



Automatic Data Processing, Inc.

**Fiscal 2010 Third Quarter
Earnings Webcast & Conference Call
April 27, 2010**

Forward Looking Statements

This document and other written or oral statements made from time to time by ADP may 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 be” and other 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. Factors that could cause actual results to differ materially from those contemplated by the forward-looking statements include: ADP’s success in obtaining, retaining and selling additional services to clients; the pricing of products and services; changes in laws regulating payroll taxes, professional employer organizations and employee benefits; overall market and economic conditions, including interest rate and foreign currency trends; competitive conditions; auto sales and related industry changes; employment and wage levels; changes in technology; availability of skilled technical associates and the impact of new acquisitions and divestitures. 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 our Annual Report on Form 10-K for the fiscal year ended June 30, 2009, should be considered in evaluating any forward-looking statements contained herein.

Today's Agenda

- Opening Remarks..... Gary Butler, President & CEO
- Third Quarter Fiscal 2010 Results.... Christopher Reidy, CFO
- Fiscal 2010 Guidance Update..... Gary Butler
Christopher Reidy
- Summary..... Gary Butler
- Q&A..... Gary Butler
Christopher Reidy
- Closing Remarks..... Gary Butler
- Appendix: Fiscal 2010 Guidance History

ADP Results 3Q10

- **Revenues** \$2.4 billion, ↑ 3%
 - Negatively impacted by cumulative effect of economic downturn
 - Benefited nearly 2 percentage points from favorable foreign exchange rate comparisons
- **Pretax earnings from continuing operations** ↑ 1% to \$633.0 million
 - Benefited nearly 2 percentage points from favorable foreign exchange rate comparisons
- **Pretax margin** 25.9%, ↓ 60 basis points
- **Effective tax rate** 36.6%
- **Net earnings from continuing operations** decreased slightly to \$401.6 million
- **Diluted EPS from continuing operations** ↓ 1% to \$0.79 from \$0.80
- **Share Repurchases**
 - Acquired 3.0 million shares during 3Q10 for \$127 million; little to no impact on 3Q10 EPS
 - Through March 31, 2010, acquired 6.5+ million shares for nearly \$280 million (\$0.01 - \$0.02 accretion to full-year FY10 EPS anticipated)
 - About 40 million shares remain under current Board authorization

Segment Results 3Q10 – Employer Services

- **Revenues** ↑ 1%, nearly all organic
 - U.S. Traditional Payroll and Payroll Tax Filing ↓ 3%
 - U.S. Beyond Payroll ↑ 8%
- **Pretax margin** flat at 33.7%
 - Benefit from FY09 restructuring and growth in high-margin client funds interest revenues
 - Offset by fewer W2's processed and investment in client-facing resources, as well as dilutive impact from recent acquisitions
- **Pays per control**, same-store-sales – AutoPay ↓ 2.5%
- **Worldwide client retention** ↑ 1.4 percentage points
- **Annualized dollar value of worldwide new business sales** increased slightly (Employer Services and PEO Services combined)

Segment Results 3Q10 – PEO

- **Revenues** ↑ 15%, all organic
 - Higher pass-through revenues
 - Increased worksite employees
- **Pretax margin** 7.9%, ↓ 200 basis points
 - Year over year impact of one-time items in 3Q10 and 3Q09
 - Higher pass-throughs
- **Average worksite employees paid** ↑ 5% to nearly 206,000

Segment Results 3Q10 – Dealer Services

- **Revenues** ↓ 3%, organic ↓ 4%
 - Impact of FY09 and FY10 YTD dealership closings
 - Lower transactional revenues
 - Lower international software license fee revenues
- **Pretax margin** 18.9%, ↑ 140 basis points
 - Benefit of FY09 restructuring and other cost containment measures
- **Worldwide new business sales**
 - Increased significantly year-over-year; continued positive win/loss rate

Client Funds Portfolio Extended Investment Strategy

	<u>3Q10</u>		<u>3Q09</u>		<u>Change</u>	
	\$	Yield/ rate	\$	Yield/ rate	\$	Yield/ rate
Balances:						
Average Client Short Portfolio Balance	\$4.9 B	0.1%	\$3.6 B	0.8%	\$1.3 B	↓ 70 bp
Average Client Extended Portfolio Balance	7.2	4.2%	7.5	4.4%	(0.3)	↓ 20 bp
Average Client Long Portfolio Balance	6.4	4.4%	6.5	4.6%	(0.2)	↓ 20 bp
= Average Client Funds Balance	\$18.4 B	3.2%	\$17.6 B	3.7%	\$0.8 B	↓ 50 bp
Average Corporate Extended Investment Balance	\$0.7 B	3.9%	\$1.2 B	4.0%	\$(0.4) B	↓ 20 bp
Average U.S. Commercial Paper Borrowings	\$0.6 B	0.2%	\$1.1 B	0.2%	\$(0.5) B	↓ 10 bp
Average U.S./Canadian Reverse Repurchase Borrowings	0.1	0.2%	0.1	0.8%	(0.0)	↓ 60 bp
= Average Short-term Borrowings	\$0.7 B	0.2%	\$1.2 B	0.3%	\$(0.4) B	↓ 10 bp
Pretax P&L Impact:						
Interest on Funds Held for Clients – Client Short	\$2 M		\$7 M		↓ \$5 M	
Interest on Funds Held for Clients – Client Ext'd	76		83		↓ 7	
Interest on Funds Held for Clients – Client Long	70		75		↓ 5	
= Total Interest on Funds Held for Clients	\$148 M		\$164 M		↓ \$16 M	
Corporate Extended Interest Income	7		12		↓ 5	
Corporate Interest Expense - Short-term	(0)		(1)		0	
	\$154 M		\$175 M		↓ \$20 M	

Client Funds Portfolio Extended Investment Strategy

	FY10 (F)		FY09		Change	
	\$	Yield/ rate	\$	Yield/ rate	\$	Yield/ rate
Balances:						
Average Client Short Portfolio Balance	~\$2.7 B	~0.2%	\$2.3 B	1.3%	\$0.3 –0.4 B	↓ ~110 bp
Average Client Extended Portfolio Balance	5.8 – 5.9	~4.2%	6.3	4.4%	(0.4 – 0.5)	↓ ~20 bp
Average Client Long Portfolio Balance	6.3 – 6.4	~4.4%	6.6	4.6%	(0.2 – 0.3)	↓ ~20 bp
= Average Client Funds Balance	\$14.9 – 15.1 B	~3.6%	\$15.2 B	4.0%	\$(0.1 – 0.3) B	↓ ~40 bp
Average Corporate Extended Investment Balance	~\$2.1 B	~4.1%	\$2.3 B	4.3%	~\$(0.2) B	↓ ~20 bp
Average U.S. Commercial Paper Borrowings	~\$1.8 B	~0.2%	\$1.9 B	1.0%	~\$(0.1) B	↓ ~80 bp
Average U.S./Canadian Reverse Repurchase Borrowings	~0.3	~0.2%	0.4	1.3%	~(0.1)	↓ ~110 bp
= Average Short-term Borrowings	~\$2.1 B	~0.2%	\$2.3 B	1.1%	~\$(0.2) B	↓ ~90 bp
Pretax P&L Impact:						
Interest on Funds Held for Clients – Client Short	~\$5 M		\$26 M		↓ ~\$20 M	
Interest on Funds Held for Clients – Client Ext'd	~250		279		↓ ~30	
Interest on Funds Held for Clients – Client Long	~285		305		↓ ~20	
= Total Interest on Funds Held for Clients	~\$540 M		\$610 M		↓ ~\$70 M	
Corporate Extended Interest Income	~85		100		↓ ~15	
Corporate Interest Expense - Short-term	~(5)		(25)		↑ ~20	
	~\$620 M		\$685 M		↓ ~\$65 M	

FY10 Forecasts

■ **Total Revenues** about flat

- Employer Services revenues ↓ up to 1%
 - Pays per control ↓ about 4%
 - Client revenue retention about flat
- PEO Services revenues ↑ 8% to 10%
- Annual dollar value of ES & PEO Worldwide New Business Sales – slightly positive
- Dealer Services revenues ↓ 3% - ↓ 4%

■ **Diluted EPS from Continuing Operations** – \$2.36 - \$2.38, compared to \$2.38 in FY09

- Excludes favorable tax items in both fiscal years
- Current forecast excludes \$0.01 per share in both FY09 and FY10 related to the restatement of Dealer Services' Commercial business to discontinued operations
- No further share buybacks reflected in forecast

■ **No improvement in segment pretax margins**

Summary

- Third quarter results as anticipated with improvement in key business metrics
- U.S. economic landscape appears to have stabilized
- Focused on ADP's future with client-facing investments...
 - Investing in sales team to accelerate new business sales growth
 - Investing in solutions that enable our clients' success
 - Investing in client service to ensure positive client experience
- Near-term outlook under pressure from investments, but doing the right things to fuel longer-term growth
- Business model remains intact with highly recurring revenues, client life cycles of just under 10 years, and strong cash flows
- Remain committed to returning excess cash to our shareholders
- ADP is well positioned to leverage the inevitable economic recovery

Q&A

There are no slides during this portion of the presentation

FY10 Guidance Update

	4/27/10 Forecast	2/2/10 Forecast	11/4/09 Forecast	7/30/09 Forecast
Total ADP				
<ul style="list-style-type: none"> ▪ Revenues ▪ Diluted EPS from Continuing Operations 	<p>About flat</p> <p>\$2.36 - \$2.38 compared to \$2.38 FY09; excludes favorable tax items in both fiscal years; Dealer Services Commercial Business restated to discontinued operations in FY10 & FY09</p>	<p>Flat to slightly down</p> <p>High end of \$2.34 - \$2.39 compared to \$2.39 FY09; excludes favorable tax items in both fiscal years</p>	<p>↓ 1% - ↓ 2%</p> <p>\$2.34 - \$2.39 compared to \$2.39 FY09, which excludes 4Q09 favorable tax settlements</p>	<p>↓ 1% - ↓ 4%</p> <p>\$2.29 - \$2.39 compared to \$2.39 FY09, which excludes 4Q09 favorable tax settlements</p>
Reportable Segments				
<ul style="list-style-type: none"> ▪ Employer Services (ES) <ul style="list-style-type: none"> ▪ Revenues ▪ Pays per control ▪ Client revenue retention ▪ PEO Services <ul style="list-style-type: none"> ▪ Revenues ▪ ES & PEO New Business Sales, Worldwide ▪ Dealer Services <ul style="list-style-type: none"> ▪ Revenues ▪ Segment Pretax Margins 	<p>↓ up to 1%</p> <p>↓ about 4%</p> <p>About flat</p> <p>↑ 8% to 10%</p> <p>Slightly positive</p> <p>↓ 3% - ↓ 4%</p> <p>No improvement</p>	<p>↓ about 1%</p> <p>↓ about 4%</p> <p>Flat to ↓ 1 percentage point</p> <p>High-single digit growth</p> <p>Flat to slightly positive</p> <p>↓ 3% - ↓ 6%</p> <p>No improvement</p>	<p>↓ 1% - ↓ 2%</p> <p>↓ 4% - ↓ 5%</p> <p>Flat to ↓ 1 percentage point</p> <p>↑ 4% to ↑ 6%</p> <p>About flat</p> <p>↓ 3% - ↓ 6%</p> <p>No improvement</p>	<p>↓ 1% - ↓ 3%</p> <p>↓ 5% - ↓ 6%</p> <p>Flat to ↓ 1 percentage point</p> <p>↑ up to 4%</p> <p>About flat</p> <p>↓ 4% - ↓ 8%</p> <p>No improvement</p>

Client Funds Portfolio Extended Investment Strategy

	FY10 4/27/10 Forecast		FY10 2/2/10 Forecast	
	\$	Yield/ rate	\$	Yield/ rate
Balances:				
Average Client Short Portfolio Balance	~\$2.7 B	~0.2%	\$2.3 – 2.4 B	~0.2%
Average Client Extended Portfolio Balance	5.8 – 5.9	~4.2%	5.7 – 5.8	~4.2%
Average Client Long Portfolio Balance	6.3 – 6.4	~4.4%	6.3 – 6.4	~4.4%
= Average Client Funds Balance	\$14.9 – 15.1 B	~3.6%	\$14.4 – 14.6 B	~3.7%
Average Corporate Extended Investment Balance	~\$2.1 B	~4.1%	~\$2.1 B	~4.2%
Average U.S. Commercial Paper Borrowings	~\$1.8 B	~0.2%	~\$1.8 B	~0.2%
Avg. U.S./Canadian Reverse Repurchase Borrowings	~0.3	~0.2%	~0.3	~0.2%
= Average Short-term Borrowings	~\$2.1 B	~0.2%	~\$2.1 B	~0.2%
Pretax P&L Impact:				
Interest on Funds Held for Clients – Client Short	~\$5 M		~\$5 M	
Interest on Funds Held for Clients – Client Ext'd	~250		~245	
Interest on Funds Held for Clients – Client Long	~285		~285	
= Total Interest on Funds Held for Clients	~\$540 M		~\$535 M	
Corporate Extended Interest Income	~85		85 – 90	
Corporate Interest Expense - Short-term	~(5)		~(5)	
	~\$620 M		\$615 – 620 M	

Client Funds Portfolio Extended Investment Strategy (cont.)

	<u>FY10 11/4/09 Forecast</u>		<u>FY10 7/30/09 Forecast</u>	
	\$	Yield/ rate	\$	Yield/ rate
Balances:				
Average Client Short Portfolio Balance	\$2.3 – 2.4 B	~0.3%	\$2.3 – 2.4 B	~0.4%
Average Client Extended Portfolio Balance	5.6 – 5.7	~4.3%	5.4 – 5.6	4.3 - 4.4%
Average Client Long Portfolio Balance	6.3 – 6.4	~4.5%	~6.6	~4.5%
= Average Client Funds Balance	\$14.2 – 14.4 B	~3.7%	\$14.3 – 14.6 B	~3.8%
Average Corporate Extended Investment Balance	\$2.0 – 2.1 B	~4.3%	\$1.9 – 2.0 B	~4.4%
Average U.S. Commercial Paper Borrowings	\$1.8 – 1.9 B	~0.3%	\$1.8 – 1.9 B	~0.5%
Avg. U.S./Canadian Reverse Repurchase Borrowings	~0.2	~0.2%	~0.1	~0.3%
= Average Short-term Borrowings	\$2.0 – 2.1 B	~0.3%	\$1.9 – 2.0 B	~0.5%
Pretax P&L Impact:				
Interest on Funds Held for Clients – Client Short	~\$10 M		~\$10 M	
Interest on Funds Held for Clients – Client Ext'd	240 – 245		235 – 245	
Interest on Funds Held for Clients – Client Long	280 – 285		~ 295	
= Total Interest on Funds Held for Clients	\$530 – 540 M		\$540 – 550 M	
Corporate Extended Interest Income	85 – 90		85 – 90	
Corporate Interest Expense - Short-term	~(10)		~(10)	
	\$605 – 620 M		\$615 – 630 M	

Use of Material Contained Herein

The information contained in this presentation is being provided for your convenience and information only. This information is accurate as of the date of its initial presentation. If you plan to use this information for any purpose, verification of its continued accuracy is your responsibility. ADP assumes no duty to update or revise the information contained in this presentation. You may reproduce information contained in this presentation provided you do not alter, edit, or delete any of the content and provided you identify the source of the information as Automatic Data Processing, Inc., which owns the copyright.