Fiscal 2016
ADP Earnings Call & Webcast

July 28, 2016

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Forward Looking Statements

This presentation 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, or interpretations of, existing legislation or regulations, or compliance with new legislation or regulations; overall market, political and economic conditions, including interest rate and foreign currency trends; competitive conditions; our ability to maintain our current credit ratings and the impact on our funding costs and profitability; vulnerability to security breaches, fraudulent acts, and system interruptions and failures; employment and wage levels; changes in technology; availability of skilled technical associates; and the impact of new acquisitions and divestitures. These factors are not exhaustive. 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, 2015 should be considered in evaluating any forward-looking statements contained herein.

CEO’s Perspective

- Solid 2016 results – revenue growth of 7% reported and 8% constant dollar
- Robust new business bookings growth of 12% – ACA solutions contributed meaningfully to the outperformance
- Dramatically improved the user experience for employees of our clients
- Client revenue retention declined 1 point for the year to 90.5% - client losses remain concentrated in legacy platforms. Upgrading clients to our modern, cloud solutions remains a priority
- Announcing an initiative to better align the service model in support of our HCM strategy

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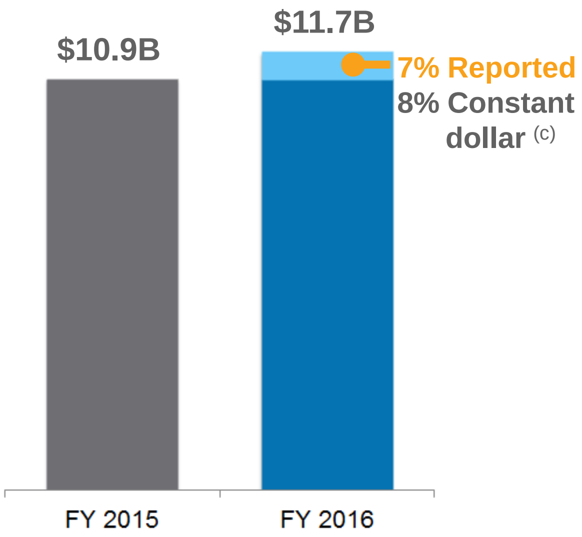
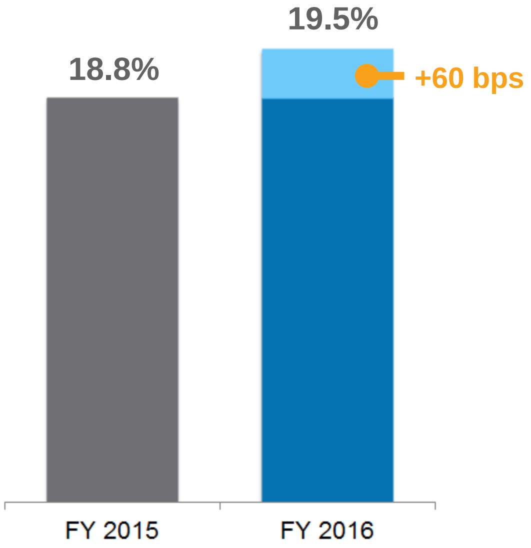
Fiscal 2016 Financial Highlights

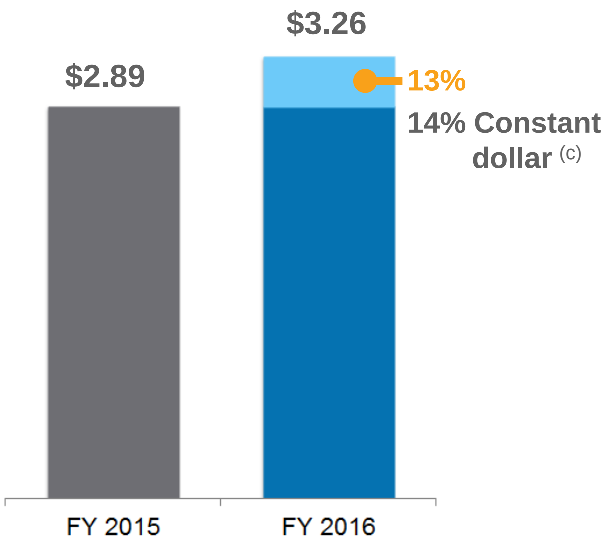
Total Revenues (unaudited)



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



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



(a) "Adjusted" results exclude 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. 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.

Fiscal 2016 New Business Bookings and Segment Results

Worldwide New Business Bookings

- ↑ 12% to $1.75 billion representing annualized recurring revenues anticipated from new orders

Employer Services

- Revenues ↑ 5% Reported
  ↑ 6% Constant dollar
- Client revenue retention
  ↓ 100 basis points to 90.5%
- U.S. pays per control ↑ 2.5%
- Average client funds balances
  ↑ 3% Reported
  ↑ 4% Constant dollar
- Margin ↑ 60 basis points

PEO Services

- Revenues ↑ 16%
- Average worksite employees paid
  ↑ 13% to 412,000
- Margin ↑ 70 basis points

Fiscal 2017 Outlook

Revenues

↑ **7% - 9%**

- ES Revenue ↑ 4% - 5%
- PEO Revenue ↑ 14% - 16%

Margin Expansion

Adjusted EBIT Margin [a]
↑ 25 – 50 basis points

- ES Margin ↑ ~50 basis points
- PEO Margin ↑ 50 - 75 basis points

Adjusted Diluted EPS [a] [b]

↑ **10% - 12%**

Worldwide New Business Bookings

↑ 4% - 6% growth 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]

Remain flat from 33.3% in fiscal 2016

(a) "Adjusted" results exclude 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.
(b) Assumes $1.0 - $1.4 billion in share repurchases.

Appendix

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Client Funds Portfolio Extended Investment Strategy

- Average Client Funds Balances ↑ 2% - 4% from $22.4 billion in FY16
- Yield on the Client Funds Portfolio flat compared to 1.7% in FY16
- Client Funds Interest Revenue ↑ up to $5 million from $377 million in FY16
- Impact from Extended Investment Strategy about flat compared to $418 million in FY16

	FY17 Forecast			
	Average Balance	Average Yield	Client Funds Interest	
Client Short	$4.2 – 4.3B	~0.4%	~$15M	
Client Extended	9.2 – 9.3B	~1.6%	145 - 150M	
Client Long	9.5 – 9.6B	~2.3%	~220M	
Total Client Funds	**$22.9 – 23.2B**	**~1.7%**	**$380 - 385M**	(a)
Corporate Extended Interest Income	~3.1B	~1.6%	~50M	(b)
Borrowing Days Interest Expense	~3.1B	~0.4%	~(15)M	
FY17 Net Impact From Client Funds Extended Investment Strategy			**$415 - 420M**	

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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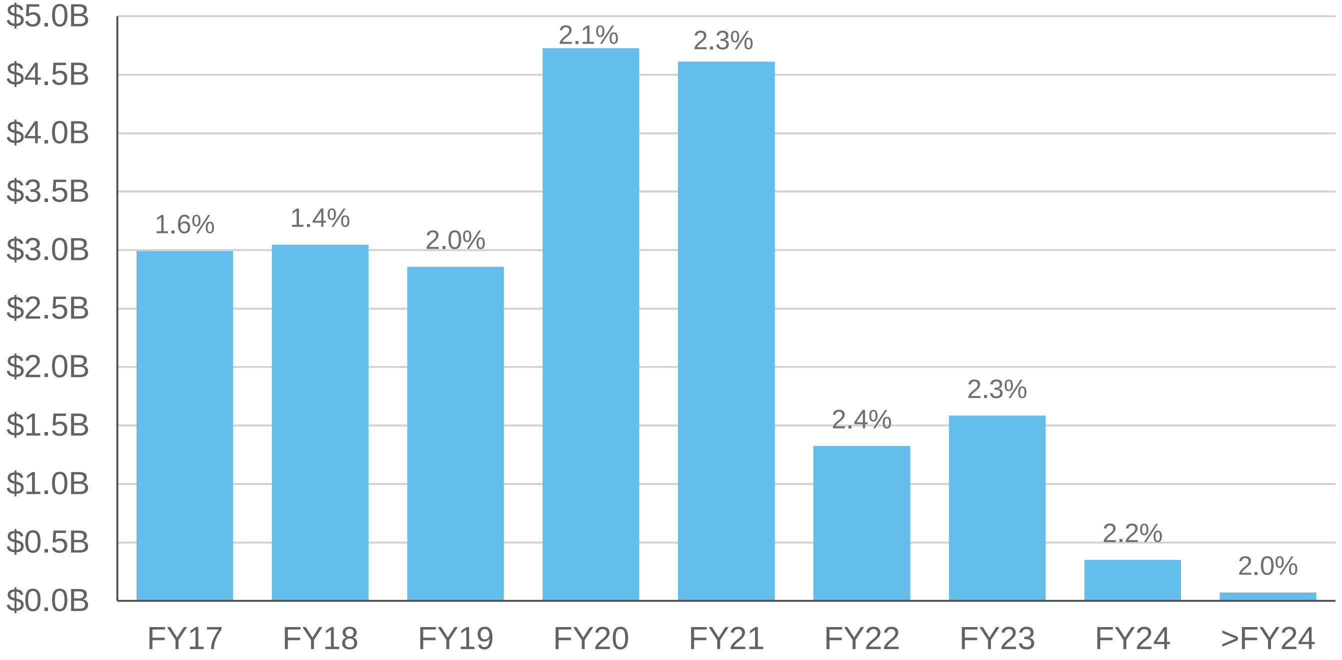
Client Funds Portfolio at June 30, 2016
Available for Sale Securities Maturities and Book Yields



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GAAP Reconciliations

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

	FY16	FY15	% Change As Reported	% Change Constant Dollar
Net earnings from continuing operations	$1,493.4	$1,376.5	8%	10%
Provision for income taxes	741.3	694.2		
All other interest expense	47.9	1.5		
All other interest income	(13.6)	(10.7)		
Gain on sale of AMD	(29.1)	-		
Gain on sale of building	(13.9)	-		
Workforce optimization effort	48.2	-		
Adjusted EBIT	$2,274.2	$2,061.5	10%	11%
Adjusted EBIT Margin	*19.5%*	*18.8%*		
Diluted EPS from continuing operations	$3.25	$2.89	12%	13%
Gain on sale of AMD	(0.05)	-		
Gain on sale of building	(0.02)	-		
Workforce optimization effort	0.07	-		
Adjusted diluted EPS from continuing operations	$3.26	$2.89	13%	14%

Note: The following table reconciles our reported results to adjusted results that exclude our provision for income taxes; certain interest amounts; the charges related to our workforce optimization effort; the gain on the sale of a building; and the gain on the sale of our AdvancedMD ("AMD") business in the year ended June 30, 2016 ("fiscal 2016"). For our year ended June 30, 2017 ("fiscal 2017") forecast, we have also included a table that depicts our adjustments from our expected GAAP results to our expected non-GAAP measures. Management uses 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 and forecast 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 (as a result of the issuance of our $2.0 billion fixed-rate notes in September 2015) and certain interest income from adjusted earnings from continuing operations before interest and income taxes ("Adjusted EBIT") and have also excluded certain interest expense and certain interest income in prior years for comparability. However, we continue to include the interest income earned on investments associated with our client funds 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 charges related to our workforce optimization effort 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 workforce optimization effort. For fiscal 2017, we have included an anticipated adjustment to GAAP results for our service alignment initiative announced in July 2016. These specific charges relate to a broad-based, company-wide, service alignment initiative that is part of the company's overall strategy to enhance service effectiveness. Since Adjusted EBIT, Adjusted provision for income taxes, Adjusted net earnings from continuing operations, 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 earnings from continuing operations before income taxes, provision for income taxes, net earnings from continuing operations and 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, except per share data)

	Twelve Months Ended June 30, 2016		Fiscal 2017 Forecast	
Earnings from continuing operations before income taxes margin (GAAP)	$2,234.7	19.2%	(20) to (45)bps	
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)
Adjusted EBIT margin (Non-GAAP)	**$2,274.2**	**19.5%**	**+25 to 50bps**	
Effective tax rate (GAAP)		33.2%	33.2%	
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		-	+0.1%	
Adjusted effective tax rate (Non-GAAP)		**33.3%**	**33.3%**	
Diluted EPS from continuing operations (GAAP)	$3.25	12%	6% - 8%	
Gain on sale of AMD – 1Q F16	(0.05)	(1%)	+1%	(c)
Gain on sale of building – 2Q F16	(0.02)	(1%)	+1%	(d)
Workforce optimization effort – 4Q F16	0.07	+2%	(2%)	(e)
Service alignment initiative – F17		-	~+4%	(f)
Adjusted diluted EPS from continuing operations (Non-GAAP)	**$3.26**	**13%**	**10% - 12%**	

(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