



IN THE BUSINESS OF YOUR SUCCESSSM

2Q Fiscal 2014 Earnings Call Webcast

February 5, 2014

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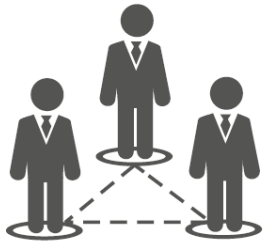
HR. Payroll. Benefits.

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. 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.



IN THE BUSINESS OF YOUR SUCCESSSM



ADP helped **15 million** U.S. employees and their dependents enroll in medical benefits for 2014



ADP produced more than **50 million** year-end tax statements for our clients' employees worldwide



ADP found clients more than **\$1 billion** in tax credits

HUMAN CAPITAL MANAGEMENT

We focus on our clients' biggest investment, challenge and opportunity – people.



FROM RECRUITMENT

Technology

Service Support Compliance Insights

Innovation



TO RETIREMENT

Second Quarter Fiscal 2014 Revenues and Earnings

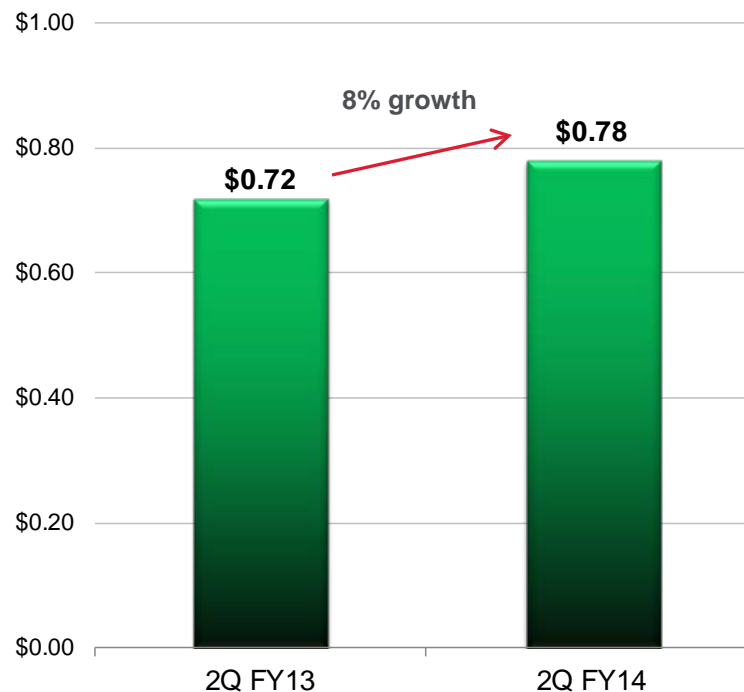
Revenues in Billions

(unaudited)



Diluted Earnings per Share from Continuing Operations

(unaudited)



Second Quarter Fiscal 2014 Highlights

	2Q FY14 Total Revenues	2Q FY14 Pre-Tax Margins
ADP	<ul style="list-style-type: none"> ↑ 9% to \$3.0 B ↑ 8% organic 	18.8%, ↓ 40 bps
Employer Services	<ul style="list-style-type: none"> ↑ 9%, nearly all organic <ul style="list-style-type: none"> – U.S. pays per control ↑ 2.9% – Average client balances ↑ 9% – Margin benefit from operating efficiencies 	28.5%, ↑ 170 bps
PEO Services	<ul style="list-style-type: none"> ↑ 14%, all organic <ul style="list-style-type: none"> – PEO average worksite employees paid ↑ 12% 	11.2%, ↑ 50 bps
Dealer Services	<ul style="list-style-type: none"> ↑ 7%, nearly all organic <ul style="list-style-type: none"> – Solid competitive win/loss rate 	21.6%, ↑ 30 bps
Combined worldwide new business bookings – ES & PEO ↑ 7%		

Second Quarter Fiscal 2014 Highlights

		Impact Included in 2Q FY14 Results
	2Q FY14 Results	Client Funds Investment Strategy
Revenues	↑9%, ↑8% organic	↓ 50 bps
Pretax Earnings Cont. Ops.	↑ 6%	↓ 3%
Pretax Margin	↓ 40 bps	↓ 90 bps
Effective Tax Rate	↓ 60 bps	
Net Earnings Cont. Ops.	↑ 7%	↓ 3%
Diluted EPS Cont. Ops.	↑ 8%	↓ \$0.02, or ↓ 3%

Share Repurchases

- Acquired 1.4 million shares at a cost of about \$109 million in the quarter

FY14 Guidance – Total ADP

- **Total Revenues** ↑ 7% - 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** ↑ 8% - 10%, compared to adjusted \$2.89 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 ↑ 12% – 13%
 - 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



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Question & Answer

HR. Payroll. Benefits.



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Appendix

HR. Payroll. Benefits.

Appendix: FY2014 Guidance History

	2/5/14 Forecast	10/30/13 Forecast	8/1/13 Forecast
Total ADP			
Revenues	↑ 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
Effective Tax Rate	About flat	About flat	About flat
Diluted EPS from Continuing Operations	↑ 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%
Pretax Margin	↑ ~100 bp	↑ 50-100 bp	↑ 50-100 bp
Pays per Control	↑ 2.0% – 3.0%	↑ 2.0% – 3.0%	↑ 2.0% - 3.0%
PEO Services			
Revenues	↑ 12% - 13%	↑ 10% - 12%	↑ 10% - 12%
Pretax Margin	slight improvement	slight improvement	slight improvement
ES & PEO New Business Bookings, Worldwide			
	↑ ~8%	↑ 8% - 10%	↑ 8% - 10%
Dealer Services			
Revenues	↑ ~8%	↑ ~8%	↑ ~8%
Pretax Margin	↑ ~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 – 2Q14

	2Q14		2Q13		Change	
	\$	Yield/ rate	\$	Yield/ rate	\$	Yield/ rate
Balances:						
Average Client Short Portfolio Balance	\$3.0 B	0.2%	\$2.6 B	0.3%	\$0.4 B	↓ 10 bp
Average Client Extended Portfolio Balance	7.9	1.8%	6.8	2.3%	1.1	↓ 50 bp
Average Client Long Portfolio Balance	<u>7.6</u>	<u>2.8%</u>	<u>7.5</u>	<u>3.3%</u>	<u>0.1</u>	↓ <u>50 bp</u>
= Average Client Funds Balance	\$18.5 B	1.9%	\$17.0 B	2.4%	\$1.6 B	↓ 50 bp
Average Corporate Extended Investment Balance	\$3.7 B	1.5%	\$4.2 B	1.8%	(\$0.5) B	↓ 30 bp
Average U.S. Commercial Paper Borrowings	\$3.3 B	0.1%	\$3.7 B	0.2%	(\$0.4) B	↓ 10 bp
Average U.S./Canadian Reverse Repurchase Borrowings	<u>0.4</u>	<u>0.6%</u>	<u>0.4</u>	<u>0.7%</u>	<u>~flat</u>	↓ <u>10 bp</u>
= Average Short-term Borrowings	\$3.7 B	0.2%	\$4.2 B	0.2%	(\$0.5 B)	↓ 10 bp
Pretax P&L Impact:						
Interest on Funds Held for Clients – Client Short	\$1 M		\$2 M		↓ ~\$1	
Interest on Funds Held for Clients – Client Ext'd	35		39		↓ 4	
Interest on Funds Held for Clients – Client Long	<u>53</u>		<u>61</u>		↓ <u>8</u>	
= Total Interest on Funds Held for Clients	\$89 M		\$102 M		↓ \$13 M	
Corporate Extended Interest Income	14		19		↓ 6	
Corporate Interest Expense - Short-term	<u>(2)</u>		<u>(3)</u>		↓ <u>1</u>	
	\$102 M		\$119 M		↓ \$17 M	

Appendix: FY14 Guidance - Client Funds Portfolio Extended Investment Strategy

	FY14 (F)		FY13		Change	
	\$	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	8.6 – 8.7	1.7 – 1.8%	8.0	2.1%	0.6 – 0.7	↓ 30-40 bp
Average Client Long Portfolio Balance	7.7 – 7.8	<u>2.7 – 2.8%</u>	<u>7.5</u>	<u>3.2%</u>	<u>0.2 – 0.3</u>	↓ 40- 50 bp
= Average Client Funds Balance	<u>\$20.3 – 20.5 B</u>	<u>1.8 – 1.9%</u>	\$19.2 B	2.2%	\$1.1 – 1.3 B	↓ 30-40bp
Average Corporate Extended Investment Balance	\$2.6 – 2.7 B	1.6 – 1.7%	\$2.8 B	1.9%	(\$0.1-\$0.2) B	↓ 20-30 bp
Average U.S. Commercial Paper Borrowings	\$2.3 – 2.4 B	~0.1%	\$2.4 B	0.2%	(\$0.0-\$0.1) B	↓ ~10 bp
Average U.S./Canadian Reverse Repurchase Borrowings	<u>~0.3</u>	<u>~0.6%</u>	<u>0.4</u>	<u>0.7%</u>	<u>~flat</u>	<u>~flat</u>
= Average Short-term Borrowings	\$2.6 – 2.7 B	~ 0.2%	\$2.8 B	0.2%	(\$0.1-\$0.2) B	~flat
Pretax P&L Impact:						
Interest on Funds Held for Clients – Client Short	~\$10 M		\$8 M		~flat	
Interest on Funds Held for Clients – Client Ext'd	150 – 155		171		↓ 15 – 20 M	
Interest on Funds Held for Clients – Client Long	<u>210 – 215</u>		<u>242</u>		↓ 25 – 30	
= Total Interest on Funds Held for Clients	\$370 - 380 M		\$421 M		↓ \$40 – 50 M	
Corporate Extended Interest Income	~45		54		↓ ~10	
Corporate Interest Expense - Short-term	<u>~(5)</u>		<u>(7)</u>		<u>~flat</u>	
	\$410 – 420 M		\$468 M		↓ \$50 – 60 M	

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

Contribution from client funds extended investment strategy expected to be \$50 - \$60 million lower than a year ago

- **Revenues**

- ~0.5 percentage point drag in FY14

- **Pretax Margin**

- 70 to 80 basis point drag in FY14

- **Diluted EPS from Continuing Operations**

- Negative impact of \$0.07 – \$0.08, or 2% to 3%, in FY14

Appendix: Fiscal 2014 Guidance History

Client Funds Portfolio Extended Investment Strategy	FY14 2/5/14 Forecast		FY14 10/30/13 Forecast		FY13 8/1/13 Forecast	
	\$	Yield/ rate	\$	Yield/ rate	\$	Yield/ rate
Balances:						
Average Client Short Portfolio Balance	\$~4.0 B	~ 0.2%	\$~3.8 B	~ 0.2%	\$~3.6 B	~ 0.2%
Average Client Extended Portfolio Balance	8.6 – 8.7	1.7 – 1.8%	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>7.7 – 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	\$20.3 – 20.5 B	1.8 – 1.9%	\$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	1.6 – 1.7%	\$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%	\$2.3 – 2.4 B	~0.1%	\$2.4 – 2.5 B	~0.2%
Avg. U.S./Canadian Reverse Repurchase Borrowings	<u>~0.3</u>	<u>~0.6%</u>	<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%	\$2.6 – 2.7 B	~ 0.2%
Pretax P&L Impact:						
Interest on Funds Held for Clients – Client Short	~\$10 M		~\$10 M		~\$10 M	
Interest on Funds Held for Clients – Client Ext'd	150 – 155		145 – 150		145 – 150	
Interest on Funds Held for Clients – Client Long	<u>210 – 215</u>		<u>215 – 220</u>		<u>215 – 220</u>	
= Total Interest on Funds Held for Clients	\$370 - 380 M		\$370 - 380 M		\$370 - 380 M	
Corporate Extended Interest Income	~45		~50		~50	
Corporate Interest Expense - Short-term	~(5)		~(10)		~(10)	
	\$410 – 420 M		\$410 – 420 M		\$410 – 420 M	

Thank You

