



Automatic Data Processing, Inc.

**Fiscal 2009 Second Quarter
Earnings Webcast & Conference Call**

February 3, 2009

Forward Looking Statements

This document and other written or oral statements made from time to time by ADP may contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Statements that are not historical in nature and which may be identified by the use of words like “expects,” “assumes,” “projects,” “anticipates,” “estimates,” “we believe,” “could be” and other words of similar meaning, are forward-looking statements. These statements are based on management’s expectations and assumptions and are subject to risks and uncertainties that may cause actual results to differ materially from those expressed. Factors that could cause actual results to differ materially from those contemplated by the forward-looking statements include: ADP’s success in obtaining, retaining and selling additional services to clients; the pricing of products and services; changes in laws regulating payroll taxes, professional employer organizations and employee benefits; overall market and economic conditions, including interest rate and foreign currency trends; competitive conditions; auto sales and related industry changes; employment and wage levels; changes in technology; availability of skilled technical associates and the impact of new acquisitions and divestitures. ADP disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. These risks and uncertainties, along with the risk factors discussed under “Item 1A. - Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended June 30, 2008 and “Item 1A. - Risk Factors” in our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2008, should be considered in evaluating any forward-looking statements contained herein.

Today's Agenda

- Opening Remarks..... Gary Butler, President & CEO
- Second Quarter Fiscal 2009 Results.... Christopher Reidy, CFO
- Fiscal 2009 Guidance Update..... Gary Butler
Christopher Reidy
- Summary..... Gary Butler
- Q&A..... Gary Butler
Christopher Reidy
Elena Charles, VP Investor Relations

ADP FY08 Results

- **Revenues** ↑ 2.5% to \$2.20 billion
 - Strengthened U.S. Dollar offset revenue growth nearly 3 percentage points during the quarter
- **Pretax earnings from continuing operations** ↑ 7% to \$473.2 million
- **Pretax margin** 21.5%, ↑ 100 basis points
- **Effective tax rate** 36.5% vs. 33.8% last year's second quarter
 - 2Q08 reduction in the provision for income taxes of \$12.4 million, due to favorable settlement of a state tax matter contributed approximately \$0.02 to EPS in the quarter ended 12/31/07

	<i>Including</i> 2Q08 favorable tax settlement	<i>Excluding</i> 2Q08 favorable tax settlement
■ Net earnings from continuing operations	↑ 3% to \$300.4 million	↑ 8% to \$300.4 million
■ Diluted EPS from continuing operations	↑ 7% to \$0.59 from \$0.55	↑ 11% to \$0.59 from \$0.53

■ **Share Repurchases**

- Acquired 5.1 million shares during 2Q09 for \$190+ million; little to no impact on 2Q09 EPS
- Fiscal year to date, acquired 11.1 million shares for \$450+ million (over \$0.03 accretion to full-year FY09 EPS)
- Approximately 50 million shares remain under current Board Authorization

Client Funds Portfolio Extended Investment Strategy

	2Q09	yield/ rate	2Q08	yield/ rate	\$ Change	yield/ rate
Balances:						
Average Client Funds Balance	\$14.1B	4.2%	\$14.3B	4.5%	(\$0.2)B	↓ 30 bp
Duration	2.5		2.6			
Average Corporate Extended Investment Balance	\$3.1B	4.3%	\$2.4B	4.5%	\$0.7B	↓ 20 bp
Average U.S. Commercial Paper Borrowings	\$2.5B	0.7%	\$2.1B	4.6%	\$0.3B	↓ 390 bp
Average U.S./Canadian Reverse Repurchase Borrowings	0.6	1.1%	0.3	4.4%	0.3	↓ 330 bp
Average Short-term Borrowings	\$3.1B		\$2.4B		\$0.7B	
Pretax P&L Impact:						
Interest on Funds Held for Clients	\$147M		\$162M		↓ \$15M	
Corporate Extended Int. Income	33		27		↑ 6	
Corporate Int. Exp. - Short-term	(6)		(29)		↑ 23	
	\$175M		\$160M		↑ \$14M	

Segment Results 2Q09 – Employer Services

- **Revenues** ↑ 6%, all organic
 - U.S. Payroll and Payroll Tax Filing ↑ 3%
 - U.S. Beyond Payroll ↑ 10%
- **Pretax margin** 26.2%, ↑ 160 basis points
 - From operating leverage, continued expense control, and lower selling expenses from lower new business sales
- **Pays per control**, same-store-sales – AutoPay ↓ 0.6%
- **Worldwide client retention** *at excellent levels*, ↓ 0.5 percentage points YTD
- **Dollar value of worldwide new business sales** ↓ 13% (Employer Services and PEO Services combined)

Segment Results 2Q09 – PEO

- **Revenues** ↑ 14%, all organic
- **Pretax margin flat** at 10.5%
 - Due to higher benefits pass-through costs
- **Average worksite employees paid** ↑ 13% to approximately 193,000

Segment Results 2Q09 – Dealer Services

- **Revenues** ↓ 1%, all organic
- **Pretax margin** 16.7%, ↑ 30 basis points
- **Worldwide new business sales**
 - Despite dramatic declines in new car sales, continued strong win/loss rates
 - Increasing market share in a declining overall market
- **Recently acquired Automaster Oy**
 - Leading DMS provider in Finland
 - Opportunities for geographic expansion with established footprints in many markets including the Nordic region, Central and Eastern Europe, and Russia

FY09 Guidance Update

	Current Forecast	11/3/08 Forecast	7/31/08 Forecast
<ul style="list-style-type: none"> ▪ Total ADP 			
<ul style="list-style-type: none"> ▪ Revenues 	<p>↑ 2% - 3%</p> <p>Expect about 2 percentage points revenue decline vs. FY08 from anticipated continuation of unfavorable foreign exchange rates</p>	<p>↑ 2% - 3%</p> <p>Over 2 percentage points decline from anticipated continuation of unfavorable foreign exchange rates</p> <p>~1.5 percentage points decline from lower ES forecast due to economic headwinds</p> <p>~1.5 percentage points decline from lower Dealer forecast due to economic headwinds</p>	<p>↑ 7% - 8%</p>
<ul style="list-style-type: none"> ▪ Diluted EPS from Continuing Operations 	<p>↑ 10% - 14%</p> <p>compared to \$2.18 FY08, which excludes 4Q08 gain of \$0.02/sh on the sale of a building</p>	<p>↑ 10% - 14%</p> <p>compared to \$2.18 FY08, which excludes 4Q08 gain of \$0.02/sh on the sale of a building</p>	<p>↑ 10% - 14%</p> <p>compared to \$2.18 FY08, which excludes 4Q08 gain of \$0.02/sh on the sale of a building</p>
<ul style="list-style-type: none"> ▪ Reportable Segments 			
<ul style="list-style-type: none"> ▪ Employer Services (ES) 			
<ul style="list-style-type: none"> Revenues 	<p>↑ ~5%</p>	<p>↑ ~5%</p>	<p>↑ 6% - 7%</p>
<ul style="list-style-type: none"> Pretax Margin 	<p>↑ about 100 bps</p>	<p>↑ at least 50 bps</p>	<p>↑ at least 50 bps</p>
<ul style="list-style-type: none"> ▪ PEO Services 			
<ul style="list-style-type: none"> Revenues 	<p>↑ 14% - 15%</p>	<p>↑ 14% - 16%</p>	<p>↑ 16% - 17%</p>
<ul style="list-style-type: none"> Pretax Margin 	<p>↑ up to 50 bps</p>	<p>↑ up to 50 bps</p>	<p>↑ at least 50 bps</p>
<ul style="list-style-type: none"> ▪ ES & PEO New Business Sales, Worldwide 	<p>↓ ~10%</p>	<p>↓ ~10%</p>	<p>mid-single digit % growth</p>
<ul style="list-style-type: none"> ▪ Dealer Services 			
<ul style="list-style-type: none"> Revenues 	<p>flat to slightly down</p>	<p>about flat</p>	<p>↑ 6% - 8%</p>
<ul style="list-style-type: none"> Pretax Margin 	<p>~ flat</p> <p>includes Automaster Oy acquisition</p>	<p>↑ up to 50 bps</p>	<p>↑ at least 50 bps</p>

Client Funds Portfolio Extended Investment Strategy

	FY09 (F)	yield/ rate	FY08	yield/ rate	\$ Change	yield/ rate
Balances:						
Average Client Funds Balance	\$15.3 - 15.4B	~4.0%	\$15.7B	4.4%	\$(0.3- 0.4)B	↓ ~40 bp
Duration			2.6			
Average Corporate Extended Investment Balance	~\$2.2B	~4.4%	\$1.8B	4.4%	~\$0.4B	~ flat
Average U.S. Commercial Paper Borrowings	~\$1.9B	~1.0%	\$1.4B	4.2%	~\$0.4B	↓ ~320 bp
Average U.S./Canadian Reverse Repurchase Borrowings	~ 0.3	~1.7%	0.4	3.4%	~ flat	↓ ~170 bp
Average Short-term Borrowings	~\$2.2B		\$1.8B		~\$0.4B	
Pretax P&L Impact:						
Interest on Funds Held for Clients	\$605 - 610M		\$685M		↓\$75 - 80M	
Corporate Extended Int. Income	95 - 100		79		↑ 15 - 20	
Corporate Int. Exp. - Short-term	~ (25)		(73)		↑ ~50	
	<u>\$675 - 685M</u>		<u>\$691M</u>		<u>↓ \$5 - 15M</u>	

Summary

- **Achieved favorable results in first half FY '09 despite headwinds**
- **Confirming full year forecast for solid growth in a very difficult economy**
- **Tremendous scale in the business model**
 - Cost containment measures, while continuing to invest in products and client-facing resources
- **Prudent, conservative investment strategy** for client funds portfolio to average our way through interest rate cycles
- **Remain committed to returning excess cash to shareholders** through share buybacks and dividends
 - Increased dividend 14% effective January 1, 2009
- **Despite the economic pressures, ADP is well-positioned to continue with strong long-term growth for the future**
 - Execution against 5-point strategic growth program
 - Highly recurring revenue model
 - Strong retention - clients stay with us 10 years on average
 - Excellent margins
 - Healthy, reliable, and consistent cash flows
 - Low CAPEX requirements
 - AAA credit rated
 - Markets we serve are under-penetrated and growing

Q&A

There are no slides during this portion of the presentation

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