



October 26, 2017

ADP Sends Letter to Stockholders

Urges Stockholders to Protect the Value of Their Investment and Support the Ongoing Success of ADP by Voting to Re-elect All 10 ADP Director Nominees on the WHITE Proxy Card Today

ROSELAND, NJ -- (Marketwired) -- 10/26/17 -- ADP (NASDAQ: ADP) today announced it is sending a letter to stockholders urging them to vote on the WHITE proxy card to re-elect all of the Company's 10 highly qualified and experienced directors at ADP's November 7 Annual Meeting of Stockholders and issued the following statement:

"Our Annual Meeting is rapidly approaching, and we urge all ADP stockholders to protect the value of their investment by voting the WHITE proxy card today in support of ADP's 10 highly qualified directors today," said John P. Jones, Chairman of the Board. "Earlier this week, we were pleased to gain the support of leading independent proxy advisory firm Institutional Shareholder Services (ISS), which recommended that stockholders support ADP and vote for nine of our 10 directors on the WHITE proxy card and withhold on Director Eric Fast. While we are very pleased with ISS' overall recommendation, which validates the successful oversight by our highly qualified Board of ADP's strong track record and execution of our 'All in on HCM' strategy, we disagree with the withhold recommendation."

"Eric Fast is an extremely valuable member of ADP's Board of Directors, who epitomizes ADP's core value of 'Integrity is Everything.' In his role as Chair of ADP's Audit Committee, Eric has continually demonstrated his commitment to the highest ethical standards in overseeing our financial disclosures and reporting process. Since joining the Board in 2007, Eric has also been sharply focused on working with the entire Board and management to oversee ADP's strategic plan to deliver superior long-term value to shareholders. His deep financial, transactional, risk management and accounting experience are extremely important skills for the Board, and his leadership as Chair of the Board's Audit Committee and member of the Compensation Committee contributes the expertise and tenured perspective necessary to support ADP's financial performance and strategic execution."

The letter to stockholders is available [here](#) and additional information related to ADP's 2017 Annual Meeting of Stockholders can be found [here](#). Additionally, a video message from CEO Carlos Rodriguez and Chairman John Jones about your investment in ADP is available [here](#).

The text of the letter follows:

October 27, 2017

Dear Fellow ADP Stockholders,

The 2017 Annual Meeting of Stockholders is fast approaching on November 7. Your vote in support of ADP's 10 highly qualified Directors is critical to protecting the value of your investment and ensuring the ongoing success of ADP -- a company that plays an important role in the U.S. and global economy.

ADP is the largest Human Capital Management (HCM) provider in the cloud, with 83% of its clients using cloud-based strategic platforms. We pay 1 in 6 American workers and approximately 14 million international workers, and remit 25% of all taxes collected from U.S. employers.

Your Board of Directors actively oversees ADP's corporate strategy and has been keenly focused on generating value for our 700,000 clients around the world by providing trusted and reliable service, as well as to our shareholders by delivering annual dividend increases for 42 consecutive years and Total Shareholder Returns (TSR) that have significantly outpaced the S&P 500 Index.

Pershing Square, the hedge fund run by Bill Ackman, is seeking to remove three of ADP's most experienced Directors -- Chairman John Jones and Directors Eric Fast and Glenn Hubbard -- and to place its own hand-picked nominees on your Board.

Importantly, Institutional Shareholder Services, a leading proxy advisory firm that provides independent advice to shareholders, has recommended that ADP stockholders vote on ADP's WHITE proxy card. Its support is further evidence that ADP has the right strategy and Board in place to continue delivering value for our clients, employees, stockholders, and

the 40 million workers globally who rely on our services.

We know you have seen a number of communications regarding the upcoming Annual Meeting and election of your ADP Directors, and we are writing to you today to summarize why ADP's Board is the right team for ADP -- and why Pershing Square's nominees and their risky call for a rapid acceleration in ADP's already-healthy margins could cause serious harm to ADP and your investment.

┆ ***ADP Total Shareholder Returns (TSR) have consistently outperformed the market.***

No matter how you choose to calculate it, ADP's TSR has outperformed the S&P 500 Index. TSR during Carlos Rodriguez's tenure is 203%. Although your Board made the decision to spin-off CDK, if one excludes CDK post-spin from the TSR calculation, as Pershing Square has advocated, ADP's TSR would be 190%¹, still well above the S&P500 Index TSR of 128% and our HCM peers' TSR of 153%. ADP also has returned \$11.3 billion to its investors since FY 2011 through dividends and share repurchases.

┆ ***ADP's strategy is driving consistent revenue growth and ongoing margin expansion.***

Since FY 2012, ADP has delivered compound annual revenue and adjusted EPS growth rates of 7% and 10% respectively². ADP has also increased net operational margins by 580 basis points since FY 2011². Additionally, ADP has maintained annual client retention above 90% for each fiscal year since FY 2011. We have delivered margin improvements by increasing our productivity and cost efficiency in the near term -- and we're also focused on making the right investments to drive revenue and earnings growth and margin expansion over the longer term.

Mr. Ackman says he can improve ADP's margin by 1,200-1,600 basis points³, but he has provided no specific plans to reach that target. We fail to see how Mr. Ackman could possibly achieve that level of margin improvement without conducting massive layoffs, and thereby imperiling client service and curtailing investments that are essential to ADP's future success. Following Mr. Ackman's reckless plan would put ADP's business and your investment at significant risk.

┆ ***ADP's Board has the right skills and experience to represent all shareholder interests.***

ADP's Directors have a deep understanding of the HCM marketplace and ADP's competitive position, and they continue to guide the successful execution of our strategic plan to deliver long-term value to all of our shareholders.

Pershing Square directly owns 2% of common shares, yet is seeking 30% of ADP's Board seats⁴. Pershing Square wants to remove three of our most experienced Directors who provide continuity and leadership essential to the Board's effectiveness, and replace them with nominees who lack relevant technology or HCM experience, which are important skills to the future of ADP. Despite Pershing Square's public claims to the contrary, the three ADP Directors Pershing is targeting for removal -- Chairman John Jones and Directors Eric Fast and Glenn Hubbard -- each own more than \$4.2 million in ADP stock⁵ -- significantly more than any of Pershing Square's nominees own personally.

┆ ***Leading analysts, journalists and proxy advisors explain why it makes sense to support ADP's Board, management team and strategy.***

"The company has delivered strong TSR over the long term and has demonstrated good overall governance; notably, the board has appropriately refreshed itself in recent years to address an identified need for greater technology expertise. The company also has taken steps that address certain of the concerns raised by the dissident, such as reducing the number of information technology platforms, shrinking its real estate footprint, de-layering the organization, and adding executive talent from the outside." - Institutional Shareholder Services (ISS)

"ADP isn't an obvious activist target. The stock has more than doubled over the past five years, outperforming the Standard & Poor's 500-stock index. Pershing Square's Amsterdam-listed shares, meanwhile, are down more than a third since its 2014 initial public offering. ADP is focused after a 2014 spinoff, and its business of helping clients cope with paperwork and government regulation provides ever-expanding opportunity." - Robert Cyran, Reuters Breakingviews Columnist

"We also highlight that management and the board has worked hard to balance growth and profitability against stability, which we believe is one of the underlying characteristics that have attracted its core investor base. Therefore, any effort to accelerate margin improvement will need to be viewed in the context of that trade-off." - David Grossman and Craig Jones, Stifel

*"We believe the **current management team is best equipped** to execute and decide what's best for shareholders." - Tien-Tsin Huang, J.P. Morgan*

*"One thing is clear about the technology-enabled services company: **its investments in innovation continue to accelerate.**" - Amy Gurchensky, NelsonHall*

TIME IS RUNNING SHORT - PLEASE SIGN AND SEND THE WHITE PROXY CARD TODAY

We strongly urge you to vote for all of ADP's 10 highly qualified and experienced Director nominees. Click on VoteADP.com/video to view a message from CEO Carlos Rodriguez and Chairman John Jones. To view all shareholder letters and additional information on the 2017 Annual Meeting of Stockholders, visit VoteADP.com.

Thank you for your continued support.

Sincerely,

The Board of Directors of ADP

Your Vote Is Important, No Matter How Many or How Few Shares You Own

Please vote today online, by phone or by mail by following the directions on your WHITE proxy card.

If you have questions, or need assistance in voting your shares, please contact:

INNISFREE M&A INCORPORATED

Shareholders Call Toll-Free:
(877) 750-0510

Banks and Brokers Call Collect:
(212) 750-5833

REMEMBER:

Discard any Gold proxy card that you may receive from Pershing Square.

Returning a Gold proxy card -- even if you "withhold" on Pershing Square's nominees -- will revoke any vote you had previously submitted on ADP's WHITE proxy card.

About ADP (NASDAQ: ADP)

Powerful technology plus a human touch. Companies of all types and sizes around the world rely on ADP cloud software and expert insights to help unlock the potential of their people. HR. Talent. Benefits. Payroll. Compliance. Working together to build a better workforce. For more information, visit ADP.com.

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SAFE HARBOR STATEMENT

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," "is designed to" and other words of similar meaning, are forward-looking statements. These statements are based on management's expectations and assumptions and depend upon or refer to future events or conditions 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 or that could contribute to such difference include: ADP's success in obtaining and retaining clients, and selling additional services to clients; the pricing of products and services; compliance with existing or new legislation or regulations; changes in, or interpretations of, existing 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; security or privacy 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. ADP disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. These risks and uncertainties, along with the risk factors discussed under "Item 1A. - Risk Factors" in our Annual Report on Form 10-K should be considered in evaluating any forward-looking statements contained herein.

ADDITIONAL INFORMATION

ADP, its directors and certain of its executive officers may be deemed to be participants in the solicitation of proxies from Company shareholders in connection with the matters to be considered at the Company's 2017 Annual Meeting. The Company has filed a definitive proxy statement and WHITE proxy card with the U.S. Securities and Exchange Commission (the "SEC") in connection with any such solicitation of proxies from Company shareholders. COMPANY SHAREHOLDERS ARE STRONGLY ENCOURAGED TO READ THE DEFINITIVE PROXY STATEMENT AND ACCOMPANYING WHITE PROXY CARD AS THEY CONTAIN IMPORTANT INFORMATION. Information regarding the identity of potential participants, and their direct or indirect interests, by security holdings or otherwise, is set forth in the proxy statement and other materials to be filed with the SEC. Shareholders will be able to obtain any proxy statement, any amendments or supplements to the proxy statement and other documents filed by the Company with the SEC for no charge at the SEC's website at www.sec.gov. The proxy statement and other relevant documents filed by ADP with the SEC are also available, without charge, by directing a request to ADP's proxy solicitor, Innisfree M&A Incorporated, 501 Madison Avenue, 20th Floor, New York, New York 10022; call toll-free:(877) 750-0510 or call collect: (212) 750-5833. Copies will also be available at no charge at the Company's website at www.adp.com.

¹ ADP TSR of 203% is from close on 11/9/2011, the date Carlos Rodriguez was announced as ADP CEO, to intraday price of \$111.65 as of 12:00PM on 7/27/2017, which is the assumed ADP "unaffected" price prior to Pershing Square's activist campaign becoming public; this TSR calculation assumes shareholders have held their CDK shares since CDK was spun off from ADP on October 1, 2014 and all ADP and CDK dividends have been reinvested on the ex-dividend date. If CDK were valued as a dividend at the spinoff date and reinvested in ADP, ADP TSR is 190%.

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³ Bill Ackman, CNBC interview with Scott Wapner, September 20, 2017

⁴ According to the Schedule 13D Amendment filed on August 31, 2017 by Pershing Square Capital Management, L.P., PS Management GP, LLC and William A. Ackman (collectively, "Pershing Square"), Pershing Square's ownership interest in ADP is comprised of: (i) 8,798,442 shares of ADP's common stock ("Shares") and (ii) 28,005,233 Shares underlying listed and over-the-counter American-style call options. According to published reports and statements by William A. Ackman, CEO of Pershing Square Capital Management, L.P., Pershing Square did not elect to convert all of those securities in advance of the September 8, 2017 record date for ADP's 2017 Annual Meeting of Stockholders (the "Annual Meeting"), and as a result, only the approximately 2% of ADP's common stock held by Pershing Square in the form of Shares can be voted by Pershing Square at the Annual Meeting.

⁵ Based on ADP's closing stock price of \$117.01 on October 23, 2017.

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