



Automatic Data Processing, Inc.

**Fiscal 2009
Earnings Webcast & Conference Call
July 30, 2009**

Forward Looking Statements

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Today's Agenda

- Opening Remarks..... Gary Butler, President & CEO
- Full-year and Fourth Quarter
Fiscal 2009 Results..... Christopher Reidy, CFO
- Fiscal 2010 Guidance..... Gary Butler
Christopher Reidy
- Summary..... Gary Butler
- Q&A..... Gary Butler
Christopher Reidy
Elena Charles, VP Investor Relations
- Closing Remarks..... Gary Butler

ADP FY09 Results

■ Revenues ↑ 1% to \$8.9 billion

- Negatively impacted by severe economic conditions and about 2 percentage points from unfavorable foreign exchange rates

	<i>FY09 As Reported</i>	<i>FY09 Excluding Certain Items*</i>
■ Pretax earnings from continuing operations	↑ 5% to \$1.9 billion	↑ 6% to \$1.9 billion
■ Pretax margin	21.5% ↑ 80 basis points	21.5% ↑ 100 basis points
■ Net earnings from continuing operations	↑ 14% to \$1.3 billion	↑ 5% to \$1.2 billion
■ Diluted EPS from continuing operations	↑ 20% to \$2.63 from \$2.20	↑ 10% to \$2.39 from \$2.18
■ Share Repurchases	<ul style="list-style-type: none"> – Acquired 13.8 million shares at a cost of ~\$550 million (\$0.04 accretion to full-year FY09 EPS) – Approximately 47 million shares remain available for purchase under current Board authorization 	

* Certain Items defined as:

- 4Q08 gain on the sale of a building
- 4Q09 tax provision benefit from income tax settlements

FY09 Segment Results – Employer Services

- **Revenues** ↑ 4%, all organic
 - U.S. Traditional Payroll and Payroll Tax Filing – flat
 - U.S. Beyond Payroll ↑ 8% (excludes PEO Services)
- **Pretax margin** 27.0%, ↑ 160 basis points
 - Operating leverage
 - Decline in selling and implementation expenses from lower sales volumes
- **Pays per control**, same-store-sales – AutoPay ↓ 2.5%
- **Worldwide client retention** ↓ 1.2 percentage points
- **Annual dollar value of worldwide new business sales of \$982 M** ↓ 15%
(Employer Services and PEO Services combined)

FY09 Segment Results – PEO

- **Revenues** ↑ 12%, all organic
- **Pretax margin** 10.0%, ↑ 10 basis points
- **Average worksite employees paid** ↑ 10% to 193,000

FY09 Segment Results – Dealer Services

■ Revenues ↓ 3%, organic ↓ 4%

- Under pressure as dealership consolidations and closings continued, transactional revenues declined, and dealerships cut discretionary spending

■ Pretax margin 16.6%, ↓ 20 basis points

- Declined on lower revenues as a result of increased dealership closings and price pressures in the North American auto markets, and the impact from the January 2009 acquisition of Automaster Oy
- Partially offset by strict cost reduction measures

■ 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

ADP Results 4Q09

- **Revenues** ↓ 5% to \$2.1 billion
 - Negatively impacted by severe economic conditions and about 4 percentage points from unfavorable foreign exchange rates

	<i>4Q09 As Reported</i>	<i>4Q09 Excluding Certain Items*</i>
■ Pretax earnings from continuing operations	↑ 2% to \$361.0 million	↑ 7% to \$361.0 million
■ Pretax margin	17.1% ↑ 110 basis points	17.1% ↑ 180 basis points
■ Net earnings from continuing operations	↑ 54% to \$347.7 million	↑ 5% to \$227.4 million
■ Diluted EPS from continuing operations	↑ 60% to \$0.69 from \$0.43	↑ 7% to \$0.45 from \$0.42

* Certain Items defined as:

- 4Q08 gain on the sale of a building
- 4Q09 tax provision benefit from income tax settlements

Segment Results 4Q09 – Employer Services

- **Revenues** – flat, all organic
 - U.S. Payroll and Payroll Tax Filing ↓ 4%
 - U.S. Beyond Payroll ↑ 4%
- **Pretax margin** 23.7%, ↑ 275 basis points
 - Decline in selling and implementation expenses from lower sales volumes
 - Reductions in management incentive compensation expense
- **Pays per control**, same-store-sales – AutoPay ↓ 5.7%
- **Worldwide client retention** ↓ 1.8 percentage points
- **Annual dollar value of worldwide new business sales** ↓ 29% (Employer Services and PEO Services combined)

Segment Results 4Q09 – PEO

- **Revenues** ↑ 7%, all organic
- **Pretax margin** 9.3%, flat to 4Q08
- **Average worksite employees paid** ↑ 4% to 194,000

Segment Results 4Q09 – Dealer Services

- **Revenues** ↓ 9%, organic revenues ↓ 11%
 - Under pressure as dealership consolidations and closings continued, transactional revenues declined, and dealerships cut discretionary spending
 - Grow over from project-related consulting revenues and software license fees in fiscal 2008 Q4 relating to an international non-core business
- **Pretax margin** 17.5%, ↓ 120 basis points
 - Decline on lower revenues as a result of increased dealership closings and price pressures in the North American auto markets, and the impact from the January 2009 acquisition of Automaster Oy
 - Decline in international non-core revenues
 - Increase in provision for allowance for doubtful accounts for automotive bankruptcies
 - Partially offset by strict cost reduction measures
- **Worldwide new business sales** continued to be under significant pressure

Client Funds Portfolio Extended Investment Strategy

	FY09		FY08		Change	
	\$	Yield/ rate	\$	Yield/ rate	\$	Yield/ rate
Balances:						
Average Client Short Portfolio Balance	\$2.3 B	1.3%	\$2.9 B	3.8%	\$(0.6) B	↓ 250 bp
Average Client Extended Portfolio Balance	6.3	4.4%	6.2	4.4%	0.1	flat
Average Client Long Portfolio Balance	6.6	4.6%	6.5	4.7%	0.0	↓ 10 bp
= Average Client Funds Balance	\$15.2 B	4.0%	\$15.7 B	4.4%	\$(0.5) 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	\$1.9 B	1.0%	\$1.4 B	4.2%	\$0.5 B	↓ 320 bp
Average U.S./Canadian Reverse Repurchase Borrowings	0.4	1.3%	0.4	3.4%	0.1	↓ 210 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	\$26 M		\$102 M		↓ \$76 M	
Interest on Funds Held for Clients – Client Ext'd	279		275		↑ 4	
Interest on Funds Held for Clients – Client Long	305		308		↓ 3	
= Total Interest on Funds Held for Clients	\$610 M		\$685 M		↓ \$75 M	
Corporate Extended Interest Income	100		79		↑ 21	
Corporate Interest Expense - Short-term	(25)		(73)		↑ 48	
	\$685 M		\$691 M		↓ \$6 M	

Client Funds Portfolio Extended Investment Strategy

	4Q09		4Q08		Change	
	\$	Yield/ rate	\$	Yield/ rate	\$	Yield/ rate
Balances:						
Average Client Short Portfolio Balance	\$2.3 B	0.5%	\$2.9 B	2.8%	\$(0.6) B	↓ 230 bp
Average Client Extended Portfolio Balance	6.1	4.4%	6.6	4.4%	(0.6)	flat
Average Client Long Portfolio Balance	6.6	4.6%	6.6	4.7%	0.0	↓ 10 bp
= Average Client Funds Balance	\$15.0 B	3.9%	\$16.1 B	4.2%	\$(1.2) B	↓ 30 bp
Average Corporate Extended Investment Balance	\$2.1 B	4.4%	\$2.0 B	4.4%	\$0.1 B	flat
Average U.S. Commercial Paper Borrowings	\$1.6 B	0.3%	\$1.3 B	2.1%	\$0.3 B	↓ 180 bp
Average U.S./Canadian Reverse Repurchase Borrowings	0.5	0.3%	0.6	2.2%	(0.2)	↓ 190 bp
= Average Short-term Borrowings	\$2.1 B	0.3%	\$2.0 B	2.2%	\$0.1 B	↓ 190 bp
Pretax P&L Impact:						
Interest on Funds Held for Clients – Client Short	\$3 M		\$19 M		↓ \$16 M	
Interest on Funds Held for Clients – Client Ext'd	67		73		↓ 6	
Interest on Funds Held for Clients – Client Long	76		77		↓ 1	
= Total Interest on Funds Held for Clients	\$146 M		\$170 M		↓ \$23 M	
Corporate Extended Interest Income	23		22		↑ 1	
Corporate Interest Expense - Short-term	(1)		(11)		↑ 9	
	\$168 M		\$181 M		↓ \$13 M	

Client Funds Portfolio Extended Investment Strategy

	FY10 (F)		FY09		Change	
	\$	Yield/ rate	\$	Yield/ rate	\$	Yield/ rate
Balances:						
Average Client Short Portfolio Balance	\$2.3 – 2.4 B	~0.4%	\$2.3 B	1.3%	\$0.0 – 0.1 B	↓ 80-90 bp
Average Client Extended Portfolio Balance	5.4 – 5.6	4.3 - 4.4%	6.3	4.4%	(0.7 – 0.9)	↓ ~10 bp
Average Client Long Portfolio Balance	~6.6	~4.5%	6.6	4.6%	~flat	↓ 10-20 bp
= Average Client Funds Balance	\$14.3 – 14.6 B	~3.8%	\$15.2 B	4.0%	\$(0.6 – 0.9) B	↓ ~20 bp
Average Corporate Extended Investment Balance	\$1.9 – 2.0 B	~4.4%	\$2.3 B	4.3%	\$(0.3 – 0.4) B	↑ ~10 bp
Average U.S. Commercial Paper Borrowings	\$1.8 – 1.9 B	~0.5%	\$1.9 B	1.0%	\$(0.0 – 0.1) B	↓ ~50 bp
Average U.S./Canadian Reverse Repurchase Borrowings	~0.1	~0.3%	0.4	1.3%	~(0.3)	↓ ~100 bp
= Average Short-term Borrowings	\$1.9 – 2.0 B	~0.5%	\$2.3 B	1.1%	\$(0.3 – 0.4) B	↓ ~60 bp
Pretax P&L Impact:						
Interest on Funds Held for Clients – Client Short	~\$10 M		\$26 M		↓ ~\$15 M	
Interest on Funds Held for Clients – Client Ext'd	235 – 245		279		↓ 35 – 45	
Interest on Funds Held for Clients – Client Long	~ 295		305		↓ ~10	
= Total Interest on Funds Held for Clients	\$540 – 550 M		\$610 M		↓ \$60 – 70 M	
Corporate Extended Interest Income	85 – 90		100		↓ 10 – 15	
Corporate Interest Expense - Short-term	~(10)		(25)		↑ ~15	
	\$615 – 630 M		\$685 M		↓ \$55 - 70 M	

FY10 Forecasts

■ Severe, negative economic conditions continue

- Worsening of business metrics in 1H10 vs. 1H09, with particularly tough year-over-year comparisons expected in 1Q10

■ Total Revenues ↓ 1% - 4%

■ Diluted EPS from Continuing Operations - \$2.29 - \$2.39

- Compared to \$2.39 in FY09 which excludes 4Q09 favorable income tax settlements
- No further share buybacks contemplated in forecast

■ Reportable Segments

- Employer Services revenues ↓ 1% - 3%
 - Pays per control ↓ 5% to 6%
 - Client revenue retention flat to ↓ 1 percentage point
- PEO Services revenues flat to ↑ 4%
- Dealer Services revenues ↓ 4% - 8%
- **Annual dollar value of ES & PEO Worldwide New Business Sales** about flat compared to \$982 million in FY09
- **No improvement in pretax margins** given the continued difficult economic environment anticipated for FY10

Summary

- Achieved 1% revenue growth and 10% EPS growth in fiscal 2009 despite worst recession in decades
- Continued to invest in product and client facing resources in support of 5-point strategic growth program
- Prudent, conservative investment strategy for client funds portfolio proven to average our way through an interest rate cycle
- Reduced expense structure as revenues are anticipated to remain under pressure near-term
- Fiscal 2010 outlook reflects weak economic backdrop
- Despite the difficult economy, business model remains intact to support longer-term growth objectives
- AAA credit rating reflects ADP's financial stability
- Remain committed to returning excess cash to shareholders longer-term
- ADP well leveraged to inevitable economic recovery

Q&A

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