



**Automatic Data Processing, Inc.
Fiscal 2008
Earnings Webcast & Conference Call
July 31, 2008**

Forward Looking Statements

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Today's Agenda

- Opening Remarks..... Gary Butler, President & CEO
- Full-year and Fourth Quarter
Fiscal 2008 Results..... Christopher Reidy, CFO
- Fiscal 2009 Guidance..... Gary Butler
Christopher Reidy
- A Thought Process for FY10
Extended Investment Strategy..... Christopher Reidy
- Summary..... Gary Butler
- Q&A..... Gary Butler
Christopher Reidy
Elena Charles, VP Investor Relations
- Closing Remarks..... Gary Butler

ADP FY08 Results

- **Revenues** ↑ 12.5% to \$8.78 billion
 - 2% growth from favorable foreign exchange rates

	<i>Including</i> 1Q07 net one-time gain & 4Q08 building sale gain	<i>Excluding</i> 1Q07 net one-time gain & 4Q08 building sale gain
■ Pretax earnings from continuing operations	↑ 12% to \$1.81 billion	↑ 13%
■ Pretax margin	20.6% ↓ 20 basis points	20.5% ↑ 10 basis points
■ Net earnings from continuing operations	↑ 14% to \$1.16 billion	↑ 15%
■ Diluted EPS from continuing operations	↑ 20% to \$2.20 from \$1.83	↑ 21% to \$2.18 from \$1.80
■ Share Repurchases	- Acquired 32.9 million shares at a cost of \$1.46 billion	

ADP FY08 Results (cont.)

■ Extended investment strategy

- Despite decline in market interest rates, yield remained relatively constant
- ↑ \$55M, driven by higher client funds balances

	FY08	yield	FY07	yield	\$	Change	yield	%	Change
Average Client Funds Balance	\$15.7B		\$14.7B		\$	\$1.0B			6.6%
Duration	2.6		2.5						
Interest on Funds Held for Clients	\$685M	4.4%	\$654M	4.5%	↑	\$31M	↓ <10 bp		4.7%
Corporate Extended Int. Income	79		70		↑	9			13.1%
Corporate Int. Exp. - Short-term	(73)		(88)		↑	15			16.6%
	\$691M		\$636M		↑	\$55M			

FY08 Segment Results – Employer Services

- **Revenues** ↑ 9%, organic growth 8%
 - U.S. Traditional Payroll and Payroll Tax Filing ↑ 7%
 - U.S. Beyond Payroll ↑ 16% (excludes PEO Services)
- **Pretax margin** 25.7%, ↑ 90 basis points
 - Continued operating leverage, including benefits from margin expansion initiatives, more than offset the impact of product investments that drive the 5-point Strategic Growth Program
- **Pays per control**, same-store-sales – AutoPay ↑ 1.3%
- **Worldwide client retention** *at excellent levels*, ↑ 20 basis points
- **Worldwide new business sales growth** of 8% (Employer Services and PEO Services combined)

FY08 Segment Results – PEO

- **Revenues** ↑ 20%, all organic
- **Pretax margin** 9.9%, ↑ 80 basis points
- **Average worksite employees paid** ↑ 18% to 176,000

FY08 Segment Results – Dealer Services

- **Revenues** ↑ 8.5%, organic growth 6%
- **Pretax margin** 17.0%, ↑ 75 basis points
 - Increased operating leverage
 - Partially offset by costs related to 1Q08 acquisitions of three Autoline distributors
- **Worldwide new business sales growth** strong, with double-digit growth on a percentage basis in both North America and International businesses

ADP Results 4Q08

■ **Revenues** ↑ 10% to \$2.21 billion

- 2% growth from favorable foreign exchange rates

	<i>Including</i> 4Q08 building sale gain	<i>Excluding</i> 4Q08 building sale gain
■ Pretax earnings from continuing operations	↑ 15% to \$354.4 million	↑ 10%
■ Pretax margin	16.1% ↑ 70 basis points	15.3% ~flat
■ Net earnings from continuing operations	↑ 17% to \$226.0 million	↑ 11%
■ Diluted EPS from continuing operations	↑ 23% to \$0.43	↑ 20% to \$0.42
■ Share Repurchases	- Acquired 9.59 million shares during 4Q08 at a cost of \$411.9 million	

ADP Results 4Q08 (cont.)

■ Extended investment strategy

- ↑ \$6M despite a decline in market interest rates

	4Q08	yield	4Q07	yield	\$ Change	yield	% Change
Average Client Funds Balance	\$16.1B		\$15.5B		\$0.6B		4.2%
Duration	2.6		2.5				
Interest on Funds Held for Clients	\$170M	4.2%	\$178M	4.6%	↓ \$8M	↓ <40 bp	(4.7)%
Corporate Extended Int. Income	22		15		↑ 6		42.4%
Corporate Int. Exp. - Short-term	(11)		(19)		↑ 8		43.2%
	\$181M		\$174M		↑ \$6M		

Segment Results 4Q08 – Employer Services

- **Revenues** ↑ 7%, all organic
 - U.S. Traditional Payroll and Payroll Tax Filing ↑ 4%
 - U.S. Beyond Payroll ↑ 12% (excludes PEO Services)
- **Pretax margin** 21.2%, ↑ 150 basis points
- **Pays per control**, same-store-sales – AutoPay ↑ 0.8%
- **Worldwide client retention** *at excellent levels*, despite ↓ 40 basis points
- **Worldwide new business sales growth** of 7% (Employer Services and PEO Services combined)

Segment Results 4Q08 – PEO

- **Revenues** ↑ 16.5%, all organic
- **Pretax margin** 9.3%, ↑ 30 basis points
- **Average worksite employees paid** ↑ 17% to 187,000

Segment Results 4Q08 – Dealer Services

- **Revenues** ↑ 9%, organic growth 6%
- **Pretax margin** 18.9%, ↑ 100 basis points
 - Increased operating leverage
 - Partially offset by costs related to 1Q08 acquisitions of three Autoline distributors
- **Worldwide new business sales growth** very strong, with double-digit growth on a percentage basis in both North America and International businesses

FY09 Full-year Forecasts

- **Revenues** ↑ 7% - 8%
 - Segment Revenues
 - Employer Services ↑ 6% - 7%
 - PEO Services ↑ 16% - 17%
 - Dealer Services ↑ 6% - 8%
- **Pretax Margin** expansion - at least 50 basis points in each segment
- **Worldwide New Business Sales Growth** ↑ mid single-digit (Employer Services and PEO Services combined)
- **Diluted EPS from Continuing Operations**
 - ↑ 10% - 14%, compared to \$2.18 in FY08 excluding 4Q08 gain on the sale of a building
 - No share buybacks contemplated in forecast

FY09 Full-year Forecasts (cont.)

■ Extended investment strategy

- Based on Fed Funds futures contracts and forward yield curves as of July 28, 2008
 - Anticipate three increases of 25 basis points each in the Fed Funds rate in October 2008, and January and May 2009, exiting the fiscal year with a Fed Funds rate of 2.75%
 - Forward yield curves indicate fixed income rates increasing 40 – 50 basis points during the year

	FY09 (F)	yield	FY08	yield	\$ Change	yield	% Change
Average Client Funds Balance	\$15.8 – 15.9B		\$15.7B				1 – 2%
Duration	~2.6		2.6				
Interest on Funds Held for Clients	\$655 – 660M	~4.2%	\$685M	4.4%	↓ \$25 – 30M	↓ ~20 bp	~ 4%
Corporate Extended Int. Income	85 – 90		79		↑ 5 – 10		
Corporate Int. Exp. - Short-term	(45 – 50)		(73)		↑ 25 – 30		
	\$695 – 700M		\$691M		↑ 5 – 10		

Assume FY10 New Purchase Rates Equal to FY09 (F) Exit Rates

- Assume Fed Funds rate of 2.75%, and fixed rates of 4.30% Extended and 4.60% Long, prevail throughout FY10
- Assume Duration and Average Client Funds Balance held constant

	FY10 est.	yield	FY09 (F)	yield	\$ Change	yield	% Change
Average Client Funds Balance	\$15.8 – 15.9B		\$15.8 – 15.9B		\$0.0B		Flat
Duration	~ 2.6		~2.6				
Interest on Funds Held for Clients	\$665 – 670M	~4.3%	\$655 – 660M	4.2%	↑ \$10M	↑ ~10 bp	1 - 2%
Corporate Extended Int. Income	95 – 100		85 – 90		↑ 10		
Corporate Int. Exp. - Short-term	(60 – 65)		(45 – 50)		↓ 15		
	\$700 – 705M		\$695 – 700M		↑ \$5M		

- Plus, at interest rates above, every 1% change in Average Client Funds Balance adds \$6 - \$7M

Summary

- **Strong fiscal 2008 results** despite economic headwinds
 - Double-digit revenue, pretax earnings and earnings per share growth
 - Solid new business sales despite challenging economy
- **Solid fiscal 2009 forecast**
 - Assumes no change in the current economic environment
- **We are investing in ADP's future**
 - Continuing to invest in new products, salesforce expansion, and implementation and client service resources
- **Returning excess cash to shareholders** through significant share buybacks and increased dividend
- **Confident in ADP's long-term growth outlook**

Q&A

There are no slides during this portion of the presentation

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