3Q Fiscal 2017
ADP Earnings Call & Webcast

May 3, 2017

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CEO's Perspective

- Solid revenue and EPS growth during the quarter
- Quarterly retention decline of 170 basis points concentrated in legacy platforms in mid and upmarket; continued strong retention on strategic platforms
- Softer new business bookings mainly due to strong demand for ACA-related solutions in fiscal 2016
- Continue to invest in product, service, and sales

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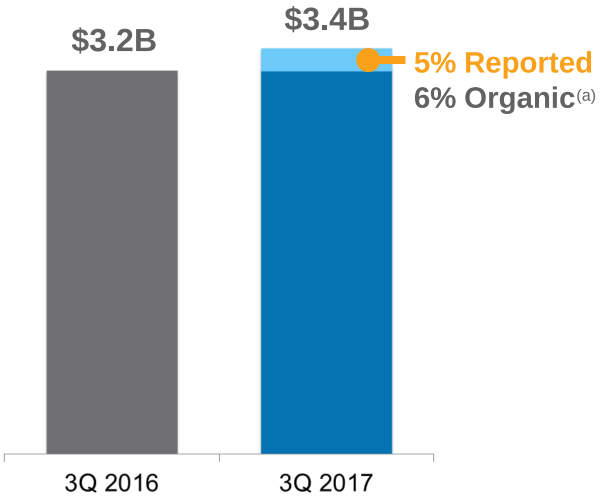
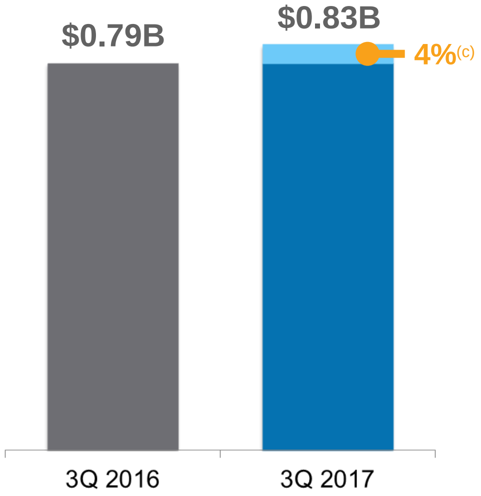
Q3 Fiscal 2017 Financial Highlights

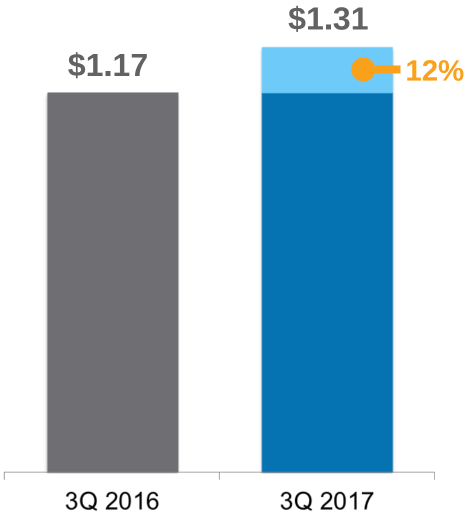
Total Revenues (unaudited)



Pretax Earnings from Continuing Operations (unaudited) (b)



Diluted EPS from Continuing Operations (unaudited)



(a) "Organic" growth rates exclude the results of our fiscal 2017 acquisitions and the fiscal 2016 results of the CHSA and COBRA businesses which were disposed of in fiscal 2017. See supplemental schedule to the earnings release for the reconciliation of organic growth rates to their comparable reported growth rates.
(b) "Pretax Earnings from Continuing Operations" reflects "Earnings from continuing operations before income taxes" on the Statements of Consolidated Earnings.
(c) Includes two percentage points of combined pressure from the disposition of the CHSA and COBRA businesses and fiscal 2017 acquisitions.

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3Q Fiscal 2017 New Business Bookings and Segment Results

Worldwide New Business Bookings

- ↓ 7% compared with 3Q FY16 representing annualized recurring revenues anticipated from new orders

Employer Services

- Revenues ↑ 2% Reported
  ↑ 3% Organic (a)
- Client revenue retention
  ↓ 170 basis points
- U.S. pays per control ↑ 2.5%
- Average client funds balances ↑ 2%
- Margin ↓ 40 basis points

PEO Services

- Revenues ↑ 12%
- Average worksite employees paid
  ↑ 12% to 471,000
- Margin ↑ 100 basis points

(a) "Organic" growth rates exclude the results of our fiscal 2017 acquisitions and the fiscal 2016 results of the CHSA and COBRA businesses which were disposed of in fiscal 2017. See supplemental schedule to the earnings release for the reconciliation of organic growth rates to their comparable reported growth rates.

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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)

↑ **13% - 14%**

Worldwide New Business Bookings

↓ 5% - 7% 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)

↓ 31.4% 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 ↑ $20 million from $377 million in FY16 compared to the prior forecast of ↑ $15 million
- Impact from Extended Investment Strategy ↑ $15 million from $418 million in FY16 compared to the prior forecast of ↑ $10 million

	FY17 Forecast			
	Average Balance	Average Yield	Client Funds Interest	
Client Short	~$4.5B	~0.6%	~$25M	
Client Extended	~9.5B	~1.7%	~160M	
Client Long	~9.0B	~2.4%	210 - 215M	
Total Client Funds	**~$23.0B**	**~1.7%**	**$395 – 400M**	(a)
Corporate Extended Interest Income	~3.3B	~1.6%	~55M	(b)
Borrowing Days Interest Expense	~3.3B	~0.6%	~(20)M	
FY17 Net Impact From Client Funds Extended Investment Strategy			**$430 – 435M**	

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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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%	31.9%	
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%**	**31.4%**	

(a) Additional interest expense in fiscal 2017 from the $2 billion debt offering completed in first quarter fiscal 2016.
(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%	17% - 18%	
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%**	**13% - 14%**	

(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.

Note: The above tables reconcile our reported results to adjusted results which exclude one or more of the following: provision for income taxes, certain interest amounts, 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 the sale of the AdvancedMD business, the gain on sale of a building and charges related to the workforce optimization effort 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 tables 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.

ADP Guidance History

	5/3/17 Forecast [a] [c]	2/1/17 Forecast [a] [c]	11/2/16 Forecast [a] [d]	7/28/16 Forecast [d]
Total ADP				
Revenues	↑ ~6% Reported	↑ ~6% Reported	↑ 7% - 8% Reported	↑ 7% - 9% Reported
Adj. EBIT Margin [b]	↑ ~50 bps	↑ ~50 bps	↑ ~50 bps	↑ 25 - 50 bps
Adj. Effective Tax Rate [b]	↓ Decrease to 31.4%	↓ Decrease to 32.4%	↓ Decrease to 32.7%	Remain flat at 33.3%
Adj. Diluted EPS from Cont. Ops. [b]	↑ 13% - 14%	↑ 11% - 13%	↑ 11% - 13%	↑ 10% - 12%
Employer Services (ES)				
Revenues	↑ 3% - 4%	↑ 3% - 4%	↑ 4% - 5%	↑ 4% - 5%
Margin	↑ 25 - 50 bps	↑ 25 - 50 bps	↑ ~50 bps	↑ ~50 bps
Pays per Control	↑ ~2.5%	↑ ~2.5%	↑ ~2.5%	↑ ~2.5%
PEO Services				
Revenues	↑ ~13%	↑ ~13%	↑ 14% - 16%	↑ 14% - 16%
Margin	↑ At least 100 bps	↑ At least 100 bps	↑ ~75 bps	↑ 50 - 75 bps
WW New Business Bookings	↓ 5% - 7%	About Flat	↑ 4% - 6%	↑ 4% - 6%
Client Funds Interest Revenue	↑ $20 million	↑ $15 million	↑ $5 - $10 million	↑ $5 million
Average Client Funds Balances	↑ ~3%	↑ ~3%	↑ 2% - 4%	↑ 2% - 4%
Yield on Client Funds Portfolio	↔ 1.7%	↔ 1.7%	↔ 1.7%	↔ 1.7%
Impact from Client Funds Strategy	↑ $15 million	↑ $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.