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Fiscal 2012 First Quarter Earnings Webcast & Conference Call

October 26, 2011

HR. Payroll. Benefits.

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Today's Agenda

▪ Opening Remarks	*Gary Butler, CEO*
▪ First Quarter Fiscal 2012 Highlights	*Christopher Reidy, CFO*
▪ Fiscal 2012 Guidance	*Christopher Reidy, Gary Butler*
▪ Summary	*Gary Butler*
▪ Q&A	*Gary Butler, Christopher Reidy*
▪ Closing Remarks	*Gary Butler*
▪ Appendix	First Quarter Fiscal 2012 Detailed Results Fiscal 2012 Guidance History

Opening Remarks

- **Good results Q1 FY12**
- **Strong revenue growth from solid new business sales and recent acquisitions**
- **Key business metrics continued to trend positively**
  - Strong new business sales growth for Employer Services and PEO Services
  - Improved client revenue retention
  - Strong U.S. pays per control (same-store-sales employment metric)
  - Strong growth in PEO worksite employees
- **Continued investment in product innovation, salesforce and client service**
- **Growth in client funds balances exceeded expectations**
- **Dealer Services**
  - North American automotive environment stabilized
  - Strong new business sales
  - Worldwide revenue and site retention increased

First Quarter Fiscal 2012 Highlights

- **Revenues ↑ 13% to $2.5 billion, ↑ 10% organically**
  - 2 percentage points benefit from favorable foreign exchange rates
  - Employer Services ↑ 9%, ↑ 7% organically
  - Dealer Services ↑ 18%, ↑ 6% organically
    - Revenues benefited primarily from the Cobalt acquisition closed during 1Q11
  - PEO Services ↑ 17%, all organic
  - Continued positive trending of key business metrics
    - Increased client revenue retention
    - Pays per control ↑ 2.7%
    - PEO average worksite employees paid ↑ 13%
    - Strong new business sales growth in ES/PEO and Dealer Services
    - 10% growth in average client funds balances

First Quarter Fiscal 2012 Highlights (continued)

- **Pretax earnings ↑ 5% to $459.3 million**
  - 1 percentage point benefit from favorable foreign exchange rates
- **Pretax margin 18.2%, ↓ 140 basis points**
  - Decline in high-margin client interest revenues due to lower yield on balances, resulted in 85 basis points of decline
  - FY11 acquisitions contributed 40 basis points of decline
- **Effective Tax Rate ↓ 2.1 pts to 34.1% from 36.2%**
- **Net earnings ↑ 9% to $302.7 million**
- **Diluted EPS ↑ 9% to $0.61 from $0.56**
- **Share Repurchases**
  - Acquired over 5.3 million shares at a cost of about $255 million during 1Q12
  - Acquired 5.9 million shares at a cost of $280 million fiscal year-to-date

FY12 Guidance - Client Funds Portfolio Extended Investment Strategy

	FY12 (F) $	FY12 (F) Yield/ rate	FY11 $	FY11 Yield/ rate	Change $	Change Yield/ rate
Balances:						
Average Client Short Portfolio Balance	~$3.5 B	~0.3%	$3.3 B	0.3%	~$0.2 B	~ flat
Average Client Extended Portfolio Balance	7.6 – 7.7	2.8 –2.9%	7.1	3.6%	0.5 – 0.6	↓ 70-80 bp
Average Client Long Portfolio Balance	6.9 – 7.0	3.8 – 3.9%	6.5	4.2%	0.4 – 0.5	↓ 30-40 bp
= Average Client Funds Balance	$18.0 – 18.2 B	2.7 – 2.8%	$16.9 B	3.2%	$1.1 – 1.3 B	↓ 40-50 bp
Average Corporate Extended Investment Balance	$2.3 – 2.4 B	2.8 – 2.9%	$2.1 B	3.5%	$0.2 – 0.3 B	↓ 60-70 bp
Average U.S. Commercial Paper Borrowings	$2.1 – 2.2 B	~0.1%	$1.6 B	0.2%	$0.5 – 0.6 B	↓ ~10 bp
Average U.S./Canadian Reverse Repurchase Borrowings	~0.2	~0.7%	0.5	0.4%	~(0.3)	↑ ~30 bp
= Average Short-term Borrowings	$2.3 – 2.4 B	~0.2%	$2.1 B	0.3%	$0.2 – 0.3 B	↓ ~10 bp

	FY12 (F) $	FY11 $	Change $
Pretax P&L Impact:			
Interest on Funds Held for Clients – Client Short	~$10 M	$10 M	~flat
Interest on Funds Held for Clients – Client Ext'd	215 – 220	254	↓ $30 – 35
Interest on Funds Held for Clients – Client Long	265 – 270	276	↓ 5 – 10
= Total Interest on Funds Held for Clients	$490 – 500 M	$540 M	↓ $40 – 50
Corporate Extended Interest Income	~70	74	↓ ~5
Corporate Interest Expense - Short-term	~(5)	(6)	~flat
	$555 – 565M	$608 M	↓ $45 – 55 M

FY12 Guidance – Total ADP

- **Total Revenues ↑ 7% - 9%**
- **Diluted EPS – ↑ 8% -10%**
  - Compared to $2.52 in FY11
  - Share buybacks to offset anticipated dilution related to employee benefit plans contemplated in guidance
  - No further share buybacks beyond offset to dilution contemplated in guidance
- **$45 - $55 million anticipated decline in pretax earnings related to client funds extended investment strategy**
  - Estimate 80 basis point to 100 basis point drag on total pretax margin

FY12 Guidance – Reportable Segments

- **Employer Services**
  - Revenues ↑ ~7%
  - Pretax margin ↑ ~50 bp
  - Pays per control ↑ ~2%
- **PEO Services**
  - Revenues ↑ ~17%
  - Pretax margin about flat
- **Annual dollar value of ES & PEO Worldwide New Business Sales**
  - ↑ 8% - 10% compared to $1.1 billion in FY11
- **Dealer Services**
  - Revenues ↑ 8% - 9%
  - Pretax margin ↑ ~50 bp

Summary

- **Overall very good results for Q1 FY12**
  - Solid organic revenue growth from new business sales, supplemented by acquisitions that complement our core
  - Key business metrics continued to trend positively
- **Cloud-based and mobile solutions for all market segments**
- **Continue to pursue tuck-in acquisitions**
- **Remain focused on 5-point strategic growth program**

Q&A

There are no slides during this portion of the presentation

Appendix

Segment Results 1Q12 – Employer Services

- **Revenues – ↑ 9%, ↑ 7% organically**
- **Pretax margin 23.4%, ↓ 50 basis points**
  - ↑ 20 basis points excluding drag of ~70 basis points from FY11 acquisitions
- **Pays per control, same-store-sales – AutoPay ↑ 2.7%**
- **Worldwide client retention ↑ 0.2 percentage points**
- **Annual dollar value of new business sales ↑ 8% (Employer Services and PEO Services combined)**

Segment Results 1Q12 – PEO

- Revenues ↑ 17%, all organic
- Pretax margin 9.1%, ↑ 90 basis points
- Average worksite employees paid ↑ 13% to approximately 242,000

Segment Results 1Q12 – Dealer Services

- **Revenues – ↑ 18%, ↑ 6% organically**
  - Primarily due to acquisitions closed 1Q11
- **Pretax margin 15.5%, ↑ 115 basis points**
  - ↑ 55 basis points excluding drag from FY11 acquisitions of 70 basis points, and 130 basis points of positive impact from acquisition-related costs in last year's Q1
- **Strong new business sales**

Client Funds Portfolio Extended Investment Strategy – 1Q12

	1Q12 $	1Q12 Yield/ rate	1Q11 $	1Q11 Yield/ rate	Change $	Change Yield/ rate
Balances:						
Average Client Short Portfolio Balance	$1.9 B	0.4%	$1.8 B	0.4%	$0.2 B	flat
Average Client Extended Portfolio Balance	6.6	3.2%	5.7	3.9%	0.9	↓ 80 bp
Average Client Long Portfolio Balance	6.6	4.1%	6.4	4.4%	0.2	↓ 30 bp
= Average Client Funds Balance	$15.2 B	3.2%	$13.8 B	3.7%	$1.4 B	↓ 50 bp
Average Corporate Extended Investment Balance	$3.5 B	2.8%	$2.8 B	3.8%	$0.7 B	↓ 100 bp
Average U.S. Commercial Paper Borrowings	$3.0 B	0.1%	$2.2 B	0.2%	$0.8 B	↓ 10 bp
Average U.S./Canadian Reverse Repurchase Borrowings	0.5	0.5%	0.6	0.4%	(0.1)	~flat
= Average Short-term Borrowings	$3.5 B	0.2%	$2.8 B	0.3%	$0.7 B	↓ 10 bp

	1Q12 $	1Q11 $	Change $
Pretax P&L Impact:			
Interest on Funds Held for Clients – Client Short	$2 M	$2 M	$0 M
Interest on Funds Held for Clients – Client Ext'd	52	55	↓ 3
Interest on Funds Held for Clients – Client Long	68	70	↓ 2
= Total Interest on Funds Held for Clients	$122 M	$127 M	↓ $5 M
Corporate Extended Interest Income	25	27	↓ 2
Corporate Interest Expense - Short-term	(1)	(2)	↓ 1
	$146 M	$152 M	↓ $6 M

FY2012 Guidance History

	10/26/11 Forecast	7/28/11 Forecast
Total ADP		
Revenues	↑ 7% - 9%	↑ 7% - 9%
Diluted EPS	↑ 8% - 10%	↑ 8% - 10%
Employer Services (ES)		
Revenues	↑ ~7%	↑ 6% - 7%
Pretax Margin	↑ ~50 bp	↑ at least 50 bp
Pays per Control	↑ ~2%	↑ 1% - 2%
PEO Services		
Revenues	↑ ~17%	↑ 15% - 17%
Pretax Margin	about flat	about flat
ES & PEO New Business Sales, Worldwide	↑ 8% - 10%	↑ 8% - 10%
Dealer Services		
Revenues	↑ 8% - 9%	↑ 8% - 9%
Pretax Margin	↑ ~50 bp	↑ ~50 bp

Appendix: Fiscal 2012 Guidance History

Client Funds Portfolio Extended Investment Strategy	FY12 10/26/11 Forecast $	FY12 10/26/11 Forecast Yield/ rate	FY12 7/28/11 Forecast $	FY12 7/28/11 Forecast Yield/ rate
Balances:				
Average Client Short Portfolio Balance	~$3.5 B	~0.3%	~$3.5 B	~0.4%
Average Client Extended Portfolio Balance	7.6 – 7.7	2.8 –2.9%	7.6 – 7.7	2.9 – 3.0%
Average Client Long Portfolio Balance	6.9 – 7.0	3.8 – 3.9%	6.9 – 7.0	3.9 – 4.0%
= Average Client Funds Balance	$18.0 – 18.2 B	2.7 – 2.8%	$18.0 – 18.2 B	2.8 – 2.9%
Average Corporate Extended Investment Balance	$2.3 – 2.4 B	2.8 – 2.9%	$2.3 – 2.4 B	2.9 – 3.0%
Average U.S. Commercial Paper Borrowings	$2.1 – 2.2 B	~0.1%	$2.1 – 2.2 B	~0.2%
Avg. U.S./Canadian Reverse Repurchase Borrowings	~0.2	~0.7%	~0.2	1.3 – 1.4%
= Average Short-term Borrowings	$2.3 – 2.4 B	~0.2%	$2.3 – 2.4 B	~0.3%
Pretax P&L Impact:				
Interest on Funds Held for Clients – Client Short	~$10 M		~$15 M	
Interest on Funds Held for Clients – Client Ext’d	215 – 220		220 – 225	
Interest on Funds Held for Clients – Client Long	265 – 270		270 – 275	
= Total Interest on Funds Held for Clients	$490 – 500 M		$505 – 515 M	
Corporate Extended Interest Income	~70		70 – 75	
Corporate Interest Expense - Short-term	~(5)		(5 – 10)	
	$555 – 565M		$570 – 580 M	

Thank You