AUTOMATIC DATA PROCESSING INC
Form DEF 14A
September 30, 2009

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant [x]
Filed by a Party other than the Registrant [_]

Check the appropriate box:
[_] Preliminary Proxy Statement
[_] Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
[x] Definitive Proxy Statement
[_] Definitive Additional Materials
[_] Soliciting Material Under Rule 14a-12

AUTOMATIC DATA PROCESSING, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):
[x] No fee required.
[_] Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

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2) Aggregate number of securities to which transaction applies:
3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
4) Proposed maximum aggregate value of transaction:

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[_] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

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1) Amount previously paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

2009

Notice of Annual Meeting and Proxy Statement

Annual Report on Form 10-K for Fiscal Year 2009

LETTER TO SHAREHOLDERS

Fiscal 2009 was in many ways the most challenging year of my nearly 35 years at ADP. As we began the fiscal year, we anticipated some level of economic headwinds continuing from the prior year. However, early in fiscal 2009, extreme volatility in the financial markets sparked what became the deepest recession in decades. Businesses across all industries and geographies were impacted in some way by the extraordinary stress in the economy over the past year. As a result, fiscal 2009 was not business as usual for ADP.

- Rising unemployment reduced the number of employees on our clients payrolls.
- Frozen credit markets and economic uncertainty hindered business spending and fewer new businesses were formed, impacting Employer Services ability to sell new services. Prospects were still in the pipeline, but spending at many companies, especially larger companies, was virtually frozen and outsourcing decisions were deferred or in many cases just werent being made at all.

- Historically low interest rates resulted in a lower yield earned on ADPs client fund balances, although our extended investment strategy mitigated the impact.
- Economic contraction resulted in an increase in client losses due to competitive pricing pressure and clients going out of business. As expected, revenues from clients who use multiple ADP solutions were retained at higher rates.
- The level of new car sales in the U.S. dropped to lows not seen in over 20 years, resulting in a spike in auto dealership closings and bankruptcies. Less traffic through dealer showrooms also resulted in lower transaction-based revenues for Dealer Services. Additionally, as many businesses struggled to stay afloat, general uncertainty about the length and depth of the recession resulted in dealerships looking for ways to reduce costs, including dropping non-essential applications.
- As the U.S. dollar strengthened during the year, foreign exchange rates worked against us, reducing revenue growth by about 2 percentage points.

During the year, we took the difficult but necessary actions to right-size the organization and align our expense structure with lower revenue growth.

All that being said, ADP delivered both top and bottom line growth for the year through focused execution on our five-point strategic growth agenda, which consists of:

- Strengthening our core business;
- Growing our differentiated HR Business Process Outsourcing (BPO) offerings;
- Focusing on international expansion by growing share and improving margins;
- Entering adjacent markets that leverage our core; and
- Expanding pretax margins through increased operating efficiency.

Employer Services

The markets we serve are large and there is still abundant opportunity for ADP to grow and gain market share. The beauty of ADPs recurring revenue business model is that it allows us to continue to invest in strategic platforms, client service resources, and our large direct salesforce even during an economic downturn. As a result of this ongoing investment we have a highly competitive portfolio of solutions to serve any size employer, in nearly any geography, with a breadth of service offerings that is unique in the industry. ADP recently celebrated its sixtieth anniversary but we are far from our golden years. Investments in leading technologies and new platforms have resulted in solutions that are fueling our growth now and well into the future:

- RUN POWERED BY ADP® gives small businesses and accountants, or their clients, the ability to access and process their payroll anytime, anywhere via web access. This solution is already rolled out to over half of our small business distribution network.

- ADP Workforce Now™ and our HR BPO offering have recently been launched in the mid-market and address the market need for integrated, bundled services which include payroll, HR, benefits, and time and labor management.
- Health & Welfare Service Engine for larger organizations, coupled with self-service and state-of-the-art employee call centers, simplifies the ever-complex benefits enrollment process with seamless integration to benefit carriers and payroll records.
- GlobalView® and ADP Streamline® address international employers needs for standardized payroll reporting and human resource administration worldwide, from a single system, in a common language.

We continued our investments in GlobalView in fiscal 2009 with improved implementation and increased geographic presence. To serve multinational companies with small and mid-sized operations we developed ADP Streamline. ADP Streamline leverages our international in-country best-of-breed payroll offerings and provides a single point of contact and data flow for payroll and human resource administration services. We integrated GlobalView and ADP Streamline into a unified ADP offering to provide the benefits of standardized, global reporting to multinational companies with operations of varying sizes around the world.

Additionally, we now offer money movement and tax filing services for our clients in the U.K. and the Netherlands and are in the process of expanding to other European countries. We also grew our presence in China beyond servicing GlobalView client employees by entering the Chinese market, via acquisition, with an in-country offering for both domestic and foreign subsidiary companies.

We sell solutions that businesses of every size need to improve their day-to-day performance. Longer-term, our goal is to grow new sales from 8% to over 10% each year through expansion and increased productivity of our direct salesforce along with continued penetration of alternate distribution channels — telesales, and CPA and banking relationships. The tenure in our salesforce increased during fiscal 2009 and we have maintained previous staffing levels in our salesforce with the exception of reductions related to lower productivity in the small business market.

Dealer Services

Our Dealer Services business also felt the impact of the recession and resulting slowdown in the automotive industry. Dealer Services executed extremely well during a year when new vehicle sales volumes hit 20+ year lows and the pace of dealership closings and consolidations greatly accelerated. Fiscal 2009 was also marked by two of the "Big 3" U.S. auto manufacturers declaring and emerging from bankruptcy. This does not change our positive long-term outlook for Dealer Services as we believe what will emerge is an overall healthier automotive industry - one with fewer North American dealer sites that transact more business per site. We expect Dealer Services will compete very successfully, as it has continued to gain share within the consolidating market and the larger surviving dealerships will need more sophisticated applications to run their businesses. Dealer Services did an excellent job in fiscal 2009 to align their cost structure with current revenue trends while continuing to invest for future growth. We launched the next evolution of our dealer management system, "ADP Drive", which is the technological centerpiece of our solutions portfolio for the future. We continued to expand and gain traction with layered applications, including our front-end retail solutions, and we are the only provider that offers a full suite of retail solutions. Our value proposition and strong manufacturer relationships will enable us to effectively execute this "share of wallet" strategy where we offer services beyond just the dealer management system in order to capture more of a dealer's spend. Additionally, via acquisition we expanded into Russia, Finland, and Eastern Europe, helping to solidify our global footprint and our ability to be a true global provider to large dealer groups and manufacturers.

Management and Board of Directors

ADP's leadership team is strong. During fiscal 2009, we promoted Mike Capone to the new position of corporate vice president and chief information officer, and Ed Flynn to executive vice president Employer Services sales.

During fiscal 2009, Linda R. Gooden was elected to the board of directors. In August 2009, Henry Taub, founder of ADP, and Fred Malek both retired from the board. We thank Fred for his 31 years of guidance and contributions to ADP's success. We are especially grateful for Henry's vision, support, and counsel over these many years and for creating the culture that defines ADP to this day.

The Future

Relative to the pressures on the global economy, I believe ADP is performing quite well. Importantly, our business model is strong and remains intact:

- Our revenues are highly recurring;
- Client revenue life cycles are strong at 9+ years;
- The ability to generate consistent, strong cash flows, high levels of client retention, and low capital expenditure requirements results in excellent margins and the ability to continue to return cash to shareholders; and
- Our prudent and conservative client funds extended investment strategy serves us well during periods of extreme interest rate volatility.

Additionally, ADP is one of a handful of U.S. industrial companies rated AAA by both major credit rating agencies, reflecting the strength of our business model and our financial stability.

I remain optimistic about our longer-term objective to achieve high single-digit annual organic revenue growth, supplemented by acquisitions, with at least 15% earnings per share growth. These longer-term goals are dependent upon growth in new business sales, along with stabilization in the economy. We have positioned ourselves well with a highly competitive solution set and we will continue to invest in market-leading solutions to grow our business. Most importantly, we have highly engaged associates providing excellent service to our clients and a large, tenured salesforce that is well-positioned to leverage the inevitable economic recovery.

GARY C. BUTLER
President & Chief Executive Officer

September 30, 2009

This Letter to Shareholders 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 meanin forward-looking statements. These statements are based on managements 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: ADPs 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, 2009 should be considered in evaluating any forward-looking statements contained herein.

AUTOMATIC DATA PROCESSING, INC.

One ADP Boulevard • Roseland, New Jersey 07068

NOTICE OF 2009 ANNUAL MEETING OF STOCKHOLDERS

The 2009 Annual Meeting of Stockholders of Automatic Data Processing, Inc. will be held at 10:00 a.m., Tuesday, November 10, 2009 at our corporate headquarters, One ADP Boulevard, Roseland, New Jersey, for the following purposes:

1. to elect a board of directors;

2. to ratify the appointment of Deloitte & Touche LLP, an independent registered public accounting firm, to serve as our independent certified public accountants for the fiscal year 2010; and

3. to transact any other business that may properly come before the meeting or any adjournment(s) thereof.

Stockholders of record at the close of business on September 11, 2009 are entitled to vote at the meeting. Each stockholder is entitled to one vote for each share of common stock held at that time.

The presence in person and/or the representation by proxy of the holders of record of a majority of the issued and outstanding shares of stock entitled to vote at the meeting constitutes a quorum. If you do not expect to be present at the meeting, you may vote your shares of stock by phone, via the Internet or by executing and promptly returning the proxy accompanying printed proxy materials in the enclosed envelope, which requires no postage if mailed in the United States.

Admission to the meeting is restricted to stockholders and/or their designated representatives. If your shares are registered in your name and you plan to attend the meeting, your admission ticket will be the top portion of the proxy card. If your shares are in the name of your broker or bank or you received your proxy materials electronically, you will need to bring evidence of your stock ownership, such as your most recent brokerage account statement. All stockholders will be required to show valid picture identification. **If you do not have valid picture identification and either an admission ticket or proof of your stock ownership, you will not be admitted to the meeting. For security purposes packages and bags will be inspected and you may be required to check these items. Please arrive early enough to allow yourself adequate time to clear security.**

By order of the Board of Directors

JAMES B. BENSON
Secretary

September 30, 2009
Roseland, New Jersey

INTERNET AVAILABILITY OF PROXY MATERIALS

Under rules adopted by the Securities and Exchange Commission, we are furnishing proxy materials to our stockholders primarily via the Internet, instead of mailing printed copies of those materials to each stockholder. On September 30, 2009, we commenced the mailing to our stockholders (other than those who previously requested electronic or paper delivery) of a Notice of Internet Availability of Proxy Materials containing instructions on how to access our proxy materials, including our proxy statement and our annual report on Form 10-K. The Notice of Internet Availability of Proxy Materials also instructs you on how to access your proxy card to vote through the Internet or by telephone.

This process is designed to expedite stockholders receipt of proxy materials, lower the cost of the annual meeting, and help conserve natural resources. However, if you would prefer to receive printed proxy materials, please follow the instructions included in the Notice of Internet Availability of Proxy Materials. If you have previously elected to receive our proxy materials electronically, you will continue to receive these materials via e-mail unless you elect otherwise.

PROXY STATEMENT
ANNUAL MEETING OF STOCKHOLDERS OF

AUTOMATIC DATA PROCESSING, INC.
One ADP Boulevard • Roseland, New Jersey 07068

TO BE HELD ON NOVEMBER 10, 2009

SOLICITATION AND REVOCATION OF PROXY

The board of directors of Automatic Data Processing, Inc. is soliciting proxies for the forthcoming Annual Meeting of Stockholders. Each stockholder has the power to revoke a proxy at any time prior to voting at the meeting by notifying in writing the company's secretary. The company will bear all expenses in connection with this solicitation. We made this Proxy Statement and the accompanying proxy available to stockholders on or about September 30, 2009.

The only outstanding class of securities entitled to vote at the meeting is our common stock, par value $.10 per share. At the close of business on September 11, 2009, the record date for determining stockholders entitled to notice of and to vote at the meeting, we had 503,263,519 issued and outstanding shares of common stock (excluding 135,439,150 treasury shares not entitled to vote). Each outstanding share of common stock is entitled to one vote with respect to each matter to be voted on at the meeting.

The representation in person or by proxy of a majority of the issued and outstanding shares of stock entitled to vote at the meeting constitutes a quorum. Under our Amended and Restated Certificate of Incorporation and By-Laws and under Delaware law, abstentions and "non-votes" are counted as present in determining whether the quorum requirement is satisfied. A non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power for that particular item and has not received instructions from the beneficial owner.

The affirmative vote of the holders of a majority of the shares represented in person or by proxy and entitled to vote thereon is required to elect a director, provided that if the number of nominees exceeds the number of directors to be elected (a situation that the company does not anticipate), the directors shall be elected by the vote of a plurality of the shares represented in person or by proxy. Votes may be cast in favor of all nominees, withheld from all nominees or withheld from specifically identified nominees. Votes that are withheld will have the effect of a negative vote, provided that if the number of nominees exceeds the number of directors to be elected, withheld votes will be excluded entirely and will have no effect on the vote.

The affirmative vote of the holders of a majority of the shares represented in person or by proxy and entitled to vote thereon is required to ratify the appointment of Deloitte & Touche LLP, an independent registered public accounting firm, as the company's independent certified public accountants. Votes may be cast in favor of or against this proposal, or a stockholder may abstain from voting on this proposal. Abstentions will have the effect of a negative vote.

Brokers have the authority to vote shares for which their customers did not provide voting instructions on the election of directors and ratification of the appointment of Deloitte & Touche LLP. Under applicable Delaware law, a broker non-vote will have no effect on the outcome of any of the matters referred to in this proxy statement because the non-votes are not considered in determining the number of votes necessary for approval.

Our board of directors has adopted a policy whereby stockholders' proxies are received by our independent tabulators and the vote is certified by independent inspectors of election. Proxies and ballots identifying the vote of individual stockholders will be kept confidential from our management and directors, except as necessary to meet legal requirements in cases where stockholders request disclosure or in a contested election.

PROPOSAL 1

ELECTION OF DIRECTORS

Our Directors

Properly executed proxies will be voted as marked. Unmarked proxies will be voted in favor of electing the persons named below (each of whom is now a director) as directors to serve until the next Annual Meeting of Stockholders and until their successors are duly elected and qualified. If any nominee is no longer a candidate at the time of the meeting (a situation that we do not anticipate), proxies will be voted in favor of remaining nominees and may be voted for substitute nominees designated by the board of directors.

Name	Age	Served as a Director Continuously Since	Principal Occupation
Gregory D. Brenneman	47	2001	Chairman of CCMP Capital Advisors, a private equity firm, and Executive Chairman of Quiznos, a national quick-service restaurant chain(1)
Leslie A. Brun	57	2003	Chairman and Chief Executive Officer of Sarr Group, LLC, a private equity firm(2)
Gary C. Butler	62	1996	President and Chief Executive Officer of Automatic Data Processing, Inc.(3)
Leon G. Cooperman	66	1991	Chairman and Chief Executive Officer of Omega Advisors, Inc., an investment partnership(4)
Eric C. Fast	60	2007	President and Chief Executive Officer of Crane Co., a manufacturer of industrial products(5)
Linda R. Gooden	56	2009	Executive Vice President of Lockheed Martin Corporation Information Systems & Global Services(6)
R. Glenn Hubbard	51	2004	Dean of Columbia University's Graduate School of Business(7)
John P. Jones	58	2005	Retired Chairman and Chief Executive Officer of Air Products and Chemicals, Inc.(8)
Charles H. Noski	57	2008	Retired Vice Chairman of the Board of AT&T Corporation(9)
Sharon T. Rowlands	51	2008	Chief Executive Officer of Penton Media, Inc., a business to business media company(10)
Gregory L. Summe	52	2007	Retired Chairman and Chief Executive Officer of PerkinElmer, Inc., a global health science company(11)

(1) Mr. Brenneman has been chairman of CCMP Capital and executive chairman of Quiznos since August 2008. He served as president and chief executive officer of Quiznos from January 2007 to September 2008. He has been chairman and chief executive officer of TurnWorks, Inc., a private equity firm, since November, 1994. He was chief executive officer of Burger King Corporation from July 2004 to April 2006. Mr. Brenneman is also a director of The Home Depot, Inc.

(2)

Mr. Brun is chairman and chief executive officer of Sarr Group, LLC. He is the founder and chairman emeritus of Hamilton Lane. From 1991 until 2005 he was the chairman of Hamilton Lane. He is a trustee of Episcopal Academy in Merion, PA and the University of Buffalo Foundation, Inc. Mr. Brun is also a director of Broadridge Financial Solutions, Inc., Merck & Co., Inc. and Philadelphia Media Holdings, LLC.

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(3) Mr. Butler became president and chief executive officer of the company on August 31, 2006. He was president and chief operating officer of the company from April 1998 to August 31, 2006. Mr. Butler is also a director of Liberty Mutual Holding Company, Inc.

(4) Mr. Cooperman has been chairman and chief executive officer of Omega Advisors, Inc. since 1991.

(5) Mr. Fast has been president and chief executive officer of Crane Co. since April 2001 and a director of Crane Co. since 1999. Mr. Fast is also a director of National Integrity Life Insurance.

(6) Ms. Gooden has served as executive vice president — information systems & global services of Lockheed Martin Corporation since January 2007. She previously served as deputy executive vice president — information & technology services of Lockheed Martin Corporation from October 2006 to December 2006, and president, Lockheed Martin Information Technology from September 1997 to December 2006.

(7) Mr. Hubbard has been the dean of Columbia University's Graduate School of Business since 2004 and has been the Russell L. Carson professor of finance and economics since 1994. Mr. Hubbard is also a director of BlackRock Closed-End Funds, KKR Financial Holdings, LLC and MetLife, Inc.

(8) Mr. Jones is the retired chairman, chief executive officer and president of Air Products and Chemicals, Inc. (an industrial gas and related industrial process equipment business). Mr. Jones served as chairman of Air Products and Chemicals, Inc. from October 2007 until April 2008, as chairman and chief executive officer from September 2006 until October 2007, and as chairman, president, and chief executive officer from December 2000 through September 2006. Mr. Jones is also a director of Sunoco, Inc.

(9) Mr. Noski was corporate vice president and chief financial officer (December 2003 to March 2005) and director (November 2002 to May 2005) of Northrop Grumman Corporation. He served as vice chairman (July 2002 to November 2002), vice chairman and chief financial officer (February 2002 to July 2002) and senior executive vice president and chief financial officer (December 1999 to February 2002) of AT&T Corp. Mr. Noski is also a director of Microsoft Corporation, Morgan Stanley and Air Products and Chemicals, Inc.

(10) Ms. Rowlands has been chief executive officer of Penton Media, Inc. since November 2008. She was president (from 2000) and chief executive officer and president (from 2004) of Thomson Financial until April 2008.

(11) Mr. Summe was executive chairman of PerkinElmer, Inc. from February 2008 to April 2009. Between 1999 and February 2008 he served as chairman and chief executive officer of PerkinElmer, Inc. From 2008 through September 2009, Mr. Summe served as a senior advisor to Goldman Sachs Capital Partners. In September 2009, The Carlyle Group, a private equity firm, announced that Mr. Summe would join the firm as vice chairman of global buyout. Mr. Summe is also a director of State Street Corporation.

Stockholder Approval Required

At the 2009 Annual Meeting of Stockholders, directors shall be elected by the affirmative vote of the holders of a majority of the shares represented in person or by proxy and entitled to vote thereon, provided that if the number of nominees exceeds the number of directors to be elected (a situation we do not anticipate), the directors shall be elected by the vote of a plurality of the shares represented in person or by proxy.

THE BOARD OF DIRECTORS RECOMMENDS THAT THE STOCKHOLDERS VOTE FOR THE ELECTION OF THE NOMINEES TO THE BOARD OF DIRECTORS.

Corporate Governance

It is our policy that our directors attend the Annual Meetings of Stockholders. All of the current members of the board of directors who were elected at last years meeting, other than Mr. Brenneman, attended our 2008 Annual Meeting of Stockholders.

During fiscal year 2009, our board of directors held five meetings. All of our incumbent directors attended at least 75%, in the aggregate, of the meetings of the board of directors and the committees of which they were members.

The board of directors categorical standards of director independence are consistent with NASDAQ listing standards and are available online at www.adp.com/about-us/governance/corporate-governance-principles/standards-of-director-independence.aspx. Directors meeting these standards are considered to be independent. Ms. Gooden, Ms. Rowlands and Messrs. Brenneman, Brun, Cooperman, Fast, Hubbard, Jones, Noski and Summe meet these standards and are, therefore, considered to be independent directors. Mr. Butler does not meet these standards and is, therefore, not considered to be an independent director. Based on the foregoing categorical standards, all current members of the audit, compensation and nominating/corporate governance committees are independent. Mr. Brun, our independent non-executive chairman of the board, is not a member of any of these board committees.

The table below provides membership and meeting information for each of the committees of the board of directors.

Name	Audit	Compensation	Nominating/Corporate Governance
Gregory D. Brenneman	X (financial expert)	X (chairman)	
Leon G. Cooperman	X (chairman, financial expert)		
Eric C. Fast	X (financial expert)		
Linda R. Gooden(*)	X		
R. Glenn Hubbard	X (financial expert)	X	
John P. Jones		X	X (chairman)
Charles H. Noski		X	
Sharon T. Rowlands			X
Gregory L. Summe			X
Meetings held in fiscal 2009	6	5	4

* Became a committee member on April 30, 2009.

Executive Sessions

Executive sessions of the non-management directors are held during each board of directors and committee meeting. Mr. Brun, our independent non-executive chairman of the board, presides at each executive session of the board of directors.

Director Nomination Process

When the board of directors decides to recruit a new member it seeks strong candidates who, ideally, meet all of its categorical standards of director independence, and who are, preferably, senior executives of large companies who have backgrounds directly related to our technologies, markets and/or clients. Additionally, candidates should possess the following personal characteristics: (i) business community respect for his or her integrity, ethics, principles, insights and analytical ability; and (ii) ability and initiative to frame insightful questions, speak out and challenge questionable assumptions and disagree without being disagreeable. The nominating/corporate governance committee will not consider candidates who lack the foregoing personal characteristics. The nominating/corporate governance committee will also consider director candidates recommended by the stockholders. Stockholders wishing to recommend nominees for a director position should submit their recommendations in writing to the nominating/corporate governance committee in care of the company's secretary at our principal executive offices. Candidates recommended by the stockholders will be considered using the same process and evaluation criteria as set forth above for proposed new members recruited by the board of directors.

Retirement Policy

Each director will automatically retire from the board of directors at the company's Annual Meeting of Stockholders following the date he or she turns 72. Management directors who are no longer officers of the company are required to resign from the board of directors. However, the chief executive officer, with the board of director's approval, may continue to serve as a director following the date he or she ceases to be our chief executive officer until the next annual meeting of stockholders and, if re-elected at such meeting, may serve one additional year.

Audit Committee

The audit committee acts under a written charter, which is available online at http://www.adp.com/about-us/governance/audit-committee-charter.aspx. The members of the audit committee satisfy the independence requirements of NASDAQ listing standards. The audit committee's principal functions are to assist the board of directors in fulfilling its oversight

responsibilities with respect to (i) our systems of internal controls regarding finance, accounting, legal compliance and ethical behavior, (ii) our auditing, accounting and financial reporting processes generally, (iii) our financial statements and other financial information which we provide to our stockholders, the public and others, (iv) our compliance with legal and regulatory requirements and (v) the performance of our corporate audit department and our independent auditors.

Nominating/Corporate Governance Committee

The nominating/corporate governance committee acts under a written charter, which is available online at http://www.adp.com/about-us/governance/nominating-corporate-governance-committee-charter.aspx. The members of the nominating/corporate governance committee satisfy the independence requirements of NASDAQ listing standards. The principal functions of the nominating/corporate governance committee are to (i) identify individuals qualified to become members of the board of directors and recommend a slate of nominees to the board of directors annually, (ii) ensure that the audit, compensation and nominating/corporate governance committees of the board of directors have the benefit of qualified and experienced independent directors, (iii) review and reassess annually the adequacy of the board of directors' corporate governance principles and recommend changes as appropriate and (iv) oversee the evaluation of the board of directors and management and recommend to the board of directors senior managers to be elected as new corporate vice presidents of the company.

Compensation Committee

The compensation committee acts under a written charter, which is available online at http://www.adp.com/about-us/governance/compensation-committee-charter.aspx. The members of the compensation committee satisfy the independence requirements of NASDAQ listing standards. In addition, each member of the compensation committee is a "Non-Employee Director" as defined in Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and an "outside director" as defined in the regulations under Section 162(m) of the Internal Revenue Code of 1986, as amended. There were five meetings of the compensation committee in fiscal year 2009, all of which involved executive sessions with no executives of the company present.

The compensation committee sets and administers our executive compensation program. See "Compensation Discussion and Analysis" below.

The compensation committee is authorized to engage the services of outside advisors, experts and others to assist the committee. For fiscal year 2009, the committee sought advice from Frederic W. Cook & Co., Inc., an independent compensation consulting firm specializing in executive and director compensation.

Communications with All Interested Parties

All interested parties who wish to communicate with the board of directors, the audit committee or the non-management directors, individually or as a group, may do so by sending a detailed letter to P.O. Box 34, Roseland, New Jersey 07068, leaving a message for a return call at 973-974-5770 or sending an email to adp_audit_committee@adp.com. We will relay any such communication to the non-management director to which such communication is addressed, if applicable, or to the most appropriate committee chairperson, the chairman of the board or the full board of directors, unless, in any case, they are outside the scope of matters considered by the board of directors or duplicative of other communications previously forwarded to the board of directors. Communications to the board of directors, the non-management directors or to any individual director that relate to the company's accounting, internal accounting controls or auditing matters are referred to the chairperson of the audit committee.

Transactions with Related Persons

During fiscal year 2009, Sarr Operations, LP ("Sarr LP"), an affiliate of Sarr Group, LLC, of which Mr. Brun is chairman and chief executive officer, was a client of our Dealer Services business. During fiscal year 2009, we received approximately $179,000 from Sarr LP for various products and services provided by Dealer Services to a dealership owned by Sarr LP, and for contract termination payment obligations related to the sale of such dealership by Sarr LP to an unrelated dealership group.

The wife of Michael L. Capone, our vice president and chief information officer, is employed as an executive of the company and received total cash compensation for fiscal year 2009 in excess of $120,000.

In June 2008, we adopted a written "Related Persons Transaction Policy" pursuant to which any transaction between the company and a "related person" in which such related person has a direct or indirect material interest, and where the amount involved exceeds $120,000, must be submitted to our audit committee for review, approval or ratification.

A "related person" means a director, executive officer or beneficial holder of more than 5% of the company's outstanding common stock, or any immediate family member of the foregoing, as well as any entity at which any such person is employed, is a partner or principal (or holds a similar position), or is a beneficial owner of a 10% or greater direct or indirect equity interest. Our directors and executive officers must inform our general counsel at the earliest practicable time of any plan to engage in a potential related person transaction.

This policy requires our audit committee to be provided with full information concerning the proposed transaction, including the benefits to the company and the related person, any alternative means by which to obtain like benefits, and terms that would prevail in a similar transaction with an unaffiliated third party. In considering whether to approve any such transaction, the audit committee will consider all relevant factors, including the nature of the interest of the related person in the transaction and whether the transaction may involve a conflict of interest.

Specific types of transactions are excluded from the policy, such as, for example, transactions in which the related person's interest derives solely from his or her service as a director of another entity that is a party to the transaction.

Availability of Corporate Governance Documents

Our Corporate Governance Principles and Related Persons Transaction Policy may be viewed online on the company's website at www.adp.com under "Governance" in the "About ADP" section. Our Code of Business Conduct and Ethics and Code of Ethics for Principal Executive Officer and Senior Financial Officers may be found at www.adp.com under "Ethics" in the "About ADP" section. In addition, these documents are available in print to any stockholder who requests them by writing to Investor Relations at the company's headquarters.

Compensation Committee Interlocks and Insider Participation

Messrs. Brenneman, Hubbard, Jones and Noski are the four independent directors who sit on the compensation committee. No compensation committee member has ever been an officer of the company. During fiscal year 2009 and as of the date of this proxy statement, no compensation committee member has been an employee of the company or eligible to participate in our employee compensation programs or plans, other than the 2008 Omnibus Award Plan under which the non-employee directors receive option grants. None of the executive officers of the company have served on the compensation committee or on the board of directors of any entity that employed any of the compensation committee members or directors of the company.

Compensation of Non-Employee Directors

All non-employee directors who served the entire year, other than Mr. Brun, the chairman of our board of directors, were paid an annual retainer of $105,000. Mr. Brun received an annual retainer of $200,000. Pursuant to our 2008 Omnibus Award Plan, $65,000 of the annual retainer was required to be paid in the form of deferred stock units of our common stock, and the remainder was to be paid either in cash, or at the election of each director, in deferred stock units. All of our non-employee directors chose to receive the elective portion of their annual retainers as deferred stock units. Ms. Gooden, who was initially elected to the board of directors on February 10, 2009, was paid a retainer of $65,000 in the form of deferred stock units. In addition, all non-employee directors receive $2,000 for each board of directors meeting attended and $1,500 for each committee meeting attended. Non-employee directors may elect to receive meeting fees in cash, to defer the receipt of meeting fees or to receive meeting fees as deferred stock units of our common stock. The chairperson of the audit committee was paid an additional annual retainer of $10,000 in cash and the chairperson of each of the compensation committee and the nominating/corporate governance committee was paid an additional annual retainer of $5,000 in cash.

During fiscal year 2009, the non-employee directors were entitled to participate in the 2008 Omnibus Award Plan. Upon initial election to the board of directors, a non-employee director receives a grant of options to purchase 5,000 shares of common stock if such director will attend a regularly scheduled board of directors meeting prior to the next Annual Meeting of Stockholders. Thereafter, a non-employee director receives an annual grant of options to purchase 5,000 shares of common stock. All options granted under this plan have a term of ten years and were granted at the fair market value of the common stock as determined by the closing price of our common stock on the NASDAQ Global Select Market on the date of the grant. In November 2008, each non-employee director was granted options to purchase 5,000 shares of common stock at an exercise price of $34.99 per share. On April 30, 2009, upon attendance at her first meeting following election to the board of directors, Ms. Gooden was granted options to purchase 5,000 shares of common stock at an exercise price of $35.20 per share.

Options granted to our non-employee directors under the 2008 Omnibus Award Plan are exercisable in four equal installments, with the first twenty-five percent becoming exercisable on the first anniversary of the option's grant date, and the remaining three installments becoming exercisable on each successive anniversary date thereafter. The options vest only while a director is serving in such capacity, unless certain specified events occur, such as death or permanent disability, in which case the options immediately vest and become fully exercisable. In addition, non-employee directors who have been non-employee directors for at least ten years will have all of their options vested upon retirement from the board of directors and will have 36 months to exercise their options. Non-employee directors who have served as non-employee directors for less than ten years at the time they retire or otherwise leave the board will not qualify for accelerated vesting, but will have 60 days to exercise their then vested options. Notwithstanding the foregoing, all options will expire no more than ten years from their date of grant.

Non-employee directors elected after August 13, 1997 are not eligible to receive a pension from the company. A non-employee director attaining the age of 70 (who was a director on August 13, 1997) who retires after 20 years of service will receive an annual pension of $25,000 for the remainder of his or her life. If such non-employee director retires after having attained the age of 65 with 15 years of service, he or she will receive an annual pension of $12,500 for the remainder of his or her life.

The following table shows compensation for our non-employee directors for fiscal year 2009.

DIRECTOR COMPENSATION TABLE FOR FISCAL YEAR 2009

Name (a)	Fees Earned or Paid in Cash(8) ($) (b)	Stock Awards(9) ($) (c)	Option Awards(10) ($) (d)	Change in Pension Value and Nonqualified Deferred Compensation Earnings(11) ($) (f)	All Other Compensation(12) ($) (g)	Total ($) (h)
Gregory D. Brenneman(1)	$ 68,000	$65,000	$54,152	$0	$11,818	$198,970
Leslie A. Brun(2)	$146,500	$65,000	$54,152	$0	$30,662	$296,314
Leon G. Cooperman(3)	$ 70,500	$65,000	$54,152	$0	$19,318	$208,970
Eric C. Fast	$ 59,000	$65,000	$29,110	$0	$29,623	$182,733
Linda R. Gooden(4)	$ 6,000	$65,000	$ 3,134	$0	$ 0	$ 74,134
R. Glenn Hubbard	$ 63,500	$65,000	$54,036	$0	$30,939	$213,475
John P. Jones(5)	$ 67,000	$65,000	$51,528	$0	$ 9,402	$192,930
Frederic V. Malek(6)	$ 55,500	$65,000	$54,152	$0	$44,318	$218,970
Charles H. Noski	$ 54,500	$65,000	$24,066	$0	$23,896	$167,462
Sharon T. Rowlands	$ 54,500	$65,000	$24,066	$0	$ 3,896	$147,462
Gregory L. Summe	$ 56,000	$65,000	$29,110	$0	$24,623	$174,733
Henry Taub(7)	$ 0	$ 0	$ 0	$0	$60,750(13)	$ 60,750

(1) Chairman of the compensation committee $5,000 annual retainer included in fees earned.

(2) Non-executive chairman of the board of directors.

(3)

Chairman of the audit committee — $10,000 annual retainer included in fees earned.

(4) Ms. Gooden became a director on February 10, 2009.

(5) Chairman of the nominating/corporate governance committee — $5,000 annual retainer included in fees earned.

(6) Mr. Malek retired on August 13, 2009.

(7) Mr. Taub retired on August 13, 2009.

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(8) Represents (i) portions of the annual retainer elected to be received as deferred stock units, (ii) annual retainers for committee chairpersons and (iii) board and committee attendance fees. Messrs. Brenneman, Malek and Ms. Gooden elected to receive board and committee attendance fees in cash. Messrs. Brun, Fast, Hubbard, Jones, Noski, Summe and Ms. Rowlands elected to receive board and committee attendance fees as deferred stock units. Mr. Cooperman elected to have all of his board and committee attendance fees deferred under a provision of our 2008 Omnibus Award Plan that permits the directors to defer up to 100% of annual board and committee fees. A director may specify whether, upon separation from the board, he or she would like to receive the amounts in the deferred account in a lump sum payment or in a series of substantially equal annual payments over a period ranging from two to ten years.

(9) Represents the portion of the annual retainer required to be credited in deferred stock units to a director's annual retainer account. See "Deferred Stock Units" below. Amounts set forth in the Stock Awards column represent the dollar amount recognized for financial statement reporting purposes for fiscal year 2009 as computed in accordance with Statement of Financial Accounting Standards No. 123R, "Share-Based Payment" ("SFAS 123R"). For the methodology of how the SFAS 123R amount is calculated, please see Note 14 to our audited consolidated financial statements for the fiscal year ended June 30, 2009 included in our annual report on Form 10-K for the fiscal year ended June 30, 2009. See "Director Outstanding Deferred Stock Units" table below for additional information on the number of outstanding deferred stock units at fiscal year-end and grant date fair value for each director (which information has been adjusted to reflect the spin-off of our former Brokerage Services Group business on March 30, 2007).

(10) Amounts set forth in the Option Awards column represent the dollar amount recognized for financial statement reporting purposes for fiscal year 2009 as computed in accordance with SFAS 123R, disregarding estimates of forfeitures related to service-based vesting conditions. For the methodology of how SFAS 123R amount is calculated, please see Note 14 to our audited consolidated financial statements for the fiscal year ended June 30, 2009 included in our annual report on Form 10-K for the fiscal year ended June 30, 2009. See "Director Outstanding Options" table below for additional information on option awards outstanding at June 30, 2009 (which information has been adjusted to reflect the spin-off of our former Brokerage Services Group business on March 30, 2007).

(11) Reflects the aggregate increase in the present value of the pension benefit and actuarial plans. Non-employee directors who joined the board after August 13, 1997 are not eligible to receive this benefit. The present values as of June 30, 2008 are based on the RP-2000 white collar mortality table (projected to 2008) and a 6.95% discount rate. The present values as of

June 30, 2009 are based on the RP-2000 white collar mortality table (projected to 2009) and a 6.8% discount rate. The change in the present value of pension benefit was negative $1,346 for Mr. Cooperman, and negative $4,631 for Mr. Malek; pursuant to Securities and Exchange Commission rules we reflected $0 for these amounts.

(12) Reflects payment of dividend equivalents on deferred stock units for each director in the following amounts: Mr. Brenneman, $11,818; Mr. Brun, $15,662; Mr. Cooperman, $11,818; Mr. Fast, $4,623; Mr. Hubbard, $10,939; Mr. Jones, $9,402; Mr. Malek, $11,818; Mr. Noski, $3,896; Ms. Rowlands, $3,896; and Mr. Summe, $4,623. Also includes contributions by the ADP Foundation that match the charitable gifts made by our directors in the following amounts: $32,500 for Mr. Malek; $25,000 for Mr. Fast; $20,000 each for Messrs. Hubbard, Noski and Summe; $15,000 for Mr. Brun and $7,500 for Mr. Cooperman. The ADP Foundation makes matching charitable contributions in an amount not to exceed $20,000 in a calendar year in respect of any given director's charitable contributions for that charitable year.

(13) Reflects a $50,000 salary earned as an employee, and use of a car leased by the company with an aggregate incremental cost to the company of $10,750.

Director Outstanding Deferred Stock Units

Name	Grant Date	Number of Deferred Stock Units	Grant Date Fair Market Value
Greg D. Brenneman	11/13/2003	1,538	$ 55,000
	11/11/2004	1,344	$ 55,000
	11/10/2005	1,534	$ 65,000
	11/14/2006	1,462	$ 65,000
	11/13/2007	2,056	$ 97,000
	11/11/2008	3,000	$ 105,000
Leslie A. Brun	11/13/2003	1,538	$ 55,000
	11/11/2004	1,344	$ 55,000
	11/10/2005	1,534	$ 65,000
	11/14/2006	1,462	$ 65,000
	11/13/2007	3,668	$ 173,000
	11/11/2008	5,715	$ 200,000
	2/10/2009	53	$ 1,992
	4/30/2009	56	$ 2,000
	6/12/2009	53	$ 2,000
Leon G. Cooperman	11/13/2003	1,538	$ 55,000
	11/11/2004	1,344	$ 55,000
	11/10/2005	1,534	$ 65,000
	11/14/2006	1,462	$ 65,000
	11/13/2007	2,056	$ 97,000
	11/11/2008	3,000	$ 105,000
Eric C. Fast	11/13/2007	2,056	$ 97,000
	11/11/2008	3,000	$ 105,000
	2/4/2009	39	$ 1,500
	2/10/2009	92	$ 3,500
	4/30/2009	98	$ 3,500
	6/12/2009	53	$ 2,000

Linda R. Gooden	4/30/2009	1,846	$ 65,000
R. Glenn Hubbard	11/13/2003	722	$ 27,500
	11/11/2004	1,344	$ 55,000
	11/10/2005	1,534	$ 65,000
	11/14/2006	1,462	$ 65,000
	11/13/2007	2,056	$ 97,000
	11/11/2008	3,000	$ 105,000
	2/4/2009	39	$ 1,500
	2/10/2009	131	$ 5,000
	4/30/2009	140	$ 5,000
	6/12/2009	93	$ 3,500

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Name	Grant Date	Number of Deferred Stock Units	Grant Date Fair Market Value
John P. Jones	11/11/2004	837	$ 33,000
	11/10/2005	1,534	$ 65,000
	11/14/2006	1,462	$ 65,000
	11/13/2007	2,056	$ 97,000
	11/11/2008	3,000	$ 105,000
	2/10/2009	131	$ 5,000
	4/30/2009	98	$ 5,000
	6/12/2009	133	$ 5,000
Frederic V. Malek	11/13/2003	1,538	$ 55,000
	11/11/2004	1,344	$ 55,000
	11/10/2005	1,534	$ 65,000
	11/14/2006	1,462	$ 65,000
	11/13/2007	2,056	$ 97,000
	11/11/2008	3,000	$ 105,000
Charles H. Noski	4/30/2008	1,470	$ 65,000
	11/11/2008	3,000	$ 105,000
	2/10/2009	92	$ 3,500
	4/30/2009	98	$ 3,500
	6/12/2009	93	$ 3,500
Sharon T. Rowlands	4/30/2008	1,470	$ 65,000
	11/11/2008	3,000	$ 105,000
	2/10/2009	92	$ 3,500
	4/30/2009	98	$ 3,500
	6/12/2009	93	$ 3,500
Gregory L. Summe	11/13/2007	2,056	$ 97,000
	11/11/2008	3,000	$ 105,000
	2/10/2009	92	$ 3500
	4/30/2009	98	$ 3500
	6/12/2009	93	$ 3500

Director Outstanding Options

Name	Grant Date	Expiration Date	Exercise Price	Grant Date Fair Market Value	Outstanding Stock Options
Greg D. Brenneman	8/13/2001	8/12/2011	$44.0566	$208,239	13,718
	8/11/2003	8/10/2013	$34.4525	$164,890	13,718
	8/11/2003	8/10/2013	$34.4525	$131,920	10,975
	11/11/2003	11/10/2013	$35.7419	$ 65,625	5,487
	11/9/2004	11/8/2014	$40.8901	$ 67,929	5,487
	11/8/2005	11/7/2015	$42.3390	$ 57,284	5,487
	11/14/2006	11/13/2016	$44.4119	$ 62,826	5,487
	11/13/2007	11/13/2017	$47.1600	$ 53,100	5,000
	11/11/2008	11/10/2018	$34.9900	$ 35,050	5,000
Leslie A. Brun	1/28/2003	1/27/2013	$31.7189	$144,313	13,718
	8/11/2003	8/10/2013	$34.4525	$164,890	13,718
	8/11/2003	8/10/2013	$34.4525	$131,920	10,975
	11/11/2003	11/10/2013	$35.7419	$ 65,625	5,487
	11/9/2004	11/8/2014	$40.8901	$ 67,929	5,487
	11/8/2005	11/7/2015	$42.3390	$ 57,284	5,487
	11/14/2006	11/13/2016	$44.4119	$ 62,826	5,487
	11/13/2007	11/13/2017	$47.1600	$ 53,100	5,000
	11/11/2008	11/10/2018	$34.9900	$ 35,050	5,000
Leon G. Cooperman	11/13/2001	11/12/2011	$50.0249	$202,889	13,718
	8/11/2003	8/10/2013	$34.4525	$164,890	13,718
	8/11/2003	8/10/2013	$34.4525	$131,920	10,975
	11/11/2003	11/10/2013	$35.7419	$ 65,625	5,487
	11/9/2004	11/8/2014	$40.8901	$ 67,929	5,487
	11/8/2005	11/7/2015	$42.3390	$ 57,284	5,487
	11/14/2006	11/13/2016	$44.4119	$ 62,826	5,487
	11/13/2007	11/13/2016	$47.1600	$ 53,100	5,000
	11/11/2008	11/10/2018	$34.9900	$ 35,050	5,000
Eric C. Fast	11/13/2007	11/13/2017	$47.1600	$ 53,100	5,000
	11/11/2008	11/10/2018	$34.9900	$ 35,050	5,000
Linda R. Gooden	4/30/2009	4/29/2019	$35.2000	$ 36,000	5,000
R. Glenn Hubbard	3/17/2004	3/16/2014	$38.0791	$ 79,671	5,487
	11/9/2004	11/8/2014	$40.8901	$ 67,929	5,487
	11/8/2005	11/7/2015	$42.3390	$ 57,284	5,487
	11/14/2006	11/13/2016	$44.4119	$ 62,826	5,487
	11/13/2007	11/13/2017	$47.1600	$ 53,100	5,000
	11/11/2008	11/10/2018	$34.9900	$ 35,050	5,000
John P. Jones	1/27/2005	1/26/2015	$39.4003	$ 53,827	5,487
	11/8/2005	11/7/2015	$42.3390	$ 57,284	5,487
	11/14/2006	11/13/2016	$44.4119	$ 62,826	5,487
	11/13/2007	11/13/2017	$47.1600	$ 53,100	5,000
	11/11/2008	11/10/2018	$34.9900	$ 35,050	5,000
Frederic V. Malek	11/2/1999	11/1/2009	$43.3390	$117,621	8,231
	8/11/2003	8/10/2013	$34.4525	$164,890	13,718
	8/11/2003	8/10/2013	$34.4525	$131,920	10,975
	11/11/2003	11/10/2013	$35.7419	$ 65,625	5,487
	11/9/2004	11/8/2014	$40.8901	$ 67,929	5,487
	11/8/2005	11/7/2015	$42.3390	$ 57,284	5,487

	11/14/2006	11/13/2016	$44.4119	$ 62,826	5,487
	11/13/2007	11/13/2017	$47.1600	$ 53,100	5,000
	11/11/2008	11/10/2018	$34.9900	$ 35,050	5,000
Charles H. Noski	4/30/2008	4/30/2018	$44.2000	$ 39,000	5,000
	11/11/2008	11/10/2018	$34.9900	$ 35,050	5,000
Sharon T. Rowlands	4/30/2008	4/30/2018	$44.2000	$ 39,000	5,000
	11/11/2008	11/10/2018	$34.9900	$ 35,050	5,000
Gregory L. Summe	11/13/2007	11/13/2017	$47.1600	$ 53,100	5,000
	11/11/2008	11/10/2018	$34.9900	$ 35,050	5,000

Deferred Stock Units

The company adopted share ownership guidelines that are intended to promote ownership in the company's stock by our non-employee directors and to align their financial interests more closely with those of other stockholders of the company. Under the share ownership guidelines, and pursuant to our 2008 Omnibus Award Plan, each non-employee director will be credited with an annual grant of deferred stock units on the date established by the board for the payment of the annual retainer equal in number to the quotient of $65,000 (which, for fiscal year 2009, constituted a portion of the overall annual retainer of $105,000), divided by the closing price of a share of our common stock on the date this amount is credited. Non-employee directors will receive, at their election, the additional $40,000 portion of the overall annual retainer either as deferred stock units or in cash. Non-employee directors may elect to receive meeting fees in cash, to defer the receipt of meeting fees or to receive meeting fees as deferred stock units of our common stock. Deferred stock units are fully vested when credited to a director's account. When a dividend is paid on our common stock, each director's account is credited with an amount equal to the cash dividend. When a director ceases to serve on our board, such director will receive a number of shares of common stock equal to the number of deferred stock units in such director's account and a cash payment equal to the dividend payments accrued, plus interest on the dividend equivalents from the date such dividend equivalents were credited. The interest will be paid with respect to each twelve month period beginning on November 1 of such period to the date of payment and will be equal to the rate for five-year U.S. Treasury Notes published in The Wall Street Journal on the first business day of November of each such twelve month period plus 0.50%. Non-employee directors do not have any voting rights with respect to their deferred stock units.

Security Ownership of Certain Beneficial Owners and Management

The following table contains information regarding the beneficial ownership of the company's common stock by (i) each director and nominee for director of the company, (ii) each of our executive officers included in the Summary Compensation Table below (we refer to such executive officers as "named executive officers"), (iii) all company directors and executive officers as a group (including the named executive officers), and (iv) all stockholders that are known to the company to be the beneficial owners of more than 5% of the outstanding shares of the company's common stock. Unless otherwise noted in the footnotes following the table, each person listed below has sole voting and investment power over the shares of common stock reflected in the table. Unless otherwise noted in the footnotes following the table, the information in the table is as of August 31, 2009 and the address of each person named is P.O. Box 34, Roseland, New Jersey, 07068.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)	Percent
Gregory D. Brenneman	61,315	*
Leslie A. Brun	66,757	*
Gary C. Butler	1,779,232	*
Benito Cachinero	39,697	*
Leon G. Cooperman(2)	131,417	*
Eric C. Fast	6,427	*

Linda R. Gooden	1,846	*
R. Glenn Hubbard	28,009	*
John P. Jones	20,292	*
Regina R. Lee	153,798	*
S. Michael Martone	423,835	*
Charles H. Noski	6,132	*
Christopher R. Reidy	51,933	*
Carlos Rodriguez	126,207	*
Sharon T. Rowlands	6,092	*
Gregory L. Summe	6,428	*
Capital Research Global Investors(3)	37,520,704	7.5%
Directors and executive officers as a group (25 persons, including those directors and executive officers named above)(4)	4,123,790	*

* Indicates less than one percent.

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(1) Includes shares that may be acquired upon the exercise of options granted by the company that are exercisable on or prior to October 30, 2009 as follows: (i) shares subject to such options granted to the following directors and executive officers: 50,381 (Mr. Brenneman), 49,283 (Mr. Brun), 1,447,663 (Mr. Butler), 8,000 (Mr. Cachinero), 52,028 (Mr. Cooperman), 1,000 (Mr. Fast), 16,361 (Mr. Hubbard), 10,874 (Mr. Jones), 90,047 (Ms. Lee), 277,207 (Mr. Martone), 1,250 (Mr. Noski), 16,462 (Mr. Reidy), 81,092 (Mr. Rodriguez), 1,250 (Ms. Rowlands) and 1,000 (Mr. Summe); and (ii) 3,009,143 shares subject to such options granted to the directors and executive officers as a group. Includes shares issuable upon settlement of deferred stock units held by non-employee directors as follows: 10,934 (Mr. Brenneman), 15,474 (Mr. Brun), 10,934 (Mr. Cooperman), 5,472 (Mr. Fast), 1,846 (Ms. Gooden), 10,648 (Mr. Hubbard), 9,418 (Mr. Jones), 4,882 (Mr. Noski), 4,842 (Ms. Rowlands) and 5,428 (Mr. Summe).

(2) Includes 33,455 shares representing the gain from exercising an option to purchase 38,000 shares of common stock on October 15, 2001. Mr. Cooperman deferred receipt of the shares representing such gain.

(3) On August 14, 2009, Capital Research Global Investors, located at 333 South Hope Street, Los Angeles, CA 90071, filed a statement on Form 13F with the Securities and Exchange Commission to report that it beneficially held 37,520,704 shares of the company's common stock as of June 30, 2009 and that it had sole voting power with respect to 18,702,661 of such shares.

(4) Includes 16,946 shares deferred by a non-director officer upon exercise of an option.

Equity Compensation Plan Information

The following table sets forth information as of June 30, 2009 regarding compensation plans under which the company's equity securities are authorized for issuance:

Number of securities

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	remaining available for future issuance under equity compensation plans (excluding securities reflected in Column (a)) (c)
Equity compensation plans approved by security holders	47,772,273(1)	$41.07	33,857,785(2)
Equity compensation plans not approved by security holders(3)	186,568	$36.40	0(4)
Total	47,958,841	$41.05	33,857,785

(1) Includes 2,362,240 shares of restricted stock issuable under our two-year performance-based restricted stock programs and 90,026 shares issuable upon settlement of deferred stock units held by our directors. The remaining balance consists of outstanding stock option grants. Weighted average exercise price shown in column (b) of this table does not take into account awards under our two-year performance-based restricted stock programs or deferred stock units.

(2) Includes 30,611,928 shares available for future issuance under the 2008 Omnibus Award Plan. Also includes 3,245,857 shares of common stock remaining available for future issuance under the Employees Savings-Stock Purchase Plan, which shares and weighted average exercise prices are not reflected in columns (a) and (b) of this table. 1,779,844 shares of common stock are subject to purchase during current purchase periods under the Employees Savings-Stock Purchase Plan.

(3) Represents (i) the 1989 Non-Employee Director Stock Option Plan and (ii) the Amended and Restated Employees Saving-Stock Option Plan for our employees based in France, neither of which have been approved by the company s stockholders. Prior to 2004, the non-employee directors of the company were entitled to participate in the 1989 Non- Employee Director Stock Option Plan pursuant to which options to purchase 12,500 shares of common stock were automatically granted to persons who become non-employee directors. In addition, each non-employee director was granted an additional option to purchase 12,500 shares on the first business day after each fifth anniversary of the date of the initial grant to each such non-employee director, provided that he or she was then still serving in such capacity. All options granted under the 1989 Non-Employee Director Stock Option Plan were granted at the fair market value of the common stock, determined on the basis of the closing price of the common stock in consolidated trading on the date

of grant, as reported in *The Wall Street Journal*. Twenty percent of the options granted under the 1989 Non-Employee Director Stock Option Plan became exercisable on each anniversary of the date such options were granted until all such options were exercisable, provided that options became exercisable only if the director was then still serving in such capacity, unless certain specified events occurred such as the death, disability or retirement of a director, in which case the options immediately vested and became fully exercisable. All options granted under the 1989 Non-Employee Director Stock Option Plan have a term of ten years.

117,641 shares of common stock are subject to purchase during current purchase periods under the Employees’ Saving- Stock Option Plan for our employees based in France. The board of directors adopted the plan in January 1996 and terminated the plan in April 2009 with respect to future offerings thereunder. The plan was designed to satisfy French tax requirements. The plan offered our French employees an opportunity to purchase shares of common stock at 85% of the market value for such stock at the date the purchase price for the offering was determined. Employees of the company based in France were granted an option to purchase shares of our common stock under annual offerings that commenced on January 1 of each calendar year and continued for 48 months to close on December 31 of the fourth year following commencement. Each eligible employee could elect to receive stock options in each offering that would generally entitle such employee to purchase a whole number of shares of common stock equivalent in value to up to 10% of his or her base salary, based upon a price per share (in U.S. dollars) determined in advance of such offering by the French Stock Option Committee, subject to adjustment for currency rate changes over the term of the offering. Participating employees pay for the exercise of the stock options through monthly payroll deductions taken during the four-year period of each offering, and have the opportunity upon the close of the offering to exercise their stock options (or any portion thereof) and purchase the associated number of shares of common stock. To the extent a participating employee elects to purchase fewer shares of common stock than would be available under his or her full allotment of stock options, such employee would receive the cash remaining from the aggregate payroll deductions after taking into account his or her purchase of shares of common stock.

(4) Following stockholder approval of the amendment to the 2000 Stock Option Plan at the company’s 2003 Annual Meeting of Stockholders, the 1989 Non-Employee Director Stock Option Plan was amended to prohibit any future stock option grants thereunder. The board of directors terminated the Employees’ Saving-Stock Option Plan for our employees based in France in April 2009 with respect to future offerings thereunder.

COMPENSATION DISCUSSION AND ANALYSIS

Executive Summary

The compensation committee of our board of directors determines the compensation for our key executive officers. This section of the proxy statement explains how our executive compensation programs are designed and operate with respect to our named executive officers (the chief executive officer, the chief financial officer and the three other most highly compensated executive officers in a particular year) by discussing the following fundamental aspects of our compensation program:

- compensation principles;
- cash compensation;
- long-term incentive compensation; and
- other compensation components and considerations (including retirement benefits and deferred compensation).

The downturn in the economy during fiscal year 2009 has been the most profound in decades. Our fiscal 2009 results were clearly impacted by the severe economic conditions, including rising unemployment, declining automobile sales, low interest rates, and volatile financial markets. However, we are meeting the challenge in this recessionary environment and we are taking the actions necessary to position the Company to be stronger and even better positioned for when the economy improves.

In March 2009, to help control expenses in the context of the worldwide economic downturn, we suspended for twelve months merit increases for our associates generally. We will not grant merit increases to our executive officers before July 2010.

Our financial performance impacted the compensation of our executive officers under our compensation programs that align the interests of executives with those of stockholders, such as annual cash bonuses and performance-based restricted stock awards. Our fiscal year 2009 earnings-per-share growth was 10% compared to a target of 12% under our cash bonus program for our executive officers. Revenue growth was 1% compared to a target of 7.5%. These two elements were common to all of our executive officers. In fiscal year 2009, our named executive officers received cash bonuses that averaged approximately 81% of target, compared to bonuses for fiscal year 2008 that averaged approximately 130% of target. Our average two-year earnings-per-share growth rate for fiscal years 2008 and 2009 was 16.3%, resulting in awards to our executive officers of restricted stock at 100% of target level under our two-year performance-based restricted stock program. Under the immediately preceding two-year performance-based restricted stock program, awards of restricted stock were made at 125% of target.

Our compensation committee believes that although the majority of compensation provided to our named executive officers is performance-based, our executive compensation programs do not encourage excessive and unnecessary risk taking. The design of these compensation programs encourages our named executive officers to remain focused on both short- and long-term operational and financial goals of the company.

Although Mr. Martone retired from the company on January 2, 2009, he is included as a named executive officer for fiscal year 2009 pursuant to Securities and Exchange Commission rules.

Compensation Principles

We believe that compensation must be designed to create a direct link between performance and stockholder value. Three principles that guide us as we make decisions involving executive compensation are that compensation should be:

- based on (i) each executive's individual performance, (ii) the performance of such executive's business unit, and (iii) the overall performance of the company;
- closely aligned with the short-term and long-term financial and strategic objectives that build stockholder value; and
- competitive in order to attract and retain executives critical to our long-term success.

Our compensation programs are designed to link pay with relative levels of responsibility among our key executives. Overall targeted compensation opportunities are generally similar for key executives who have comparable levels of responsibility. However, actual compensation amounts may differ depending on performance of a business unit and

achievement of individual performance goals. We assign all executives to pay grades by comparing their position-specific duties and responsibilities with market data and our internal management structure. Each pay grade has a base salary range, a total annual compensation range and corresponding annual stock option grant ranges.

We design our performance-based compensation so that differences in performance will result in significant differences in the compensation our key executives receive. We have adopted this compensation design to provide meaningful incentives for our key executives to achieve excellent results.

Earnings-per-share growth and revenue growth are important performance measures in annual bonus determinations, and two-year earnings-per-share growth is used to determine the number of shares of performance-based restricted stock earned in a performance period. The earnings-per-share measurement we use is diluted earning-per-share from continuing operations; however, we exclude the impact of certain significant non-recurring items, such as the large one-time favorable multi-year Internal Revenue Service audit settlement in fiscal year 2009 and the gain on the sale of a building in fiscal year 2008. These performance measures are useful for compensation plan purposes because they allow executives to observe how their own performance and the performance of the company are related.

Elements of Compensation

The following table summarizes the major elements of our executive compensation programs.

Compensation Element	Objectives	Key Characteristics
Base Salary	To provide a fixed amount for performing normal duties	Determined based on overall performance, level of responsibility, pay grade, competitive compensation practices data, and comparison to other company executives
Annual Cash Bonus	To motivate executive officers to achieve individual, business unit and company-wide business goals	Payment based on achievement of target individual, business unit and company-wide business goals
Performance-Based Restricted Stock Awards	To motivate executive officers to achieve certain longer-term goals	• Awards based on target growth in earnings-per-share • Shares issued following applicable performance periods, subject to an additional vesting period
Time-Based Restricted Stock Awards	To attract and retain executive officers	Awarded occasionally at the discretion of the compensation committee
Stock Options	To attract and retain executive officers and align executive officers with long-term stockholders interests	• Granted annually based on pay grades and individual performance • Recent grants generally vest over four years
Retirement Plans	To attract and retain mid- to late-career executive talent	Provides a retirement benefit with a competitive income replacement ratio at normal retirement age

Compensation Market Data

Our annual pay review focuses on base salary, annual bonus and long-term equity incentives. Our compensation committee examines summary compensation sheets detailing the amounts of these compensation components for each of our named executive officers and compares such amounts to competitive compensation practices. We generally target base salary, annual bonus and long-term equity incentives at the median of competitive compensation practices. We also consult compensation market data to determine if a specific component should be adjusted relative to other components, while retaining the targeted compensation level.

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We consult different sets of compensation data reflecting the practices of different groups of businesses to determine competitive compensation practices for our chief executive officer, chief operating officer and other named executive officers.

Chief Executive Officer and Chief Operating Officer. In determining the total cash and long-term incentive compensation of our chief executive officer and chief operating officer, the compensation committee, at its June 2008 meeting, considered the results of statistical studies of chief executive officer and chief operating officer compensation data. These studies aggregated compensation data from all public companies within the indicated annual revenue range, which we believe is representative of the competitive environment we face with respect to senior executives. Utility companies were excluded because of the regulatory environment in which they operate. There were fewer comparison companies in the COO compensation study than in the CEO compensation study because fewer public companies have chief operating officers. The following table contains information about these studies:

	CEO Compensation Study	COO Compensation Study
Comparison companies	157 publicly traded companies, excluding utility companies	52 publicly traded companies, excluding utility companies
Annual revenue of comparison companies	$6 billion – $12 billion	$6 billion – $12 billion
Pay practices analyzed	• base salary • annual bonus • long-term incentives	• base salary • annual bonus • long-term incentives
Median base salary	$1,040,000	$ 710,742
Median target annual bonus	$1,324,440	$ 669,334
Median long-term incentive compensation value	$5,178,142	$2,273,906
Median target total cash and long-term incentive compensation	$6,963,485	$3,758,350
Source of data	Equilar, Inc.	Equilar, Inc.

A group of our human resources executives made chief executive officer pay recommendations to the compensation committee based on the data and the recommendations in the CEO compensation study, and they made chief operating officer pay recommendations to our chief executive officer and the compensation committee based on the data in the COO compensation study. The compensation committee's compensation consultant, Frederic W. Cook & Co., Inc., confirmed that this data is reasonable and customary given the company's size and operating structure, and they provided their views on appropriate chief executive officer compensation. The compensation committee largely relied on its compensation consultant and its internal committee discussions as to appropriate compensation and has directed management not to prepare chief executive officer pay recommendations in the future.

Other Executive Officers. With respect to the total cash and long-term incentive compensation of Messrs. Reidy and Cachinero, we considered the following third-party statistical data reflecting the pay practices of publicly traded companies that participate in compensation surveys:

Survey	Number of Companies Included	Annual Revenue of Included Companies
Towers Perrin U.S. General Industry Executive Database	134	$6 – $20 billion
Hewitt Associates TCM Executive Total Compensation by Industry Survey	126	$5 – $25 billion
Mercer Human Resources U.S. General Industry Executive Database	73	greater than $5 billion

In determining Ms. Lee's and Mr. Rodriguez's total cash and long-term incentive compensation we considered statistical data derived from 162, 182 and 31 companies from the Towers Perrin U.S. General Industry Executive Database, the Hewitt Associates TCM Executive Total Compensation by Industry Survey and the Mercer Human Resources U.S. General Industry Executive Database, respectively, that had annual revenues similar to the revenues of the business units that Ms. Lee and Mr. Rodriguez lead.

Differences in Compensation of Our Named Executive Officers

Total pay for Messrs. Butler and Martone was significantly higher than for our other named executive officers in fiscal year 2009. We carefully designed the pay mixes for Messrs. Butler and Martone to be competitive when measured against the pay packages their counterparts receive as indicated by the CEO and COO compensation studies. In addition to the results of the CEO and COO compensation studies, the compensation committee considered the history of each of Mr. Butlers and Mr. Martones pay for the prior five years.

We have found that due to the broad responsibilities and the experience required for these positions, compensation for chief executive officers and chief operating officers in public companies of size similar to ours is significantly higher than those for other named executive officers.

When determining the compensation level for each of our named executive officers, the compensation committee reviews each individual compensation element based on both the previous years level, as well as how the proposed level for that individual element would compare to the other executive officers. The aggregate level for each named executive officers compensation is then compared against the executives previous years totals and against compensation of other executive officers of the company.

Compensation Consultant

The compensation committee has consulted with Frederic W. Cook & Co., Inc. on matters related to the compensation of our key executive officers. Specific matters on which Frederic W. Cook & Co., Inc. provided advice include: the design and mix of executive long-term incentive equity compensation programs; chief executive officer pay levels; and the design of the 2008 Omnibus Award Plan. In August 2009, Frederic W. Cook & Co., Inc. delivered to our board of directors a summary of the companys compensation philosophy and a history of recent program changes. Frederic W. Cook & Co., Inc. has not provided any services to management.

Frederic W. Cook & Co., Inc. examined the mix of restricted stock and options proposed to be granted to our named executive officers and confirmed that the proposals for the named executive officers appeared reasonable and customary, given the companys size and structure.

Cash Compensation

Base Salary

Base salaries are a fixed amount paid to each executive for performing his or her normal duties and responsibilities. We determine the amount on the basis of the executives overall performance, level of responsibility, pay grade, competitive compensation practices data and comparison to other company executives.

At its June 2008 meeting, the compensation committee considered the findings of the CEO and COO compensation studies when it determined Mr. Butlers and Mr. Martones compensation for fiscal year 2009. Mr. Butlers base salary was increased 11% to $1,000,000, which placed Mr. Butler at the 42nd percentile of the CEO compensation study. Mr. Martones base salary was increased 3.3% to $775,000, which placed Mr. Martone at the 71st percentile of the COO compensation study.

Messrs. Reidy, Cachinero, Rodriguez and Ms. Lee received merit pay increases in July 2008 as follows:

Named Executive Officer	**Merit Pay Increase**
Mr. Reidy	4.4%
Ms. Lee	10.4%
Mr. Cachinero	6.7%
Mr. Rodriguez	14.3%

These merit pay increases were determined as part of the annual compensation review based on a performance assessment and an internal analysis of relative pay compared to other company executives. Mr. Butler recommended each of Messrs. Reidys and Cachineros salary increases and both Mr. Butler and Mr. Martone recommended Ms. Lees and Mr. Rodriguezs increases to the compensation committee. The merit increases for each of Messrs. Reidy, Cachinero, Rodriguez and Ms. Lee were higher than our customary merit increase because their merit review date was moved from April 2008 to July 2008, delaying their merit increases by three months. Ms. Lees and Mr. Rodriguezs merit increases also reflect additional responsibilities that they assumed in fiscal year 2009.

To help control expenses in the context of the worldwide economic downturn we will not grant merit increases to our executive officers before July 2010.

Annual Cash Bonus

Overview

We paid our named executive officers, other than Mr. Martone, cash bonuses for fiscal year 2009 based on the attainment of individual, business unit and company-wide business goals established at the beginning of the fiscal year.

For each executive officer, we establish a target bonus amount, which is initially expressed as a percentage of projected year-end annual base salary. We also assign a percentage value to each bonus component of each named executive officers annual bonus plan and then determine the target bonus amount linked to each component. We establish these performance ranges to provide our named executive officers with a strong incentive to exceed the targets. The maximum bonus payment to our chief executive officer is 200% of his target bonus level. All other named executive officers have a maximum bonus payment of 175% of their respective target bonus levels. There is no minimum payment level.

The compensation committee establishes and approves the annual target bonus objectives and values for each of our named executive officers. Our chief executive officer recommends to the compensation committee the annual target bonus objectives and values for each of our named executive officers, but he does not recommend his own bonus values. Our named executive officers participate in the discussions surrounding their bonus objectives so that they can provide their input and understand the expectations of each bonus plan component. Each named executive officer receives a final version of his or her individualized bonus plan after it has been approved by the compensation committee. Except in extraordinary circumstances, bonus plan objectives are not modified during the fiscal year, and no bonus objectives were modified during fiscal year 2009.

The compensation committee reviews the performance of each of our executive officers relative to the officers annual fiscal year target bonus plan objectives at its regularly scheduled August meeting, which is the first meeting following the end of our fiscal year. Based on this review, the compensation committee determines and approves the annual cash bonuses for each of our executive officers.

Named Executive Officers Fiscal Year 2009 Bonuses

Following the conclusion of fiscal year 2009, the compensation committee considered the performance of the company, the business units and the individual named executive officers (other than Mr. Martone) for the 2009 fiscal year against the named executive officers bonus objectives. The compensation committee assessed which of the individual bonus targets were met, exceeded or not fully achieved and then determined that, in the aggregate, our named executive officers did not achieve their bonus target objectives. Accordingly, cash bonuses were approved as follows:

Named Executive Officer	**Actual Bonus Amount**	**Bonus Amount as Percentage of Target**
Mr. Butler	$ 1,295,000	83.5%
Mr. Reidy	$ 346,600	81.4%
Ms. Lee	$ 260,580	87.6%
Mr. Cachinero	$ 215,500	89.8%
Mr. Rodriguez	$ 174,496	62.3%

Each objective for our named executive officers, other than Mr. Martone, was satisfied as set forth below (a detailed discussion of each target element follows under Fiscal Year 2009 Target Bonus Objectives):

Mr. Butler

Points Earned	Payout as % of Target	Target Element
225 points	75 %	Earnings-Per-Share Growth
0	0	Revenue Growth
200	200	Return on Equity
75	75	Acquisitions
125	83	Corporate Strategy
100	100	Market Share
125	125	Margin Improvement
100	100	Strategic Review
230	115	Succession & Development
115	77	Service Profit Chain
1,295 points	**83.5%**	**Total**

Mr. Reidy

Points Earned	Payout as % of Target	Target Element
150 points	75 %	Earnings-Per-Share Growth
0	0	Revenue Growth
200	200	Return on Equity
125	125	Margin Improvement
50	100	Strategic Review
75	75	Acquisitions
0	0	2010 Operating Plan
50	100	Market Share
50	100	Investor Relations
80	160	Executive Development
115	115	Leadership
895 points	**81.4%**	**Total**

Ms. Lee

Points Earned	Payout as % of Target	Target Element
7.5 points	75 %	Earnings-Per-Share Growth
0	0	Revenue Growth
16.7	47.7	Division Financial Performance
44.9	149.7	Division Initiatives
7.25	96.7	Executive Development
11.25	150	Leadership
87.6 points	**87.6%**	**Total**

Mr. Cachinero

Points Earned	Payout as % of Target	Target Element
75 points	75 %	Earnings-Per-Share Growth
0	0	Revenue Growth
240	120	Succession Planning
188	125	Margin Improvement
40	80	Executive Development
115	115	Associate Retention
0	0	2010 Operating Plan
150	150	Leadership
808 points	**89.8%**	**Total**

Points Earned	***Mr. Rodriguez*** **Payout as % of Target**	**Target Element**
7.5 points	75 %	Earnings-Per-Share Growth
0	0	Revenue Growth
4.88	13.9	Division Financial Performance
29.94	99.8	Division Initiatives
8.75	117	Executive Development
11.25	150	Leadership
62.3 points	**62.3%**	**Total**

Mr. Rodriguez was also awarded an additional discretionary cash bonus of $35,504 for assuming temporary leadership of several business units beyond his areas of responsibility.

Fiscal Year 2009 Target Bonus Objectives

The compensation committee established 12% earnings-per-share growth as a common target bonus objective for each of our named executive officers (other than Mr. Martone). This target was within the range of our fiscal 2009 forecast of 10% to 14% earnings-per-share growth. Mr. Butler's target bonus objectives limited the payout to two times the target, but did not otherwise specify the payout for achieving earnings-per-share growth higher than 12%. For the other named executive officers, 200% of target was to be awarded for earnings-per-share growth of 20% or greater, and 0% of target was to be awarded for earnings-per-share growth of less than 8%.

The compensation committee also established 7.5% revenue growth as a common target bonus objective. This target was within the range of our fiscal 2009 forecast of 7% to 8% revenue growth. Mr. Butler's target bonus objectives limited the payout to two times the target, but did not otherwise specify the payout for achieving revenue growth higher than 7.5%. For the other named executive officers, 200% of target was to be awarded for revenue growth of 9% or greater, and 0% of target was to be awarded for revenue growth of less than 5%.

The target bonus objectives are set forth in detail below.

Mr. Butler

The compensation committee set Mr. Butler's fiscal year 2009 target bonus at $1,550,000, or 155% of his year-end base salary of $1,000,000. This positioned Mr. Butler's target total cash compensation at approximately the 58th percentile of the market data that was analyzed in the CEO compensation study. Mr. Butler's target cash compensation for fiscal year 2009 was 6.25% higher than his fiscal year 2008 targeted total cash compensation, while the average year-over-year increase for the companies included in the CEO compensation study with respect to chief executive officers who were in the same position the prior year was 5.3%.

When Mr. Butler's base salary and target bonus are combined with the recommended target long-term incentive awards and grants (discussed below), his total cash and long-term incentive compensation is approximately at the median of the CEO compensation study.

Mr. Butler's target bonus objectives and bonus formula for fiscal year 2009 were based on an allocation of 1,550 points to ten target elements. Each point achieved would yield $1,000 of bonus for him. His target bonus was thus $1,550,000. Mr. Butler was eligible to achieve up to two times the target point objective for each target element, and thus was eligible for a maximum bonus of $3,100,000. Mr. Butler's bonus depended on the achievement of targets and target point allocations set forth below.

Earnings-Per-Share Growth: 300 points if target earnings-per-share growth is achieved.

Revenue Growth: 250 points if target revenue growth is achieved.

Return on Equity: 100 points if 23.2% return on equity from continuing operations is achieved. Maximum allocation of 200 points is based on 25.5% return on equity from continuing operations.

Acquisitions: 100 points if 1% to 1.5% of plan revenue is achieved through strategic acquisitions.

Corporate Strategy: 150 points if new strategies to maintain our sales and revenue growth rates for fiscal years 2010 through 2013 are developed.

Market Share: 100 points if our market share gains are improved, with emphasis on having a plan to address competitive threats.

Margin Improvement: 100 points for initiatives to drive margin improvement for fiscal year 2010.

Strategic Review: 100 points if a strategic review of our balance sheet, credit rating options, extended portfolio strategy, share repurchase levels and dividend policy is completed and other methods designed to return excess cash to stockholders are developed.

Succession and Executive Development Objectives: 200 points if specified milestones in our succession planning and executive development initiatives are achieved, including the following:

- Continued development of a potential group of successors to our chief executive officer;
- Establishing a new operating model with division presidents reporting directly to our chief executive officer; and
- Continuation of succession planning throughout the organization.

Service Profit Chain: 150 points if our service profit chain is improved by enhancing service quality, increasing client satisfaction and retention levels and improving associate turnover levels.

Mr. Reidy

The compensation committee approved Mr. Reidy's fiscal year 2009 target bonus at $425,920, or 80% of his projected year-end base salary of $532,400. The target bonus as a percentage of Mr. Reidy's base salary is the same as in fiscal year 2008.

Mr. Reidy's target bonus objectives and formula for fiscal year 2009 were based on an allocation of up to 1,100 points among 11 target elements. Each point achieved would yield approximately $387 of bonus payment. Mr. Reidy's maximum achievable bonus was set at $745,500.

Earnings-Per-Share Growth: We will award 200 points if target earnings-per-share growth is achieved.

Revenue Growth: We will award 200 points if target revenue growth is achieved.

Return on equity: We will award 100 points at target level, and 200 points at maximum, if 23.2% return on equity from continuing operations is achieved. Maximum allocation of 200 points is based on 25.5% return on equity from continuing operations.

Margin improvement: We will award 100 points at target level, and 200 points at maximum, for initiatives to drive margin improvement for fiscal year 2010.

Strategic Review: We will award 50 points at target level, and 80 points at maximum, if a strategic review of our balance sheet, credit rating options, extended portfolio strategy, share repurchase levels and dividend policy is completed and other methods designed to return excess cash to our stockholders are developed.

Acquisitions: We will award 100 points at target level, and 175 points at maximum, if 1% to 1.5% of plan revenue is achieved through strategic acquisitions.

2010 Operating Plan: We will award 100 points, and 175 points at maximum, for developing an operating plan for fiscal year 2010 that would target double-digit growth in revenue and pre-tax earnings from continuing operations.

Market Share: We will award 50 points at target level, and 85 points at maximum, if our market share gains are improved, with emphasis on having a plan to address competitive threats.

Investor Relations: We will award 50 points at target level, and 85 points at maximum, if improvements in investor relations are achieved, including increased involvement of other executives and increased progress with the international investment community.

Executive Development: We will award 50 points at target level, and 85 points at maximum, for contributing to the success of specified executives.

Leadership: We will award 100 points at target levels, and 175 points at maximum, for quality of leadership accomplishments, including fostering an effective control environment.

Ms. Lee

The compensation committee approved Ms. Lee's fiscal year 2009 target bonus at $297,500, or 70% of her projected year-end salary of $425,000. The target bonus as a percentage of Ms. Lee's base salary is the same as in fiscal year 2008.

Ms. Lee's target bonus objectives and formula for fiscal year 2009 were based on an allocation of up to 100 points among six target elements. Each point achieved would yield $2,975 of bonus payment. Ms. Lee's maximum achievable bonus was set at $520,625.

Earnings-Per-Share Growth: We will award 10 points if target earnings-per-share growth is achieved.

Revenue Growth: We will award 10 points if target revenue growth is achieved.

National Account Services and Employer Services International Financial Performance: We will award 35 points at target level, and 70 points at maximum, for successful achievement by our National Account Services and Employer Services International divisions of revenue, net operating income and sales growth over the divisions' fiscal year 2008 results. Ms. Lee's bonus also includes a metric on her divisions' client retention results as compared to fiscal year 2008.

National Account Services and Employer Services International Initiatives: We will award 30 points at target level, and 52.5 points at maximum, for successful achievement of specified operational objectives in National Account Services and Employer Services International.

Executive Development: We will award 7.5 points at target level, and 13.1 points at maximum, for strengthening the development of our leadership pipeline, fostering the success of specified executives and supporting diversity initiatives.

Leadership: We will award 7.5 points at target level, and 13.1 points at maximum, for quality of leadership accomplishments, including creating an effective leadership team.

Mr. Cachinero

The compensation committee approved Mr. Cachinero's fiscal year 2009 target bonus at $240,000, or 60% of his projected year-end salary of $400,000. The target bonus as a percentage of Mr. Cachinero's base salary is the same as in fiscal year 2008.

Mr. Cachinero's target bonus objectives and formula for fiscal year 2009 were based on an allocation of up to 900 points among eight target elements. Each point achieved would yield $267 of bonus payment. Mr. Cachinero's maximum achievable bonus was set at $420,000.

Earnings-Per-Share Growth: We will award 100 points if target earnings-per-share growth is achieved.

Revenue Growth: We will award 100 points if target revenue growth is achieved.

Succession Planning: We will award 200 points at target level, and 350 points at maximum, for the achievement of specified milestones in our succession planning and executive development initiatives, including the following:

- Continued development of a potential group of successors to our chief executive officer;
- Establishing a new operating model with division presidents reporting directly to our chief executive officer; and
- Continuation of succession planning throughout the organization.

Margin Improvement: We will award 150 points at target level, and 300 points at maximum, for initiatives to drive margin improvement for fiscal year 2010.

Executive Development/Diversity: We will award 50 points at target level, and 85 points at maximum, for successful involvement in our Executive Diversity Council and the development of specified executives.

Associate Retention: We will award 100 points at target level, and 175 points at maximum, for achieving targeted improvement in associate retention.

2010 Operating Plan: We will award 100 points at target level, and 200 points at maximum, for developing an operating plan for fiscal year 2010 that would target double-digit growth in revenue and pre-tax earnings from continuing operations.

Leadership: We will award 100 points at target levels, and 175 points at maximum, for quality of leadership accomplishments, including successful partnership with succession candidates and a solid relationship with members of the compensation committee.

Mr. Rodriguez

The compensation committee approved Mr. Rodriguez's fiscal year 2009 target bonus at $280,000, or 70% of his projected year-end salary of $400,000. The target bonus as a percentage of Mr. Rodriguez's base salary is the same as in fiscal year 2008.

Mr. Rodriguez's target bonus objectives and formula for fiscal year 2009 were based on an allocation of up to 100 points among six target elements. Each point achieved would yield $2,800 of bonus payment. Mr. Rodriguez's maximum achievable bonus was set at $490,000.

Earnings-Per-Share Growth: We will award 10 points if target earnings-per-share growth is achieved.

Revenue Growth: We will award 10 points if target revenue growth is achieved.

Small Business Services and TotalSource Financial Performance: We will award 35 points at target level, and 70 points at maximum, for successful achievement by our Small Business Services and TotalSource divisions of revenue, net operating income and sales growth over the divisions' fiscal year 2008 results. Mr. Rodriguez's bonus also includes a metric on his divisions' client retention results as compared to fiscal year 2008.

Small Business Services and TotalSource Initiatives: We will award 30 points at target level, and 52.5 points at maximum, for successful achievement of specified operational objectives in Small Business Services and TotalSource.

Executive Development: We will award 7.5 points at target level, and 13.1 points at maximum, for strengthening the development of our leadership pipeline, fostering the success of specified executives and supporting diversity initiatives.

Leadership: We will award 7.5 points at target level, and 13.1 points at maximum, for quality of leadership accomplishments, including creating an effective leadership team.

Mr. Martone

Upon Mr. Butler's recommendation, the compensation committee in August 2008 approved Mr. Martone's fiscal year 2009 target bonus at $775,000, or 100% of his then projected year-end base salary. This positioned Mr. Martone's target cash compensation at the 70th percentile of the market data that was analyzed in the COO compensation study. When Mr. Martone's base salary and target bonus are combined with his recommended target long-term incentive awards and grants, his total cash and long-term incentive compensation is at the 44th percentile of the market data that was analyzed in the COO compensation study. We did not establish target bonus objectives for Mr. Martone because he had indicated his intention to retire during fiscal year 2009. Mr. Martone was paid his fiscal year 2009 target bonus of $775,000 in accordance with his separation agreement.

Long-Term Incentive Compensation Programs

We believe that long-term incentive compensation is a significant factor in attracting and retaining key executives and in aligning their interests directly to the interests of our stockholders. Long-term incentives are awarded in the form of restricted stock awards and stock option grants.

We target approximately 60% of total long-term incentive compensation to come from performance-based restricted stock awards, and the remainder from stock option grants. We believe this mix provides us with a strong executive attraction and retention program. The compensation committee may also from time to time grant discretionary awards of time-based restricted stock to our executive officers. These awards are not considered in the target allocation of total long-term incentive compensation between performance-based restricted stock awards and stock option grants.

We use a fixed share grant methodology for determining each award to our named executive officers. As with base salary and bonus, management provides the compensation committee with a history of its equity grant practices for the preceding four years and an analysis of the grant size consistent with our target, the median of competitive compensation practices, for each named executive officer.

Prior to the beginning of each fiscal year, we analyze the two-year performance-based restricted stock and stock option targeted award and grant levels to confirm that our desired targeted long-term incentive compensation values are appropriate in the context of the compensation studies referred to under "Compensation Market Data" above. When comparing our desired values to these compensation studies, we look at both equity elements in total.

At its August 2008 meeting, the compensation committee approved the following target awards of two-year performance-based restricted stock for the program spanning fiscal years 2009 and 2010:

Named Executive Officer	**Target PBRS Award**
Mr. Butler	42,500 shares
Mr. Reidy	13,000 shares
Ms. Lee	9,000 shares
Mr. Cachinero	8,000 shares
Mr. Rodriguez	9,000 shares
Mr. Martone	30,000 shares

At its August 2008 meeting, the compensation committee approved stock option grants for Messrs. Butler and Martone, and at its February 2009 meeting, the compensation committee approved stock option grants for the other named executive officers, as follows:

Named Executive Officer	**Stock Option Awards**
Mr. Butler	225,000 shares
Mr. Reidy	20,000 shares
Ms. Lee	17,000 shares
Mr. Cachinero	17,000 shares
Mr. Rodriguez	17,000 shares
Mr. Martone	55,000 shares

The compensation committee approves the performance-based restricted stock target award ranges, stock option grant ranges, and all of the individual equity-based compensation awards and grants to each of our executive officers. The compensation committee reviews summary compensation sheets prepared by a group of our executives that does not include any of our named executive officers (other than Mr. Cachinero, our Vice President, Human Resources) when it considers the performance-based restricted stock award targets and stock option grants for our executive officers. The summary compensation sheets show up to four years of compensation history for these executive officers, including year-over-year increases, for base salary, target bonus, actual bonus, target total cash, the value of annual restricted stock awards and target total cash and annual restricted stock awards combined. The summary compensation sheets also show a comparison of each executive officers target total cash and annual restricted stock awards combined as a percentage of the target total cash and annual restricted stock awards combined for our chief executive officer and chief operating officer. The compensation committee uses the summary compensation sheets to monitor total pay trends for each executive officer, but the size of each pay element is considered separately.

The employment agreements of Messrs. Butler and Reidy impact their long-term incentive compensation.

Mr. Butlers employment agreement provides that if his performance goals under the applicable two-year performance-based restricted stock program have been achieved at the 100% target level, the company will issue Mr. Butler at least 32,000 shares of restricted stock. Mr. Butlers employment agreement also provides for a grant of stock options covering a minimum of 200,000 shares of common stock each fiscal year during the term of the employment agreement. We agreed to these amounts through an arms-length negotiation with Mr. Butler.

Mr. Reidys employment agreement provides that if his performance goals under the applicable two-year performance-based restricted stock program have been achieved at the 100% target level, the company will issue Mr. Reidy 13,000 shares of restricted stock. Mr. Reidys employment agreement also provides for a grant of stock options covering a minimum of 20,000 shares of common stock each fiscal year during the term of the employment agreement. We agreed to these amounts through an arms-length negotiation with Mr. Reidy. In determining the grant sizes, we took into account restricted stock and option arrangements Mr. Reidy had with his prior employer and our review of competitive equity compensation practices.

Messrs. Butler□s and Reidy□s employment agreements are summarized in more detail below under □Mr. Butler Employment Agreement□ and □Mr. Reidy Employment Agreement□, respectively.

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Performance-Based Restricted Stock

We use a performance-based restricted stock program to align the compensation of our key executives with longer-term company operating performance. In September 2007, we established that under our two-year performance-based restricted stock program, average two-year earnings-per-share growth in fiscal years 2008 and 2009 of more than 16% would be required to receive the awards at the target level and that the awards would be adjusted upward or downward at the end of the performance period as follows:

Average Earnings-Per-Share Growth	**Restricted Stock Grant as Percentage of Target**
12% or under	0%
more than 12% to 14%	75%
more than 14% to 16%	90%
more than 16% to 18%	100%
more than 18% to 20%	115%
over 20%	125%

Our actual average two-year annual earnings-per-share growth rate for fiscal years 2008 and 2009 was 16.3%, resulting in awards of restricted stock at 100% of target level. These shares of restricted stock were issued in September 2009 and are scheduled to vest fully in March 2010. The program provides that if an executive officer terminates his or her employment with the company prior to the March 2010 vesting date, such unvested restricted stock will be forfeited. However, Mr. Martone□s shares will be permitted to vest in accordance with his separation agreement. See □Separation Agreement with Mr. Martone□ below.

In September 2008, we established that under our two-year performance-based restricted stock program for fiscal years 2009 and 2010, average two-year earnings-per-share growth of more than 10% will be required to receive the awards at the target level and that awards would be adjusted upward or downward at the end of the performance period as follows:

Average Earnings-Per-Share Growth	**Restricted Stock Grant as Percentage of Target**
7% or under	0%
more than 7% to 8.5%	75%
more than 8.5% to 10%	90%
more than 10% to 14%	100%
more than 14% to 17%	115%
over 17%	125%

This target is lower than the target for the two-year performance-based restricted stock program for the fiscal years 2008 and 2009 because of the impact of the severe downturn in the economy on our financial performance during fiscal year 2009.

If we meet our annual average growth in earnings-per-share goal over the July 1, 2008 through June 30, 2010 two-year performance period, we will issue shares of restricted stock to our executive officers in September 2010. These shares will be scheduled to vest fully in March 2011 unless the recipient terminates his or her employment with the company prior to the March 2011 vesting date.

Uncertainty in the worldwide economic environment has made projecting earnings-per-share growth challenging. In response, the compensation committee in September 2009 established a one-year performance period for our performance-based restricted stock program beginning in fiscal year 2010; the other terms of our performance-based restricted stock program did not change. One-year performance-based restricted stock award targets were set in September 2009 for the fiscal year 2010 performance period at approximately 80% of the annual target awards under the ongoing two-year performance period.

Time-Based Restricted Stock

The compensation committee may from time to time grant discretionary awards of time-based restricted stock to our executive officers. These discretionary grants assist us in the recruitment, promotion or retention of executive officers. After being advised that the current value of several key executives total unvested equity in the company was less than desired for retention purposes, the compensation committee at its February 2009 meeting approved our chief executive officers recommendation for the following special time-based restricted stock awards:

Named Executive Officer	Restricted Stock Awards
Mr. Reidy	5,000 shares
Ms. Lee	8,500 shares
Mr. Cachinero	5,000 shares
Mr. Rodriguez	8,500 shares

These awards and their long-term vesting schedule are designed to aid in the retention of these key executives. Messrs. Reidys and Cachineros grants of 5,000 shares of restricted stock are each scheduled to vest as follows: 1,000 shares are scheduled to vest on February 10, 2013, and 4,000 shares are scheduled to vest on February 10, 2014. Ms. Lees and Mr. Rodriguezs grants are scheduled to vest in their entirety on February 10, 2014. The compensation committee did not consider Mr. Butler for a grant because it deemed that the value of his unvested equity in the company provided an appropriate level of retention incentive.

Stock Options

We grant stock options to our executive officers (other than our chief executive officer and chief operating officer) based upon their pay grades. Stock options granted in April 2008 and thereafter generally vest over four years. The grant level for each grade is determined based on our annual review of our long-term incentive compensation program. Our chief executive officer recommends to the compensation committee the number of stock options for our executive officers, other than himself and the chief operating officer. The grant levels for our chief executive officer and chief operating officer are recommended to the compensation committee by a group of our human resources executives. The compensation committee approved stock option grants to Messrs. Butler and Martone in August 2008, and to Messrs. Reidy, Cachinero, Rodriguez and Ms. Lee in February 2009. The grant levels approved by the compensation committee for fiscal year 2009 were consistent with the grant levels approved for fiscal year 2008. Additional stock option grants may be made to assist us in the recruitment, promotion or retention of executive officers.

The compensation committee typically determines and approves stock option grants for our chief executive officer and our chief operating officer in August as part of a review of their entire compensation packages. While the compensation committee can consider a stock option grant at any time for our executive officers, it makes most stock option grants at its first meeting in the calendar year. We do not coordinate this meeting date with any regularly scheduled announcement or corporate event.

Other Long-Term Incentive Program Considerations

We consider the accounting and tax implications when we design our equity-based and cash compensation programs and when we make awards or grants. Our goal is to make only equity-based awards and grants that we can deduct when determining our taxes. However, the overriding consideration when evaluating the pay level or design component of any portion of our executives compensation is the effectiveness of the component and the stockholder value that management and the compensation committee believe the pay component reinforces.

We try to maximize the tax deductibility of compensation payments to executive officers. Our stockholders have approved our incentive plans that are designed and administered to provide performance-based compensation that is awarded to our executive officers, and therefore not subject to the deduction limits of Section 162(m) of the Internal Revenue Code. The compensation committee may, however, award compensation that is not deductible under Section 162(m) when, in the exercise of the committees judgment, such pay would be in the best interests of the company and its stockholders.

Other Compensation Components and Considerations

In addition to the components discussed above, we offer our executive officers retirement benefits, deferred compensation, perquisites, and change in control protection. We believe these additional benefits are fair, competitive, consistent with our overall compensation philosophy, and designed to ensure that we can effectively retain our executive officers as well as effectively compete for executive talent.

Retirement Benefits

All executive officers can participate in the Automatic Data Processing, Inc. Retirement and Savings Plan (our 401(k) plan) and are automatically enrolled in the Automatic Data Processing, Inc. Pension Retirement Plan (a tax-qualified defined benefit cash balance pension plan) and the Supplemental Officers Retirement Plan. The Supplemental Officers Retirement Plan provides retirement benefits to our executive officers in excess of those generally available under our qualified cash balance pension plan. The Supplemental Officers Retirement Plan enables us to attract and retain senior and experienced mid- to late-career executive talent necessary to achieve growth and provides these executive officers with a retirement benefit targeted to a competitive income replacement ratio at normal retirement age.

Deferred Compensation

All executive officers may defer all or a portion of their annual bonuses into a deferred compensation account. We make this program available to our executive officers to be competitive, to facilitate the recruitment of new executives, and to provide our executive officers with a tax efficient way to save for retirement. Since the deferral accounts are made up of funds already earned by the executive officers, we do not consider the executives deferred account balances, or investment earnings or losses on such balances, when we make compensation decisions.

Perquisites

Mr. Butler and, prior to his retirement, Mr. Martone receive fixed annual perquisite allowances of $125,000 that they allocate based on their personal needs.

We provide each of our executive officers the use of automobiles leased by the company and company-paid life insurance. Consistent with our policy towards all attendees, we pay for the spouses of our executive officers to accompany them to our annual sales Presidents Club events. Finally, the ADP Foundation makes contributions that match the charitable gifts made by our executive officers (including the named executive officers) up to a maximum of $20,000 per calendar year.

Beginning in fiscal year 2010, we eliminated tax gross-up payments to our executive officers that had previously been permitted in connection with travel benefits and personal airplane usage.

Change in Control and Severance Arrangements

The Automatic Data Processing, Inc. Change in Control Severance Plan for Corporate Officers is designed (i) to retain our executive officers (including the named executive officers) and our staff vice presidents and (ii) to align their interests with our stockholders interests so that they can consider transactions that are in the best interests of our stockholders and maintain their focus without concern regarding how any such transaction might personally affect them. In addition, Messrs. Butler, Reidy and Cachinero have individual arrangements described below under Potential Payments Upon Termination or Change of Control.

Our executive officers have different separation entitlements from one another. Our chief executive officer is entitled to severance equal to approximately three times base salary and bonus under some termination scenarios, while our other executive officers are entitled to severance equal to approximately one and one-half or two times base salary and bonus. We believe that a higher severance multiple for our chief executive officer is needed in order to attract the individual we believe is best suited for the office. Our chief executive officer is the individual the public and our stockholders most closely identify as the face of the company. He has the greatest individual impact on our success, and he faces the greatest personal risks when the company takes risks.

The severance formulas we use for executive officers are each designed to provide the level of replacement income we feel is appropriate for that office, but the compensation our executive officers may receive after termination of employment or a change in control is not taken into account when current compensation levels are determined.

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Compensation Recovery

Our 2008 Omnibus Award Plan gives the compensation committee the flexibility to grant cash and equity awards that may be recovered if a recipient engages in certain types of misconduct. Beginning in February 2009, stock options and restricted stock awards under our 2008 Omnibus Award Plan allow the compensation committee to cause a recipients award to be forfeited, and to require the recipient to pay to us any option gain and/or the value of vested restricted stock, as applicable, if the recipient engages in activity that is in conflict with or adverse to our interests, including but not limited to fraud or conduct contributing to any financial restatements or irregularities, or if the recipient violates a restrictive covenant.

Share Ownership Guidelines

The compensation committee established share ownership guidelines to encourage equity ownership by our executive officers in order to reinforce the link between their financial interests and those of our stockholders. We set the share ownership guidelines on the basis of each executive officers pay grade, expressed as a multiple of the executive officers base salary on the first day of the fiscal year. Stock ownership (as defined under the guidelines) includes shares owned outright by the executive officer or beneficially through ownership by direct family members (spouses and/or dependent children), or shares owned through our Retirement and Savings Plan. Under our share ownership guidelines, Mr. Butler is encouraged to own an amount of our stock equal in value to five times his base salary, while Messrs. Reidy, Cachinero, Rodriguez and Ms. Lee are encouraged to own an amount of our stock equal in value to three times their respective base salaries.

Separation Arrangement with Mr. Martone

Mr. Martone retired from the company on January 2, 2009. Taking into account the years of valuable service Mr. Martone provided to the company, we agreed to provide separation benefits to him that consist in part of cash payments, benefit credit under our Supplemental Officers Retirement Plan, continued vesting of equity awards and continued participation in our stock plans. The compensation committee also decided to grant Mr. Martone a discretionary bonus of $300,000 to specifically reward his years of valuable service to the company and his performance as chief operating officer. The arrangement for Mr. Martone is consistent with the separation arrangements we sometimes provide to departing executives whose long-term service deserves special recognition over and above the fixed pay and benefits that have already been earned before the executives departure.

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COMPENSATION COMMITTEE REPORT

The compensation committee has reviewed and discussed with management the foregoing Compensation Discussion and Analysis section of the company's 2009 proxy statement. Based on its review and discussions with management, the compensation committee recommended to the board of directors that the Compensation Discussion and Analysis be included in the company's 2009 proxy statement.

Compensation Committee
of the Board of Directors

Gregory D. Brenneman, Chairman
R. Glenn Hubbard
John P. Jones
Charles H. Noski

COMPENSATION OF EXECUTIVE OFFICERS

The following table summarizes the compensation of our named executive officers for fiscal year 2009.

Summary Compensation Table For Fiscal Year 2009

Name and Principal Position (a)	Year (b)	Salary ($) (c)	Bonus ($) (d)	Stock Awards ($)(4) (e)	Option Awards (5) (f)	Non-Equity Incentive Plan Compensation ($)(6) (g)	Change in Pension Value and Nonqualified Deferred Compen-sation Earnings (7) (h)	All Ot Compen ($)((i)
Gary C. Butler	2009	$1,000,000	$ 0	$1,316,316	$2,578,625	$1,295,000	$1,722,475	$ 221
President and Chief	2008	$ 900,000	$ 0	$2,168,340	$2,631,808	$2,579,405	$1,095,792	$ 218
Executive Officer	2007	$ 850,005	$ 0	$2,240,346	$2,912,136	$2,330,000	$ 928,838	$ 246
Christopher R. Reidy	2009	$ 532,400	$ 0	$ 492,623	$ 267,692	$ 346,600	$ 129,759	$ 56
Chief Financial	2008	$ 510,000	$ 21,780	$ 944,519	$ 283,461	$ 524,520	$ 99,853	$ 36
Officer	2007	$ 377,500	$ 0	$1,010,121	$ 199,098	$ 648,100	$ 58,981	$ 19
Regina R. Lee	2009	$ 425,000	$ 0	$ 527,932	$ 212,834	$ 260,580	$ 140,253	$ 69
President, Employer Services National Accounts Division								
Benito Cachinero	2009	$ 400,000	$ 0	$ 564,072	$ 176,378	$ 215,500	$ 86,672	$ 71
Vice President, Human Resources								
Carlos Rodriguez	2009	$ 400,000	$ 35,504(2)	$ 522,053	$ 205,528	$ 174,496	$ 47,809	$ 192
President, Employer Services Small Business Services Division								

S. Michael Martone(1)	2009	$ 441,067	$ 1,075,000(3)	$ 1,188,205	$ 1,543,758	$ 0	$ 942,736	$ 1,157
Chief Operating	2008	$ 750,000	$ 45,000	$ 1,354,615	$ 595,832	$ 1,040,950	$ 707,431	$ 253
Officer	2007	$ 581,365	$ 0	$ 1,387,966	$ 464,794	$ 874,000	$ 580,566	$ 451

(1) Mr. Martone retired from the company on January 2, 2009.

(2) Discretionary bonus for assuming temporary leadership of several business units beyond Mr. Rodriguez's areas of responsibility.

(3) The amount shown reflects (i) a discretionary bonus of $300,000 in recognition of Mr. Martone's years of service and performance as chief operating officer and (ii) a discretionary bonus equal to 100% of Mr. Martone's fiscal year 2009 target bonus of $775,000.

(4) Amounts set forth in the Stock Awards column represent the dollar amount recognized for financial statement reporting purposes for the fiscal years 2009, 2008 and 2007 as computed in accordance with SFAS 123R, disregarding estimates of forfeitures related to service-based vesting conditions. For additional information about the assumptions used in these calculations, see Note 14 to our audited consolidated financial statements for the fiscal year ended June 30, 2009 included in our annual report on Form 10-K for the fiscal year ended June 30, 2009, Note 13 to our audited consolidated financial statements for the fiscal year ended June 30, 2008 included in our annual report on Form 10-K for the fiscal year ended June 30, 2008, and Note 14 to our audited consolidated financial statements for the fiscal year ended June 30, 2007 included in our annual report on Form 10-K for the fiscal year ended June 30, 2007.

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(5) Amounts set forth in the Option Awards column represent the dollar amount recognized for financial statement reporting purposes for fiscal years 2009, 2008 and 2007 as computed in accordance with SFAS 123R, disregarding estimates of forfeitures related to service-based vesting conditions. For additional information about the assumptions used in these calculations, see Note 14 to our audited consolidated financial statements for the fiscal year ended June 30, 2009 included in our annual report on Form 10-K for the fiscal year ended June 30, 2009, Note 13 to our audited consolidated financial statements for the fiscal year ended June 30, 2008 included in our annual report on Form 10-K for the fiscal year ended June 30, 2008, and Note 14 to our audited consolidated financial statements for the fiscal year ended June 30, 2007 included in our annual report on Form 10-K for the fiscal year ended June 30, 2007.

(6) Performance-based bonuses paid under the annual cash bonus program are shown in this column. A discussion of our annual cash bonus program may be found in our Compensation Discussion and Analysis under "Cash Compensation – *Annual Cash Bonus*".

(7) Amounts shown reflect the aggregate increase during the last fiscal year in the present value of the executive's benefit under our tax-qualified cash balance pension plan, the Automatic Data Processing, Inc. Pension Retirement Plan, and our non-qualified supplemental retirement plan, the Supplemental Officers Retirement Plan. The Pension Retirement Plan and the Supplemental Officers Retirement Plan provide benefits in the form of a lump sum and/or an

annuity. We calculated a present value of the executive's benefit using an interest rate, a discount rate and a mortality assumption. We calculated the present value as of June 30, 2006 using the RP-2000 white collar mortality table, a 4.75% interest crediting rate for the pension plan, and a 6.25% discount rate; we calculated the present value as of June 30, 2007 using the RP-2000 white collar mortality rate (projected to 2007), a 4.75% interest crediting rate for the pension plan, and a 6.25% discount rate; and we calculated the present value as of June 30, 2008 using the RP-2000 white collar mortality rate (projected to 2008), a 4.50% interest crediting rate for the pension plan, and a 6.95% discount rate; the present value as of June 30, 2009 is based on the RP-2000 white collar mortality table (projected to 2009), a 4.25% interest crediting rate for the pension plan, and a 6.8% discount rate. The change in 2009 in the present value of the Pension Retirement Plan was negative $31,598 for Mr. Martone; we reflected $0 for this amount.

(8) Please refer to the "All Other Compensation" table below for further information.

ALL OTHER COMPENSATION FOR FISCAL YEAR 2009

Name	Other Benefits (1)	Tax Payments (2)	Perquisite Allowance (3)	Matching Charitable Contributions (4)
Gary C. Butler	$ 68,614	$ 7,089	$ 125,000	$ 20,500
Christopher R. Reidy	$ 46,031	$ 0	$ 0	$ 10,950
Regina R. Lee	$ 69,499	$ 500	$ 0	$ 0
Benito Cachinero	$ 51,305	$ 0	$ 0	$ 20,000
Carlos Rodriguez	$ 147,776	$ 35,651	$ 0	$ 9,000
S. Michael Martone	$ 991,370	$ 29,981	$ 125,000	$ 11,250

(1) Other Benefits include:

(a) Actual cost to the company of leasing automobiles (and covering related maintenance, registrations and insurance fees) used for personal travel: Mr. Butler, $10,233; Mr. Reidy, $11,250; Ms. Lee, $11,750; Mr. Cachinero, $11,279; Mr. Rodriguez, $12,750; and Mr. Martone, $12,800.

(b) Amount paid by the company on behalf of the executives' spouses who accompanied such executives on business travel: Ms. Lee, $3,100; and Mr. Rodriguez, $3,100.

(c) Relocation expense: Mr. Rodriguez, $78,013; and Mr. Martone, $23,314.

(d) Matching contributions to the company's Retirement and Savings Plan (available to the company's associates generally): Mr. Butler, $18,294; Mr. Reidy, $13,279; Ms. Lee, $15,442; Mr. Cachinero, $11,624; Mr. Rodriguez, $15,004; and Mr. Martone, $10,386.

(e)

Dividends paid on restricted stock (available to the company’s associates generally) included in the Stock Awards column of the Summary Compensation Table: Mr. Butler, $38,506; Mr. Reidy, $20,146; Ms. Lee, $38,031; Mr. Cachinero, $27,267; Mr. Rodriguez, $37,774; and Mr. Martone, $11,541.

(f) Life insurance and accidental death and dismemberment premiums paid by the company (available to the company’s associates generally): Mr. Butler, $1,116; Mr. Reidy $891; Ms. Lee, $711; Mr. Cachinero, $670; Mr. Rodriguez, $670; and Mr. Martone, $1,116.

(g) Allowance for annual physical examination (available to the company’s executives generally): $465 for each named executive officer.

(h) Amount paid for accrued and unused vacation: Mr. Martone, $50,748.

(i) Retiree health benefit (the present value of Mr. Martone’s health coverage determined using a discount rate of 6.6% and a medical inflation rate beginning at 8.25% for 2009-2010 and ultimately settling at 5% by 2017): Mr. Martone, $106,000.

(j) Severance pay to Mr. Martone of $775,000.

(2) Tax Payments consist of:

(a) Gross-up in respect of taxable travel benefits (gross-up payments for travel benefits have been eliminated beginning in fiscal year 2010): Ms. Lee, $500; and Mr. Rodriguez, $500.

(b) Gross-up for relocation expense (available to all participants in the company’s relocation program): Mr. Rodriguez, $35,151; and Mr. Martone, $18,050.

(c) Gross-up for taxable benefit of personal use of aircraft chartered by the company (gross-up payments for personal airplane usage have been eliminated beginning in fiscal year 2010): Mr. Butler, $7,089; and Mr. Martone $11,931.

(3) Pursuant to the provisions of his employment agreement, Mr. Butler has an annual perquisite allowance of $125,000. Mr. Martone also had an annual perquisite allowance of $125,000. Mr. Butler used a significant portion of his perquisite allowance to fully reimburse the company for his personal use of aircraft chartered by the company and the incremental cost to the company of his personal use of aircraft owned by the company. Mr. Martone used his entire annual perquisite allowance to offset the incremental cost to the company of providing him with personal use of aircraft chartered by the company and reimbursed the company for the incremental cost to the company in excess of $125,000. Personal use of the aircraft benefit is valued at the actual incremental cost to the company of providing the benefit to the executive. With respect to the aircraft chartered by the company, the incremental cost is the contracted per-hour cost, including empty aircraft positioning costs, plus any fuel surcharges, additional catering or landing fees, taxes and segment fees. With respect to the aircraft owned by the company, the incremental cost is calculated by multiplying the personal flight time, including empty aircraft positioning time, by the aircraft’s hourly variable operating cost. Variable operating cost includes

maintenance, fuel, cleaning, landing fees, flight fees, catering, and crew traveling expenses, including hotels, meals, and transportation. Since the aircraft owned by the company is primarily used for business travel, we do not include the fixed costs that do not change based on usage, such as crew salaries as well as hangar, insurance and management fees.

(4) Reflects matching charitable contributions made by the ADP Foundation in an amount not to exceed $20,000 in a calendar year in respect of any named executive officer's charitable contributions for that calendar year.

GRANTS OF PLAN-BASED AWARDS TABLE FOR FISCAL YEAR 2009

	Plan	Estimated Possible Payouts Under	Estimated Future Payouts	All Other Stock Awards:	All Other Option Awards:	Exercise or	Grant Date Fair