to accrue on any Notes that have been called for redemption at the redemption date.

ADP will not be required (i) to issue, register the transfer of or exchange any Notes of the applicable series during the period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Notes of such series selected for redemption and ending at the close of business on the day of such mailing, or (ii) to register the transfer of or exchange any Notes so selected for redemption in whole or in part, except the unredeemed portion of any such Notes being redeemed in part.

Limitation on Liens

Neither we nor any of our domestic wholly owned subsidiaries will create or incur any mortgage, pledge, security interest or lien (each, a *Lien*) on any Principal Property, whether now owned or hereafter acquired, in order to secure any Indebtedness, without effectively providing that the Notes shall be secured by a lien ranking equal to and ratably with (or, at our option, senior to) such secured Indebtedness until such time as such Indebtedness is no longer secured by such Lien, except:

Liens existing on the closing date of the offering of the Notes;

Liens created or incurred after the closing date of the offering of the Notes created in favor of the holders of the Notes;

Liens in favor of us or one of our subsidiaries;

(a) Liens given to secure (or to secure Indebtedness incurred or guaranteed by us or any of our subsidiaries for the purpose of financing) the payment of all or any portion of the purchase price for the acquisition (including acquisition through merger or consolidation or the acquisition of a Person directly or indirectly owning such property) of any replacement for the Principal Property, including capital lease or purchase money transactions in connection with any such acquisition, or all or any portion of the cost of refurbishment, improvement, expansion, renovation, development or construction of any Principal Property; *provided* that with respect to this clause (a), the Liens shall be given prior to, at the time of or within 12 months after such acquisition, or completion of such refurbishment, improvement, expansion, renovation, development or construction, or the full operation of such Principal Property, whichever is latest, and shall attach solely to such Principal Property (including any refurbishments, improvements, expansions, renovations, development or construction thereof or then or thereafter placed thereon) and any proceeds thereof; and (b) Liens existing on all or any portion of any replacement for the Principal Property at the time of acquisition thereof (including acquisition through merger or consolidation or the acquisition of a Person then directly or indirectly owning such property) whether or not such existing Liens were given to secure (or to secure Indebtedness incurred or guaranteed by us or any of our subsidiaries for the purpose of financing) the payment of the purchase price of such property;

Liens on any Principal Property in favor of the United States of America or any state thereof, or in favor of any other country, or any political subdivision, department, agency or instrumentality thereof to secure progress or other payments pursuant to any contract or statute or to secure Indebtedness incurred or guaranteed for the purpose of financing all or any portion of the cost of acquiring, refurbishing, improving, expanding, renovating, developing or constructing such Principal Property, including Liens incurred in connection with pollution control, industrial revenue or similar financing;

certain statutory or legislative Liens or other similar Liens (including pledges, deposits, carriers , warehousemen s, mechanics , materialmen s, repairmen s and other like Liens imposed by law) arising in the ordinary course of our or any subsidiary s business, or certain Liens arising out of government contracts;

Liens in connection with legal proceedings, including certain Liens arising out of judgments or awards;

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Liens for certain taxes or assessments, landlord's Liens and Liens and charges incidental to the conduct of the business or the ownership of our assets or those of any of our subsidiaries;

Liens incurred in connection with an acquisition of assets or a project financed on a non-recourse basis;

deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;

easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of our business;

Liens existing on any property or asset prior to the acquisition thereof by us or any of our subsidiaries or existing on any property or asset of any Person that becomes a subsidiary after the closing date of the offering of the Notes prior to the time such Person becomes a subsidiary; provided that (i) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a subsidiary, as the case may be, (ii) such Lien shall not apply to any other property or assets of us or any of our subsidiaries and (iii) such Lien shall secure only those obligations which it secures on the date of such acquisition or the date such Person becomes a subsidiary, as the case may be, and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof; and

Liens which are incurred to extend, renew, substitute, refinance, refund or replace (and successive extensions, renewals, substitutions, refinancings, refundings or replacements) any Lien, or any Indebtedness which is secured by any Lien (including any premium required to be paid and costs and expenses incurred in connection with such extensions, renewals, substitutions, refinancings, refundings or replacements), permitted to be created or incurred under the Indenture.

Notwithstanding the foregoing, we or any of our subsidiaries may, without equally and ratably securing the Notes, create or incur Liens which would otherwise be subject to the restrictions set forth in the preceding paragraph, if after giving effect thereto, Aggregate Debt does not exceed 20% of our Consolidated Net Worth on a consolidated basis calculated as of the date of the creation or incurrence of the Lien.

Certain Definitions

As used in this section, the following terms have the meanings set forth below.

Aggregate Debt means, as of the date of determination, the aggregate principal amount of our and our domestic wholly owned subsidiaries' Indebtedness incurred after the closing date of the offering of the Notes and secured by Liens not permitted by the first paragraph under *Limitation on Liens* above.

Consolidated Net Worth means, as of any date of determination, shareholders' equity as reflected on our most recent consolidated balance sheet prepared in accordance with GAAP.

GAAP means accounting principles generally accepted in the United States of America, which are in effect as of the date of application thereof.

Indebtedness of any specified Person means any indebtedness in respect of borrowed money.

Person means any individual, corporation, partnership, joint venture, association, limited liability company, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

Principal Property means our (1) principal offices in Roseland, New Jersey, or any replacement thereof and (2) each of our domestic processing/print center buildings, other operational offices and sales offices unless,

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with respect to clause (2), our board of directors (which term, as defined in the indenture, includes committees thereof) has determined in good faith that such center or office is not of material importance to the total business conducted by us and our wholly owned subsidiaries, taken as a whole.

Change of Control Offer

If a Change of Control Triggering Event occurs, unless we have exercised our option to redeem the Notes of either series by notifying the noteholders to that effect as described above, we will be required to make an offer (a Change of Control Offer) to each holder of Notes of either series to repurchase all or any part (equal to \$2,000 or integral multiples of \$1,000 in excess of \$2,000) of that holder's Notes of such series. In a Change of Control Offer, we will be required to offer payment in cash equal to 101% of the aggregate principal amount of the Notes of such series repurchased, plus accrued and unpaid interest, if any, on the Notes of such series repurchased to, but excluding the date of repurchase (a Change of Control Payment). Within 30 days following any Change of Control Triggering Event or, at our option, prior to any Change of Control, but after public announcement of the transaction that constitutes or may constitute the Change of Control, a notice will be mailed to holders of the Notes of either series, describing the transaction that constitutes or may constitute the Change of Control Triggering Event and offering to repurchase the Notes of either series on the date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date that notice is mailed, other than as may be required by law (a Change of Control Payment Date). The notice will, if mailed prior to the date of consummation of the Change of Control, state that the Change of Control Offer is conditioned on the Change of Control Triggering Event occurring on or prior to the applicable Change of Control Payment Date.

On each Change of Control Payment Date, we will, to the extent lawful:

accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

deposit with the paying agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

deliver or cause to be delivered to the trustee the Notes properly accepted together with an officer's certificate stating the aggregate principal amount of Notes being repurchased and that all conditions precedent provided for in the indenture to the Change of Control Offer and to the repurchase by us of Notes pursuant to the Change of Control Offer have been complied with.

We will not be required to make a Change of Control Offer upon the occurrence of a Change of Control Triggering Event if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by us and the third party repurchases all Notes properly tendered and not withdrawn under its offer.

To the extent that we are required to offer to repurchase the Notes upon the occurrence of a Change of Control Triggering Event, we may not have sufficient funds to repurchase the Notes in cash at such time. In addition, our ability to repurchase the Notes for cash may be limited by law or the terms of other agreements relating to our indebtedness outstanding at the time. The failure to make such repurchase would result in a default under the Notes.

We will comply with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934, as amended (the Exchange Act) and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control Triggering Event. To the extent that the provisions of any such securities laws or regulations conflict with the Change of Control Offer provisions of the Notes, we will comply with those securities laws and regulations and will not be deemed to have breached our obligations under the Change of Control Offer provisions of the Notes by virtue of any such conflict.

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For purposes of the Change of Control Offer provisions of the Notes, the following terms will be applicable:

Change of Control means the occurrence of any of the following: (1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of our assets and the assets of our subsidiaries, taken as a whole, to any person, other than our company or one of our subsidiaries; (2) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any person becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of our outstanding Voting Stock or other Voting Stock into which our Voting Stock is reclassified, consolidated, exchanged or changed, measured by voting power rather than number of shares; (3) we consolidate with, or merge with or into, any person, or any person consolidates with, or merges with or into, us, in any such event pursuant to a transaction in which any of our outstanding Voting Stock or the Voting Stock of such other person is converted into or exchanged for cash, securities or other property, other than any such transaction where the shares of our Voting Stock outstanding immediately prior to such transaction constitute, or are converted into or exchanged for, a majority of the Voting Stock of the surviving person or any direct or indirect parent company of the surviving person immediately after giving effect to such transaction; (4) the first day on which a majority of the members of our board of directors are not Continuing Directors; or (5) the adoption of a plan relating to our liquidation or dissolution. Notwithstanding the foregoing, a transaction will not be deemed to involve a Change of Control under clause (2) above if (i) we become a direct or indirect wholly-owned subsidiary of a holding company and (ii)(A) the direct or indirect holders of the Voting Stock of such holding company immediately following that transaction are substantially the same as the holders of our Voting Stock immediately prior to that transaction or (B) the shares of our Voting Stock outstanding immediately prior to such transaction are converted into or exchanged for, a majority of the Voting Stock of such holding company immediately after giving effect to such transaction. The term **person**, as used in this definition, has the meaning given thereto in Section 13(d)(3) of the Exchange Act.

The definition of **change of control** includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of **all or substantially all** of our assets and the assets of our subsidiaries, taken as a whole. Although there is a limited body of case law interpreting the phrase **substantially all**, there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of Notes to require us to repurchase its Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of our assets and the assets of our subsidiaries, taken as a whole, to another person or group may be uncertain.

Change of Control Triggering Event means the occurrence of both a Change of Control and a Rating Event.

Continuing Directors means, as of any date of determination, any member of our board of directors who (1) was a member of our board of directors on the date the Notes were originally issued or (2) was nominated for election, elected or appointed to our board of directors with the approval of a majority of the Continuing Directors who were members of our board of directors at the time of such nomination, election or appointment (either by specific action of the board of directors or by approval by such directors of our proxy statement in which such member was named as a nominee for election as a director).

Investment Grade Rating means a rating equal to or higher than Baa3 (or the equivalent) by Moody's and BBB- (or the equivalent) by S&P, and the equivalent investment grade credit rating from any replacement rating agency or rating agencies selected by us.

Moody's means Moody's Investors Service, Inc. and its successors.

Rating Agencies means (1) each of Moody's and S&P; and (2) if either of Moody's or S&P ceases to rate the applicable Notes or fails to make a rating of the applicable Notes publicly available for reasons beyond our control, a nationally recognized statistical rating organization within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act selected by us (as certified by a resolution of our Board of Directors) as a replacement agency for Moody's or S&P, or both of them, as the case may be.

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Rating Event means the rating on the Notes is lowered by the two Rating Agencies and the Notes are rated below an Investment Grade Rating by the two Rating Agencies, in any case on any day during the period (which period will be extended so long as the rating of the Notes is under publicly announced consideration for