

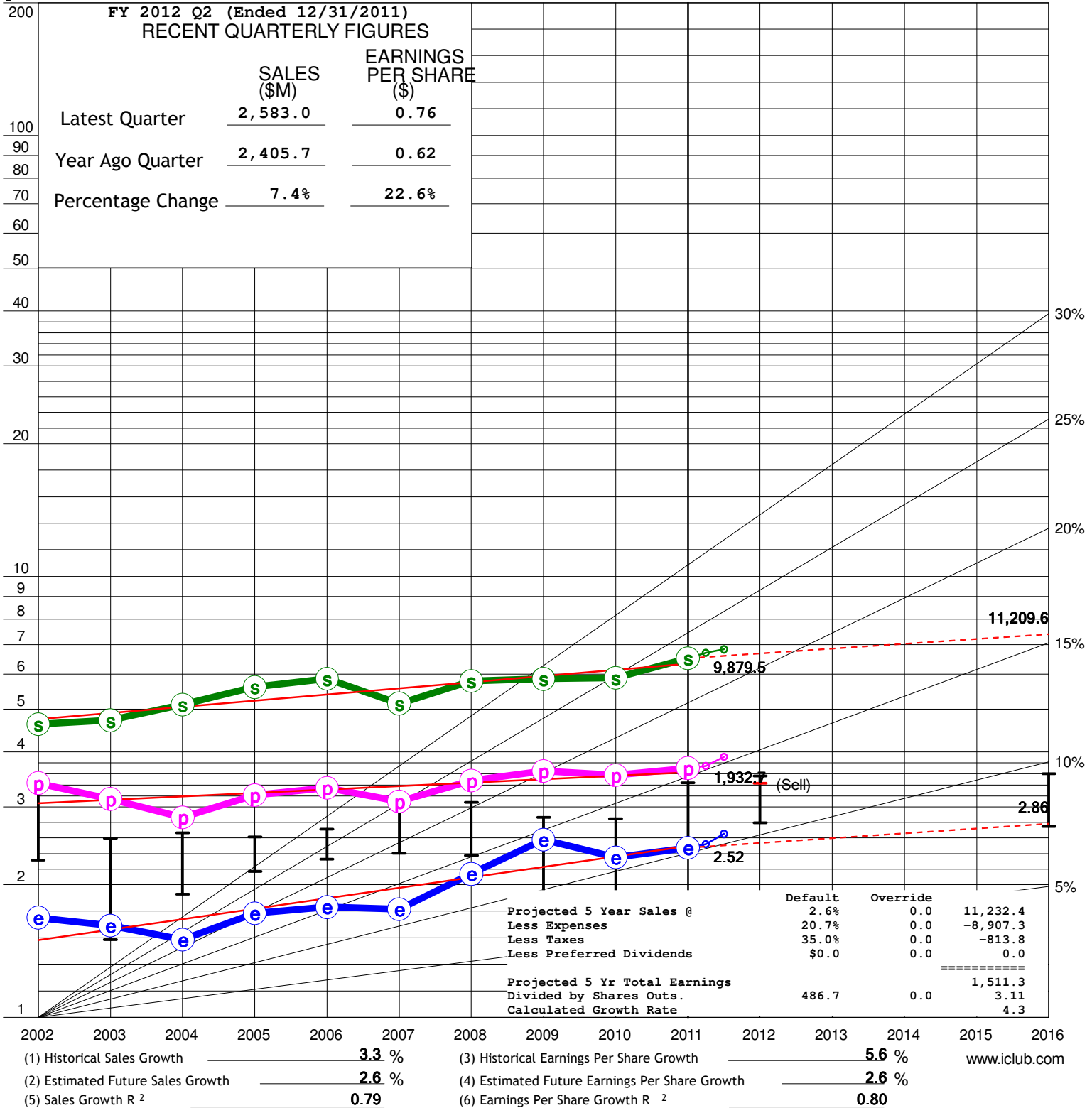


# Stock Selection Guide

Company	Automatic Data Proces..	Price Date	03/09/12
Study by	WEN	Data Date	02/23/12
Sector	Industrials	Data Source	BI
Industry	Business Services	Reference	Morningsta
Preferred(\$M)	0.0		
Common(M Shares)	486.7	% Insiders	1.7
Debt(\$M)	25.5	% Institutions	78.0
% Debt to Tot.Cap.	0.4	Quality	

## 1 Growth Analysis

NAS: ADP



## 2 QUALITY ANALYSIS

Company **Automatic Data Processing** (ADP)

(ADP)

03/09/12

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	5 YEAR AVG.	TREND UP / DOWN
<b>A</b> % Pre-tax Profit on Sales	25.5	23.0	19.3	19.7	19.6	20.8	20.6	21.5	20.9	19.6	20.7	DOWN
<b>B</b> % ROE (Beginning Yr)	<del>25.5</del>	20.4	17.4	19.5	18.7	17.5	23.6	26.8	22.6	22.6	22.6	EVEN
<b>C</b> % Debt to Equity	1.8	1.6	1.4	1.3	1.2	0.9	1.0	0.8	0.7	0.6	0.8	EVEN

## 3 PRICE, PRICE/EARNINGS RATIO and DIVIDEND ANALYSIS

CURRENT PRICE (P/E) **54.95 (20.3)** 52-WEEK HIGH (P/E) **57.10 (21.1)** 52-WEEK LOW (P/E) **44.72 (16.5)**

Fiscal Year	High Price	Low Price	EPS	High P/E	Low P/E	Dividend	% Payout	% High Yield
1 2007	50.3	38.2	1.83	27.5	20.9	0.875	47.8	2.3
2 2008	49.8	37.7	2.20	22.6	17.1	1.100	50.0	2.9
3 2009	46.0	30.8	2.63	17.5	11.7	1.280	48.7	4.2
4 2010	45.7	26.5	2.40	19.0	11.0	1.350	56.2	5.1
5 2011	55.1	38.4	2.52	21.9	15.2	1.420	56.3	3.7
6 AVERAGE		34.3		21.7	15.2		51.8	
AVERAGE P/E RATIO		18.5	PROJECTED P/E RATIO		19.8	TTM EPS		2.71
CURRENT P/E RATIO		20.3	PEG RATIO		7.7	FTM EPS		2.78
RELATIVE VALUE		109.7	PROJ. RELATIVE VALUE		106.9	AVG TTM + FTM EPS		2.74

## 4 EVALUATING REWARD and RISK over the next 5 years

### A FUTURE HIGH PRICE ANALYSIS -- NEXT 5 YEARS

Selected High P/E ~~21.7~~ **20.2** X Estimated High Earnings/Share **2.86** = Forecast High Price \$ **57.8**

### B FUTURE LOW PRICE ANALYSIS -- NEXT 5 YEARS

(a) Sel. Low P/E **15.2** (as adj.) X Estimated Low Earnings/Share ~~2.52~~ **2.71** = \$ **41.2**

(b) Average 5-Year Low Price = **34.3**

(c) Recent Severe Low Price = **26.5**

(d) Price Dividend Will Support = Present Divd. + High Yield = **1.580** + **0.051** = **31.0**

Selected Estimated Low Price = \$ **43.9**

### C PRICE RANGES

Forecast High Price **57.8** - Estimated Low Price **43.9** = Range **13.9** 25% of Range = **3.5**

BUY (Lower 25% of Range) = **43.9** to **47.4**

MAYBE (Middle 50% of Range) = **47.4** to **54.3**

SELL (Upper 25% of Range) = **54.3** to **57.8**

Current Price **54.950** is in the **Sell** Range

### D UPSIDE/DOWNSIDE ANALYSIS (Potential Gain vs. Risk of Loss)

(Forecast High Price **57.8** - Current Price **54.950**) + (Current Price **54.950** - Estimated Low Price **43.9**) = **0.3** To 1

## 5 TOTAL RETURN ANALYSIS

### A CURRENT YIELD

Present Full Year's Dividend \$ **1.580** ÷ Current Price of Stock \$ **54.950** = **2.9** % Present Yield or % Returned on Purchase Price

### B AVERAGE YIELD - USING FORECAST HIGH P/E

Avg. % Payout **51.8** ÷ Forecast High P/E **20.2** = Avg. Yield **2.6**

### AVERAGE YIELD - USING FORECAST AVERAGE P/E

Avg. % Payout **51.8** ÷ Forecast Avg P/E **17.7** = Avg. Yield **2.9**

### C % COMPOUND ANNUAL TOTAL RETURN - USING FORECAST HIGH P/E

Average Yield **2.6** % + Annual Appreciation **1.0** % = Compound Annual Total Return **3.6** %

### D % PROJECTED AVERAGE RETURN - USING FORECAST AVERAGE P/E

Average Yield **2.9** % + Annual Appreciation **-1.6** % = Projected Average Total Return **1.3** %



# PERT-A Report

Company Automatic Data Processing (ADP)

QUARTERLY DATA									LAST 12 MONTHS DATA								
PERIOD	EPS		PRE-TAX PROFIT			SALES		INCOME TAX RATE	EPS \$	PRE-TAX PROFIT		SALES MIL	INCOME TAX		% CHANGE		
	\$	% CHANGE	\$ MIL	% SALES	% CHANGE	\$ MIL	% CHANGE			\$ MIL	% SALES		\$ MIL	% RATE	EPS	PRE-TAX PROFIT	SALES
09/06								37.1						38.1			
12/06								37.1						37.8			
03/07	0.65		577.80	26.4		2,189.30		37.1						37.4			
06/07	0.32		287.40	14.8		1,945.70		38.1						37.4			
09/07	0.45		381.50	19.2		1,992.00		36.8						37.3			
12/07	0.55		440.60	20.5		2,150.10		33.8	1.97	1,687.30	20.4	8,277.1	614.9	36.4			
03/08	0.77	18.5	635.50	26.2	10.0	2,427.20	10.9	36.6	2.09	1,745.00	20.5	8,515.0	633.6	36.3			
06/08	0.43	34.4	354.50	16.1	23.3	2,207.20	13.4	37.0	2.20	1,812.10	20.6	8,776.5	653.2	36.0			
09/08	0.54	20.0	441.30	20.2	15.7	2,181.50	9.5	37.2	2.29	1,871.90	20.9	8,966.0	676.7	36.1			
12/08	0.59	7.3	473.20	21.5	7.4	2,203.30	2.5	36.9	2.33	1,904.50	21.1	9,019.2	703.3	36.9	18.3	12.9	9.0
03/09	0.80	3.9	629.10	26.5	-1.0	2,374.70	-2.2	36.1	2.36	1,898.10	21.2	8,966.7	698.5	36.8	12.9	8.8	5.3
06/09	0.70	62.8	361.00	17.1	1.8	2,107.70	-4.5	2.6	2.63	1,904.60	21.5	8,867.2	537.1	28.2	19.5	5.1	1.0
09/09	0.56	3.7	447.30	21.3	1.4	2,102.80	-3.6	36.9	2.65	1,910.60	21.7	8,788.5	537.7	28.1	15.7	2.1	-2.0
12/09	0.62	5.1	480.10	21.8	1.5	2,204.40	0.0	34.6	2.68	1,917.50	21.8	8,789.6	528.8	27.6	15.0	0.7	-2.5
03/10	0.79	-1.2	633.00	25.9	0.6	2,443.20	2.9	36.9	2.67	1,921.40	21.7	8,858.1	533.7	27.8	13.1	1.2	-1.2
06/10	0.42	-40.0	305.50	13.9	-15.4	2,190.30	3.9	31.2	2.39	1,865.90	20.9	8,940.7	651.6	34.9	-9.1	-2.0	0.8
09/10	0.56	0.0	436.40	19.6	-2.4	2,229.40	6.0	36.5	2.39	1,855.00	20.5	9,067.3	645.7	34.8	-9.8	-2.9	3.2
12/10	0.62	0.0	484.60	20.1	0.9	2,405.70	9.1	36.4	2.39	1,859.50	20.1	9,268.6	655.6	35.3	-10.8	-3.0	5.4
03/11	0.85	7.6	653.00	23.9	3.2	2,737.30	12.0	34.7	2.45	1,879.50	19.7	9,562.7	652.5	34.7	-8.2	-2.2	8.0
06/11	0.49	16.7	358.70	14.3	17.4	2,507.10	14.5	31.6	2.52	1,932.70	19.6	9,879.5	672.9	34.8	5.4	3.6	10.5
09/11	0.61	8.9	459.30	18.2	5.2	2,522.50	13.1	34.5	2.57	1,955.60	19.2	10,172.6	671.1	34.3	7.5	5.4	12.2
12/11	0.76	22.6	579.70	22.4	19.6	2,583.00	7.4	35.4	2.71	2,050.70	19.8	10,349.9	698.7	34.1	13.4	10.3	11.7
03/12								35.0						34.1			
06/12								35.0						35.0			

A B C D E F G H I J K L M N O P Q R S T

# PERT-A Graph

Company Automatic Data Processing (ADP)

