

Compensation Committee Charter

I. Purpose

The Compensation Committee (the "Committee") of the Board of Directors (the "Board") of Automatic Data Processing, Inc. a Delaware corporation (the "Company"), shall have direct responsibility for the compensation of the Company's executive officers (including the Company's chief executive officer), and for incentive compensation, equity-based plans and pension plans as further provided in this Charter. For this purpose, compensation shall include:

- annual base salary;
- annual incentive opportunity;
- stock option and/or other equity participation plans;
- profit-sharing plans;
- long-term incentive opportunity;
- the terms of employment agreements, severance arrangements, change in control agreements and other similar agreements, in each case as, when and if appropriate;
- any special or supplemental benefits;
- pension rights; and
- any other payments that are deemed compensation under applicable rules and regulations of the Securities and

Exchange Commission (the "SEC") and the NASDAQ Stock Market (the "NASDAQ").

II. Organization

The Committee shall consist of three or more directors, each of whom shall be "independent" in accordance with applicable law, including the rules of NASDAQ, subject to any applicable exceptions therein.

The members of the Committee shall be appointed by the Board on the recommendation of the Nominating/Corporate Governance Committee. Members of the Committee may be removed at any time by action of the Board. The Committee's chairperson shall be appointed by the Board. The Committee's chairperson will preside at each meeting and, in consultation with the other members of the Committee, will set the frequency and length of each meeting and the agenda of items to be addressed at each meeting. The chairperson of the Committee shall ensure that the agenda for each meeting is circulated to each Committee member in advance of the meeting.

The Committee may form and delegate authority to subcommittees when appropriate, provided that the subcommittees are composed entirely of directors who satisfy the applicable independence requirements of the NASDAQ.

If at any time the Committee includes a member who is not a "non-employee director" ("Non-Employee Director") within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (the "Exchange Act"), then either a subcommittee comprised entirely of individuals who are Non-Employee Directors or the Board of Directors of the Company shall approve any grants made to any individual who is subject to liability under Section 16 of the Exchange Act.

If at any time the Committee includes a member who is not an "outside director" ("Outside Director") within the meaning of Section 162(m) of the U.S. Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder (the "Code"), then a subcommittee comprised entirely of two or more individuals who are Outside Directors shall approve any grants made to any individual the deductibility of whose compensation the Committee determines is or could be affected by Section 162(m) of the Code.

III. Meetings

The Committee shall meet four times per year, or more frequently as circumstances require. Meetings shall be called by the chairperson of the Committee or, if there is no chairperson, by a majority of the members of the Committee. Members of the Committee may participate in meetings by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation will constitute presence in person at such meeting.

IV. Authority and Responsibilities

To fulfill its responsibilities, the Committee shall:

1. Review and approve the Company's compensation strategy to ensure it is appropriate to continue to attract, retain and motivate senior management and other key employees.
2. Review managerial succession plans and, in connection therewith, review, at least annually, with the Board of Directors the then current succession plans for each of the Company's senior executives (including the succession plan covering the retirement and/or unexpected unavailability of the Company's chief executive officer).
3. On an annual basis, review and approve corporate goals and objectives relevant to the compensation of the Company's chief executive officer ("CEO"), evaluate the CEO's performance in light of those goals and objectives and, as a committee determine and approve the CEO's compensation level based on this evaluation. In evaluating, determining and approving the long-term incentive component of CEO compensation, the Committee will also consider, among such other factors as it may deem relevant, the Company's performance, shareholder returns, the value of similar incentive awards to chief executive officers at comparable companies, the value of similar

awards given to other executive officers of the Company, the results of the most recent stockholder advisory vote on executive compensation required by Section 14A of the Exchange Act (the "Say-on-Pay Vote"), and the awards given to the CEO in past years. The CEO shall not be present during voting or deliberations relating to the CEO's compensation.

4. On an annual basis, review and approve the compensation of all other executive officers of the Company. The Committee shall seek to ensure that senior executives are compensated effectively and in a manner consistent with the Company's articulated compensation strategy, internal considerations, competitive factors and applicable regulatory requirements. In evaluating, determining and approving the long-term incentive component of executive officer compensation, the Committee will also consider, among such other factors as it may deem relevant, the Company's performance, shareholder returns, the value of similar incentive awards to executive officers at comparable companies, the value of similar awards given to other executive officers of the Company, the results of the most recent Say-on-Pay Vote, and the awards given to the executive officer in past years. No executive officer may be present during voting or deliberations relating to his or her compensation.

5. In consultation with management, oversee regulatory compliance with respect to compensation matters, including overseeing the Company's policies on structuring compensation programs to preserve tax deductibility, and, as and when required, establishing performance goals, certifying that performance goals have been attained for purposes of Section 162(m) of the Code, and approving any compensation awards to comply with any applicable tax and state corporate laws.

6. Review, evaluate and make recommendations to the Board with respect to the Company's incentive compensation plans, equity-based plans and pension plans. With respect to each such plan, the Committee shall have responsibility for:

- overseeing the activities of the individuals and committees responsible for administering these plans, and discharge any responsibilities imposed on the Committee by any of these plans;
- setting performance targets under all annual bonus and long-term incentive compensation plans as appropriate and committing to writing any and all performance targets for all executive officers to the extent required under applicable laws and regulations;
- determining that any and all performance targets used for any performance-based equity compensation plans have been met before payment of any executive bonus or compensation under any such plans;
- approving all amendments to, and terminations of, all compensation plans and any awards under such plans;
- reviewing and approving any proposed employment agreement (including any amendments) with any current or proposed officer (as the term "officer" is used under Rule 16a-1 of the Securities Exchange Act of 1934, as amended), and (in their discretion) any other key employee, and approving any severance, retention or other termination plans and any severance, retention or

other termination payments proposed to be made to any current or former officer or (in their discretion) such other key employee, except for any such payment made in accordance with a plan or agreement previously approved by the Board or the Committee;

- granting any awards under any performance-based annual bonus, long-term incentive compensation and equity compensation plans to executive officers, including stock options and other equity rights (e.g., restricted stock, stock purchase rights); and
- reviewing annually compliance with the Company's Executive Stock Ownership Guidelines.

7. Review and recommend to the Board the Company's submissions to shareholders on executive compensation matters, including advisory votes on executive compensation and the frequency of such votes. In addition, consider the results of shareholder advisory votes on executive compensation matters and the changes, if any, to the Company's executive compensation policies, practices and plans that may be warranted as a result of any such vote.

8. Review and approve the creation or revision of any clawback policy allowing the Company to recoup compensation paid to employees.

9. Establish and periodically review policies concerning perquisite and special benefits for executive officers.

10. Establish and periodically review the Company's policy with respect to change of control or "parachute" payments.

11. Evaluate whether the Company's compensation policies and practices for its employees are reasonably likely to have a material adverse effect on the Company. Such evaluation shall consider compensation policies and practices for the Company's employees, including non-executive officers, as they relate to risk management practices and risk-taking incentives.

12. Review the Company's compensation disclosures in its annual proxy statement and its Annual Report on Form 10-K filed with the SEC. Review and discuss with management the Company's Compensation Discussion and Analysis ("CDA"). Recommend to the Board whether such compensation disclosures and CDA should be disclosed in the Company's Annual Report on Form 10-K or annual proxy statement filed with the SEC, as applicable.

13. Prepare any report required by applicable rules and regulations or listing standards, including the report required by the SEC to be included in the Company's annual proxy statement, or, if the Company does not file a proxy statement, in the Company's Annual Report filed on Form 10-K with the SEC.

14. Review and reassess the adequacy of this Charter annually and recommend to the Board any changes deemed appropriate by the Committee.

15. Review its own performance annually.

16. Conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities, to the extent deemed necessary or appropriate by the Committee. All associates

shall be directed to cooperate with respect thereto as requested by the Committee or its authorized representatives.

17. Report regularly to the Board.

18. Perform any other activities consistent with this Charter, the Company's by-laws and governing law, as the Committee or the Board deems necessary or appropriate.

Nothing in this Charter shall preclude the Board from discussing CEO or non-CEO compensation generally or any other subject. The foregoing responsibilities and duties set forth in this Charter should serve as a guide only, with the express understanding that the Committee may carry out additional responsibilities and duties and adopt additional policies and procedures as may be necessary in light of any changing business, legislative, regulatory, legal or other conditions.

V. Resources

The Committee shall have the resources and sole authority to select, retain, terminate and approve the compensation and other retention terms of compensation consultants to assist the Committee in the evaluation of director, CEO or senior executive compensation, or any special counsel or other advisor to assist the Committee with regard to any of its activities, without seeking approval of the Board or management. The Committee may request any officer or employee of the Company or the Company's outside counsel to attend a meeting or to meet with any members of, or advisors or consultants to the Committee. The Committee shall be directly responsible for the oversight of the work of any such compensation consultant, special counsel, or other advisor retained by the Committee.

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the sole authority to determine the extent of funding necessary for payment of compensation to any compensation consultant, special counsel, or other advisor appointed to advise the Committee. Such resources shall also include the authority to determine the fees and to direct the Company to pay such fees to such advisors, and to pay any other ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties. Such authority shall be exercisable without seeking approval of the Board or management.

When appointing or receiving advice from any compensation consultant, special counsel, or other advisor to the Committee, the Committee shall, subject to any applicable exceptions under rules and regulations of the SEC or NASDAQ, consider whether such person has any material relationship with the Company and is otherwise independent of the Company. In determining whether a compensation consultant, legal counsel, or other advisor to the Committee is independent of the Company, the Committee shall consider the factors set forth in NASDAQ listing standards with respect to advisor independence, as well as any other factors the Committee deems relevant.

VI. Disclosure of Charter

This Charter will be made available on the Company's Web site at "www.adp.com."