



IN THE BUSINESS OF YOUR SUCCESSSM

Fiscal 2014 Earnings Call Webcast

July 31, 2014

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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.

Fiscal 2014: Year of Innovation



During Fiscal 2014...

More than doubled Mobile Solutions App users

Now...

More than 2.5 million users of the ADP Mobile Solutions App



Migrated 90,000 businesses to ADP RUN

More than 380,000 businesses enjoy ADP Run

ADP Workforce Now®

Migrated 7,000 businesses to ADP Workforce Now

More than 50,000 businesses enjoy ADP Workforce Now

ADP Vantage HCM®

Doubled sales of ADP Vantage HCM

More than 150 large businesses have chosen ADP Vantage HCM



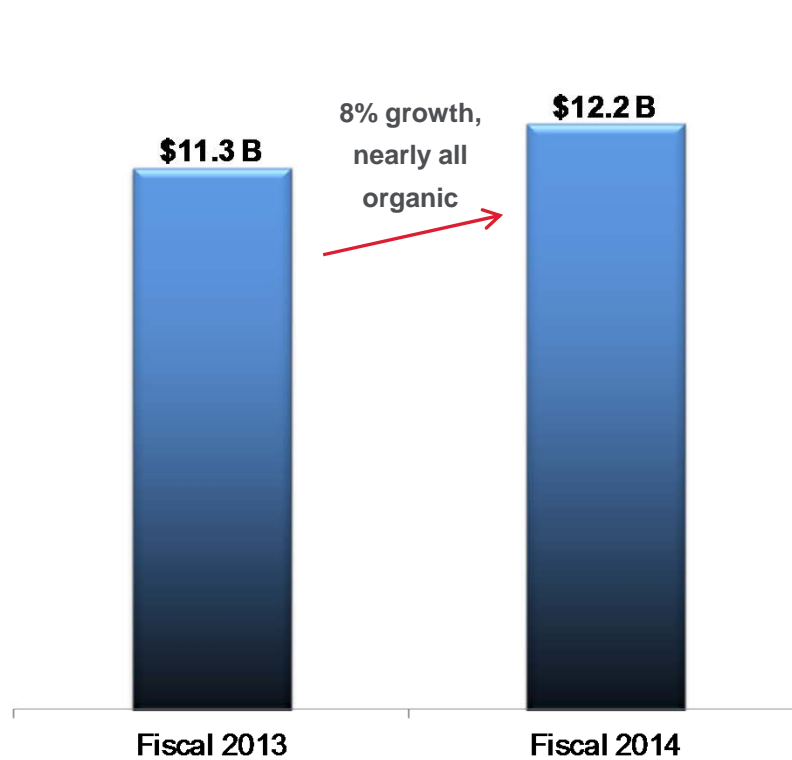
Increased cloud-based clients by 45%

More than 430,000 clients on ADP's cloud-based solutions

Fiscal 2014 Revenues and Earnings

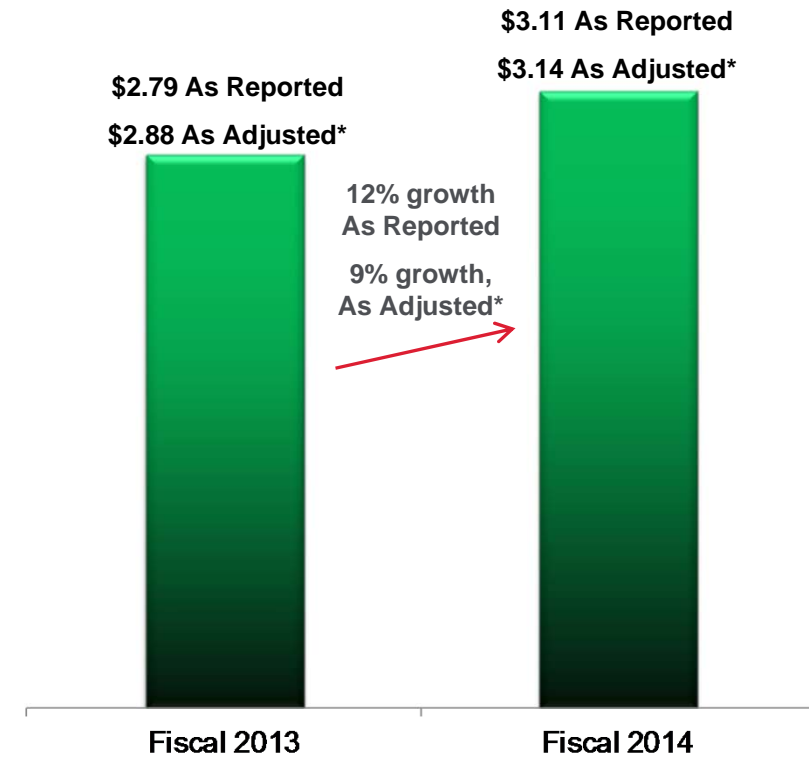
Revenues in Billions

(unaudited)



Diluted Earnings per Share from Continuing Operations

(unaudited)



* "As Adjusted" results exclude the impact of non-tax deductible costs of \$15 million (\$0.03 per share) related to the planned spin-off of the Dealer Services business recorded in the fourth quarter of fiscal 2014 and a non-tax deductible \$43 million (\$0.09 per share) non-cash goodwill impairment charge recorded in the fourth quarter of fiscal 2013.

Fiscal 2014 Highlights

	FY14 Revenues	FY14 Pre-Tax Margins
ADP	↑ 8% to \$12.2 B, nearly all organic	18.6%, ↑ 20 bps, as reported 18.8%, ~flat, as adjusted*
Employer Services	↑ 8%, 7% organic	29.5%, ↑ 150 bps
PEO Services	↑ 15%, all organic	10.3%, ↑ 20 bps
Dealer Services	↑ 7%, nearly all organic	21.9%, ↑ 130 bps

Combined worldwide new business bookings – ES & PEO ↑ 7%

bps – basis points

* “As Adjusted” results exclude the impact of non-tax deductible costs of \$15 million (\$0.03 per share) related to the planned spin-off of the Dealer Services business recorded in the fourth quarter of fiscal 2014 and a non-tax deductible \$43 million (\$0.09 per share) non-cash goodwill impairment charge recorded in the fourth quarter of fiscal 2013.

Fiscal 2014 Highlights

			Impact Included in FY14 Results
	FY14 Results, As Reported	FY14 Results, As Adjusted*	Client Funds Investment Strategy
Revenues	↑8%, nearly all organic	↑8%, nearly all organic	↓ 40 bps
Pretax Earnings Cont. Ops.	↑ 10%	↑ 8%	↓ 3%
Pretax Margin	↑ 20 bps	~ flat	↓ 80 bps
Effective Tax Rate	↓ 70 bps	↓ 20 bps	
Net Earnings Cont. Ops.	↑ 11%	↑ 8%	↓ 3%
Diluted EPS Cont. Ops.	↑ 11%	↑ 9%	↓ \$0.08, or ↓ 3%
Share Repurchases			
– Acquired 9.0 million shares at a cost of about \$679 million for the year			
bps – basis points			

* “As Adjusted” results exclude the impact of non-tax deductible costs of \$15 million (\$0.03 per share) related to the planned spin-off of the Dealer Services business recorded in the fourth quarter of fiscal 2014 and a non-tax deductible \$43 million (\$0.09 per share) non-cash goodwill impairment charge recorded in the fourth quarter of fiscal 2013.

FY15 Guidance – Total ADP

- **Total Revenues** ↑ 7-8%
- **Pretax Margin** ↑ 75-100 basis points from adjusted 18.8% in FY14
- **Effective Tax Rate** increase to 34.6% from 33.7% in FY14
- **Diluted EPS from Continuing Operations** ↑ 11-13%, compared to adjusted \$3.14 from continuing operations in FY14

Anticipate difficult expense and earnings comparisons in 1Q15 and 2Q15

- Increased investments in innovation and higher selling expenses
 - Expect additional expense of \$30 million in each of the first two quarters of fiscal 2015.

Guidance notations:

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

FY15 Guidance: Client Funds Portfolio Extended Investment Strategy

FY15 Guidance:

- Average Client Funds Balances ↑ 5-7% from \$20.7 billion in FY14
- Yield on the Client Funds Portfolio decrease of up to 10 bps from 1.8% in FY14
- Client Funds Interest Revenue ↑ \$5-\$15 million from \$374 million in FY14
- Impact from Extended Investment Strategy ↑ \$5-\$15 million from \$412 million in 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	8.4 - 8.6 B	x 2.5 - 2.6%	=	215 - 220M
Total Client Funds Interest Revenue	21.8 - 22.2 B	x 1.7 - 1.8%		\$380 - 390M A
Corporate Extended Interest Income	~2.7 B	x ~1.7%	=	~45M B
Borrowing Days Interest Expense	2.7 B	x ~0.3%	=	~(10)M
Net FY15 Impact Client Funds Strategy				\$415 - 425M

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.

FY15 Guidance: Reportable Segments

- **Employer Services**
 - Revenues ↑ 6-7%
 - Pretax margin ↑ ~100 basis points
 - U.S. pays per control ↑ 2.0% – 3.0%
- **PEO Services**
 - Revenues ↑ 13-15%
 - Pretax margin ↑ up to 50 basis points
- **Annual dollar value of ES & PEO Worldwide New Business Bookings**
 - ↑ ~8% compared to over \$1.4 billion in FY14
- **Dealer Services**
 - Revenues ↑ 7-8%
 - Pretax margin ↑ ~50 basis points


We remain focused on our strategic pillars

Strategic Goals	Financial Achieve top quartile TSR relative to the S&P 500	Client Achieve and maintain a market-leading NPS score	ADP Associates Attract & develop top talent & achieve top quartile associate engagement									
Strategic Pillars	 <p>Grow an integrated suite of cloud-based HCM, benefits, & payroll solutions to serve the US market</p>	 <p>Invest to grow & scale our market leading HRBPO solutions by leveraging our platforms & processes</p>	 <p>Leverage our global presence to offer clients HCM, benefits, & payroll solutions where they do business</p>									
ADP Assets	<table border="1"> <tr> <td data-bbox="464 1182 667 1369">Trusted Brand</td> <td data-bbox="667 1182 957 1369">Broad Scope of Solutions</td> <td data-bbox="957 1182 1199 1369">Sales & Service Coverage</td> <td data-bbox="1199 1182 1499 1369">Valuable Client Employee Information</td> <td data-bbox="1499 1182 1740 1369">Strong Financials</td> <td data-bbox="1740 1182 1944 1369">Talent to Execute</td> </tr> </table>						Trusted Brand	Broad Scope of Solutions	Sales & Service Coverage	Valuable Client Employee Information	Strong Financials	Talent to Execute
Trusted Brand	Broad Scope of Solutions	Sales & Service Coverage	Valuable Client Employee Information	Strong Financials	Talent to Execute							



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Question & Answer


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Appendix

A large, solid red graphic element that starts as a wide, curved shape on the left and tapers to a vertical rectangular block on the right, resembling a stylized 'L' or a bracket.

HR. Payroll. Benefits.

Appendix: 4Q FY14 ADP Results

	4Q FY14 Results, As Reported	4Q FY14 Results, As Adjusted*	Impact Included in 4Q FY14 Results
			Client Funds Investment Strategy
Revenues	↑10%, 9% organic	↑10%, 9% organic	↓ 20 bps
Pretax Earnings Cont. Ops.	↑ 24%	↑ 15%	↓ 1%
Pretax Margin	↑ 170 bps	↑ 70 bps	↓ 50 bps
Effective Tax Rate	↓ 220 bps	↑ 70 bps	
Net Earnings Cont. Ops.	↑ 29%	↑ 14%	↓ 1%
Diluted EPS Cont. Ops.	↑ 30%	↑ 15%	↓ \$0.01, or ↓ 2%

Share Repurchases

- Acquired 2.9 million shares at a cost of about \$225 million in the quarter

bps – basis points

* “As Adjusted” results exclude the impact of non-tax deductible costs of \$15 million (\$0.03 per share) related to the planned spin-off of the Dealer Services business recorded in the fourth quarter of fiscal 2014 and a non-tax deductible \$43 million (\$0.09 per share) non-cash goodwill impairment charge recorded in the fourth quarter of fiscal 2013.

Appendix: 4Q FY14 Segment Results

▪ Employer Services

- Revenues ↑ 8%, nearly all organic
 - U.S. pays per control ↑ 2.9%
 - Average client balances ↑ 7%
- Pretax margin 26.3%, ↑ 250 bps
 - Margin benefit from increased operating and sales efficiencies

▪ PEO Services

- Revenues ↑ 19%, all organic
 - Average worksite employees paid ↑ 19%
- Pretax margin 10.7%, ↑ 70 bps
 - Margin benefit from increased operating and sales efficiencies

▪ Combined worldwide new business bookings – ES & PEO ↑ 5%

▪ Dealer Services

- Revenues ↑ 8%, 7% organic
 - Increase in new business installed and digital advertising revenues
- Pretax margin 22.6%, ↑ 210 bps
 - Margin benefit from increased operating efficiencies and nonrecurring items

Appendix: Client Funds Portfolio Extended Investment Strategy – 4Q14

	4Q14		4Q13		Change	
	\$	Yield/ rate	\$	Yield/ rate	\$	Yield/ rate
Balances:						
Average Client Short Portfolio Balance	\$4.8 B	0.2%	\$4.2 B	0.2%	\$0.6 B	~ flat
Average Client Extended Portfolio Balance	9.2	1.8%	8.6	1.9%	0.5	↓ 10 bp
Average Client Long Portfolio Balance	<u>7.9</u>	<u>2.7%</u>	<u>7.6</u>	<u>3.0%</u>	<u>0.3</u>	↓ <u>40 bp</u>
= Average Client Funds Balance	\$21.8 B	1.7%	\$20.4 B	2.0%	\$1.4 B	↓ 20 bp
Average Corporate Extended Investment Balance	\$2.3 B	1.7%	\$2.5 B	1.7%	\$0.2 B	↑ 10 bp
Average U.S. Commercial Paper Borrowings	\$2.0 B	0.1%	\$2.1 B	0.1%	\$0.1 B	~ flat
Average U.S./Canadian Reverse Repurchase Borrowings	<u>0.3</u>	<u>0.5%</u>	<u>0.4</u>	<u>0.6%</u>	~ flat	↓ 20 bp
= Average Short-term Borrowings	\$2.3 B	0.2%	\$2.5 B	0.2%	\$0.2 B	~ flat
Pretax P&L Impact:						
Interest on Funds Held for Clients – Client Short	\$2 M		\$2 M		~flat	
Interest on Funds Held for Clients – Client Ext'd	41		41		~flat	
Interest on Funds Held for Clients – Client Long	<u>52</u>		<u>57</u>		↓ <u>5</u>	
= Total Interest on Funds Held for Clients	\$95 M		\$101 M		↓ \$5M	
Corporate Extended Interest Income *	10		10		~flat	
Corporate Interest Expense - Short-term	<u>(1)</u>		<u>(1)</u>		~flat	
	\$104 M		\$110 M		↓ \$6 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

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Appendix: Client Funds Portfolio Extended Investment Strategy – Fiscal 2014

	FY14		FY13		Change	
	\$	Yield/ rate	\$	Yield/ rate	\$	Yield/ rate
Balances:						
Average Client Short Portfolio Balance	\$4.3 B	0.2%	\$3.7 B	0.2%	\$0.7 B	↓ 10 bp
Average Client Extended Portfolio Balance	8.7	1.8%	8.0	2.1%	0.8	↓ 40 bp
Average Client Long Portfolio Balance	<u>7.7</u>	<u>2.8%</u>	<u>7.5</u>	<u>3.2%</u>	<u>0.1</u>	↓ <u>40 bp</u>
= Average Client Funds Balance	\$20.7 B	1.8%	\$19.2 B	2.2%	\$1.6 B	↓ 40 bp
Average Corporate Extended Investment Balance	\$2.6 B	1.7%	\$2.8 B	1.9%	\$0.2 B	↓ 30 bp
Average U.S. Commercial Paper Borrowings	\$2.3 B	0.1%	\$2.4 B	0.2%	\$0.2 B	↓ 10 bp
Average U.S./Canadian Reverse Repurchase Borrowings	<u>0.4</u>	<u>0.5%</u>	<u>0.4</u>	<u>0.7%</u>	~ flat	↓ <u>10 bp</u>
= 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	\$7 M		\$8 M		↓\$1	
Interest on Funds Held for Clients – Client Ext'd	155		171		↓ 17	
Interest on Funds Held for Clients – Client Long	<u>212</u>		<u>242</u>		↓ <u>30</u>	
= Total Interest on Funds Held for Clients	\$374 M		\$421 M		↓ \$48M	
Corporate Extended Interest Income *	43		54		↓ \$11 M	
Corporate Interest Expense - Short-term	<u>(5)</u>		<u>(7)</u>		\$2 M	
	\$412 M		\$468 M		↓ \$56 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

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