



**Automatic Data Processing, Inc.
Fiscal 2007 Earnings Conference Call
July 31, 2007**

Forward Looking Statements

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Today's Agenda

- Opening Remarks
Gary Butler, President & CEO
- Full Year and Fourth Quarter
Fiscal 2007 Results
Christopher Reidy, CFO
- Fiscal 2008 Guidance
Gary Butler, President & CEO
- Summary
Gary Butler, President & CEO
- Q&A
Gary Butler, President & CEO
Christopher Reidy, CFO
Elena Charles, VP - Investor Relations
- Closing Remarks
Gary Butler, President & CEO

ADP Fiscal Year 2007 Results

- **Revenues** ↑14% to \$7.8 billion
 - FY07 revenue growth benefited 1% from acquisitions made during the year, and 1% from favorable foreign exchange rates

- **Pretax Earnings from Continuing Operations** ↑19%
 - Pretax margin of 20.8% ↑90 basis points

- **Net Earnings from Continuing Operations** ↑21%

- **Diluted EPS from Continuing Operations** ↑26% to \$1.83 from \$1.45 in FY06, on fewer shares outstanding
 - ↑24% to \$1.80 excluding 1Q07 net one-time gain


- **Share Repurchases** Acquired over 40 million shares of common stock for treasury at a cost of over \$1.9 billion

Business Unit Results Fiscal Year 2007



**Employer
Services
(including PEO)**

- **Revenues** ↑ over 12%
 - Traditional Payroll and Tax ↑9%; Beyond Payroll ↑21%
 - **Pretax margin** 22.9%, ~↑25 basis points
 - **Worldwide new business sales growth** of 11%
 - **Pays per control, same-store-sales** – Majors AutoPay ↑2.3%
 - **Average client funds balances** ↑8%
 - **Worldwide client retention** at record levels, ↑10 basis points
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**Dealer
Services**

- **Revenues** ↑ over 14%
 - Organic revenue growth 6%
 - Improving trend each of last 4 quarters
 - **Pretax margin** 16.3%; ↑160 basis points
 - **Strong new business sales growth**, both North America and International
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ADP & Business Unit 4Q07 Results

- **Revenues** ↑13% to \$2.0 billion
 - Employer Services (including PEO): ↑ 14%
 - Dealer Services: ↑8.5%
- **Pretax margin** 15.4%, ↑190x basis points
 - Employer Services: ↑ ~290 basis points
 - Dealer Services: ↑ ~400 basis points
- **Pretax and Net Earnings from Continuing Operations** ↑29% and ↑38%, respectively
- **Diluted EPS from Continuing Operations** ↑40% to \$0.35 from \$0.25 4Q06, on fewer shares outstanding
- **Share Repurchases** over 22 million shares for Treasury for approximately \$1.1 billion

Noteworthy item

- Sold Travel Clearing business on July 6, 2007
 - Travel Clearing FY07 revenue: \$74 million, FY06: \$76 million
 - Decrease in diluted EPS from continuing operations in FY07 & FY06 of \$.03 and \$.04, respectively

ADP Forecast

- **Revenue** Approximately 12% growth
 - Continued momentum in businesses

- **Clients Funds**
 - Interest revenues ↑ 13 - 14% from \$653.6 million FY07
 - Average interest yield ↑ 20 basis point to 4.7%, excluding gains/losses
 - Average balances ↑ over 8%

- **Diluted EPS from Continuing Operations** 18% - 21% growth compared with \$1.80 FY07, which excludes \$0.03 in net one-time gain recorded 1Q07

Segment Forecast

- **Employer Services** excluding PEO Services
 - Nearly 11% revenue growth
 - Approximately 50 to 100 basis points of pretax margin expansion

- **PEO Services**
 - 18% - 19% revenue growth
 - Approximately 50 basis points of margin expansion

- **Dealer Services**
 - 8% – 9% revenue growth
 - Over 100 basis points of pretax margin expansion

Summary

- Solid fiscal 2007 results
 - Third year of return to double-digit revenue growth
 - Solid key metrics, strong business momentum
- Forecasting another year of double-digit revenue and earnings per share growth in fiscal 2008
- Executing well against our strategic initiatives
 - Divested slower growing businesses
 - Returning excess cash to our shareholders through significant share buybacks and higher dividend in terms of yield and payout ratio

Q&A

There are no slides during this portion of the presentation

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