

HR solutions for the people that matter.

TriNet Group Inc.  
Investor Presentation  
October 2020 – February 2021

# Disclaimer

## Cautionary Note Regarding Forward-Looking Statements and Other Financial Information

This presentation contains statements that are not historical in nature, are predictive in nature, or that depend upon or refer to future events or conditions or otherwise contain forward-looking statements within the meaning of Section 21 of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. Forward-looking statements are often identified by the use of words such as, but not limited to, “ability,” “anticipate,” “believe,” “can,” “continue,” “could,” “design,” “estimate,” “expect,” “forecast,” “hope,” “impact,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “strategy,” “target,” “value,” “will,” “would” and similar expressions or variations intended to identify forward-looking statements.

Examples of forward-looking statements include, among others, TriNet’s guidance and expectations regarding future financial performance and TriNet’s expectations regarding: the impact of our vertical strategy and the ability of that strategy to resonate with our clients and prospective clients; our ability to leverage our scale and industry HR experience to deliver compelling vertical product and service offerings; our ability to generate profitable growth and cash generation; our ability to improve retention, grow new sales and successfully pursue potential acquisitions; planned improvements to our operations, products, services and technology platform; our ability to drive operating efficiencies and improve the customer experience; our ability to grow EPS through operational improvements; the impact of our capital allocation strategy and share repurchase program; the relative value of our benefit offerings versus those SMBs can independently obtain; the principal competitive drivers in our market; our plans to retain clients and manage client attrition; the impact of our investment strategy; seasonal trends and their impact on our business; fluctuations in the period-to-period timing of when we incur certain operating expenses; the estimates and assumptions we use to prepare our financial statements and guidance; and other expectations, outlooks and forecasts on our future business, operational and financial performance.

Important factors that could cause actual results to differ materially from those expressed or implied by our forward-looking statements include, but are not limited to, those discussed in our most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and the other filings we make with U.S. Securities and Exchange Commission, which are available on our investor relations website at <http://investor.trinet.com> and on the SEC website at [www.sec.gov](http://www.sec.gov), including risk factors associated with: the impact of the COVID-19 pandemic on our business and the business of our clients; the impact of our recovery credit program and its suitability for generating client loyalty and retention; our ability to modify and develop product and service offerings to assist clients affected by COVID-19; our ability to mitigate the business risks we face as a co-employer; our ability to manage unexpected changes in workers’ compensation and health insurance claims and costs by worksite employees; the effects of volatility in the financial and economic environment on the businesses that make up our client base; the impact of the concentration of our clients in certain geographies and industries; the impact of failures or limitations in the business systems we rely upon; adverse changes in our insurance coverage or our relationships with key insurance carriers; our ability to manage our client attrition; our ability to improve our technology to satisfy regulatory requirements and meet the expectations of our clients; our ability to effectively integrate businesses we have acquired or may acquire in the future; our ability to effectively manage and improve our operational processes; our ability to attract and retain qualified personnel; the effects of increased competition and our ability to compete effectively; the impact on our business of cyber-attacks and security breaches; our ability to secure our information technology infrastructure and our confidential, sensitive and personal information from cyber-attacks and security breaches; our ability to comply with constantly evolving data privacy and security laws; our ability to manage changes in, uncertainty regarding, or adverse application of the complex laws and regulations that govern our business; changing laws and regulations governing health insurance and employee benefits; our ability to be recognized as an employer of worksite employees under federal and state regulations; changes in the laws and regulations that govern what it means to be an employer, employee or independent contractor; our ability to comply with the laws and regulations that govern PEOs and other similar industries; the outcome of existing and future legal and tax proceedings; fluctuation in our results of operation and stock price due to factors outside of our control, such as the volume and severity of our workers’ compensation and health insurance claims and the amount and timing of our insurance costs, operating expenses and capital expenditure requirements; our ability to comply with the restrictions of our credit facility and meet our debt obligations; and the impact of concentrated ownership in our stock.

Forward-looking statements are not guarantees of future performance, but are based on our expectations and assumptions as of the date of this presentation, which are inherently subject to uncertainties, risks and changes in circumstances that are difficult to predict. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from our current expectations and any past or future results, performance or achievements. Given these risks and uncertainties, investors are cautioned not to place undue reliance upon any forward-looking statements.

The information in this presentation only reflects our view as of the date on which this presentation is made. Except as required by law, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements in this presentation and we do not assume any obligation, and do not intend, to update any of our forward-looking statements.

# Disclaimer

## Non-GAAP Financial Measures

In addition to financial measures presented in accordance with U.S. Generally Accepted Accounting Principles (GAAP), we present other non-GAAP financial measures in this presentation that we monitor and use to manage our business, to make planning decisions, to allocate resources, and to use as performance measures in our executive compensation plan. These key financial measures provide an additional view of our operational performance over the long term and provide useful information that we use in order to maintain and grow our business.

The presentation of these non-GAAP financial measures is used to enhance the understanding of certain aspects of our financial performance. It is not meant to be considered in isolation, superior to, or as a substitute, for the directly comparable financial measures prepared in accordance with GAAP. **Reconciliations of the non-GAAP financial measures included in this presentation to TriNet's financial results as determined in accordance with GAAP are included in Appendix A, B, and C.**



# Agenda

Q3 & YTD Financial Review

Guidance

Financial Review

TriNet Overview

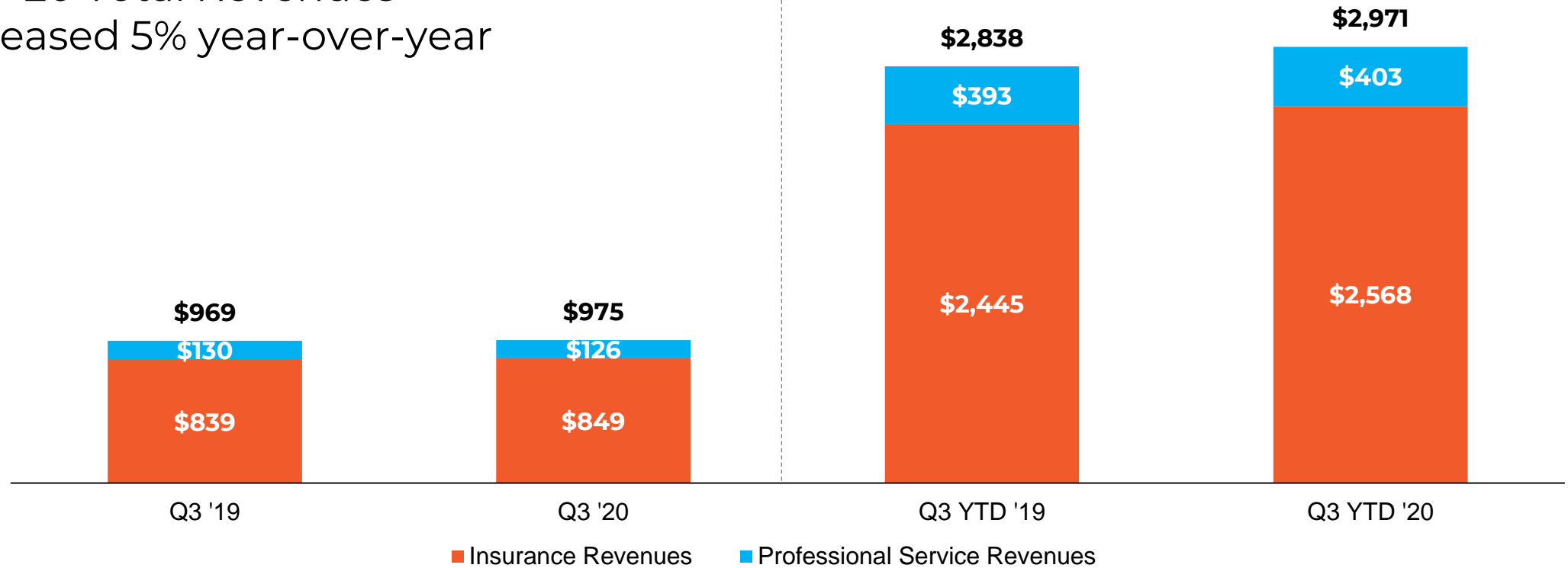
Appendix



# Q3 & YTD Financial Review

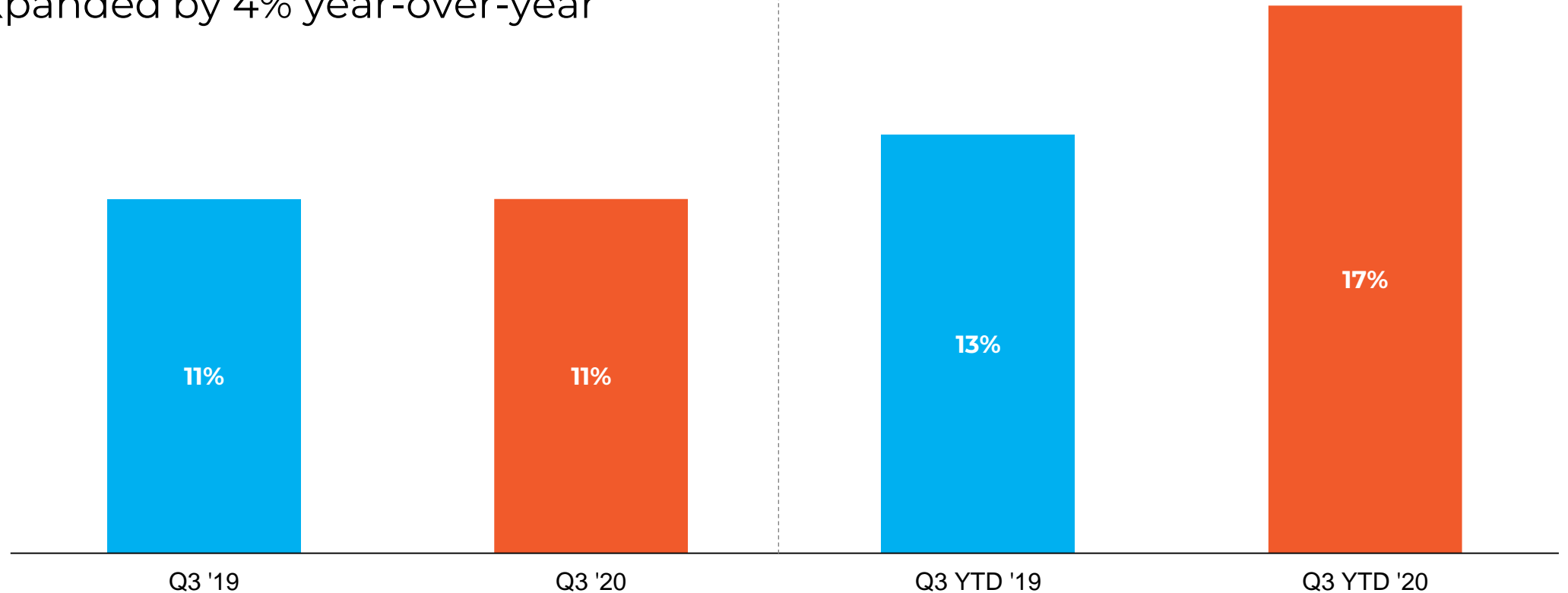
# Q3 & YTD GAAP Revenue

- Q3 '20 Total Revenues increased 1% year-over-year
- YTD '20 Total Revenues increased 5% year-over-year



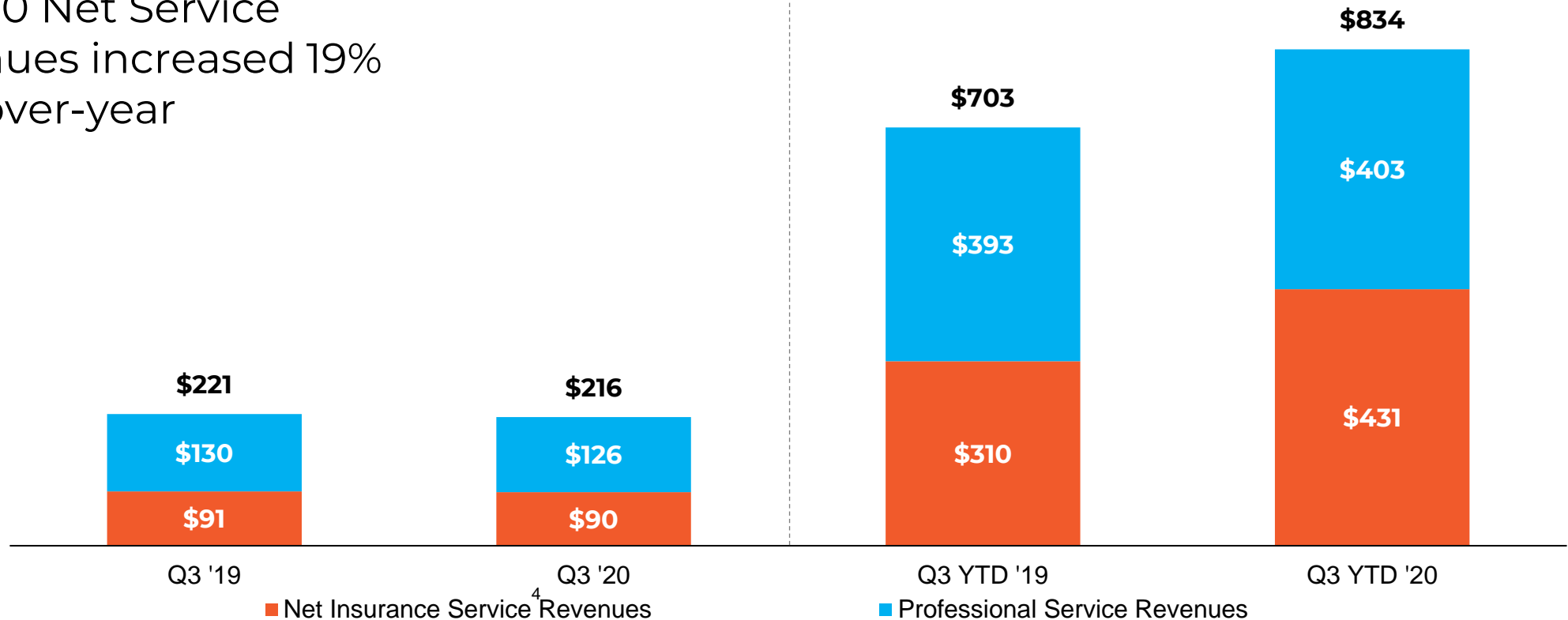
# Q3 & YTD Net Insurance Margin<sup>3,4,6</sup>

- Q3 '20 Net Insurance Margin was unchanged year-over-year
- YTD '20 Net Insurance Margin has expanded by 4% year-over-year



# Q3 & YTD Net Service Revenues<sup>3,4,6</sup>

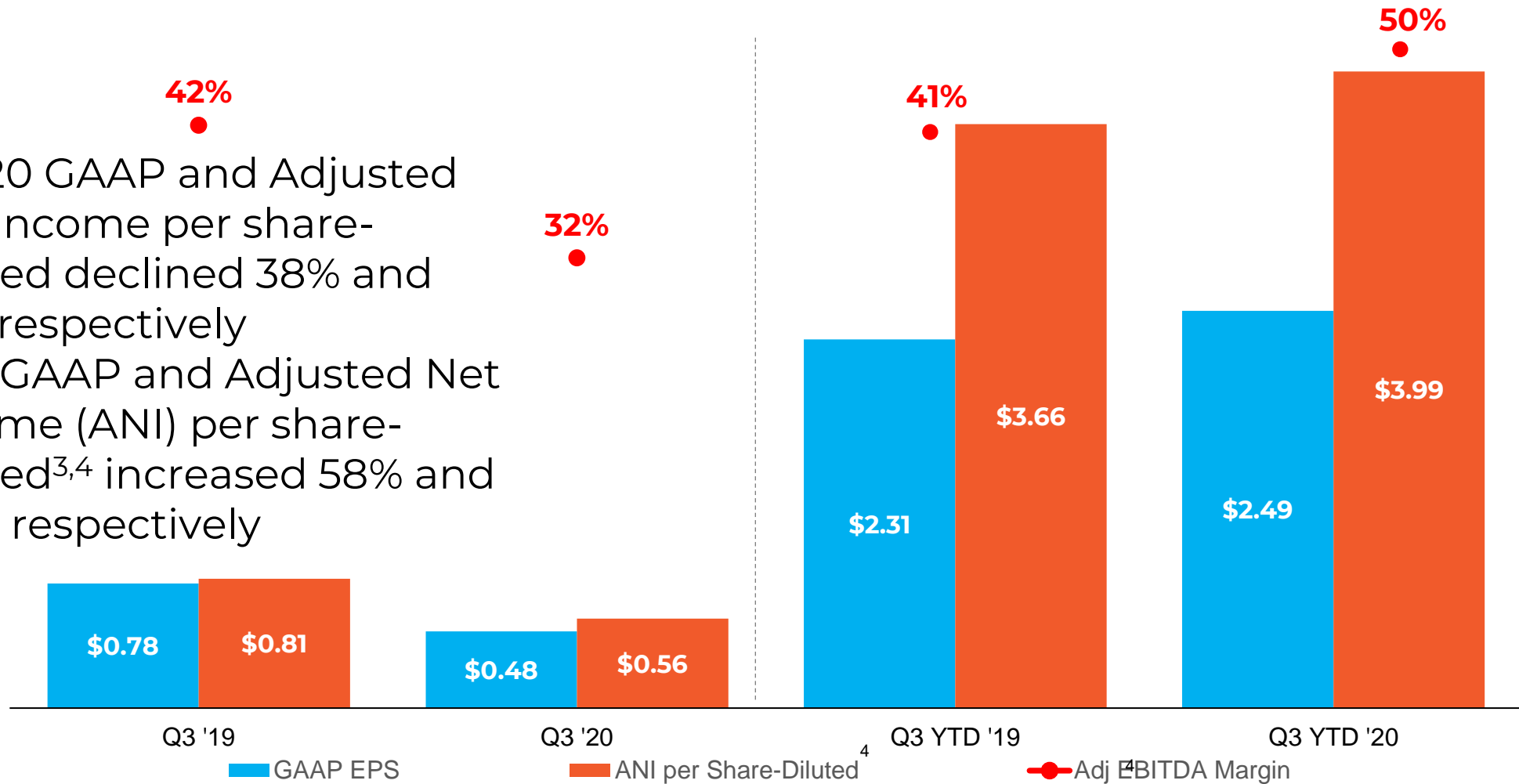
- Q3 '20 Net Service Revenues declined 1% year-over-year
- YTD '20 Net Service Revenues increased 19% year-over-year





# Q3 & YTD 2020 EPS<sup>6</sup> & Adjusted EBITDA Margin<sup>3,4,6</sup>

- Q3 '20 GAAP and Adjusted Net Income per share-diluted declined 38% and 31%, respectively
- YTD GAAP and Adjusted Net Income (ANI) per share-diluted<sup>3,4</sup> increased 58% and 60%, respectively



# Guidance

# Guidance

	FY 2020		Q4 2020
		Δ	
GAAP Total Revenue	3% - 4%	+3%	0% - 2%
Net Insurance Margin	~14%	+1%	4% - 8%
Net Service Revenues <sup>4</sup>	8% - 11%	+6%	(27)% - (12)%
Adjusted EBITDA Margin <sup>4</sup>	43% - 44%	+4%	8% - 21%
GAAP Earnings per Share	18% - 29%	+23%	(119)% - (72)%
Adjusted Net Income per Share <sup>4</sup>	20% - 30%	+19%	(100)% - (62)%

\* See Appendix C for reconciliation of non-GAAP metrics



# Financial Review



# Financial Model

## Revenue Growth

- Vertical strategy drives volume growth
- Vertical products increase value received
- Insurance products priced to risk

## EPS Growth from Operational Improvements

- Improve our single platform
- Use scale to reduce plan administrative costs
- Process improvements

## Strong Corporate Operating Cash Flow\*

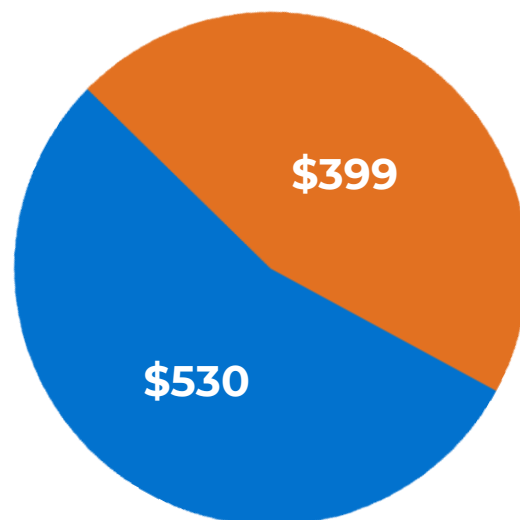
- Efficient Working Capital
- CAPEX light
- Profitability supported by corporate operating cash flows

\* See Appendix B

# Revenue Model

## Net Service Revenues FY2019<sup>3,4</sup>

(in millions)



## TriNet Revenue Model

Total Revenues	\$3,856
Less Insurance Cost	\$2,927
Net Service Revenues <sup>3,4</sup>	\$929
Professional Service Revenues	\$530
Net Insurance Service Revenues <sup>3,4</sup>	\$399

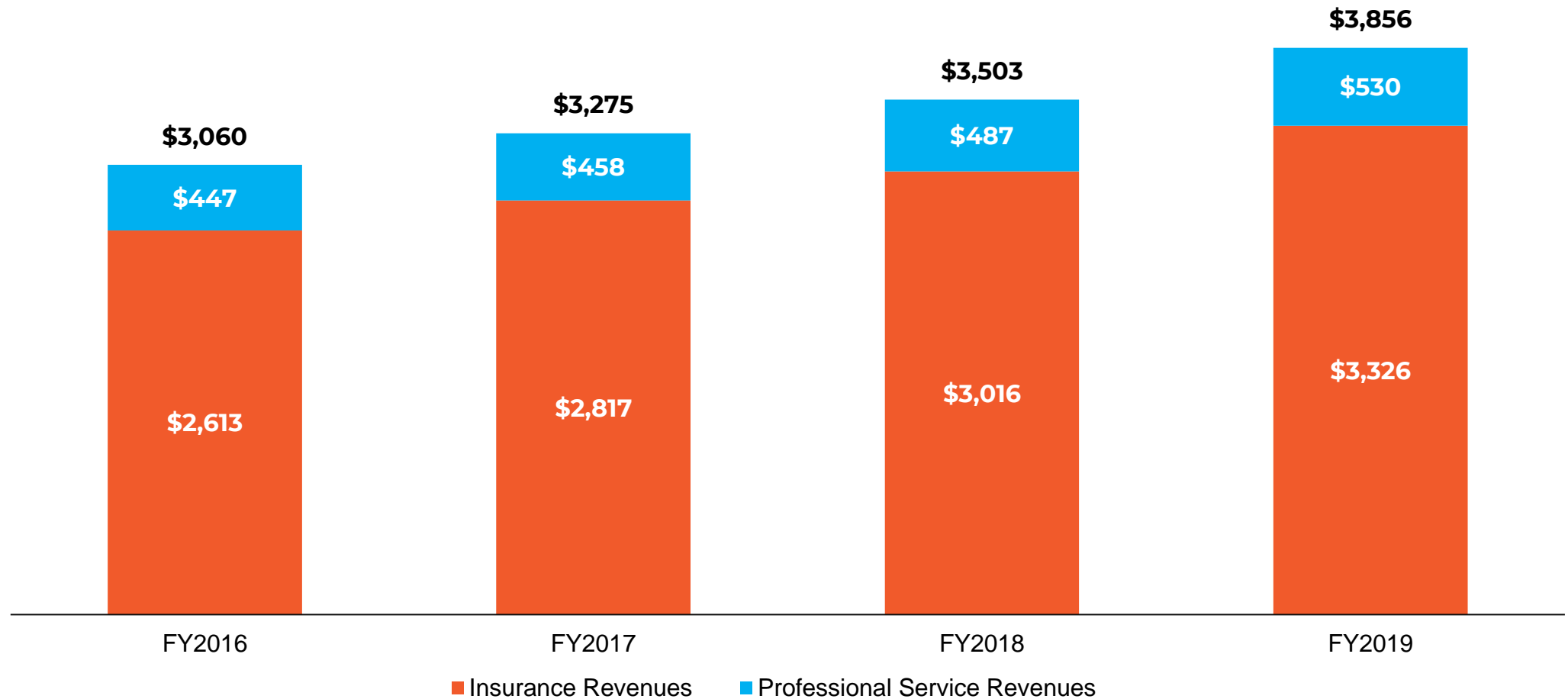
## Professional Service Revenues

Fees charged to clients for processing payroll-related transactions, access to our HR expertise, employment and benefit law compliance, and other HR-related services.

## Net Insurance Service Revenues<sup>3,4</sup>

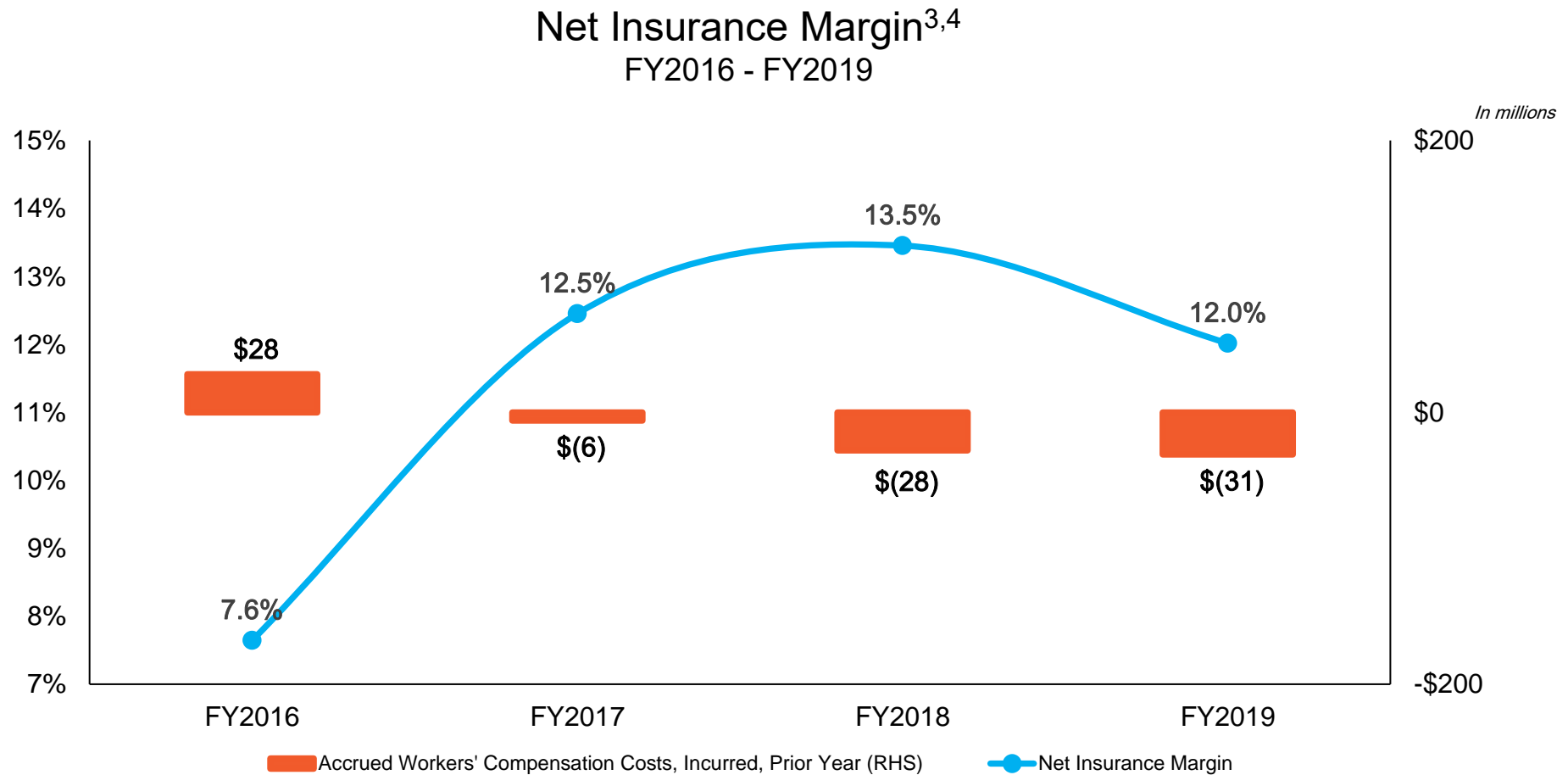
Workers' comp and health insurance-related billings and administrative fees, less premiums paid to our insurance carriers, reimbursement of workers' comp and health-related claims, and changes in loss reserves.

# Consistent GAAP Revenue<sup>6</sup> Growth



*8% Organic GAAP Revenue CAGR<sup>5</sup> From 2016 Through 2019*

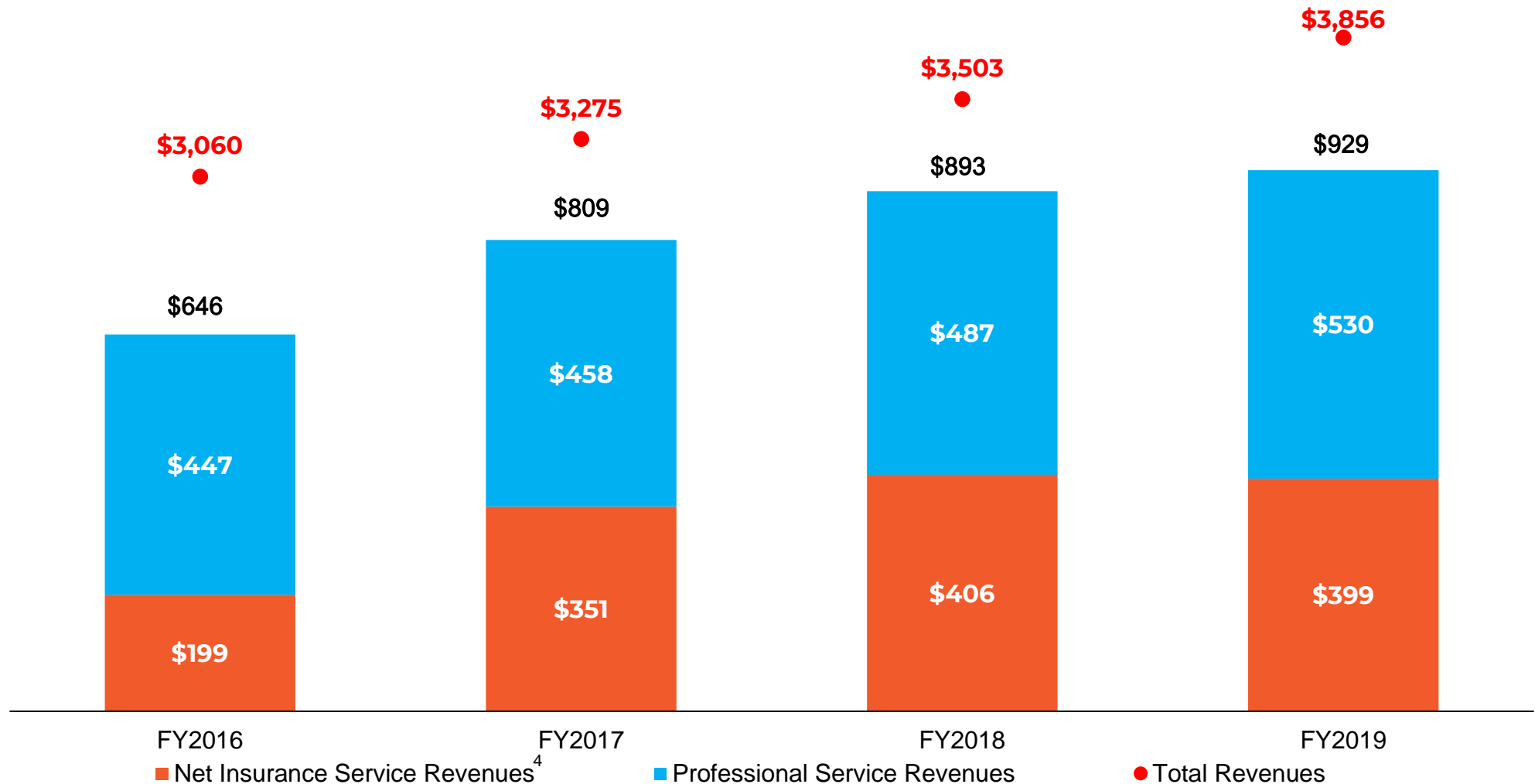
# Net Insurance Margin<sup>3,4,6</sup>



*Multi-year improvement and stabilization in Net Insurance Margin*

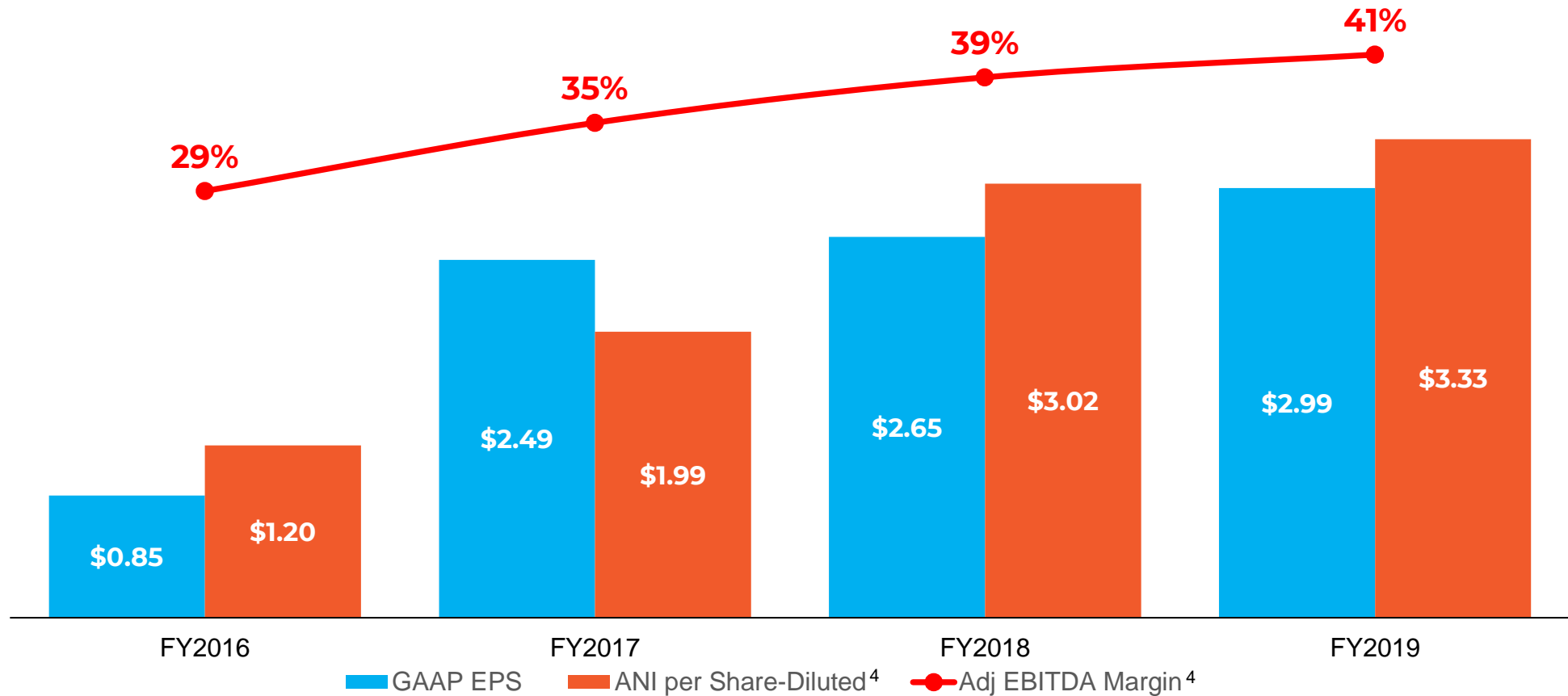


# Strong Net Service Revenues<sup>3,4,6</sup> Growth



*13% Organic Net Service Revenues<sup>3,4</sup> CAGR<sup>5</sup> From 2016 Through 2019*

# Attractive EPS<sup>6</sup> Growth



*Strong Earnings Growth Supported by Stable Adjusted EBITDA Margins<sup>4</sup>*

# Capital Allocation

- 1 Reinvest in business — drive revenue growth and margin expansion
- 2 Potential Acquisitions — Tuck-ins and Technology — potential to target geographies or verticals and improve products and/or operations
- 3 Share repurchases – intended to offset dilution and return capital to shareholders opportunistically

# TriNet Overview



# Investment Highlights

Innovation leader serving large, under-penetrated market

Differentiated vertical product offerings

Increased operational scale and financial leverage

Profitable growth supported by strong corporate cash generation\*

\* See Appendix B

# Large Market Opportunity

**~60 million**

Number of Employees who work for companies with 500 or fewer employees

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**6%**

Approximate percentage of SMB Worksite Employees (WSEs) who work for SMBs using a PEO

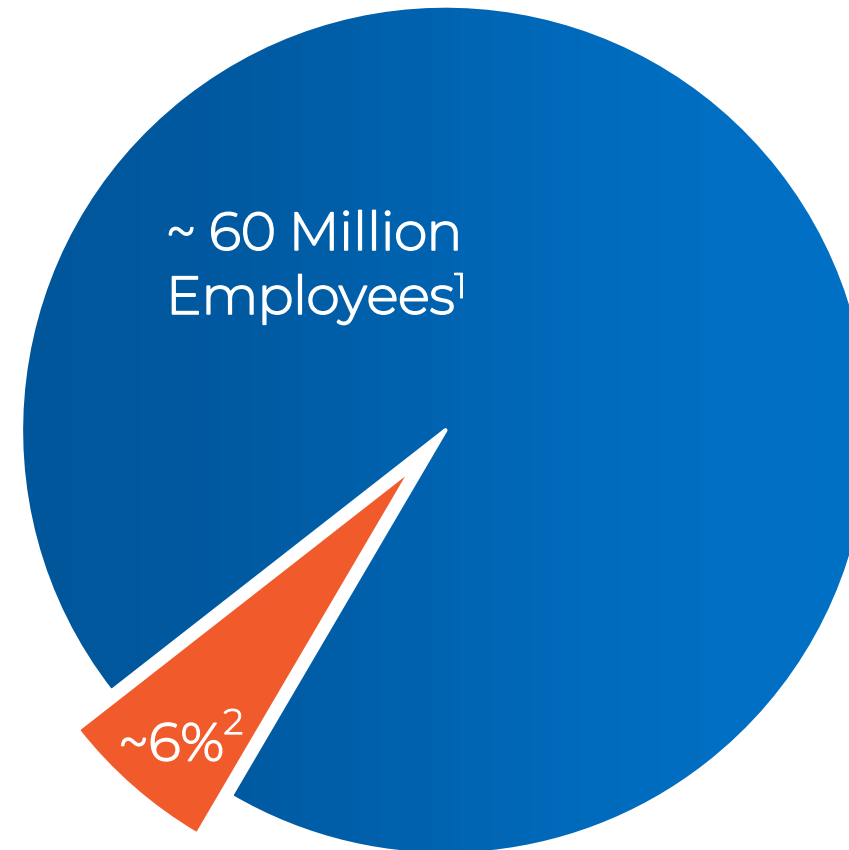
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**900+**

PEO industry is made up of over 900 PEO service providers<sup>2</sup>

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Underpenetrated SMB Market



# Challenges Facing SMBs



## Compliance

- Significant regulatory oversight
- Risks for federal, state, and local noncompliance are high

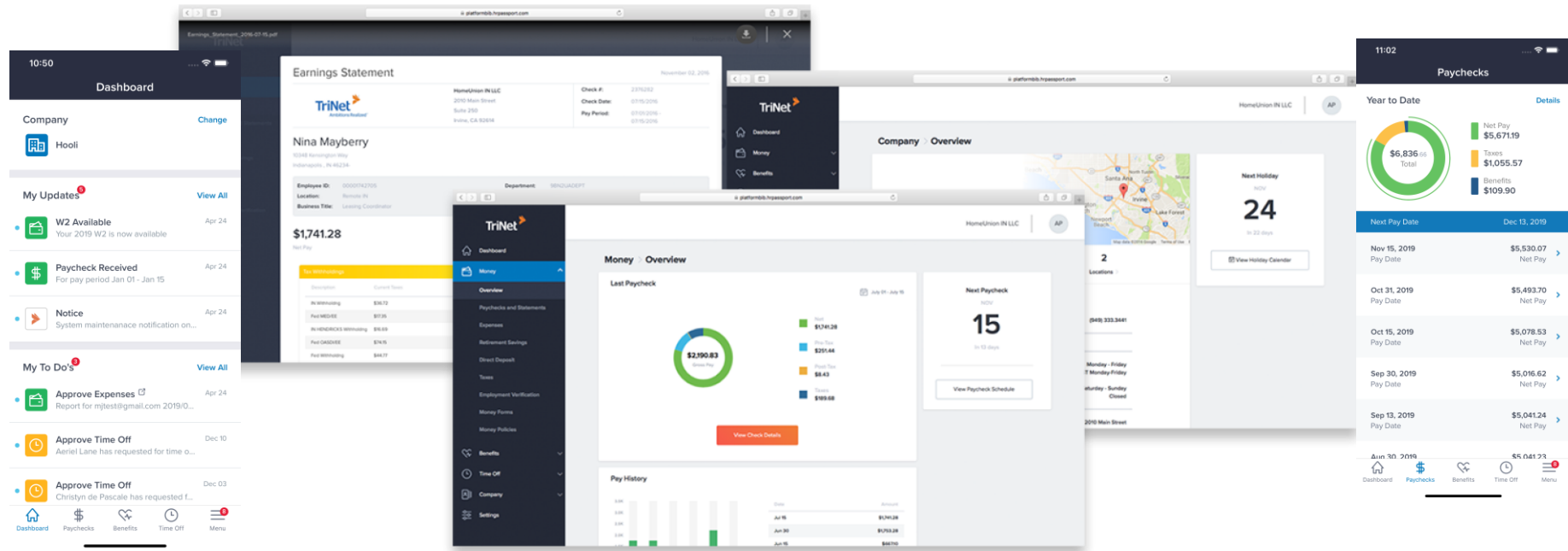
## Complexity

- Federal, state, and local regulations continue to diverge
- Managing HR across multiple jurisdictions

## Cost

- SMBs pay multiple vendors and employees for a variety of operational and insurance solutions
- Expensive for SMBs to ensure compliance and to vigorously defend themselves

# Technology Enabled Business Services Company



- Benefits Enrollment
- New Hire Onboarding
- Automatic Payroll
- Workforce Analytics
- Mobile
- Time Tracking
- Expense Management
- Marketplace
- Integration Center



# Common Product and Service Capabilities



## HR Expertise

- ACA compliance guidance
- Employee onboarding and orientation
- Benefits funding guidance and strategy
- Employee resource center
- HR compliance best practices review
- Human Capital Assessment
- Retention tracking
- Support hiring/terminating
- Assists with reporting and analytics
- Immigration services
- PTO policies and guidance
- Recruitment and interview training



## Benefit Options

- Medical (PPO, HMO, HDHP)
- Dental
- Vision
- Flexible Spending Account (FSA) and Health Savings Account (HSA) administration
- Life/AD&D
- Short-term and long-term disability
- COBRA administration
- 401(k) setup and administration
- Payroll contributions
- Benefits enrollment and administrative access
- Employee Assistance Program (EAP)
- Employee discounts and perks
- Commuter benefits
- Pet insurance



## Payroll Services

- Payroll processing and management
- Online paystubs
- Federal, state, and local employment tax filing and remittance
- W-2 administration
- Wage garnishment
- Payroll reporting
- Direct deposit



## Risk Mitigation

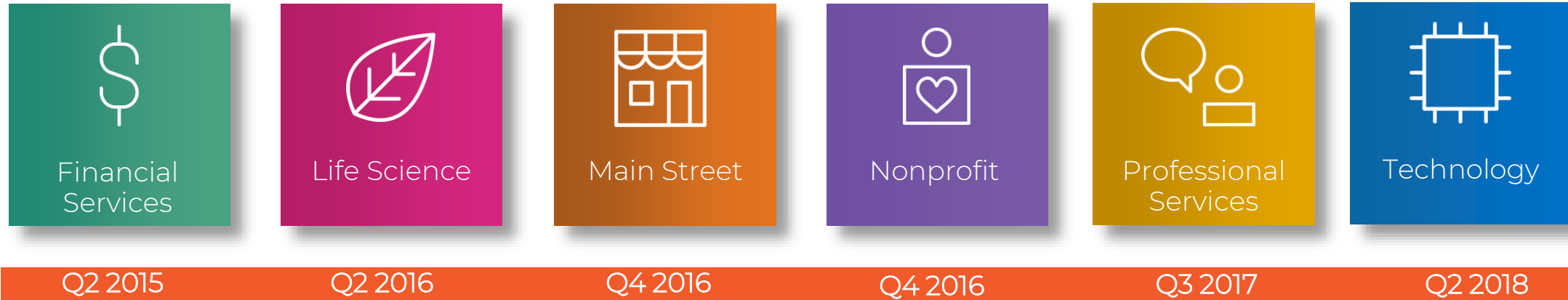
- Workers' compensation
- Employment Practices Liability Insurance (EPLI)
- Compliance expertise for applicable federal/state employment laws
- Sexual harassment awareness training
- Unemployment insurance claim administration
- Workplace safety best practices
- Claims management
- Affordable Care Act compliance
- Employee handbook
- EEO-1 reporting
- Termination guidance
- Workplace employment posters
- Wage and hour guidance



## Technology Platform

- Employee and manager self-service platform
- Online on-boarding and benefits enrollment
- PTO tracking
- Database management and custom reporting
- Online training
- Performance management
- Expense management
- Applicant tracking
- Background screening
- Compensation benchmarks
- Total compensation statements
- HR reports (census, payroll, deductions, benefits, etc.)
- Visa tracking

# Vertical Strategy



Full-service HR solutions tailored to our targeted Verticals

- Different industries have different needs
- SMBs want partners who know their industries and can scale with them
- Vertical Strategy aligns sales force, service teams, and product development
- Focused development and enhancement of vertical products on our platform

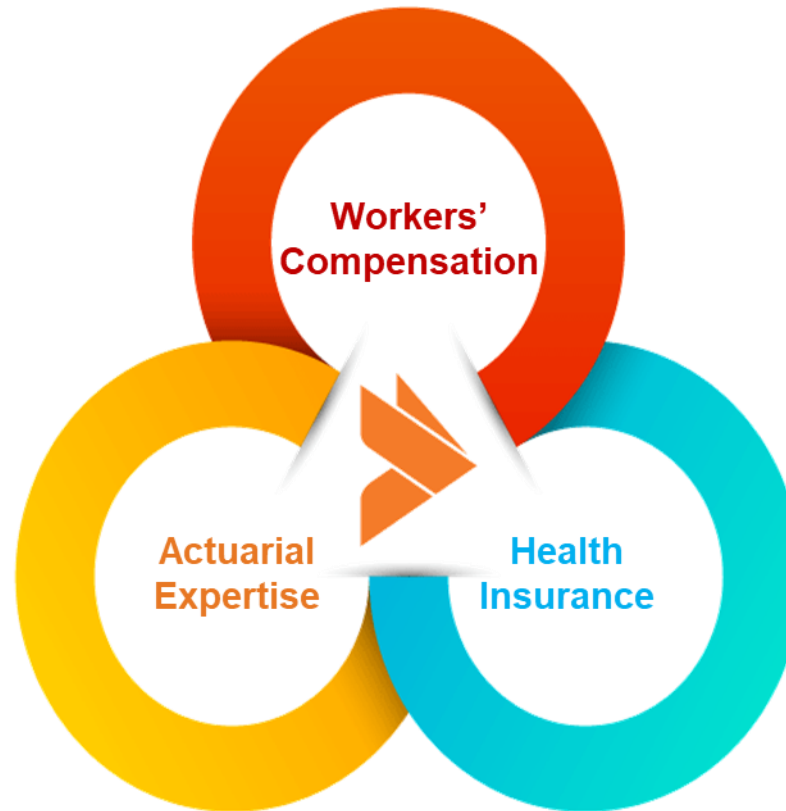
# Insurance Services

## Workers' Compensation

- Provide fully insured, industry standard **\$1 million** per claim deductible policies
- Assist clients by providing risk management services

## Actuarial Expertise

- Maintain internal workers' compensation and health actuaries
- Tasked with ensuring clients are appropriately priced to risk and experience
- Critical for tracking and forecasting claims



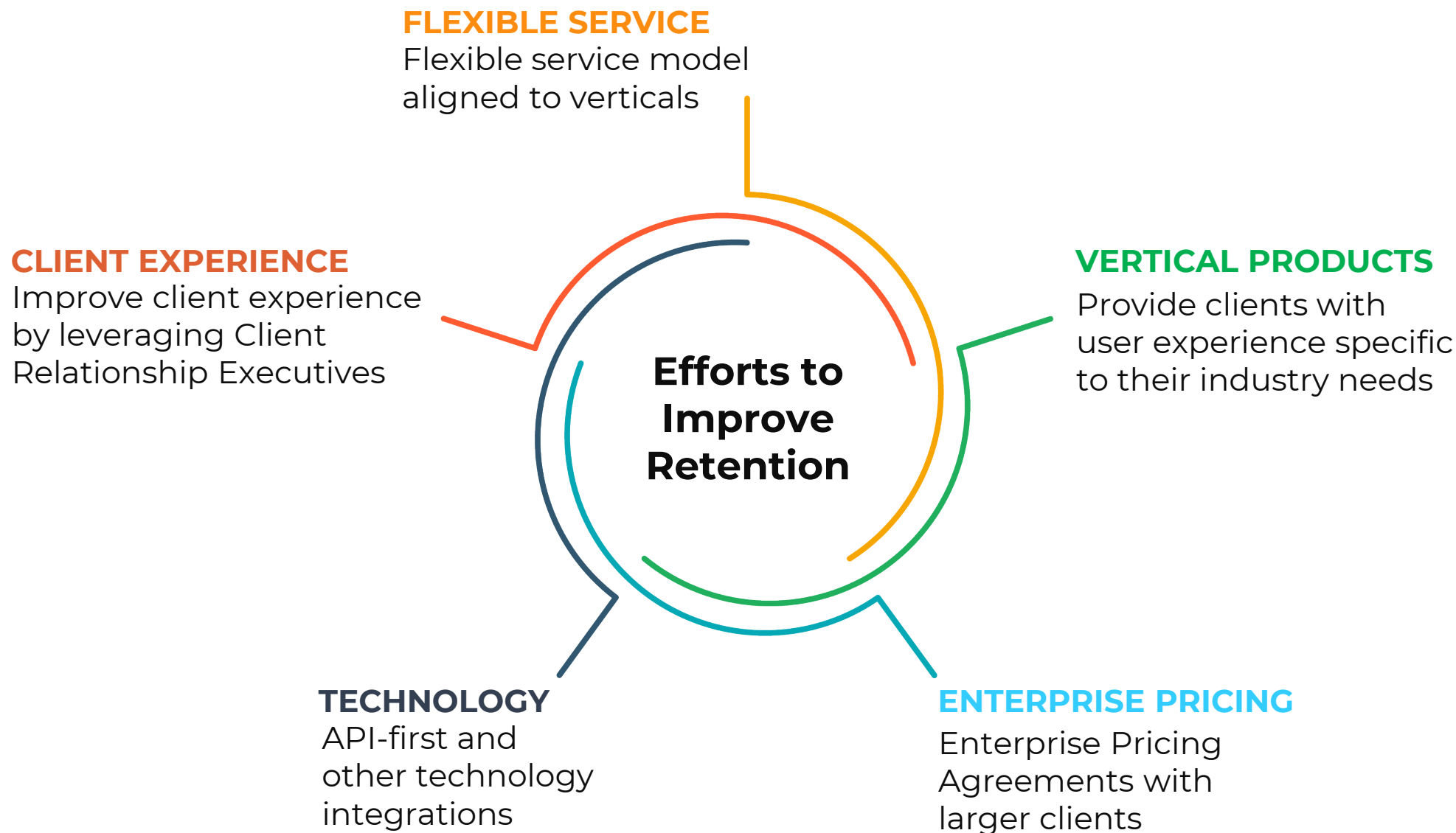
## Health Insurance

- Offer 300+ fully insured health plans, including plans in all 50 states
- Scale enables us to offer national and regional health offerings aligned to our target verticals
- We manage an aggregate deductible layer for the majority of our group health insurance fees.
- By managing this deductible layer, we work with our carrier partners to construct offerings we believe will be more attractive to our target verticals

# Growth Strategy

- 1 Retention
- 2 New Sales
- 3 Potential Acquisitions

# Retention





# New Sales

- Align sales force by geography and industry vertical
- Recruit sales candidates from our targeted vertical industries
- Retain, develop, and grow our sales force
- Expand referral networks and industry relationships
- Tie sales compensation to annual contract value

*Vertical Strategy Focuses Salesforce on Value Sale*

# Potential Acquisitions

## 2009

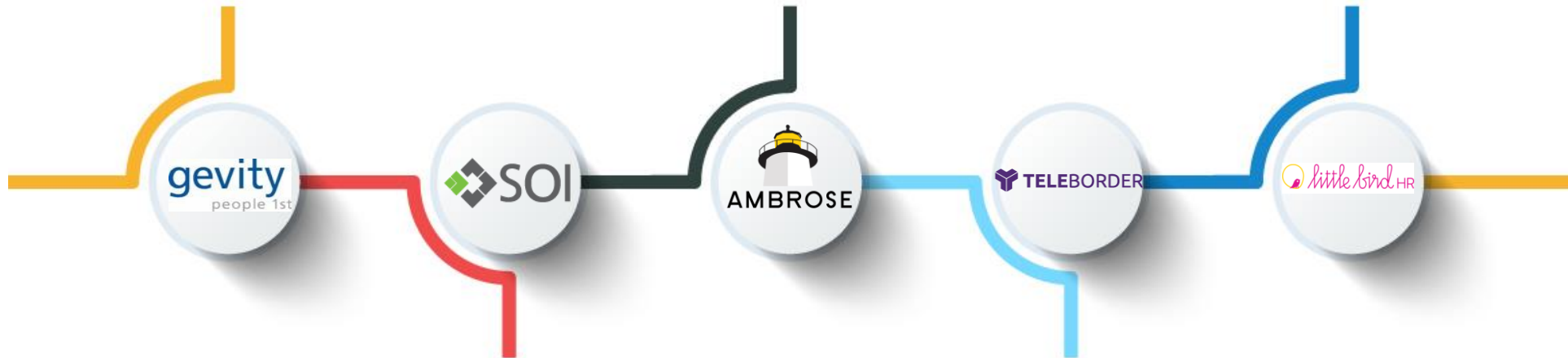
- Infrastructure investment
- East Coast processing center
- Scaled benefits and risk management group

## 2013

- New product offering
- High-touch service model
- Financial services focus
- *Migrated to TriNet common technology platform 2016*

## 2020

- Expands TriNet Non-Profit vertical offering
- Education industry focused products and services
- *Closed July 2020*



## 2012

- New product offering
- National product for “Main Street” clients
- *Migrated to TriNet common technology platform Q1 2018*

## 2016

- Leading cloud-based international employee hiring, onboarding and retention product and development team
- *Integrated into TriNet Technology vertical product*

# Appendix



# Appendix A Reconciliation of non-GAAP financial measures to GAAP financial measures

## Reconciliation of GAAP to Non-GAAP Measures

The table below presents a reconciliation of Total revenues to Net Service Revenues:

(in millions)	Year Ended December 31,				
	2019	2018	2017	2016	2015
Total revenues	\$ 3,856	\$ 3,503	\$ 3,275	\$ 3,060	\$ 2,659
Less: Insurance costs	2,927	2,610	2,466	2,414	2,112
<b>Net Service Revenues</b>	<b>\$ 929</b>	<b>\$ 893</b>	<b>\$ 809</b>	<b>\$ 646</b>	<b>\$ 547</b>

The table below presents a reconciliation of Insurance service revenues to Net Insurance Service Revenues:

(in millions)	Year Ended December 31,				
	2019	2018	2017	2016	2015
Insurance service revenues	\$ 3,326	\$ 3,016	\$ 2,817	\$ 2,613	\$ 2,258
Less: Insurance costs	2,927	2,610	2,466	2,414	2,112
<b>Net Insurance Service Revenues</b>	<b>\$ 399</b>	<b>\$ 406</b>	<b>\$ 351</b>	<b>\$ 199</b>	<b>\$ 146</b>
<b>NIM</b>	<b>12%</b>	<b>13%</b>	<b>12%</b>	<b>8%</b>	<b>6%</b>

The table below presents a reconciliation of Net income to Adjusted EBITDA:

(in millions)	Year Ended December 31,				
	2019	2018	2017	2016	2015
Net income	\$ 212	\$ 192	\$ 178	\$ 61	\$ 32
Provision for income taxes	58	49	22	43	28
Stock based compensation	41	44	32	26	18
Interest expense and bank fees	21	22	20	20	19
Depreciation and amortization of intangible assets	46	40	33	35	54
<b>Adjusted EBITDA</b>	<b>\$ 378</b>	<b>\$ 347</b>	<b>\$ 285</b>	<b>\$ 185</b>	<b>\$ 151</b>
<b>Adjusted EBITDA Margin</b>	<b>41%</b>	<b>39%</b>	<b>35%</b>	<b>29%</b>	<b>28%</b>

(in millions)	Year Ended December 31,				
	2019	2018	2017	2016	2015
Net income	\$ 212	\$ 192	\$ 178	\$ 61	\$ 32
Effective income tax rate adjustment	(11)	(13)	(59)	(1)	3
Stock based compensation	41	44	32	26	18
Amortization of intangible assets	5	5	5	16	39
Non-cash interest expense	1	4	2	4	4
Income tax impact of pre-tax adjustments	(12)	(14)	(16)	(19)	(25)
<b>Adjusted Net Income</b>	<b>\$ 236</b>	<b>\$ 218</b>	<b>\$ 142</b>	<b>\$ 87</b>	<b>\$ 71</b>
<b>GAAP weighted average shares of common stock - diluted</b>	<b>71</b>	<b>72</b>	<b>71</b>	<b>72</b>	<b>72</b>
<b>Adjusted Net Income per share - diluted</b>	<b>\$ 3.33</b>	<b>\$ 3.02</b>	<b>\$ 1.99</b>	<b>\$ 1.20</b>	<b>\$ 0.99</b>

# Appendix A Reconciliation of non-GAAP financial measures to GAAP financial measures

## Reconciliation of GAAP to Non-GAAP Measures

The table below presents a reconciliation of total revenues to Net Service Revenues:

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Total revenues	\$ 975	\$ 969	\$ 2,971	\$ 2,838
Less: Insurance costs	759	748	2,137	2,135
<b>Net Service Revenues</b>	<b>\$ 216</b>	<b>\$ 221</b>	<b>\$ 834</b>	<b>\$ 703</b>

The table below presents a reconciliation of insurance service revenues to Net Insurance Service Revenues:

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Insurance service revenues	\$ 849	\$ 839	\$ 2,568	\$ 2,445
Less: Insurance costs	759	748	2,137	2,135
<b>Net Insurance Service Revenues</b>	<b>\$ 90</b>	<b>\$ 91</b>	<b>\$ 431</b>	<b>\$ 310</b>
<b>Net Insurance Service Revenue Margin</b>	<b>11 %</b>	<b>11 %</b>	<b>17 %</b>	<b>13 %</b>

The table below presents a reconciliation of net income to Adjusted EBITDA:

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net income	\$ 33	\$ 55	\$ 250	\$ 164
Provision for income taxes	6	12	81	42
Stock based compensation	11	9	31	29
Interest expense and bank fees	8	6	16	17
Depreciation and amortization of intangible assets	11	11	35	34
<b>Adjusted EBITDA</b>	<b>\$ 69</b>	<b>\$ 93</b>	<b>\$ 413</b>	<b>\$ 286</b>
<b>Adjusted EBITDA Margin</b>	<b>32 %</b>	<b>43 %</b>	<b>49 %</b>	<b>41 %</b>

The table below presents a reconciliation of net income to Adjusted Net Income and Adjusted Net Income per share - diluted:

(in millions, except per share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net income	\$ 33	\$ 55	\$ 250	\$ 164
Effective income tax rate adjustment	(4)	(5)	(3)	(12)
Stock based compensation	11	9	31	29
Amortization of intangible assets	1	1	4	4
Non-cash interest expense	1	1	1	1
Income tax impact of pre-tax adjustments	(3)	(3)	(9)	(9)
<b>Adjusted Net Income</b>	<b>\$ 39</b>	<b>\$ 58</b>	<b>\$ 274</b>	<b>\$ 177</b>
<b>GAAP weighted average shares of common stock - diluted</b>	<b>68</b>	<b>71</b>	<b>68</b>	<b>71</b>
<b>Adjusted Net Income per share - diluted</b>	<b>\$ 0.56</b>	<b>\$ 0.81</b>	<b>\$ 3.99</b>	<b>\$ 2.49</b>



## Appendix B

Please refer to our most recent Annual Report and Quarterly Reports for a more detailed discussion of our Statement of Cash Flows

The following table presents our cash flow activities for the stated periods:

(in millions)	Nine Months Ended September 30,					
	2020			2019		
	Corporate	WSE	Total	Corporate	WSE	Total
Net cash provided by (used in):						
Operating activities	\$ 308	\$ (348)	\$ (40)	\$ 146	\$ (357)	\$ (211)
Investing activities	(63)	(88)	(151)	(32)	2	(30)
Financing activities	77	—	77	(109)	—	(109)
<b>Net increase (decrease) in cash and cash equivalents, unrestricted and restricted</b>	<b>\$ 322</b>	<b>\$ (436)</b>	<b>\$ (114)</b>	<b>\$ 5</b>	<b>\$ (355)</b>	<b>\$ (350)</b>
Cash and cash equivalents, unrestricted and restricted:						
Beginning of period	291	1,165	1,456	425	924	1,349
<b>End of period</b>	<b>\$ 613</b>	<b>\$ 729</b>	<b>\$ 1,342</b>	<b>\$ 430</b>	<b>\$ 569</b>	<b>\$ 999</b>
Net increase (decrease) in cash and cash equivalents:						
Unrestricted	\$ 350	\$ —	\$ 350	\$ (12)	\$ —	\$ (12)
Restricted	(28)	(436)	(464)	17	(355)	(338)

Components of net cash provided by operating activities are as follows:

(in millions)	Nine Months Ended September 30,	
	2020	2019
Net cash used in operating activities	\$ (40)	\$ (211)
Net cash used in operating activities - WSE	(348)	(357)
Net cash provided by operating activities - Corporate	308	146

# Appendix C – Guidance Reconciliation

## Reconciliation of GAAP to Non-GAAP Measures <sup>1</sup>

The table below presents a reconciliation of total revenues to Net Service Revenues:

(in millions)	Q4 2019	Q4 2020		FY 2019	Year 2020	
	Actual	Low	High	Actual	Low	High
Total revenues	\$ 1,018	0 %	2 %	\$ 3,856	3 %	4 %
Less: Insurance costs	792	8	6	2,927	2	2
<b>Net Service Revenues</b>	<b>\$ 226</b>	<b>(27)%</b>	<b>(12)%</b>	<b>\$ 929</b>	<b>8 %</b>	<b>11 %</b>

The table below presents a reconciliation of total revenues to Net Insurance Service Revenues and Net Insurance Margin:

(in millions)	Q4 2019	Q4 2020		FY 2019	Year 2020	
	Actual	Low	High	Actual	Low	High
Insurance service revenues	\$ 881	1 %	3 %	\$ 3,326	4 %	5 %
Less: Insurance costs	792	8	6	2,927	2	2
<b>Net Insurance Service Revenues</b>	<b>\$ 89</b>	<b>(58)%</b>	<b>(23)%</b>	<b>\$ 399</b>	<b>17 %</b>	<b>25 %</b>
<b>Net Insurance Margin</b>	<b>10 %</b>	<b>4 %</b>	<b>8 %</b>	<b>12 %</b>	<b>14 %</b>	<b>14 %</b>

The table below presents a reconciliation of net income to Adjusted EBITDA:

(in millions)	Q4 2019	Q4 2020		FY 2019	Year 2020	
	Actual	Low	High	Actual	Low	High
Net income	\$ 48	(118)%	(74)%	\$ 212	14 %	24 %
Provision for income taxes	16	(129)	(79)	58	32	46
Stock-based compensation	12	(7)	(7)	41	3	3
Interest expense and bank fees	4	(49)	(49)	21	(16)	(16)
Depreciation and amortization of intangible assets	12	5	5	46	3	3
<b>Adjusted EBITDA</b>	<b>\$ 92</b>	<b>(86)%</b>	<b>(54)%</b>	<b>\$ 378</b>	<b>13 %</b>	<b>20 %</b>
<b>Adjusted EBITDA Margin</b>	<b>41 %</b>	<b>8 %</b>	<b>21 %</b>	<b>41 %</b>	<b>43 %</b>	<b>44 %</b>

# Appendix C – Guidance Reconciliation

The table below presents a reconciliation of net income to Adjusted Net Income and Adjusted Net Income per share - diluted:

(in millions, except per share amounts)	Q4 2019	Q4 2020		FY 2019	Year 2020	
	Actual	Low	High	Actual	Low	High
Net income	\$ 48	(118)%	(74)%	\$ 212	14 %	24 %
Effective income tax rate adjustment	1	(234)	(176)	(11)	(56)	(62)
Stock-based compensation	12	(7)	(7)	41	3	3
Amortization of intangible assets	1	0	0	5	(1)	(1)
Non-cash interest expense	0	(4)	(4)	1	(4)	(4)
Income tax impact of pre-tax adjustments	(3)	0	0	(12)	2	2
<b>Adjusted Net Income</b>	<b>\$ 59</b>	<b>(100)%</b>	<b>(63)%</b>	<b>\$ 236</b>	<b>16 %</b>	<b>25 %</b>
<b>GAAP Weighted average shares of common stock - diluted</b>	<b>70</b>	<b>67</b>	<b>67</b>	<b>71</b>	<b>68</b>	<b>68</b>
<b>Adjusted Net Income per share - diluted</b>	<b>\$ 0.84</b>	<b>(100)%</b>	<b>(62)%</b>	<b>\$ 3.33</b>	<b>20 %</b>	<b>30 %</b>

# Appendix D – End Notes

- 1 US Small Business Administration, Office of Advocacy, *2019 Small Business Profile*; the total number of employees employed by firms with 500 or fewer employees.
- 2 National Association of Professional Employer Organizations (NAPEO); NAPEO White Paper Series #6, *An Economic Analysis: The PEO Industry Footprint in 2018*, September 2018.
- 3 Non-GAAP financial measure. See End Note 4, Slide 2 and Appendix A and/or Appendix C for more information about these non-GAAP financial measures, including reconciliations to GAAP. Additional information on these and our other non-GAAP measures, including reconciliations, can also be found in the annual and quarterly reports we file with the Securities and Exchange Commission.
- 4 Net Service Revenues is a non-GAAP measure calculated by subtracting insurance costs from Total revenues. Net Insurance Service Revenues is a non-GAAP measure calculated by subtracting insurance costs from Insurance revenues. Adjusted Net Income Per Share (or Adjusted EPS) is a non-GAAP measure calculated by dividing non-GAAP measure Adjusted Net Income by Diluted Weighted Average Shares. Adjusted Net Income is a non-GAAP measure calculated as Net income, excluding the effects of: effective income tax rate, stock-based compensation, amortization of intangible assets, non-cash interest expense, and the income tax effect (at our effective tax rate) of these pre-tax adjustments. Adjusted Net Income per share – diluted is a non-GAAP measure calculated by dividing Adjusted Net Income by GAAP Weighted average shares of common stock – diluted. Adjusted EBITDA is a non-GAAP measure calculated as Net income, excluding the effects of income tax provision, interest expense, depreciation, amortization of intangible assets, and stock-based compensation expense. Adjusted EBITDA Margin is a non-GAAP measure calculated by dividing non-GAAP measures Adjusted EBITDA by Net Service Revenues. Net Insurance Margin is the non-GAAP ratio of non-GAAP Net Insurance Services Revenues to insurance revenues.
- 5 Compounded Annual Growth Rate. CAGR is the percentage obtained by dividing the FY2019 value by the FY2016 value and raising the result to the power of one divided by three, the number of years between those values.
- 6 For more information regarding these measures, please see our Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q, including under the headings “Management’s Discussion and Analysis of Financial Condition and Results of Operations”. Our most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are available on our investor relations website at <http://investor.trinet.com> and on the SEC’s website at [www.sec.gov](http://www.sec.gov). Copies of these filings are also available by contacting TriNet Corporation’s Investor Relations Department at (510) 875-7201 or by clicking on the links under SEC Filings on TriNet’s Investor Relations website at <http://investor.trinet.com>.