



Automatic Data Processing, Inc.

**Fiscal 2009 Third Quarter
Earnings Webcast & Conference Call**

May 5, 2009

Forward Looking Statements

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Today's Agenda

- Opening Remarks..... Gary Butler, President & CEO
- Third Quarter Fiscal 2009 Results.... Christopher Reidy, CFO
- Fiscal 2009 Guidance Update..... Gary Butler
Christopher Reidy
- Summary..... Gary Butler
- Q&A..... Gary Butler
Christopher Reidy
Elena Charles, VP Investor Relations

- Appendix: Fiscal 2009 Guidance History

ADP Results 3Q09

- **Revenues** ↓ 2% to \$2.37 billion
 - Negatively impacted by the severe economic conditions and over 3 percentage points from unfavorable foreign exchange rates
- **Pretax earnings from continuing operations** ↓ 1% to \$629.1 million
- **Pretax margin** 26.5%, ↑ 30 basis points
 - Primarily due to continued cost containment measures and lower selling expenses, partially offset by lower interest on funds held for clients
- **Effective tax rate** 36.0% vs. 36.5% last year's third quarter
 - Decline primarily due to favorable IRS audit adjustments and a favorable mix in income among foreign tax jurisdictions
- **Net earnings from continuing operations** essentially flat
- **Diluted EPS from continuing operations** ↑ 4% to \$0.80 from \$0.77
- **Share Repurchases**
 - Acquired 3.3 million shares during 3Q09 for nearly \$118 million; little to no impact on 3Q09 EPS
 - Fiscal year to date, acquired 13.8 million shares for ~\$550 million (\$0.04 accretion to full-year FY09 EPS)
 - Approximately 47 million shares remain under current Board authorization

Segment Results 3Q09 – Employer Services

- **Revenues** ↑ 1%, all organic
 - U.S. Payroll and Payroll Tax Filing ↓ 3%
 - U.S. Beyond Payroll ↑ 6%
- **Pretax margin** 33.3%, ↑ 70 basis points
 - Due to continued expense control and lower selling expenses from lower new business sales
- **Pays per control**, same-store-sales – AutoPay ↓ 4.2%
 - ↓ 1.5% year-to-date
- **Worldwide client retention** ↓ 1.0 percentage point YTD
- **Dollar value of worldwide new business sales** ↓ 10% (Employer Services and PEO Services combined)

Segment Results 3Q09 – PEO

- **Revenues** ↑ 10%, all organic
- **Pretax margin** 10.1%, ↑ 80 basis points
 - Due to continued expense control and operating leverage partially offset by growth in pass-through revenues/expenses
- **Average worksite employees paid** ↑ 8% to over 195,000

Segment Results 3Q09 – Dealer Services

- **Revenues** ↓ 3%, organic revenues ↓ 5%
- **Pretax margin** 16.9%, ↑ 20 basis points
 - Primarily due to cost containment measures in response to revenue/margin weakness as a result of increased dealership closings and price pressures in the North American auto markets
- **Worldwide new business sales**
 - Down year over year, however, continued positive win/loss rates resulted in increased market share year over year in a declining overall market

Client Funds Portfolio Extended Investment Strategy

	3Q09		3Q08		Change	
	\$	Yield/ rate	\$	Yield/ rate	\$	Yield/ rate
Balances:						
Average Client Short Portfolio Balance	\$3.6 B	0.8%	\$4.5 B	3.4%	\$(0.9) B	↓ 260 bp
Average Client Extended Portfolio Balance	7.5	4.4%	7.7	4.5%	(0.2)	↓ 10 bp
Average Client Long Portfolio Balance	6.5	4.6%	6.5	4.7%	0.0	↓ 10 bp
= Average Client Funds Balance	\$17.6 B	3.7%	\$18.7 B	4.2%	\$(1.1) B	↓ 50 bp
Average Corporate Extended Investment Balance	\$1.2 B	4.0%	\$0.7 B	4.3%	\$0.5 B	↓ 30 bp
Average U.S. Commercial Paper Borrowings	\$1.1 B	0.2%	\$0.5 B	3.6%	\$0.6 B	↓ 340 bp
Average U.S./Canadian Reverse Repurchase Borrowings	0.1	0.8%	0.2	3.8%	(0.1)	↓ 300 bp
= Average Short-term Borrowings	\$1.2 B	0.3%	\$0.7 B	3.7%	\$0.5 B	↓ 340 bp
Pretax P&L Impact:						
Interest on Funds Held for Clients – Client Short	\$7 M		\$36 M		↓ \$29 M	
Interest on Funds Held for Clients – Client Ext'd	83		86		↓ 3	
Interest on Funds Held for Clients – Client Long	75		77		↓ 2	
= Total Interest on Funds Held for Clients	\$164 M		\$199 M		↓ \$34 M	
Corporate Extended Interest Income	12		7		↑ 4	
Corporate Interest Expense - Short-term	(1)		(6)		↑ 6	
	\$175 M		\$200 M		↓ \$24 M	

Client Funds Portfolio Extended Investment Strategy

	FY09 (F)		FY08		Change	
	\$	Yield/ rate	\$	Yield/ rate	\$	Yield/ rate
Balances:						
Average Client Short Portfolio Balance	~\$2.3 B	~1.2%	\$2.9 B	3.8%	\$(0.6) B	↓ ~260 bp
Average Client Extended Portfolio Balance	~6.3	~4.4%	6.2	4.4%	0.2	~ flat
Average Client Long Portfolio Balance	~6.6	~4.6%	6.5	4.7%	~flat	↓ ~10 bp
= Average Client Funds Balance	~\$15.2 B	~4.0%	\$15.7 B	4.4%	\$(0.4) B	↓ ~40 bp
Average Corporate Extended Investment Balance	~\$2.3 B	~4.3%	\$1.8 B	4.4%	\$0.5 B	↓ ~10 bp
Average U.S. Commercial Paper Borrowings	~\$2.0 B	~1.0%	\$1.4 B	4.2%	~\$0.5 B	↓ ~320 bp
Average U.S./Canadian Reverse Repurchase Borrowings	~0.3	~1.7%	0.4	3.4%	~ flat	↓ ~170 bp
= Average Short-term Borrowings	~\$2.3 B	~1.1%	\$1.8 B	4.0%	\$0.5 B	↓ ~290 bp
Pretax P&L Impact:						
Interest on Funds Held for Clients – Client Short	~\$25 M		\$102 M		↓ \$75 - 80 M	
Interest on Funds Held for Clients – Client Ext'd	280 - 285		275		↑ 5 - 10	
Interest on Funds Held for Clients – Client Long	300 - 305		308		↓ 5 - 10	
= Total Interest on Funds Held for Clients	\$605 - 610 M		\$685 M		↓ \$75 - 80 M	
Corporate Extended Interest Income	95 - 100		79		↑ 15 - 20	
Corporate Interest Expense - Short-term	~(25)		(73)		↑ ~50	
	\$675 - 685 M		\$691 M		↓ \$5 - 15 M	

FY09 Full-year Forecasts – No Change from 3/25/09 Update

■ **Total Revenues** ↑ 1% - 2%

- Expect ~2 percentage points revenue decline vs. FY08 from anticipated continuation of unfavorable foreign exchange rates

■ **Diluted EPS from Continuing Operations** - low end of ↑ 10% - 14%

- Compared to \$2.18 in FY08 which excludes 4Q08 gain of \$0.02/share on the sale of a building
- No further share buybacks contemplated in forecast

■ **Reportable Segments**

– **Revenues**

- Employer Services ↑ ~4%
- PEO Services ↑ 12% - 13%
- Dealer Services ↓ 2% - 3%

– **Pretax Margins**

- Employer Services ↑ ~100 basis points
- PEO Services ↑ up to 30 basis points
- Dealer Services - flat

- **Dollar value of ES & PEO Worldwide New Business Sales** ↓ up to 13%

Summary

- **ADP is performing well relative to the pressures on the global economy**
- **The economy will continue to be challenging for the remainder of fiscal 2009**
- **Controlling expenses and appropriately aligning expense base with revenue growth**
- **Prudent, conservative investment strategy and laddering of the client funds portfolio is working to average our way through an interest rate cycle**
- **Remain committed to returning excess cash to shareholders**
- **Keenly focused on executing against our 5-point strategic growth program**
- **ADP well positioned to leverage an economic recovery**
- **Confident in ADP's longer-term growth opportunities**

Q&A

There are no slides during this portion of the presentation

FY09 Guidance Update

	5/5/09 Forecast—No change	3/25/09 Forecast	2/3/09 Forecast
▪ Total ADP			
▪ Revenues	<p>↑ 1% - 2%</p> <p>Expect about 2 percentage points revenue decline vs. FY08 from anticipated continuation of unfavorable foreign exchange rates</p>	<p>↑ 1% - 2%</p> <p>Expect about 2 percentage points revenue decline vs. FY08 from anticipated continuation of unfavorable foreign exchange rates</p>	<p>↑ 2% - 3%</p> <p>Expect about 2 percentage points revenue decline vs. FY08 from anticipated continuation of unfavorable foreign exchange rates</p>
▪ Diluted EPS from Continuing Operations	<p>low end of ↑ 10% - 14%</p> <p>compared to \$2.18 FY08, which excludes 4Q08 gain of \$0.02/sh on the sale of a building</p>	<p>low end of ↑ 10% - 14%</p> <p>compared to \$2.18 FY08, which excludes 4Q08 gain of \$0.02/sh on the sale of a building</p>	<p>↑ 10% - 14%</p> <p>compared to \$2.18 FY08, which excludes 4Q08 gain of \$0.02/sh on the sale of a building</p>
▪ Reportable Segments			
▪ Employer Services (ES)			
Revenues	↑ ~4%	↑ ~4%	↑ ~5%
Pretax Margin	↑ about 100 bps	↑ about 100 bps	↑ about 100 bps
▪ PEO Services			
Revenues	↑ 12% - 13%	↑ 12% - 13%	↑ 14% - 15%
Pretax Margin	↑ up to 30 bps	↑ up to 30 bps	↑ up to 50 bps
▪ ES & PEO New Business Sales, Worldwide			
	↓ up to 13%	↓ up to 13%	↓ ~10%
▪ Dealer Services			
Revenues	↓ 2% - 3%	↓ 2% - 3%	flat to slightly down
Pretax Margin	<p>flat</p> <p>includes Automaster Oy acquisition</p>	<p>flat</p> <p>includes Automaster Oy acquisition</p>	<p>~ flat</p> <p>includes Automaster Oy acquisition</p>

FY09 Guidance Update (cont.)

	11/3/08 Forecast	7/31/08 Forecast
▪ Total ADP		
▪ Revenues	<p>↑ 2% - 3%</p> <p>Over 2 percentage points decline from anticipated continuation of unfavorable foreign exchange rates ~1.5 percentage points decline from lower ES forecast due to economic headwinds ~1.5 percentage points decline from lower Dealer forecast due to economic headwinds</p>	<p>↑ 7% - 8%</p>
▪ Diluted EPS from Continuing Operations	<p>↑ 10% - 14%</p> <p>compared to \$2.18 FY08, which excludes 4Q08 gain of \$0.02/sh on the sale of a building</p>	<p>↑ 10% - 14%</p> <p>compared to \$2.18 FY08, which excludes 4Q08 gain of \$0.02/sh on the sale of a building</p>
▪ Reportable Segments		
▪ Employer Services (ES)		
Revenues	↑ ~5%	↑ 6% - 7%
Pretax Margin	↑ at least 50 bps	↑ at least 50 bps
▪ PEO Services		
Revenues	↑ 14% - 16%	↑ 16% - 17%
Pretax Margin	↑ up to 50 bps	↑ at least 50 bps
▪ ES & PEO New Business Sales, Worldwide	↓ ~10%	mid-single digit % growth
▪ Dealer Services		
Revenues	about flat	↑ 6% - 8%
Pretax Margin	↑ up to 50 bps	↑ at least 50 bps

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