



IN THE BUSINESS OF YOUR SUCCESSSM

3Q Fiscal 2014 Earnings Call Webcast

April 30, 2014

Carlos Rodriguez
President and Chief Executive Officer

Jan Siegmund
Corporate Vice President and Chief Financial Officer

HR. Payroll. Benefits.

Forward Looking Statements

This document and other written or oral statements made from time to time by ADP may contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Statements that are not historical in nature and which may be identified by the use of words like “expects,” “assumes,” “projects,” “anticipates,” “estimates,” “we believe,” “could” and other words of similar meaning, are forward-looking statements. These statements are based on management’s expectations and assumptions and are subject to risks and uncertainties that may cause actual results to differ materially from those expressed. Factors that could cause actual results to differ materially from those contemplated by the forward-looking statements include: ADP’s success in obtaining, retaining and selling additional services to clients; the pricing of products and services; changes in laws regulating payroll taxes, professional employer organizations and employee benefits; overall market and economic conditions, including interest rate and foreign currency trends; competitive conditions; auto sales and related industry changes; employment and wage levels; changes in technology; availability of skilled technical associates; and the impact of new acquisitions and divestitures. In addition, the proposed spin-off of the Dealer Services business is subject to inherent risks and uncertainties, including: risks that the spin-off will not be consummated; increased demands on our management team to accomplish the spin-off, significant transaction costs and risks from changes in results of operations of our reportable segments. ADP disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. These risks and uncertainties, along with the risk factors discussed under “Item 1A. - Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended June 30, 2013, should be considered in evaluating any forward-looking statements contained herein.

Dealer Services Spin-off

Strategic Rationale

- Automotive industry strongest it has been since 2007
- Each management team to focus on its respective industry
 - ADP - human capital management
 - Dealer Services - automotive retail industry

Transaction Structure

- 100% spin-off
- Tax-free transaction for our shareholders
- Anticipate that ADP will receive at least \$700 million at the completion of the transaction

Timing

- Completion in October 2014
- Expect to file initial Form 10 in early June
- Investor roadshow announced as we get closer to the spin date

Coming Soon: Enhanced User Experience

The dashboard features a dark blue sidebar on the left with icons for Dashboard, Pay, Schedule, Time Off, Connections, Benefits, and Company. The main content area is divided into several sections:

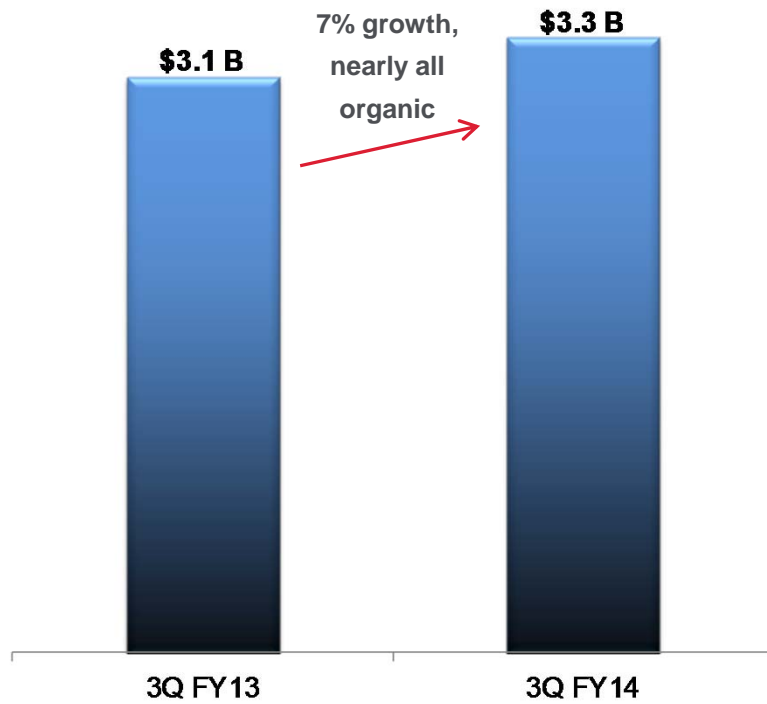
- Dashboard Header:** Includes a search bar, a notification icon with a red '9', an 'On Break' status indicator, and a user profile picture labeled 'You'.
- Who Is Here:** Shows a profile for 'You' (Sales Associate) with a 'CLOCK BACK IN' button. Below, it indicates '3 here', '1 on break', and '1 sick'. A list of team members includes Ellen Janes (On Break Next), Polly Franco (Leaving at 3pm), and Peter Davis (Your Manager), each with a 'WORKING' status tag. A 'MESSAGE TEAM' button is at the bottom.
- Your Messages:** Displays a message from Janice Frances (HR Manager) with an 'Enroll Now' button.
- Your Pay:** Shows 'Scheduled 40hrs' and 'Estimated Take Home \$1,453.44'. A yellow banner indicates '5 Days Till Payday' with a 'VIEW PAY DETAILS' button.
- Your Schedule:** Shows a 3-day view: Today (9am-5pm, 8hrs), Tomorrow (9am-5pm, 8hrs), and Off. A 'VIEW FULL SCHEDULE' button is present.
- Perks:** Features an 'Employee Sale' advertisement with 'Read More' text and images of handbags.

Social - Device Agnostic - Predictive

Third Quarter Fiscal 2014 Revenues and Earnings

Revenues in Billions

(unaudited)



Diluted Earnings per Share from Continuing Operations

(unaudited)



Third Quarter Fiscal 2014 Highlights

	Impact Included in 3Q FY14 Results	
	3Q FY14 Results	Client Funds Investment Strategy
Revenues	↑7%, nearly all organic	↓ 40 bps
Pretax Earnings Cont. Ops.	↑ 6%	↓ 2%
Pretax Margin	↓ 10 bps	↓ 60 bps
Effective Tax Rate	↑ 30 bps	
Net Earnings Cont. Ops.	↑ 6%	↓ 2%
Diluted EPS Cont. Ops.	↑ 7%	↓ \$0.02, or ↓ 2%

Share Repurchases

- Acquired 0.5 million shares at a cost of about \$42 million in the quarter

Third Quarter Fiscal 2014 Highlights

	3Q FY14 Total Revenues	3Q FY14 Pre-Tax Margins
ADP	↑ 7% to \$3.3 B, nearly all organic	23.2%, ↓ 10 bps
Employer Services	↑ 6%, nearly all organic	35.8%, ↑ 70 bps
PEO Services	↑ 15%, all organic	9.3%, ↓ 40 bps
Dealer Services	↑ 7%, nearly all organic	22.9%, ↑ 180 bps

Combined worldwide new business bookings – ES & PEO ↑ 14%

FY14 Guidance – Total ADP

- **Total Revenues** ↑ ~8%
- **Pretax Margin** slight expansion from adjusted 18.8% in FY13
- **Effective Tax Rate** about flat compared to adjusted 33.9% in FY13
- **Diluted EPS from Continuing Operations** ↑ ~9%, compared to adjusted \$2.88 from continuing operations in FY13

Guidance notations:

- No share repurchases contemplated in guidance beyond offset to anticipated dilution related to employee benefit plans

FY14 Guidance: Reportable Segments

- **Employer Services**
 - Revenues ↑ ~7%
 - Pretax margin ↑ ~100 basis points
 - U.S. pays per control ↑ 2.0% – 3.0%
- **PEO Services**
 - Revenues ↑ ~14%
 - Slight pretax margin expansion
- **Annual dollar value of ES & PEO Worldwide New Business Bookings**
 - ↑ ~8% compared to \$1.35 billion in FY13
- **Dealer Services**
 - Revenues ↑ ~8%
 - Pretax margin ↑ ~100 basis points

FY14 Guidance – Total ADP Impact of Client Funds Extended Investment Strategy

Contribution from client funds extended investment strategy expected to be \$55 - \$60 million lower than a year ago

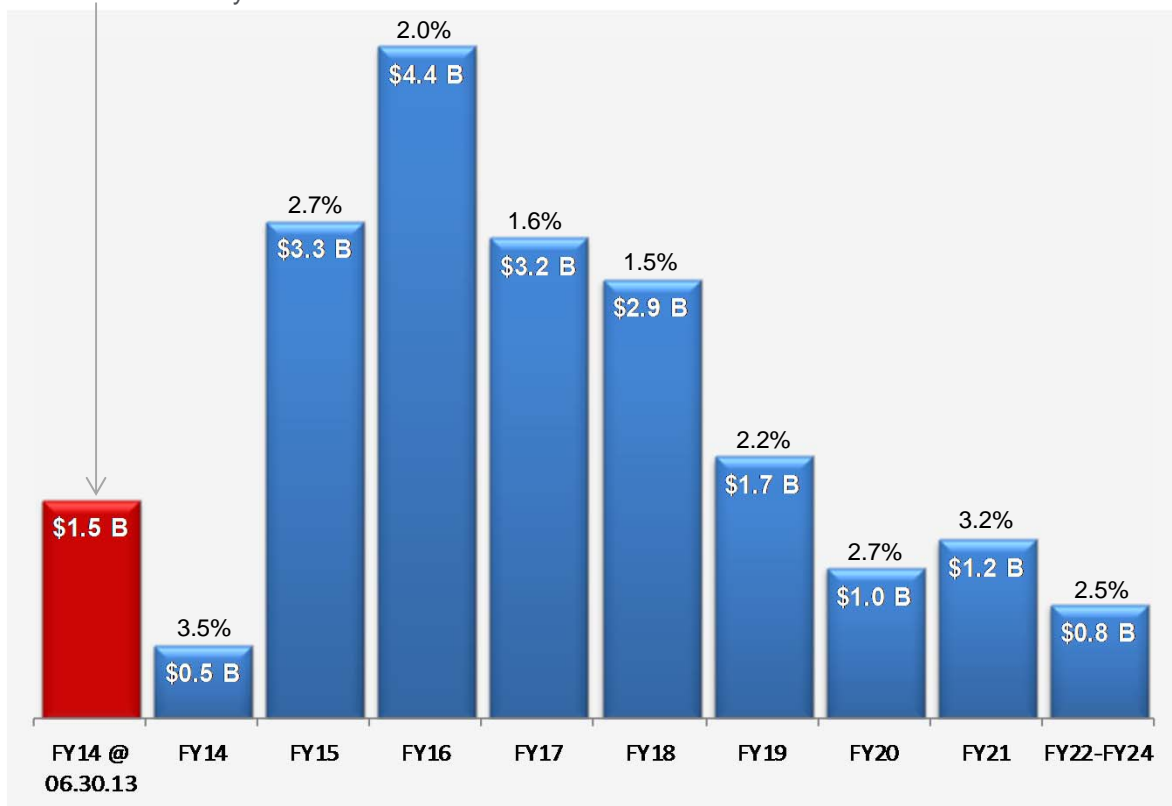
- **Revenues**
 - ~0.5 percentage point drag in FY14
- **Pretax Margin**
 - ~80 basis point drag in FY14
- **Diluted EPS from Continuing Operations**
 - Negative impact of \$0.08, or 3%, in FY14

FY15 Guidance: Client Funds Portfolio Extended Investment Strategy

Distribution by Maturity at March 31, 2014 = ~\$19.0B
Represents Client Long and Extended
 (\$ in Billion, at Book Values, % Represent Embedded Yields)

FY14 Full Year Maturities:

- Embedded yield ~4%
- Reinvestment yield ~1.8%



For FY15, impact of client funds strategy expected to be about flat to FY14

	FY15 Forecast		
	Average Balance	Average Yield	Client Funds Interest
Client Short	~\$4.0B	x -0.3%	= ~\$10M
Client Extended	9.4 - 9.6 B	x 1.6 - 1.7%	= 155 - 160M
Client Long	8.3 - 8.4 B	x 2.4 - 2.5%	= 205 - 210M

Total Client Funds Interest Revenue **A \$370 - 380M**

Corporate Extended Interest Income 2.6 - 2.7 B x 1.6 - 1.7% = **B** ~45M

Borrowing Days Interest Expense 2.6 - 2.7 B x -0.3% = ~(10)M

Net FY15 Impact Client Funds Strategy **\$410 - 420M**

Interest on the Extended Portfolio flows into two separate sections of the Statements of Consolidated Earnings. See **A** and **B** below.


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.



IN THE BUSINESS OF YOUR SUCCESSSM

Question & Answer


A large, solid red graphic element that starts as a wide, curved shape on the left and tapers to a sharp point on the right, where it meets a vertical rectangular bar. This graphic is positioned behind the text 'HR. Payroll. Benefits.'

HR. Payroll. Benefits.



IN THE BUSINESS OF YOUR SUCCESSSM

Appendix

A large, solid red graphic element that starts as a wide, curved shape on the left and tapers to a point on the right, where it meets a vertical rectangular bar. This graphic element is positioned behind the text 'HR. Payroll. Benefits.'.

HR. Payroll. Benefits.

Appendix: 3Q14 Segment Results

▪ Employer Services

- Revenues ↑ 6%, nearly all organic
 - U.S. pays per control ↑ 2.8%
 - Average client balances ↑ 9%
- Pretax margin 35.8%, ↑ 70 bps
 - Margin benefit from operating efficiencies

▪ PEO Services

- Revenues ↑ 15%, all organic
 - Average worksite employees paid ↑ 18%
- Pretax margin 9.3%, ↓ 40 bps
 - Higher expenses related to increased new business bookings

▪ Combined worldwide new business bookings – ES & PEO ↑ 14%

▪ Dealer Services

- Revenues ↑ 7%, nearly all organic
 - Solid competitive win rates
- Pretax margin 22.9%, ↑ 180 bps
 - Margin benefit from nonrecurring items

Appendix: FY2014 Guidance History

	4/30/14 Forecast	2/5/14 Forecast	10/30/13 Forecast	8/1/13 Forecast
Total ADP				
Revenues	↑ ~8%	↑ 7% - 8%	↑ ~7%	↑ ~7%
Pretax Margin	Slight Improvement from adjusted 18.8% in FY13	Slight Improvement from adjusted 18.8% in FY13	Slight Improvement from adjusted 18.8% in FY13	Slight Improvement from adjusted 18.8% in FY13
Effective Tax Rate	About flat	About flat	About flat	About flat
Diluted EPS from Continuing Operations	↑ ~9%* compared with adjusted \$2.88 from continuing operations in Fiscal 2013	↑ 8% - 10%* compared with adjusted \$2.89 from continuing operations in Fiscal 2013	↑ 8% - 10%* compared with adjusted \$2.89 from continuing operations in Fiscal 2013	↑ 8% - 10%* compared with adjusted \$2.89 from continuing operations in Fiscal 2013
Employer Services (ES)				
Revenues	↑ ~7%	↑ ~7%	↑ ~7%	↑ ~7%
Pretax Margin	↑ ~100 bp	↑ ~100 bp	↑ 50-100 bp	↑ 50-100 bp
Pays per Control	↑ 2.0% - 3.0%	↑ 2.0% - 3.0%	↑ 2.0% - 3.0%	↑ 2.0% - 3.0%
PEO Services				
Revenues	↑ ~14%	↑ 12% - 13%	↑ 10% - 12%	↑ 10% - 12%
Pretax Margin	slight improvement	slight improvement	slight improvement	slight improvement
ES & PEO New Business Bookings, Worldwide				
	↑ ~8%	↑ ~8%	↑ 8% - 10%	↑ 8% - 10%
Dealer Services				
Revenues	↑ ~8%	↑ ~8%	↑ ~8%	↑ ~8%
Pretax Margin	↑ ~100 bp	↑ ~100 bp	↑ ~100 bp	↑ ~100 bp

* "As Adjusted" results exclude the impact of a \$43 million pretax, non-cash goodwill impairment charge (\$43 million after tax, \$0.09 per share) recorded in the fourth quarter of fiscal 2013 related to the 2011 acquisition of ADP AdvancedMD.

Appendix: Client Funds Portfolio Extended Investment Strategy – 3Q14

	3Q14		3Q13		Change	
	\$	Yield/ rate	\$	Yield/ rate	\$	Yield/ rate
Balances:						
Average Client Short Portfolio Balance	\$7.2 B	0.1%	\$5.9 B	0.2%	\$1.3 B	↓ 10 bp
Average Client Extended Portfolio Balance	10.3	1.8%	9.8	2.1%	0.6	↓ 30 bp
Average Client Long Portfolio Balance	<u>7.7</u>	<u>2.7%</u>	<u>7.5</u>	<u>3.1%</u>	<u>0.2</u>	↓ <u>40 bp</u>
= Average Client Funds Balance	\$25.2 B	1.6%	\$23.2 B	1.9%	\$2.1 B	↓ 30 bp
Average Corporate Extended Investment Balance	\$0.8 B	1.6%	\$0.7 B	1.8%	\$0.1 B	↓ 20 bp
Average U.S. Commercial Paper Borrowings	\$0.7 B	0.1%	\$0.6 B	0.2%	\$0.1 B	↓ 10 bp
Average U.S./Canadian Reverse Repurchase Borrowings	<u>0.2</u>	<u>0.9%</u>	<u>0.1</u>	<u>1.0%</u>	~ flat	~ flat
= Average Short-term Borrowings	\$0.8 B	0.3%	\$0.7 B	0.3%	\$0.1 B	↓ 10 bp
Pretax P&L Impact:						
Interest on Funds Held for Clients – Client Short	\$2 M		\$3 M		↓\$1	
Interest on Funds Held for Clients – Client Ext'd	45		50		↓ 5	
Interest on Funds Held for Clients – Client Long	<u>53</u>		<u>59</u>		↓ <u>6</u>	
= Total Interest on Funds Held for Clients	\$100 M		\$112 M		↓ \$12M	
Corporate Extended Interest Income *	3		3		~flat	
Corporate Interest Expense - Short-term	<u>(1)</u>		<u>(1)</u>		~flat	
	\$103 M		\$115 M		↓ \$12 M	

* "Corporate Extended Interest Income" reported as a portion of Interest Income on Corporate Funds in Other Income, net on the Statements of Consolidated Earnings
Appendix - 3



Appendix: FY14 Guidance - Client Funds Portfolio Extended Investment Strategy

	<u>FY14 (F)</u>		<u>FY13</u>		<u>Change</u>	
	\$	Yield/ rate	\$	Yield/ rate	\$	Yield/ rate
Balances:						
Average Client Short Portfolio Balance	\$~4.0 B	~ 0.2%	\$3.7 B	0.2%	~\$0.3 B	~ flat
Average Client Extended Portfolio Balance	~8.7	~1.8%	8.0	2.1%	~0.7	↓ ~30 bp
Average Client Long Portfolio Balance	~7.7	~2.8%	7.5	3.2%	~0.2	↓ ~40 bp
= Average Client Funds Balance	~\$20.7 B	~1.8%	\$19.2 B	2.2%	~\$1.5 B	↓ ~40 bp
Average Corporate Extended Investment Balance	~\$2.6 B	~1.7%	\$2.8 B	1.9%	~(\$0.2) B	↓ ~20 bp
Average U.S. Commercial Paper Borrowings	~\$2.3 B	~0.1%	\$2.4 B	0.2%	~(\$0.1) B	↓ ~10 bp
Average U.S./Canadian Reverse Repurchase Borrowings	~0.3	~0.6%	0.4	0.7%	~(\$0.1)	↓ ~10 bp
= Average Short-term Borrowings	~\$2.6 B	~ 0.2%	\$2.8 B	0.2%	~(\$0.2) B	↓ ~10 bp
Pretax P&L Impact:						
Interest on Funds Held for Clients – Client Short	~\$5 M		\$8 M		~flat	
Interest on Funds Held for Clients – Client Ext'd	~155		171		↓ ~15 M	
Interest on Funds Held for Clients – Client Long	210 – 215		242		↓ 25– 30	
= Total Interest on Funds Held for Clients	\$370 - 375 M		\$421 M		↓ \$45 – 50 M	
Corporate Extended Interest Income*	~45		54		↓ ~10	
Corporate Interest Expense - Short-term	~(5)		(7)		~flat	
	\$410 – 415 M		\$468 M		↓ \$55 – 60 M	

* "Corporate Extended Interest Income" reported as a portion of Interest Income on Corporate Funds in Other Income, net on the Statements of Consolidated Earnings

Appendix: Fiscal 2014 Guidance History

Client Funds Portfolio Extended Investment Strategy	FY14 4/30/14 Forecast		FY14 2/5/14 Forecast	
	\$	Yield/ rate	\$	Yield/ rate
Balances:				
Average Client Short Portfolio Balance	\$~4.0 B	~ 0.2%	\$~4.0 B	~ 0.2%
Average Client Extended Portfolio Balance	~8.7	~1.8%	8.6 – 8.7	1.7 – 1.8%
Average Client Long Portfolio Balance	<u>~7.7</u>	<u>~2.8%</u>	<u>7.7 – 7.8</u>	<u>2.7 – 2.8%</u>
= Average Client Funds Balance	~\$20.7 B	~1.8%	\$20.3 – 20.5 B	1.8 – 1.9%
Average Corporate Extended Investment Balance	~\$2.6 B	~1.7%	\$2.6 – 2.7 B	1.6 – 1.7%
Average U.S. Commercial Paper Borrowings	~\$2.3 B	~0.1%	\$2.3 – 2.4 B	~0.1%
Avg. U.S./Canadian Reverse Repurchase Borrowings	<u>~0.3</u>	<u>~0.6%</u>	<u>~0.3</u>	<u>~0.6%</u>
= Average Short-term Borrowings	~\$2.6 B	~ 0.2%	\$2.6 – 2.7 B	~ 0.2%
Pretax P&L Impact:				
Interest on Funds Held for Clients – Client Short	~\$5 M		~\$10 M	
Interest on Funds Held for Clients – Client Ext'd	~155		150 – 155	
Interest on Funds Held for Clients – Client Long	<u>210 – 215</u>		<u>210 – 215</u>	
= Total Interest on Funds Held for Clients	\$370 - 375 M		\$370 - 380 M	
Corporate Extended Interest Income*	~45		~45	
Corporate Interest Expense - Short-term	~(5)		~(5)	
	\$410 – 415 M		\$410 – 420 M	

* "Corporate Extended Interest Income" reported as a portion of Interest Income on Corporate Funds in Other Income, net on the Statements of Consolidated Earnings
Appendix - 5



Appendix: Fiscal 2014 Guidance History

Client Funds Portfolio Extended Investment Strategy	FY14 10/30/13 Forecast		FY13 8/1/13 Forecast	
	\$	Yield/ rate	\$	Yield/ rate
Balances:				
Average Client Short Portfolio Balance	\$~3.8 B	~ 0.2%	\$~3.6 B	~ 0.2%
Average Client Extended Portfolio Balance	8.5 – 8.6	1.7 – 1.8%	8.6 – 8.7	1.7 – 1.8%
Average Client Long Portfolio Balance	<u>7.7 – 7.8</u>	<u>2.7 – 2.8%</u>	<u>7.8 – 7.9</u>	<u>2.7 – 2.8%</u>
= Average Client Funds Balance	\$20.0 – 20.2 B	1.8 – 1.9%	\$20.0 – 20.2 B	1.8 – 1.9%
Average Corporate Extended Investment Balance	\$2.6 – 2.7 B	1.7 – 1.8%	\$2.6 – 2.7 B	1.7 – 1.8%
Average U.S. Commercial Paper Borrowings	\$2.3 – 2.4 B	~0.1%	\$2.4 – 2.5 B	~0.2%
Avg. U.S./Canadian Reverse Repurchase Borrowings	<u>~0.3</u>	<u>~0.8%</u>	<u>~0.2</u>	<u>~1.0%</u>
= Average Short-term Borrowings	\$2.6 – 2.7 B	~ 0.2%	\$2.6 – 2.7 B	~ 0.2%
Pretax P&L Impact:				
Interest on Funds Held for Clients – Client Short	~\$10 M		~\$10 M	
Interest on Funds Held for Clients – Client Ext'd	145 – 150		145 – 150	
Interest on Funds Held for Clients – Client Long	<u>215 – 220</u>		<u>215 – 220</u>	
= Total Interest on Funds Held for Clients	\$370 - 380 M		\$370 - 380 M	
Corporate Extended Interest Income*	~50		~50	
Corporate Interest Expense - Short-term	~(10)		~(10)	
	\$410 – 420 M		\$410 – 420 M	

* "Corporate Extended Interest Income" reported as a portion of Interest Income on Corporate Funds in Other Income, net on the Statements of Consolidated Earnings