



**Automatic Data Processing, Inc.
Third Quarter Fiscal 2008
Earnings Webcast & Conference Call
May 1, 2008**

Forward Looking Statements

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Today's Agenda

- Opening Remarks..... Gary Butler
President & CEO
- Third Quarter Fiscal 2008 Results..... Christopher Reidy
CFO
- Fiscal 2008 Guidance Update..... Gary Butler
- Summary..... Gary Butler
- Q&A..... Gary Butler
Christopher Reidy
Elena Charles
VP Investor Relations
- Closing Remarks..... Gary Butler
- Appendix: Fiscal 2008 Guidance History

ADP Results 3Q08

- **Revenues** ↑ 12% to \$2.4 billion
 - Over 2% growth from **favorable foreign exchange rates**
 - **Interest on funds held for clients** flat at \$198.5 million
 - **Average client funds balances** ↑ 6.2% to \$18.7 billion
 - **Average interest yield** ↓ less than 30 basis points to 4.2%
- **Pretax earnings** from continuing operations ↑ 11%
- **Pretax margin** 26.2% ↓ over 10 basis points
 - Lower pretax margin contribution from flat client funds interest revenues
- **Diluted EPS** from continuing operations ↑ 18% to \$0.77

ADP Results 3Q08 (cont.)

■ Share Repurchases

- Acquired over 5.8 million shares during 3Q08 at a cost of \$233 million; little to no impact on Q3 EPS
- Fiscal year to date, acquired nearly 24 million shares at a cost of nearly \$1.1 billion (nearly \$0.04 accretion to full-year FY08 EPS, including \$0.01 increase from shares repurchased since Q2)
- About 20 million shares remain under current Board Authorization

■ Cash & Marketable Securities at 3/31/08: \$1.7 billion

Segment Results 3Q08 – Employer Services

- **Revenues** ↑ 9%, organic growth 8%
 - U.S. Traditional Payroll and Payroll Tax Filing ↑ 8%
 - U.S. Beyond Payroll ↑ 13% (excludes PEO Services)
- **Pretax margin** 32.9%, ↑ 90 basis points
 - Primarily increased operating leverage
- **Pays per control**, same-store-sales – Majors AutoPay ↑ 1.1%
- **Worldwide client retention** *at excellent levels*, ↑ 90 basis points
- **Worldwide new business sales growth** of 4% (Employer Services and PEO Services combined)

Segment Results 3Q08 – PEO

- Revenues ↑ 20%, all organic
- Pretax margin 9.3%; ↑ 70 basis points
- Average worksite employees paid ↑ 17% to ~181,000

Segment Results 3Q08 – Dealer Services

- **Revenues** ↑ 8%, organic growth 5%
- **Pretax margin** 16.9%; ↑ 40 basis points
 - Increased operating leverage
 - Partially offset by costs related to 1Q08 acquisitions
- **Worldwide new business sales growth** slowed with strong sales beyond the core Dealer Management Systems (DMS) solutions offset slower growth in core DMS

Full-year Forecasts

- **Revenues** ↑ 12% - 13%, including 2% foreign exchange rate benefit
 - **Employer Services** ↑ nearly 10%
 - **PEO Services** ↑ 19% - 20%
 - **Dealer Services** ↑ nearly 9%
 - **Clients Funds Interest Revenues** ↑ 3% - 4% from \$653.6 million FY07
 - Average interest yield of nearly 4.4%, excluding gains/losses
 - Average balances ↑ 6% - 7%
 - Based on Fed Funds futures contracts and forward yield curves as of April 30, 2008
 - Anticipate no further changes in the Fed Funds rate through the remainder of fiscal 2008, exiting the fiscal year with a Fed Funds rate of 2.00%
 - Forward yield curves indicate fixed income rates in line with those in our last guidance update on March 25, 2008

Full-year Forecasts (cont.)

■ Pretax Margin Expansion

- Employer Services ↑ 80 – 100 basis points
- PEO Services ↑ 50 – 90 basis points
- Dealer Services ↑ about 70 basis points

■ ES and PEO New Business Sales Growth, Worldwide

- High single-digit

■ Diluted EPS from Continuing Operations

- Confident in ability to achieve **high end of 18% - 21% forecasted growth**, compared with \$1.80 in FY07, which excludes the net one-time gain recorded 1Q07 (\$1.83 as reported)
- No further share buybacks contemplated in forecast

Summary

- **On track to achieve strong results for fiscal 2008 despite softness in economy**
 - Forecasting 12% - 13% revenue growth
 - Revenue growth in each segment with pretax margin expansion
 - Confident in attaining high end of 18% - 21% EPS growth forecast
- **Consistently executing on commitment to return excess cash to shareholders**
- **Confident in opportunities for growth**
 - Markets are large, under-penetrated, and growing
 - Remain committed to continuing investment in new products, salesforce expansion, and implementation and client service resources to drive organic revenue growth

Q&A

There are no slides during this portion of the presentation

Revenues

	5/1/08 Forecast	3/25/08 Forecast
Total Revenues	<ul style="list-style-type: none"> ▪ ↑ 12% - 13% <p>Includes about two percentage points from current estimate of anticipated benefit from foreign exchange rates</p>	<ul style="list-style-type: none"> ▪ ↑ 12% - 13% <p>Includes one to two percentage points from current estimate of anticipated benefit from foreign exchange rates</p>
Client Funds Interest Revenues	<ul style="list-style-type: none"> ▪ ↑ 3% - 4% ▪ ~\$70 million decline from 7/31/07 forecast 	<ul style="list-style-type: none"> ▪ ↑ 3% - 4% ▪ ~\$70 million decline from 7/31/07 forecast
Client Funds Average Balances	<ul style="list-style-type: none"> ▪ ↑ 6% - 7% 	<ul style="list-style-type: none"> ▪ ↑ 6% - 7%
Avg. Client Portfolio Interest Yield	<ul style="list-style-type: none"> ▪ nearly 4.4%, excluding gains/losses <p>4/30/08: Fed Funds rate @ 2.00%; futures contracts anticipate no further declines through June 30, 2008 4/30/08: forward yield curves indicate fixed income rates in line with forward yield curves at 3/11/08</p>	<ul style="list-style-type: none"> ▪ over 4.3%, excluding gains/losses <p>3/11/08: Fed Funds rate @ 3.00%; futures contracts anticipate reductions of 75 bp in March and 25 bp in April 3/11/08: forward yield curves indicate 10-35 bp increase in fixed income rates compared to forward yield curves at 1/31/08</p>

Revenues (cont.)

	2/1/08 Forecast	10/30/07 Forecast	7/31/07 Forecast
Total Revenues	<ul style="list-style-type: none"> ▪ ↑ 12% - 13% <p>Includes one to two percentage points from current estimate of anticipated benefit from foreign exchange rates</p>	<ul style="list-style-type: none"> ▪ ↑ 12% - 13% <p>Increased primarily due to then current estimate of benefit from foreign exchange rates, as well as acquisition activity in Dealer Services</p>	<ul style="list-style-type: none"> ▪ ↑ about 12% from \$7,800.0 million in FY07
Client Funds Interest Revenues	<ul style="list-style-type: none"> ▪ ↑ 3 - 4% ▪ \$25 million decline from 10/30/07 forecast 	<ul style="list-style-type: none"> ▪ ↑ about 8% ▪ \$30 - \$40 million decline from 7/31/07 forecast 	<ul style="list-style-type: none"> ▪ ↑ 13 - 14% from \$653.6 million in FY07
Client Funds Average Balances	<ul style="list-style-type: none"> ▪ ↑ about 7% 	<ul style="list-style-type: none"> ▪ ↑ 7% - 8% 	<ul style="list-style-type: none"> ▪ ↑ over 8% from \$14.7 billion in FY07
Avg. Client Portfolio Interest Yield	<ul style="list-style-type: none"> ▪ over 4.3%, excluding gains/losses <p>1/31/08: Fed Funds rate @ 3.0%; futures contracts anticipate two further declines of 25 bp each in March and April 2008 1/31/08: forward yield curves indicate over 100 bp decline in fixed income rates compared to forward yield curves at 10/29/07</p>	<ul style="list-style-type: none"> ▪ nearly 4.5%, excluding gains/losses <p>10/29/07: Fed Funds rate @ 4.75%; futures contracts anticipate three further declines in the Fed Funds rate of 25 bp each through the remainder of fiscal 2008</p>	<ul style="list-style-type: none"> ▪ ↑ 20 basis points to 4.7%, excluding gains/losses

Segment Revenues, Pretax Margin & Sales

	5/1/08 Forecast	3/25/08 Forecast
<p>▪ Employer Services (ES) (excludes PEO Services)</p> <p>Revenues</p> <p>Pretax Margin</p>	<p>↑ nearly 10%</p> <p>↑ 80 - 100 basis points</p>	<p>↑ about 10%</p> <p>↑ 70 - 110 basis points</p>
<p>▪ PEO Services</p> <p>Revenues</p> <p>Pretax Margin</p>	<p>↑ 19% - 20%</p> <p>↑ 50 - 90 basis points</p>	<p>↑ 19% - 20%</p> <p>↑ 50 - 90 basis points</p>
<p>▪ ES & PEO New Business Sales, Worldwide</p>	<p>High single-digit % growth</p>	<p>High single-digit to low double-digit % growth</p>
<p>▪ Dealer Services</p> <p>Revenues</p> <p>Pretax Margin</p>	<p>↑ nearly 9%</p> <p>↑ about 70 basis points</p>	<p>↑ about 9%</p> <p>↑ 70 - 90 basis points</p>

Segment Revenues, Pretax Margin & Sales (cont.)

	2/1/08 Forecast	10/30/07 Forecast	7/31/07 Forecast
<p>▪ Employer Services (ES) (excludes PEO Services)</p> <p>Revenues</p> <p>Pretax Margin</p>	<p>↑ about 10%</p> <p>↑ 70 - 110 basis points</p>	<p>↑ about 10.5%</p> <p>↑ 70 - 120 basis points</p>	<p>↑ nearly 11%</p> <p>↑ 50 - 100 basis points</p>
<p>▪ PEO Services</p> <p>Revenues</p> <p>Pretax Margin</p>	<p>↑ 19% - 20%</p> <p>↑ 50 - 90 basis points</p>	<p>↑ 19% - 20%</p> <p>↑ 50 - 90 basis points</p>	<p>↑ 18% - 19%</p> <p>↑ about 50 basis points</p>
<p>▪ ES & PEO New Business Sales, Worldwide</p>	<p>High single-digit to low double-digit % growth</p>	<p>High single-digit to low double-digit % growth</p>	<p>High single-digit to low double-digit % growth</p>
<p>▪ Dealer Services</p> <p>Revenues</p> <p>Pretax Margin</p>	<p>↑ about 10%</p> <p>↑ 70 - 90 basis points</p>	<p>↑ about 10%</p> <p>↑ 70 - 90 basis points</p>	<p>↑ 8% - 9%</p> <p>↑ over 100 basis points</p>

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