



Automatic Data Processing, Inc.
First Quarter Fiscal 2008
Earnings Webcast & Conference Call
October 30, 2007

Forward Looking Statements

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Today's Agenda

- Opening Remarks
Gary Butler
President & CEO
- First Quarter Fiscal 2008 Results
Christopher Reidy
CFO
- Fiscal 2008 Guidance Update
Gary Butler
- Summary
Gary Butler
- Q&A
Gary Butler
Christopher Reidy
Elena Charles
VP Investor Relations
- Closing Remarks
Gary Butler

ADP Results 1Q08

- **Revenues** ↑13.5% to \$2.0 billion
 - **Interest on funds held for clients** ↑15% to \$154.5 million
 - **Average client funds balances** ↑7.5% to \$13.5 billion
 - **Average interest yield** ↑30 basis points to 4.6%

	Including 1Q07 net one-time gain	Excluding 1Q07 net one-time gain
■ Pretax earnings from continuing operations	↑9%	↑21%
■ Pretax margin	19.2%	19.2%
	↓70 basis points	↑110 basis points
■ Net earnings from continuing operations	↑10%	↑21%
■ Diluted EPS from continuing operations	↑15% to \$0.45	↑25% to \$0.45

ADP Results 1Q08

■ Share Repurchases

- Acquired nearly 11 million shares through 9/30/07, cost ~\$514 million; little to no impact on Q1 EPS
- Fiscal year to date, acquired nearly 12 million shares at a cost of over \$560 million (~\$0.01 accretion to full-year FY08 EPS)
- Sensitivity: 7 million shares purchased = \$0.01 earnings per share accretion over subsequent 12 months; includes impact of lost interest income at current short term rates

■ Cash & Marketable Securities at 9/30/07

- Included assets related to an outstanding reverse repurchase agreement of about \$345 million which matured on 10/1/07
- Cash and marketable securities were \$1.9 billion, or \$1.5 billion excluding the assets related to the reverse repurchase agreement

Segment Results 1Q08 – Employer Services

- **Revenues** ↑11%
 - U.S. Traditional Payroll and Payroll Tax Filing ↑8%
 - U.S. Beyond Payroll ↑18% (excludes PEO Services)
- **Pretax margin** 22.4%, ↑over 50 basis points
- **Pays per control**, same-store-sales – Majors AutoPay ↑1.6%
- **Average client funds balances** ↑7.5% to \$13.5B
- **Worldwide client retention** at record levels, ↑50 basis points
- **Worldwide new business sales growth** of 11% (Employer Services and PEO Services combined)

Segment Results 1Q08 – PEO

- Revenues ↑21%
- Pretax margin 10.6%; ↑ over 250 basis points
- Average worksite employees paid ↑19% to approximately 165,000

Segment Results 1Q08 – Dealer Services

- **Revenues** ↑8%
 - Organic revenue growth 6%
- **Pretax margin** 15.5%; ↑ nearly 70 basis points
 - Increased business momentum and expense control
 - Partially offset by costs associated with acquisitions of three distributors of ADP's Autoline product
- **New business sales**
 - **International** business – excellent growth; strong sales of Autoline product
 - **North America** –strong sales of products beyond core Dealer Management Systems

ADP Forecast - Revenue

- **Revenue** – 12% - 13% growth
 - Increase from previous forecast of approximately 12% growth
 - Primarily due to current estimate of benefit from foreign exchange rates, as well as acquisition activity in Dealer Services
 - **Clients Funds** – Revised based on Fed Funds futures contracts and forward yield curves as of October 29, 2007 which anticipate three further declines in the Fed Funds rate of 25 basis points each through the remainder of fiscal 2008
 - Interest revenues ↑ about 8% from \$653.6 million FY07
 - ↓ \$30 - \$40 million from previous guidance of ↑13 - 14%
 - Average interest yield of nearly 4.5%, excluding gains/losses
 - Previous guidance: ↑20 basis point to 4.7%, excluding gains/losses
 - Average balances ↑7% - 8%
 - Previous guidance: ↑over 8%

ADP Forecast – EPS from Continuing Operations

■ Diluted EPS from Continuing Operations

- Confident in attaining **high end of 18% - 21% forecasted growth**, compared with \$1.80 in FY07, which excludes the net one-time gain recorded 1Q07 (\$1.83 as reported)
- Positive momentum in the businesses
- Approximately \$0.01 accretion anticipated from the nearly 12 million shares repurchased year to date
 - No further share buybacks contemplated in forecast
- Counteract expected \$0.04 - \$0.05 lower than originally planned interest on client funds

Segment Forecasts – Revenues, Pretax Margin, Sales

	Current Forecast	Previous Forecast
Employer Services (ES) (excludes PEO Services)		
Revenues	↑ about 10.5%	↑ nearly 11%
Pretax Margin	↑ 70 - 120 basis points	↑ 50 - 100 basis points
PEO Services		
Revenues	↑ 19% - 20%	↑ 18% - 19%
Pretax Margin	↑ 50 - 90 basis points	↑ about 50 basis points
ES & PEO New Business Sales	High single-digit to low double-digit % growth	High single-digit to low double-digit % growth
Dealer Services		
Revenues	↑ about 10%	↑ 8% - 9%
Pretax Margin	↑ 70 - 90 basis points	↑ over 100 basis points

Summary

- **Solid Q1 results**
 - 13.5% revenue growth; 25% EPS from continuing operations growth, excluding last year's net one-time gain
 - Solid key metrics including continued double-digit new business sales growth in Employer Services/PEO
- **Highly confident** in attaining our **full year revenue forecast of 12% to 13%**, and the **high end of our EPS growth forecast**
- **Executing well** against our strategic initiatives
 - Returning excess cash to our shareholders through higher than historical levels of share buybacks
 - Changes to ADP's quarterly cash dividend will be reviewed by the Board at the November 2007 meeting as is ADP's normal timing
- **Business momentum continues**
 - Continued demand for ADP's products and services, growth in wages and employment, no surge in small business bankruptcies, clients are staying with ADP longer across all market facing segments

Q&A

There are no slides during this portion of the presentation

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