2Q Fiscal 2017
ADP Earnings Call & Webcast

February 1, 2017

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Forward Looking Statements

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CEO’s Perspective

- Solid revenue growth and strong margin expansion during the quarter
- Retention up 10 basis points on continued improving service metrics
- Slowing of new business bookings due to market uncertainty and significant fiscal 2016 ACA-related tailwinds
- Acquired The Marcus Buckingham Company to enhance our core HCM talent offerings
- Completed sale of CHSA and Consolidated Omnibus Reconciliation Act (COBRA) businesses for $205 million pre-tax gain

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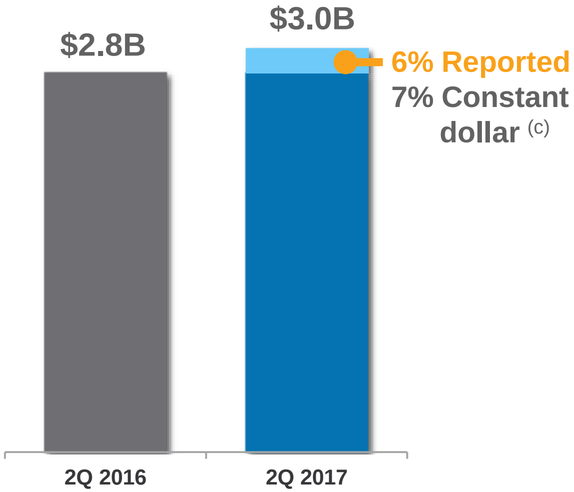
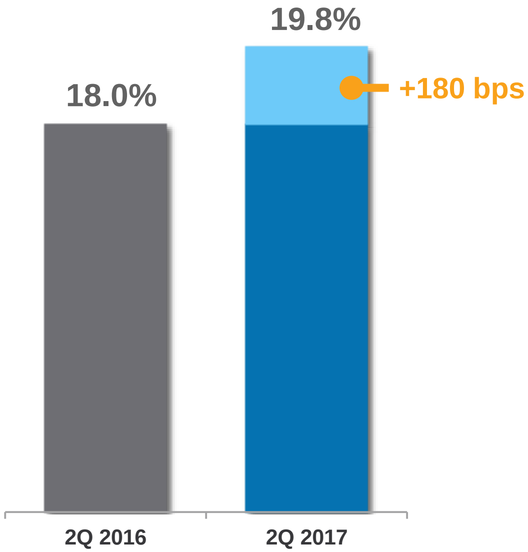
2Q Fiscal 2017 Financial Highlights

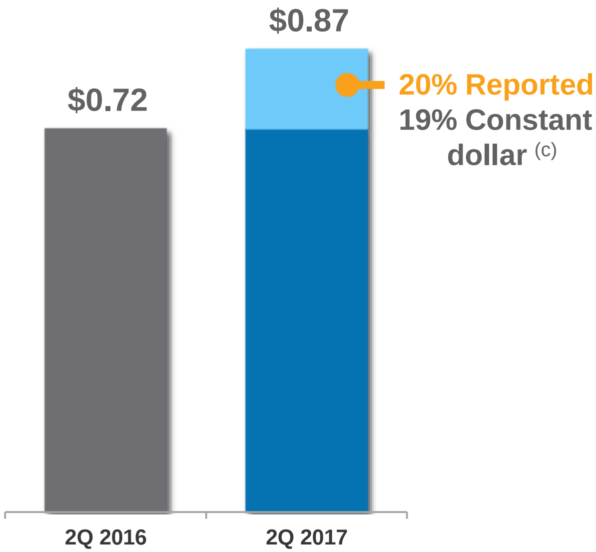
Total Revenues (unaudited)



Adjusted EBIT Margin from Continuing Operations (unaudited) (a) (b)



Adjusted Diluted EPS from Continuing Operations (unaudited) (a)



(a) "Adjusted" results exclude the gain on the sale of CHSA and COBRA businesses and charges related to Service Alignment Initiative during fiscal 2017 and the gain on the sale of a building during fiscal 2016. See appendix for reconciliation of non-GAAP financial measures to their comparable GAAP measures.

(b) The adjusted EBIT performance measures include interest income earned on investments associated with our client funds extended investment strategy and interest expense on borrowings related to our client funds extended investment strategy. We believe these amounts to be fundamental to the underlying operations of our business model. Our calculation of adjusted EBIT may differ from similarly titled measures used by other companies.

(c) The presentation of growth rates on a constant dollar basis represent a non-GAAP measure and are calculated by restating current period results into U.S. dollars using the comparable prior period's foreign currency exchange rates.

2Q Fiscal 2017 New Business Bookings and Segment Results

Worldwide New Business Bookings	Employer Services	PEO Services
• ↓ 5% compared with 2Q FY16 representing annualized recurring revenues anticipated from new orders	• Revenues ↑ 4% • Client revenue retention ↑ 10 basis points • U.S. pays per control ↑ 2.3% • Average client funds balances ↑ 2% • Margin ↑ 150 basis points	• Revenues ↑ 12% • Average worksite employees paid ↑ 12% to 452,000 • Margin ↑ 120 basis points

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Fiscal 2017 Outlook

Revenues

↑ **~6% Reported***

- ES Revenue ↑ 3% - 4%
- PEO Revenue ↑ ~13%

*includes a one percentage point pressure from CHSA / COBRA disposition and currency translation

Margin Expansion

Adjusted EBIT Margin (a)
↑ ~50 basis points

- ES Margin ↑ 25 - 50 basis points
- PEO Margin ↑ At least 100 basis points

Adjusted Diluted EPS (a) (b)

↑ 11% - 13%

Worldwide New Business Bookings

About flat compared to $1.75 billion sold in fiscal 2016

U.S. Pays per Control

↑ ~2.5% compared to 2.5% increase in fiscal 2016

Adjusted Effective Tax Rate (a)

↓ 32.4% from 33.3% in fiscal 2016

(a) "Adjusted" results exclude the gain on the sale of CHSA and COBRA businesses and charges related to our Service Alignment Initiative in fiscal 2017 as well as charges related to workforce optimization, the gain on the sale of a building, and the gain on the sale of a business during fiscal 2016.
(b) Assumes $1.2 - $1.4 billion in share repurchases.

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Appendix

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Client Funds Portfolio Extended Investment Strategy

- Average Client Funds Balances ↑ ~3% from $22.4 billion in FY16
- Yield on the Client Funds Portfolio flat compared to 1.7% in FY16
- Client Funds Interest Revenue ↑ $15 million from $377 million in FY16 compared to the prior forecast of ↑ $5 to $10 million
- Impact from Extended Investment Strategy ↑ $10 million from $418 million in FY16 compared to the prior forecast of ↑ $5 million

	FY17 Forecast			
	Average Balance	Average Yield	Client Funds Interest	
Client Short	~$4.4B	~0.5%	~$20M	
Client Extended	9.5 – 9.6B	1.6% – 1.7%	155 – 160M	
Client Long	~9.0B	~2.4%	~215M	
Total Client Funds	**$22.9 – 23.0B**	**~1.7%**	**$390 – 395M**	(a)
Corporate Extended Interest Income	~3.3B	~1.6%	~50M	(b)
Borrowing Days Interest Expense	~3.3B	~0.5%	~(15)M	
FY17 Net Impact From Client Funds Extended Investment Strategy			**$425 – 430M**	

Interest on the Extended Portfolio flows into two separate sections of the Statements of Consolidated Earnings.
(a) Reported as Interest on Funds Held for Clients in the revenue section of the Statements of Consolidated Earnings.
(b) A component of Interest Income on Corporate Funds, reported within Other Income, net, on the Statements of Consolidated Earnings.

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GAAP Reconciliations

(Continuing Operations, $ in millions, except per share data)

	2Q FY17	2Q FY16	% Change As Reported	% Change Constant Dollar
Net earnings from continuing operations	$510.9	$341.4	50%	49%
Provision for income taxes	275.3	166.5		
All other interest expense	14.9	15.1		
All other interest income	(4.4)	(3.0)		
Gain on sale of business	(205.4)	-		
Gain on sale of building	-	(13.9)		
Service Alignment Initiative	1.2	-		
Adjusted EBIT	$592.5	$506.1	17%	16%
Adjusted EBIT Margin	*19.8%*	*18.0%*		
Diluted EPS from continuing operations	$1.13	$0.74	53%	53%
Gain on sale of business	(0.27)	-		
Gain on sale of building	-	(0.02)		
Service Alignment Initiative	-	-		
Adjusted diluted EPS from continuing operations	$0.87	$0.72	20%	19%

Note: Within the above table, we use the term "constant dollar basis" so that certain financial measures can be viewed without the impact of foreign currency fluctuations to facilitate period-to-period comparisons of business performance. The financial results on a "constant dollar basis" are determined by calculating the current year result using foreign exchange rates consistent with the prior year. We believe "constant dollar basis" provides information that isolates the actual growth of our operations. Our constant dollar results are not measures of performance calculated in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and should not be considered in isolation from, as a substitute for, or superior to the U.S. GAAP measures presented. The above table reconciles our reported results to adjusted results which exclude one or more of the following: provision for income taxes, certain interest amounts, the charges related to our Service Alignment Initiative, the gain on the sale of our CHSA and COBRA businesses in fiscal 2017, and the gain on sale of a building in fiscal 2016. We use certain adjusted results, among other measures, to evaluate our operating performance in the absence of certain items and for planning and forecasting of future periods. We believe that the exclusion of these items helps us reflect the fundamentals of our underlying business model and analyze results against our expectations, against prior period, and to plan for future periods by focusing on our underlying operations. We believe that these adjusted results provide relevant and useful information for investors because it allows investors to view performance in a manner similar to the method used by management and improves their ability to understand and assess our operating performance. Generally, the nature of these exclusions are for specific items that are not fundamental to our underlying business operations. Specifically, we have excluded the impact of certain interest expense and certain interest income from net earnings from continuing operations. We continue to include the interest income earned on investments associated with our client funds extended investment strategy and interest expense on borrowings related to our client funds extended investment strategy as we believe these amounts to be fundamental to the underlying operations of our business model. The amounts included as adjustments in the table above represent the interest income and interest expense that is not related to our client funds extended investment strategy and are labeled as "All other interest expense" and "All other interest income." The majority of charges related to our Service Alignment Initiative represent severance charges. Severance charges have been taken in the past and not included as an adjustment to get to adjusted results. Unlike severance charges in prior periods, these specific charges relate to a broad-based, company-wide Service Alignment Initiative. Since Adjusted EBIT, Adjusted diluted earnings per share ("Adjusted diluted EPS") from continuing operations, and Adjusted EBIT margin are not measures of performance calculated in accordance with U.S. GAAP, they should not be considered in isolation from, as a substitute for, or superior to net earnings from continuing operations and diluted earnings per share ("Diluted EPS") from continuing operations and they may not be comparable to similarly titled measures used by other companies.

Fiscal 2017 Outlook - GAAP Reconciliations

(Continuing Operations, $ in millions)

	Twelve Months Ended June 30, 2016		Fiscal 2017 Forecast	
Earnings from continuing operations before income taxes margin (GAAP)	$2,234.7	19.2%	~+140bps	
All other interest expense	47.9	+40bps	+5bps	(a)
All other interest income	(13.6)	(10)bps	-	(b)
Gain on sale of AMD – 1Q F16	(29.1)	(25)bps	+25bps	(c)
Gain on sale of building – 2Q F16	(13.9)	(10)bps	+10bps	(d)
Workforce optimization effort – 4Q F16	48.2	+40bps	(40)bps	(e)
Service Alignment Initiative – F17		-	~+70bps	(f)
Gain on sale of CHSA and COBRA businesses – 2Q F17		-	(160)bps	(g)
Adjusted EBIT margin (Non-GAAP)	**$2,274.2**	**19.5%**	**~+50bps**	
Effective tax rate (GAAP)		33.2%	32.9%	
Gain on sale of AMD – 1Q F16		+0.11%	-	
Gain on sale of building – 2Q F16		(0.03%)	-	
Workforce optimization effort – 4Q F16		+0.02%	-	
Service Alignment Initiative – F17		-	+0.2%	
Gain on sale of CHSA and COBRA businesses – 2Q F17		-	(0.7%)	
Adjusted effective tax rate (Non-GAAP)		**33.3%**	**32.4%**	

(a) No material impact is expected from change in all other interest expense in fiscal 2017.
(b) No material impact is expected from change in all other interest income in fiscal 2017.
(c) First quarter fiscal 2016 gain on sale of AdvancedMD business will not recur in fiscal 2017.
(d) Second quarter fiscal 2016 gain on sale of building is not expected to recur in fiscal 2017.
(e) Fourth quarter fiscal 2016 impact of workforce optimization charge is not expected to recur in fiscal 2017.
(f) Fiscal 2017 impact expected from restructuring charge in connection with the Service Alignment Initiative.
(g) Second quarter fiscal 2017 impact from gain on the sale of CHSA and COBRA businesses.

Fiscal 2017 Outlook - GAAP Reconciliations

(Continuing Operations)

	Twelve Months Ended June 30, 2016		Fiscal 2017 Forecast	
Diluted EPS from continuing operations (GAAP)	$3.25	12%	15% - 17%	
Gain on sale of AMD – 1Q F16	(0.05)	(1%)	+1%	(a)
Gain on sale of building – 2Q F16	(0.02)	(1%)	+1%	(b)
Workforce optimization effort – 4Q F16	0.07	+2%	(2%)	(c)
Service Alignment Initiative – F17		-	~+4%	(d)
Gain on sale of CHSA and COBRA businesses – 2Q F17		-	(8%)	(e)
Adjusted diluted EPS from continuing operations (Non-GAAP)	**$3.26**	**13%**	**11% - 13%**	

(a) First quarter fiscal 2016 gain on sale of AdvancedMD business will not recur in fiscal 2017.
(b) Second quarter fiscal 2016 gain on sale of building is not expected to recur in fiscal 2017.
(c) Fourth quarter fiscal 2016 impact of workforce optimization charge is not expected to recur in fiscal 2017.
(d) Fiscal 2017 impact expected from restructuring charge in connection with the Service Alignment Initiative.
(e) Second quarter fiscal 2017 impact from gain on the sale of CHSA and COBRA businesses.

ADP Guidance History

	2/1/17 Forecast [a] [c]	11/2/16 Forecast [a] [d]	7/28/16 Forecast [d]
Total ADP			
Revenues	↑ ~6% Reported	↑ 7% - 8% Reported	↑ 7% - 9% Reported
Adj. EBIT Margin [b]	↑ ~50 bps	↑ ~50 bps	↑ 25 - 50 bps
Adj. Effective Tax Rate [b]	↓ Decrease to 32.4%	↓ Decrease to 32.7%	Remain flat at 33.3%
Adj. Diluted EPS from Cont. Ops. [b]	↑ 11% - 13%	↑ 11% - 13%	↑ 10% - 12%
Employer Services (ES)			
Revenues	↑ 3% - 4%	↑ 4% - 5%	↑ 4% - 5%
Margin	↑ 25 - 50 bps	↑ ~50 bps	↑ ~50 bps
Pays per Control	↑ ~2.5%	↑ ~2.5%	↑ ~2.5%
PEO Services			
Revenues	↑ ~13%	↑ 14% - 16%	↑ 14% - 16%
Margin	↑ At least 100 bps	↑ ~75 bps	↑ 50 - 75 bps
Worldwide New Business Bookings	About Flat	↑ 4% - 6%	↑ 4% - 6%
Client Funds Interest Revenue	↑ $15 million	↑ $5 - $10 million	↑ $5 million
Average Client Funds Balances	↑ ~3%	↑ 2% - 4%	↑ 2% - 4%
Yield on Client Funds Portfolio	↔ 1.7%	↔ 1.7%	↔ 1.7%
Impact from Client Funds Strategy	↑ $10 million	↑ $5 million	Flat

(a) Forecast contemplates the anticipated impacts of the disposition of CHSA and COBRA businesses in revenue and operating results.
(b) "Adjusted" results exclude the gain on the sale of the CHSA and COBRA businesses and the charges related to our Service Alignment Initiative in fiscal 2017 and charges related to workforce optimization, the gain on the sale of a building, and the gain on the sale of a business during fiscal 2016.
(c) Assumes $1.2 - $1.4 billion in share repurchases.
(d) Assumes $1.0 - $1.4 billion in share repurchases.

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