

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended March 31, 2015

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition Period From to

Commission File Number 1-5397

AUTOMATIC DATA PROCESSING, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or
organization)

One ADP Boulevard, Roseland, New Jersey

(Address of principal executive offices)

22-1467904

(IRS Employer Identification No.)

07068

(Zip Code)

Registrant's telephone number, including area code: (973) 974-5000

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐ (Do not check if a smaller reporting
company)

Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares outstanding of the registrant's common stock as of April 30, 2015 was 469,524,030 .

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Part I. FINANCIAL INFORMATION
Item 1. Financial Statements

Automatic Data Processing, Inc. and Subsidiaries
Statements of Consolidated Earnings
(In millions, except per share amounts)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	2015	2014	2015	2014
REVENUES:				
Revenues, other than interest on funds held for clients and PEO revenues	\$ 2,185.6	\$ 2,077.6	\$ 6,025.7	\$ 5,725.2
Interest on funds held for clients	101.4	100.1	282.7	278.6
PEO revenues (A)	744.7	647.4	1,958.4	1,677.0
TOTAL REVENUES	3,031.7	2,825.1	8,266.8	7,680.8
EXPENSES:				
Costs of revenues:				
Operating expenses	1,484.7	1,395.9	4,234.0	3,945.2
Systems development and programming costs	150.7	139.5	446.3	410.6
Depreciation and amortization	52.6	50.3	156.6	149.3
TOTAL COSTS OF REVENUES	1,688.0	1,585.7	4,836.9	4,505.1
Selling, general, and administrative expenses	608.2	585.3	1,776.4	1,701.9
Interest expense	0.8	0.9	4.9	4.7
TOTAL EXPENSES	2,297.0	2,171.9	6,618.2	6,211.7
Other income, net	(7.9)	(7.6)	(47.6)	(57.2)
EARNINGS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	742.6	660.8	1,696.2	1,526.3
Provision for income taxes	250.6	227.6	572.2	514.1
NET EARNINGS FROM CONTINUING OPERATIONS	\$ 492.0	\$ 433.2	\$ 1,124.0	\$ 1,012.2
(LOSS)/EARNINGS FROM DISCONTINUED OPERATIONS BEFORE INCOME TAXES	(2.4)	125.6	60.7	318.4
Provision for income taxes	—	37.2	68.4	103.5
NET (LOSS)/EARNINGS FROM DISCONTINUED OPERATIONS	\$ (2.4)	\$ 88.4	\$ (7.7)	\$ 214.9
NET EARNINGS	\$ 489.6	\$ 521.6	\$ 1,116.3	\$ 1,227.1
Basic Earnings Per Share from Continuing Operations	\$ 1.05	\$ 0.90	\$ 2.37	\$ 2.11
Basic (Loss)/Earnings Per Share from Discontinued Operations	(0.01)	0.18	(0.02)	0.45
BASIC EARNINGS PER SHARE	\$ 1.04	\$ 1.09	\$ 2.35	\$ 2.56
Diluted Earnings Per Share from Continuing Operations	\$ 1.04	\$ 0.90	\$ 2.35	\$ 2.09
Diluted (Loss)/Earnings Per Share from Discontinued Operations	(0.01)	0.18	(0.02)	0.44
DILUTED EARNINGS PER SHARE	\$ 1.03	\$ 1.08	\$ 2.33	\$ 2.54
Basic weighted average shares outstanding	470.3	478.9	475.1	479.1
Diluted weighted average shares outstanding	474.0	483.0	478.3	483.4

Dividends declared per common share	\$	0.490	\$	0.480	\$	1.460	\$	1.395
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(A) Professional Employer Organization (“PEO”) revenues are net of direct pass-through costs, primarily consisting of payroll wages and payroll taxes, of \$7,018.9 million and \$6,396.8 million for the three months ended March 31, 2015 and 2014 , respectively, and \$19,972.5 million and \$17,484.4 million for the nine months ended March 31, 2015 and 2014 , respectively.

See notes to the consolidated financial statements.

Automatic Data Processing, Inc. and Subsidiaries
Statements of Consolidated Comprehensive Income
(In millions)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	2015	2014	2015	2014
Net earnings	\$ 489.6	\$ 521.6	\$ 1,116.3	\$ 1,227.1
Other comprehensive (loss)/income:				
Currency translation adjustments	(108.7)	(1.7)	(274.4)	34.8
Unrealized net gains/(losses) on available-for-sale securities	128.9	43.8	54.2	(16.0)
Tax effect	(44.4)	(15.1)	(16.6)	5.4
Reclassification of net gains on available-for-sale securities to net earnings	(0.7)	(1.5)	(2.3)	(16.5)
Tax effect	0.2	0.5	0.8	6.1
Reclassification of pension liability adjustment to net earnings	3.9	5.1	17.2	15.4
Tax effect	(1.5)	(0.8)	(5.9)	(3.6)
Other comprehensive (loss)/income, net of tax	(22.3)	30.3	(227.0)	25.6
Comprehensive income	\$ 467.3	\$ 551.9	\$ 889.3	\$ 1,252.7

See notes to the consolidated financial statements.

Automatic Data Processing, Inc. and Subsidiaries
Consolidated Balance Sheets
(In millions, except per share amounts)
(Unaudited)

	March 31, 2015	June 30, 2014
<u>Assets</u>		
Current assets:		
Cash and cash equivalents (A)	\$ 1,808.6	\$ 1,585.9
Short-term marketable securities (A)	26.9	2,032.2
Accounts receivable, net	1,580.7	1,503.7
Other current assets	674.1	690.7
Assets of discontinued operations	—	2,409.7
Total current assets before funds held for clients	4,090.3	8,222.2
Funds held for clients	28,702.5	19,258.0
Total current assets	32,792.8	27,480.2
Long-term marketable securities	29.2	54.1
Long-term receivables, net	31.3	155.4
Property, plant and equipment, net	646.0	667.7
Other assets	1,324.2	1,316.4
Goodwill	1,785.5	1,887.2
Intangible assets, net	498.3	498.8
Total assets	<u>\$ 37,107.3</u>	<u>\$ 32,059.8</u>
<u>Liabilities and Stockholders' Equity</u>		
Current liabilities:		
Accounts payable	\$ 130.8	\$ 152.5
Accrued expenses and other current liabilities	1,238.2	1,187.6
Accrued payroll and payroll-related expenses	490.3	607.9
Dividends payable	228.8	226.9
Short-term deferred revenues	241.5	251.7
Obligation under commercial paper borrowing (A)	—	2,173.0
Income taxes payable	56.8	20.4
Liabilities of discontinued operations	—	581.2
Total current liabilities before client funds obligations	2,386.4	5,201.2
Client funds obligations	28,328.3	18,963.4
Total current liabilities	30,714.7	24,164.6
Long-term debt	9.7	11.5
Other liabilities	621.5	619.6
Deferred income taxes	228.0	218.0
Long-term deferred revenues	355.3	375.9
Total liabilities	<u>31,929.2</u>	<u>25,389.6</u>
Stockholders' equity:		
Preferred stock, \$1.00 par value:		
Authorized, 0.3 shares; issued, none	—	—
Common stock, \$0.10 par value: Authorized, 1,000.0 shares; issued, 638.7 shares at March 31, 2015 and June 30, 2014; outstanding, 471.1 and 480.2 shares at March 31, 2015 and June 30, 2014, respectively	63.9	63.9
Capital in excess of par value	614.2	545.2
Retained earnings	13,348.3	13,632.9
Treasury stock - at cost: 167.6 and 158.5 shares at March 31, 2015 and June 30, 2014, respectively	(8,711.3)	(7,750.0)
Accumulated other comprehensive (loss)/income	(137.0)	178.2
Total stockholders' equity	<u>5,178.1</u>	<u>6,670.2</u>
Total liabilities and stockholders' equity	<u>\$ 37,107.3</u>	<u>\$ 32,059.8</u>

(A) As of June 30, 2014 , \$2,015.8 million of short-term marketable securities and \$183.8 million of cash and cash equivalents are related to the Company's outstanding commercial paper borrowings (see Note 9).

See notes to the consolidated financial statements.

Automatic Data Processing, Inc. and Subsidiaries
Statements of Consolidated Cash Flows
(In millions)
(Unaudited)

		Nine Months Ended	
		March 31,	
		2015	2014
Cash Flows from Operating Activities:			
Net earnings	\$	1,116.3	\$ 1,227.1
Adjustments to reconcile net earnings to cash flows provided by operating activities:			
Depreciation and amortization		208.4	195.9
Deferred income taxes		(40.8)	(56.1)
Stock-based compensation expense		111.0	86.9
Excess tax benefit related to exercise of stock options and restricted stock		(47.9)	(44.9)
Net pension expense		13.7	18.7
Net realized gain from the sales of marketable securities		(2.3)	(16.5)
Net amortization of premiums and accretion of discounts on available-for-sale securities		75.4	69.8
Gain on sale of discontinued businesses, net of tax		—	(10.5)
Other		(2.9)	11.1
Changes in operating assets and liabilities, net of effects from acquisitions and divestitures of businesses:			
Increase in accounts receivable		(209.6)	(203.1)
Increase in other assets		(106.7)	(275.3)
Decrease in accounts payable		(16.2)	(9.8)
Increase in accrued expenses and other liabilities		141.6	223.6
Proceeds from the sale of notes receivable		226.7	—
Operating activities of discontinued operations		(2.5)	—
Net cash flows provided by operating activities		1,464.2	1,216.9
Cash Flows from Investing Activities:			
Purchases of corporate and client funds marketable securities		(3,366.1)	(2,081.8)
Proceeds from the sales and maturities of corporate and client funds marketable securities		2,617.4	1,469.4
Net increase in restricted cash and cash equivalents held to satisfy client funds obligations		(7,133.3)	(3,290.9)
Capital expenditures		(107.9)	(118.4)
Additions to intangibles		(131.7)	(106.5)
Acquisitions of businesses, net of cash acquired		(8.1)	—
Proceeds from the sale of property, plant, and equipment and other assets		23.6	0.4
Other		—	0.1
Dividend received from CDK Global, Inc.		825.0	—
Cash retained by CDK Global, Inc.		(180.0)	—
Investing activities of discontinued operations		(15.4)	(75.2)
Proceeds from the sale of business included in discontinued operations		—	24.4
Net cash flows used in investing activities		(7,476.5)	(4,178.5)
Cash Flows from Financing Activities:			
Net increase in client funds obligations		9,811.3	4,103.9
Payments of debt		(1.8)	(2.7)
Repurchases of common stock		(1,127.7)	(459.0)
Proceeds from stock purchase plan and exercises of stock options		87.7	140.2
Excess tax benefit related to exercise of stock options and restricted stock		47.9	44.9
Dividends paid		(696.2)	(652.0)
Net repayments of reverse repurchase agreements		—	(245.9)
Net repayments of commercial paper borrowings		(2,173.0)	—

Other	—	(1.0)
Financing activities of discontinued operations	1.6	7.4
Net cash flows provided by financing activities	5,949.8	2,935.8
Effect of exchange rate changes on cash and cash equivalents	(112.5)	(2.3)
Net change in cash and cash equivalents	(175.0)	(28.1)
Cash and cash equivalents, beginning of period	1,983.6	1,699.1
Cash and cash equivalents, end of period	1,808.6	1,671.0
Less cash and cash equivalents of discontinued operations, end of period	—	360.0
Cash and cash equivalents of continuing operations, end of period	<u>\$ 1,808.6</u>	<u>\$ 1,311.0</u>

See notes to the consolidated financial statements.

Automatic Data Processing, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
(Tabular dollars in millions, except per share amounts)
(Unaudited)

Note 1. Basis of Presentation

The accompanying Consolidated Financial Statements and footnotes thereto of Automatic Data Processing, Inc. and its subsidiaries ("ADP" or the "Company") have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Consolidated Financial Statements and footnotes thereto are unaudited. In the opinion of the Company's management, the Consolidated Financial Statements reflect all adjustments, which are of a normal recurring nature, that are necessary for a fair presentation of the Company's results for the interim periods.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the assets, liabilities, revenue, expenses, and other comprehensive income that are reported in the Consolidated Financial Statements and footnotes thereto. Actual results may differ from those estimates. The Consolidated Financial Statements and all relevant footnotes have been adjusted for discontinued operations (see Note 3).

Interim financial results are not necessarily indicative of financial results for a full year. The information included in this Quarterly Report on Form 10-Q should be read in conjunction with the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2014 ("fiscal 2014").

Note 2. New Accounting Pronouncements

In April 2015, the FASB issued ASU 2015-04, "Compensation - Retirement Benefits (Topic 715): Practical Expedient for the Measurement Date of an Employer's Defined Benefit Obligation and Plan Assets." The update allows an entity to remeasure their pension and other post-retirement benefit plan assets and liabilities at the month-end closest to a significant event such as a plan amendment, curtailment, or settlement. ASU 2015-04 is effective for fiscal years, and interim reporting periods within those years, beginning after December 15, 2015. Early adoption is permitted. The impact of ASU 2015-04 is dependent upon the nature of future significant events impacting the Company's pension plans, if any.

In April 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2015-03, "Simplifying the Presentation of Debt Issuance Costs." The update requires debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of the related debt liability instead of being presented as an asset. The update requires retrospective application. ASU 2015-03 is effective for fiscal years, and interim reporting periods within those years, beginning after December 15, 2015. Early adoption is permitted. The impact of ASU 2015-03 is dependent upon the nature of future debt issuances, if any.

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers," which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. ASU 2014-09 requires an entity to recognize revenue depicting the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 will also result in enhanced revenue related disclosures. ASU 2014-09 is effective for fiscal years, and interim reporting periods within those years, beginning after December 15, 2016. The Company has not yet determined the impact of ASU 2014-09 on its consolidated results of operations, financial condition, or cash flows.

In April 2014, the FASB issued ASU 2014-08, "Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity." ASU 2014-08 requires that a disposal representing a strategic shift that has (or will have) a major effect on an entity's financial results or a business activity classified as held for sale should be reported as discontinued operations. ASU 2014-08 also expands the disclosure requirements for discontinued operations and adds new disclosures for individually significant dispositions that do not qualify as discontinued operations. ASU 2014-08 is effective prospectively for fiscal years, and interim reporting periods within those years, beginning after December 15, 2014. The impact of ASU 2014-08 is dependent upon the nature of dispositions, if any, after adoption.

In July 2014, the Company adopted ASU 2013-11, "Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists." ASU 2013-11 requires netting of unrecognized tax benefits against a deferred tax asset for a loss or other carryforward that would apply in settlement of the uncertain tax position.

The adoption of ASU 2013-11 did not have a material impact on the Company's consolidated results of operations, financial condition, or cash flows.

Note 3. Divestitures

On September 30, 2014, the Company completed the tax free spin-off of its former Dealer Services business, which was a separate reportable segment, into an independent publicly traded company called CDK Global, Inc. ("CDK"). As a result of the spin-off, ADP stockholders of record on September 24, 2014 (the "record date") received one share of CDK common stock on September 30, 2014, par value \$0.01 per share, for every three shares of ADP common stock held by them on the record date and cash for any fractional shares of CDK common stock. ADP distributed approximately 160.6 million shares of CDK common stock in the distribution. The spin-off was made without the payment of any consideration or the exchange of any shares by ADP stockholders.

The Company recorded a decrease to retained earnings of \$1.5 billion for the reduction in net assets of CDK related to the spin-off, offset by an increase to retained earnings of \$825.0 million related to the cash dividend received from CDK as part of the spin-off. The spin-off, transitional, and on-going relationships between ADP and CDK are governed by the Separation and Distribution Agreement entered into between ADP and CDK and certain other ancillary agreements.

Incremental costs associated with the spin-off of \$2.4 million for the three months ended March 31, 2015 and \$47.7 million for the nine months ended March 31, 2015 are included in discontinued operations on the Statements of Consolidated Earnings.

On February 28, 2014, the Company completed the sale of its Occupational Health and Safety services business ("OHS") for a pre-tax gain of \$15.6 million, less costs to sell, and recorded such gain within earnings from discontinued operations on the Statements of Consolidated Earnings in the three months ended March 31, 2014. OHS was previously reported in the Employer Services segment.

In conjunction with the spin-off of CDK and the sale of OHS, the Company has classified the operating results of these businesses as discontinued operations for all periods presented. Results for these businesses were as follows:

	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	2015	2014	2015	2014
Revenues	\$ —	\$ 498.1	\$ 508.9	\$ 1,464.8
(Losses)/earnings from discontinued operations before income taxes	(2.4)	110.0	60.7	302.8
Provision for income taxes	—	32.1	68.4	98.4
Net earnings from discontinued operations before gain on disposal of discontinued operations	(2.4)	77.9	(7.7)	204.4
Gain on disposal of OHS, less costs to sell	—	15.6	—	15.6
Provision for income taxes	—	5.1	—	5.1
Net gain on disposal of OHS	\$ —	\$ 10.5	\$ —	\$ 10.5
Net (loss)/earnings from discontinued operations	\$ (2.4)	\$ 88.4	\$ (7.7)	\$ 214.9

The following is a summary of the assets and liabilities related to discontinued operations as of June 30, 2014 :

	June 30, 2014
Assets:	
Cash	\$ 397.7
Accounts receivable, net	296.7
Property, plant and equipment, net	109.7
Goodwill	1,226.6
Intangible assets, net	133.5
Other assets	245.5
Total assets	\$ 2,409.7
Liabilities:	
Accounts payable	\$ 17.2
Accrued expenses and other current liabilities	128.1
Accrued payroll and payroll related expenses	99.2
Deferred revenues	218.2
Deferred income taxes	70.8
Other liabilities	47.7
Total liabilities	\$ 581.2

Note 4. Earnings per Share (“EPS”)

	Basic	Effect of Employee Stock Option Shares	Effect of Employee Restricted Stock Shares	Diluted
Three Months Ended March 31, 2015				
Net earnings from continuing operations	\$ 492.0			\$ 492.0
Weighted average shares (in millions)	470.3	1.9	1.8	474.0
EPS from continuing operations	\$ 1.05			\$ 1.04
Three Months Ended March 31, 2014				
Net earnings from continuing operations	\$ 433.2			\$ 433.2
Weighted average shares (in millions)	478.9	2.6	1.5	483.0
EPS from continuing operations	\$ 0.90			\$ 0.90
Nine Months Ended March 31, 2015				
Net earnings from continuing operations	\$ 1,124.0			\$ 1,124.0
Weighted average shares (in millions)	475.1	1.7	1.5	478.3
EPS from continuing operations	\$ 2.37			\$ 2.35
Nine Months Ended March 31, 2014				
Net earnings from continuing operations	\$ 1,012.2			\$ 1,012.2
Weighted average shares (in millions)	479.1	2.9	1.4	483.4
EPS from continuing operations	\$ 2.11			\$ 2.09

Options to purchase 0.7 million and 1.5 million shares of common stock for the three months ended March 31, 2015 and 2014 , respectively, and 0.2 million and 1.5 million shares of common stock for the nine months ended March 31, 2015 and 2014 ,

respectively, were excluded from the calculation of diluted earnings per share because their inclusion would have been anti-dilutive.

Note 5. Other Income, Net

	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	2015	2014	2015	2014
Interest income on corporate funds	\$ (7.2)	\$ (6.1)	\$ (43.9)	\$ (40.7)
Realized gains on available-for-sale securities	(1.0)	(2.2)	(3.6)	(19.7)
Realized losses on available-for-sale securities	0.3	0.7	1.3	3.2
Gain on the sale of notes receivable	—	—	(1.4)	—
Other income, net	\$ (7.9)	\$ (7.6)	\$ (47.6)	\$ (57.2)

During the nine months ended March 31, 2015, the Company sold notes receivable related to Dealer Services financing arrangements for a gain of \$1.4 million. Refer to Note 7 for further information.

Note 6. Corporate Investments and Funds Held for Clients

Corporate investments and funds held for clients at March 31, 2015 and June 30, 2014 were as follows:

	March 31, 2015			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value (A)
Type of issue:				
Money market securities, cash and other cash equivalents	\$ 10,025.7	\$ —	\$ —	\$ 10,025.7
Available-for-sale securities:				
Corporate bonds	8,975.7	184.8	(2.6)	9,157.9
U.S. Treasury and direct obligations of U.S. government agencies	5,853.7	90.7	(2.8)	5,941.6
Asset-backed securities	2,307.5	18.2	(2.8)	2,322.9
Canadian government obligations and Canadian government agency obligations	966.1	17.8	(0.1)	983.8
Canadian provincial bonds	724.8	33.8	(0.1)	758.5
Municipal bonds	574.3	18.5	(0.3)	592.5
Other securities	763.1	21.4	(0.2)	784.3
Total available-for-sale securities	20,165.2	385.2	(8.9)	20,541.5
Total corporate investments and funds held for clients	\$ 30,190.9	\$ 385.2	\$ (8.9)	\$ 30,567.2

(A) Included within available-for-sale securities are corporate investments with fair values of \$56.1 million and funds held for clients with fair values of \$20,485.4 million. All available-for-sale securities were included in Level 2.

	June 30, 2014			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value (B)
Type of issue:				
Money market securities, cash and other cash equivalents	\$ 2,773.7	\$ —	\$ —	\$ 2,773.7
Available-for-sale securities:				
Corporate bonds	8,720.1	171.1	(15.0)	8,876.2
U.S. Treasury and direct obligations of U.S. government agencies	6,051.4	107.3	(11.7)	6,147.0
Asset-backed securities	1,822.6	6.1	(6.9)	1,821.8
Canadian government obligations and Canadian government agency obligations	1,031.4	7.6	(0.8)	1,038.2
Canadian provincial bonds	747.7	25.3	(2.5)	770.5
Municipal bonds	543.3	19.4	(0.5)	562.2
Other securities	915.6	25.7	(0.7)	940.6
Total available-for-sale securities	19,832.1	362.5	(38.1)	20,156.5
Total corporate investments and funds held for clients	\$ 22,605.8	\$ 362.5	\$ (38.1)	\$ 22,930.2

(B) Included within available-for-sale securities are corporate investments with fair values of \$2,086.3 million and funds held for clients with fair values of \$18,070.2 million . All available-for-sale securities were included in Level 2.

For a description of the fair value hierarchy and the Company's fair value methodologies, including the use of an independent third-party pricing service, see Note 1 "Summary of Significant Accounting Policies" in the Company's Annual Report on Form 10-K for fiscal 2014 . The Company did not transfer any assets between Level 1 and Level 2 during the nine months ended March 31, 2015 or fiscal 2014. In addition, the Company did not adjust the prices obtained from the independent pricing service. The Company has no available-for-sale securities included in Level 1 or Level 3 as of March 31, 2015 .

The unrealized losses and fair values of available-for-sale securities that have been in an unrealized loss position for a period of less than and greater than 12 months as of March 31, 2015 , are as follows:

	March 31, 2015					
	Securities in Unrealized Loss Position Less Than 12 Months		Securities in Unrealized Loss Position Greater Than 12 Months		Total	
	Unrealized Losses	Fair Market Value	Unrealized Losses	Fair Market Value	Gross Unrealized Losses	Fair Market Value
Corporate bonds	\$ (1.5)	\$ 349.2	\$ (1.1)	\$ 224.9	\$ (2.6)	\$ 574.1
U.S. Treasury and direct obligations of U.S. government agencies	(0.4)	67.5	(2.4)	399.2	(2.8)	466.7
Asset-backed securities	(0.4)	256.3	(2.4)	405.2	(2.8)	661.5
Canadian government obligations and Canadian government agency obligations	(0.1)	44.0	—	—	(0.1)	44.0
Canadian provincial bonds	(0.1)	41.1	—	10.0	(0.1)	51.1
Municipal bonds	(0.2)	53.0	(0.1)	3.1	(0.3)	56.1
Other securities	—	6.0	(0.2)	14.0	(0.2)	20.0
	\$ (2.7)	\$ 817.1	\$ (6.2)	\$ 1,056.4	\$ (8.9)	\$ 1,873.5

The unrealized losses and fair values of available-for-sale securities that have been in an unrealized loss position for a period of less than and greater than 12 months as of June 30, 2014 , are as follows:

	June 30, 2014					
	Securities in Unrealized Loss Position Less Than 12 Months		Securities in Unrealized Loss Position Greater Than 12 Months		Total	
	Unrealized Losses	Fair Market Value	Unrealized Losses	Fair Market Value	Gross Unrealized Losses	Fair Market Value
Corporate bonds	\$ (0.9)	\$ 313.8	\$ (14.1)	\$ 1,026.0	\$ (15.0)	\$ 1,339.8
U.S. Treasury and direct obligations of U.S. government agencies	(0.3)	84.6	(11.4)	944.8	(11.7)	1,029.4
Asset-backed securities	(0.7)	325.4	(6.2)	555.5	(6.9)	880.9
Canadian government obligations and Canadian government agency obligations	(0.8)	127.2	—	—	(0.8)	127.2
Canadian provincial bonds	(0.9)	75.2	(1.6)	118.6	(2.5)	193.8
Municipal bonds	(0.1)	42.0	(0.4)	22.6	(0.5)	64.6
Other securities	—	13.9	(0.7)	45.7	(0.7)	59.6
	<u>\$ (3.7)</u>	<u>\$ 982.1</u>	<u>\$ (34.4)</u>	<u>\$ 2,713.2</u>	<u>\$ (38.1)</u>	<u>\$ 3,695.3</u>

At March 31, 2015 , Corporate bonds include investment-grade debt securities with a wide variety of issuers, industries, and sectors, primarily carry credit ratings of A and above, and have maturities ranging from April 2015 to June 2023 .

At March 31, 2015 , U.S. Treasury and direct obligations of U.S. government agencies primarily include debt directly issued by Federal Home Loan Banks and Federal Farm Credit Banks with fair values of \$4,451.5 million and \$1,040.6 million , respectively. U.S. Treasury and direct obligations of U.S. government agencies represent senior, unsecured, non-callable debt that primarily carries a credit rating of Aaa, as rated by Moody's, and AA+, as rated by Standard & Poor's, and have maturities ranging from April 2015 through January 2025 .

At March 31, 2015 , asset-backed securities include AAA rated senior tranches of securities with predominantly prime collateral of fixed rate credit card, auto loan, and rate reduction receivables with fair values of \$1,609.8 million , \$391.6 million , and \$228.8 million , respectively. These securities are collateralized by the cash flows of the underlying pools of receivables. The primary risk associated with these securities is the collection risk of the underlying receivables. All collateral on such asset-backed securities has performed as expected through March 31, 2015 .

At March 31, 2015 , other securities and their fair value primarily represent: AAA and AA rated supranational bonds of \$334.2 million , AAA and AA rated sovereign bonds of \$318.9 million , and AA rated mortgage-backed securities of \$100.8 million that are guaranteed primarily by Federal National Mortgage Association ("Fannie Mae"). The Company's mortgage-backed securities represent an undivided beneficial ownership interest in a group or pool of one or more residential mortgages. These securities are collateralized by the cash flows of 15 -year and 30 -year residential mortgages and are guaranteed by Fannie Mae as to the timely payment of principal and interest.

Classification of corporate investments on the Consolidated Balance Sheets is as follows:

	March 31, 2015	June 30, 2014
Corporate investments:		
Cash and cash equivalents	\$ 1,808.6	\$ 1,585.9
Short-term marketable securities	26.9	2,032.2
Long-term marketable securities	29.2	54.1
Total corporate investments	<u>\$ 1,864.7</u>	<u>\$ 3,672.2</u>

Funds held for clients represent assets that, based upon the Company's intent, are restricted for use solely for the purposes of satisfying the obligations to remit funds relating to the Company's payroll and payroll tax filing services, which are classified as client funds obligations on our Consolidated Balance Sheets.

Funds held for clients have been invested in the following categories:

	March 31, 2015	June 30, 2014
Funds held for clients:		
Restricted cash and cash equivalents held to satisfy client funds obligations	\$ 8,217.1	\$ 1,187.8
Restricted short-term marketable securities held to satisfy client funds obligations	4,542.2	1,312.5
Restricted long-term marketable securities held to satisfy client funds obligations	15,943.2	16,757.7
Total funds held for clients	\$ 28,702.5	\$ 19,258.0

Client funds obligations represent the Company's contractual obligations to remit funds to satisfy clients' payroll and tax payment obligations and are recorded on the Consolidated Balance Sheets at the time that the Company impounds funds from clients. The client funds obligations represent liabilities that will be repaid within one year of the balance sheet date. The Company has reported client funds obligations as a current liability on the Consolidated Balance Sheets totaling \$28,328.3 million and \$18,963.4 million as of March 31, 2015 and June 30, 2014, respectively. The Company has classified funds held for clients as a current asset since these funds are held solely for the purposes of satisfying the client funds obligations. The Company has reported the cash flows related to the purchases of corporate and client funds marketable securities and related to the proceeds from the sales and maturities of corporate and client funds marketable securities on a gross basis in the investing section of the Statements of Consolidated Cash Flows. The Company has reported the cash inflows and outflows related to client funds investments with original maturities of 90 days or less on a net basis within net increase in restricted cash and cash equivalents and other restricted assets held to satisfy client funds obligations in the investing section of the Statements of Consolidated Cash Flows. The Company has reported the cash flows related to the cash received from and paid on behalf of clients on a net basis within net increase in client funds obligations in the financing activities section of the Statements of Consolidated Cash Flows.

Approximately 82% of the available-for-sale securities held a AAA or AA rating at March 31, 2015, as rated by Moody's, Standard & Poor's and, for Canadian securities, Dominion Bond Rating Service. All available-for-sale securities were rated as investment grade at March 31, 2015.

Expected maturities of available-for-sale securities at March 31, 2015 are as follows:

One year or less	\$ 4,569.1
One year to two years	3,414.2
Two years to three years	3,037.6
Three years to four years	2,360.9
After four years	7,159.7
Total available-for-sale securities	\$ 20,541.5

Note 7. Receivables

Accounts receivable, net, includes the Company's trade receivables, which are recorded based upon the amount the Company expects to receive from its clients, net of an allowance for doubtful accounts. Notes receivable are recorded based upon the amount the Company expects to receive from its clients, net of an allowance for doubtful accounts and unearned income. The allowance for doubtful accounts is the Company's best estimate of probable credit losses related to trade receivables and notes receivable based upon the aging of the receivables, historical collection data, and internal assessments of credit quality, as well as the economy as a whole. The Company charges off uncollectable amounts against the reserve in the period in which it determines they are uncollectable. Unearned income on notes receivable is amortized using the effective interest method.

The Company's trade and accounts receivables, whose carrying value approximates fair value, are as follows:

	March 31, 2015		June 30, 2014	
	Current	Long-term	Current	Long-term
Trade receivables	\$ 1,599.1	\$ —	\$ 1,457.7	\$ —
Notes receivable	18.1	32.9	94.8	169.9
Less:				
Allowance for doubtful accounts - trade receivables	(35.3)	—	(38.1)	—
Allowance for doubtful accounts - notes receivable	(0.4)	(0.7)	(4.7)	(8.3)
Unearned income - notes receivable	(0.8)	(0.9)	(6.0)	(6.2)
	<u>\$ 1,580.7</u>	<u>\$ 31.3</u>	<u>\$ 1,503.7</u>	<u>\$ 155.4</u>

During the nine months ended March 31, 2015, the Company sold notes receivable related to Dealer Services financing arrangements for \$226.7 million. Although the sale of the notes receivable transfers the majority of the risk to the purchaser, the Company does retain a minimal level of credit risk on the sold receivables. The cash received in exchange for the notes receivable sold was recorded within the operating activities on the Statements of Consolidated Cash Flows and the gain on sale realized was recorded within Other income, net on the Statements of Consolidated Earnings (see Note 5).

The Company determines the allowance for doubtful accounts related to notes receivable based upon a specific reserve for known collection issues, as well as a non-specific reserve based upon aging, both of which are based upon history of such losses and current economic conditions. As of March 31, 2015 and June 30, 2014, there were no notes receivable that were specifically reserved; the entire notes receivable reserve balance was comprised of non-specific reserves.

The rollforward of the allowance for doubtful accounts related to notes receivable is as follows:

	Current	Long-term
Balance at June 30, 2014	\$ 4.7	\$ 8.3
Net provision	0.3	0.7
Chargeoffs	(0.2)	(0.4)
Recoveries and other (A)	(4.4)	(7.9)
Balance at March 31, 2015	<u>\$ 0.4</u>	<u>\$ 0.7</u>

(A) As a result of the sale of the notes receivable related to Dealer Services financing arrangements, the Company released \$10.7 million of non-specific reserves that were accrued on the sold notes receivable, which was recorded in selling, general, and administrative expenses on the Statements of Consolidated Earnings.

The allowance for doubtful accounts as a percentage of notes receivable was approximately 2% as of March 31, 2015 and 5% as of June 30, 2014.

On an ongoing basis, the Company evaluates the credit quality of its financing receivables, utilizing aging of receivables, collection experience, and charge-offs. As events related to a specific client dictate, the credit quality of a client is reevaluated. Approximately 100% of notes receivable were current at March 31, 2015 and June 30, 2014.

Note 8. Goodwill and Intangibles Assets, net

Changes in goodwill for the nine months ended March 31, 2015 are as follows:

	Employer Services	PEO Services	Total
Balance at June 30, 2014 (A)	\$ 1,882.4	\$ 4.8	\$ 1,887.2
Additions and other adjustments, net	6.8	—	6.8
Currency translation adjustments	(108.5)	—	(108.5)
Balance at March 31, 2015 (A)	<u>\$ 1,780.7</u>	<u>\$ 4.8</u>	<u>\$ 1,785.5</u>

(A) The goodwill balance at June 30, 2014 and March 31, 2015 is net of accumulated impairment losses of \$42.7 million related to the Employer Services segment.

Components of intangible assets, net, are as follows:

	March 31, 2015	June 30, 2014
Intangible assets:		
Software and software licenses	\$ 1,610.1	\$ 1,523.2
Customer contracts and lists	625.8	648.7
Other intangibles	209.0	208.3
	<u>2,444.9</u>	<u>2,380.2</u>
Less accumulated amortization:		
Software and software licenses	(1,282.9)	(1,231.2)
Customer contracts and lists	(473.0)	(467.1)
Other intangibles	(190.7)	(183.1)
	<u>(1,946.6)</u>	<u>(1,881.4)</u>
Intangible assets, net	<u>\$ 498.3</u>	<u>\$ 498.8</u>

Other intangibles consist primarily of purchased rights, covenants, patents, and trademarks (acquired directly or through acquisitions). All of the intangible assets have finite lives and, as such, are subject to amortization. The weighted average remaining useful life of the intangible assets is 6 years (4 years for software and software licenses, 10 years for customer contracts and lists, and 3 years for other intangibles). Amortization of intangible assets was \$38.5 million and \$35.0 million for the three months ended March 31, 2015 and 2014 , respectively, and \$114.3 million and \$105.3 million for the nine months ended March 31, 2015 and 2014 , respectively.

Estimated future amortization expenses of the Company's existing intangible assets are as follows:

	Amount
Three months ending June 30, 2015	\$ 35.8
Twelve months ending June 30, 2016	\$ 139.8
Twelve months ending June 30, 2017	\$ 111.1
Twelve months ending June 30, 2018	\$ 62.1
Twelve months ending June 30, 2019	\$ 42.7
Twelve months ending June 30, 2020	\$ 35.8

Note 9. Short-term Financing

The Company has a \$2.25 billion, 364-day credit agreement with a group of lenders that matures in June 2015. In addition, the Company has a five-year \$2.0 billion credit facility and a five-year \$3.25 billion credit facility maturing in June 2018 and June 2019, respectively, each with an accordion feature under which the aggregate commitment can be increased by \$500.0 million, subject to the availability of additional commitments. The interest rate applicable to committed borrowings is tied to LIBOR, the effective federal funds rate, or the prime rate depending on the notification provided by the Company to the syndicated financial institutions prior to borrowing. The Company is also required to pay facility fees on the credit agreements. The primary uses of the credit facilities are to provide liquidity to the commercial paper program and funding for general corporate purposes, if necessary. The Company had no borrowings through March 31, 2015 under the credit agreements.

The Company's U.S. short-term funding requirements related to client funds are sometimes obtained through a commercial paper program, which provides for the issuance of up to \$7.5 billion in aggregate maturity value of commercial paper, rather than liquidating previously-collected client funds that have already been invested in available-for-sale securities. The Company's commercial paper program is rated A-1+ by Standard & Poor's and Prime-1 by Moody's. These ratings denote the highest quality commercial paper securities. Maturities of commercial paper can range from overnight to up to 364 days. At March 31, 2015, the Company had no commercial paper outstanding. At June 30, 2014, the Company had \$2,173.0 million of commercial paper outstanding, which was repaid on July 1, 2014. For the three months ended March 31, 2015 and 2014, the Company's average borrowings were \$1.0 billion and \$0.7 billion, respectively, at weighted average interest rates of 0.1%. For the nine months ended March 31, 2015 and 2014, the Company's average borrowings were \$2.4 billion at weighted average interest rates of 0.1%. The weighted average maturity of the Company's commercial paper issued during the three and nine months ended March 31, 2015 approximated one and two days, respectively.

The Company's U.S. and Canadian short-term funding requirements related to client funds obligations are sometimes obtained on a secured basis through the use of reverse repurchase agreements, which are collateralized principally by government and government agency securities, rather than liquidating previously-collected client funds that have already been invested in available-for-sale securities. These agreements generally have terms ranging from overnight to up to five business days. At March 31, 2015 and June 30, 2014, the Company had no obligations outstanding related to reverse repurchase agreements. For the three months ended March 31, 2015 and 2014, the Company had average outstanding balances under reverse repurchase agreements of \$93.0 million and \$162.1 million, respectively, at weighted average interest rates of 0.7% and 0.9%, respectively. For the nine months ended March 31, 2015 and 2014, the Company had average outstanding balances under reverse repurchase agreements of \$423.2 million and \$366.0 million, respectively, at weighted average interest rates of 0.5% and 0.6%, respectively. In addition, the Company has \$3.25 billion available on a committed basis under the U.S. reverse repurchase agreements.

Note 10. Employee Benefit Plans

A. Stock-based Compensation Plans

Stock-based compensation consists of the following:

- **Stock Options** Stock options are granted to employees at exercise prices equal to the fair market value of the Company's common stock on the dates of grant. Stock options are issued under a graded vesting schedule and have a term of 10 years. Options granted prior to July 1, 2008 generally vest ratably over five years and options granted after July 1, 2008 generally vest ratably over four years. Compensation expense is measured based on the fair value of the stock option on the grant date and recognized over the requisite service period for each separately vesting portion of the stock option award. Stock options are forfeited if the employee ceases to be employed by the Company prior to vesting.
- **Restricted Stock**
 - **Time-Based Restricted Stock and Time-Based Restricted Stock Units** Time-based restricted stock and time-based restricted stock units granted prior to the year ended June 30, 2013 ("fiscal 2013") are subject to vesting periods of up to five years and awards granted in fiscal 2013 and later are subject to a vesting period of two years. Awards are forfeited if the employee ceases to be employed by the Company prior to vesting.

Time-based restricted stock cannot be transferred during the vesting period. Compensation expense relating to the issuance of time-based restricted stock is measured based on the fair value of the award on the grant date and recognized on a straight-line basis over the vesting period. Employees are eligible to receive dividends on shares awarded under the time-based restricted stock program.

Time-based restricted stock units are settled in cash and cannot be transferred during the vesting period. Compensation expense relating to the issuance of time-based restricted stock units is recorded over the vesting period and is initially based on the fair value of the award on the grant date; and is subsequently remeasured at each reporting date during the vesting period. No dividend equivalents are paid on units awarded under the time-based restricted stock unit program.

- **Performance-Based Restricted Stock and Performance-Based Restricted Stock Units** Performance-based restricted stock and performance-based restricted stock units generally vest over a one to three year performance period and a subsequent service period of up to 26 months . Under these programs, the Company communicates "target awards" at the beginning of the performance period with possible payouts at the end of the performance period ranging from 0% to 150% of the "target awards." Awards are forfeited if the employee ceases to be employed by the Company prior to vesting.

Performance-based restricted stock cannot be transferred during the vesting period. Compensation expense relating to the issuance of performance-based restricted stock is recognized over the vesting period based on the fair value of the award on the grant date with subsequent adjustments to the number of shares awarded during the performance period based on probable and actual performance against targets. After the performance period, if the performance targets are achieved, employees are eligible to receive dividends during the remaining vesting period on shares awarded under the performance-based restricted stock program.

Performance-based restricted stock units are settled in either cash or stock, depending on the employee's home country, and cannot be transferred during the vesting period. Compensation expense relating to the issuance of performance-based restricted stock units settled in cash is recognized over the vesting period initially based on the fair value of the award on the grant date with subsequent adjustments to the number of units awarded during the performance period based on probable and actual performance against targets. In addition, compensation expense is remeasured at each reporting period during the vesting period based on the change in ADP stock price. Compensation expense relating to the issuance of performance-based restricted stock units settled in stock is recorded over the vesting period based on the fair value of the award on the grant date with subsequent adjustments to the number of units awarded based on the probable and actual performance against targets. Dividend equivalents are paid on awards settled in stock under the performance-based restricted stock unit program.

- **Employee Stock Purchase Plan** The Company offers an employee stock purchase plan that allows eligible employees to purchase shares of common stock at a price equal to 95% of the market value for the Company's common stock on the last day of the offering period. This plan has been deemed non-compensatory, and therefore no compensation expense has been recorded.

The Company currently utilizes treasury stock to satisfy stock option exercises, issuances under the Company's employee stock purchase plan, and restricted stock awards. From time to time, the Company may repurchase shares of its common stock under its authorized share repurchase programs. The Company repurchased 7.5 million shares in the three months ended March 31, 2015 as compared to 0.5 million shares repurchased in the three months ended March 31, 2014 and the Company repurchased 13.3 million shares in the nine months ended March 31, 2015 as compared to 6.2 million shares repurchased in the nine months ended March 31, 2014 . The Company considers several factors in determining when to execute share repurchases, including, among other things, actual and potential acquisition activity, cash balances and cash flows, issuances due to employee benefit plan activity, and market conditions.

The following table represents stock-based compensation expense and related income tax benefits for the three and nine months ended March 31, 2015 and 2014 , respectively:

	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	2015	2014	2015	2014
Operating expenses	\$ 6.3	\$ 5.5	\$ 21.4	\$ 15.7
Selling, general and administrative expenses	24.7	20.6	73.6	59.4
System development and programming costs	4.9	4.2	16.0	11.8
Total pretax stock-based compensation expense	\$ 35.9	\$ 30.3	\$ 111.0	\$ 86.9
Income tax benefit	\$ 13.0	\$ 11.2	\$ 39.8	\$ 31.4

Stock-based compensation expense attributable to CDK employees are included in discontinued operations and therefore not presented in the table above. For the three months ended March 31, 2014 , such stock-based compensation expense was \$5.2 million . For the nine months ended March 31, 2015 and 2014 , such stock-based compensation expense was \$5.1 million and \$15.0 million , respectively.

As a result of the spin-off of CDK, the number of vested and unvested ADP stock options, their strike price, and the number of unvested performance-based and time-based restricted shares and units were adjusted to preserve the intrinsic value of the awards immediately prior to the spin-off using an adjustment ratio based on the market close price of ADP stock prior to the spin-off and the market open price of ADP stock subsequent to the spin-off. Since these adjustments were considered to be a modification of the awards in accordance to ASC 718, "Stock Compensation," the Company compared the fair value of the awards immediately prior to the spin-off to the fair value immediately after the spin-off to measure potential incremental stock-based compensation expense, if any. The adjustments did not result in an increase in the fair value of the awards and, accordingly, the Company did not record incremental stock-based compensation expense. Unvested ADP stock options, unvested restricted stock, and unvested restricted stock units held by CDK employees were replaced by CDK awards immediately following the spin-off. The stock-based compensation expense associated with the original grant of ADP awards to remaining ADP employees will continue to be recognized within earnings from continuing operations in the Company's Statements of Consolidated Earnings.

As of March 31, 2015 , the total remaining unrecognized compensation expense related to non-vested stock options, restricted stock units, and restricted stock awards amounted to \$17.7 million , \$16.6 million , and \$109.2 million , respectively, which will be amortized over the weighted-average remaining requisite service periods of 2.1 years , 1.4 years , and 1.5 years , respectively.

During the nine months ended March 31, 2015 , the following activity occurred under the Company's existing plans, including the impacts related to the spin-off of CDK described above.

Stock Options:

	Number of Options (in thousands)	Weighted Average Price (in dollars)
Options outstanding at July 1, 2014	7,931	\$ 52
Options granted	949	\$ 87
Options exercised	(2,555)	\$ 40
Options canceled	(159)	\$ 58
Options increased for spin-off adjustment ratio	849	\$ 47
CDK employee options replaced at spin-off with CDK awards	(823)	\$ 54
Options outstanding at March 31, 2015	6,192	\$ 55

Time-Based Restricted Stock and Time-Based Restricted Stock Units:

	Number of Shares (in thousands)	Number of Units (in thousands)
Restricted shares/units outstanding at July 1, 2014	2,341	571
Restricted shares/units granted	907	217
Restricted shares/units vested	(1,073)	(250)
Restricted shares/units forfeited	(130)	(34)
Share/unit increase for spin-off adjustment ratio	267	64
CDK employee restricted shares/units replaced at spin-off with CDK awards	(189)	(43)
Restricted shares/units outstanding at March 31, 2015	2,123	525

Performance-Based Restricted Stock and Performance-Based Restricted Stock Units:

	Number of Shares (in thousands)	Number of Units (in thousands)
Restricted shares/units outstanding at July 1, 2014	803	318
Restricted shares/units granted	339	217
Restricted shares/units vested	(224)	(13)
Restricted shares/units forfeited	(68)	(14)
Share/unit increase for spin-off adjustment ratio	118	67
CDK employee restricted shares/units replaced at spin-off with CDK awards	(45)	(35)
Restricted shares/units outstanding at March 31, 2015	923	540

The fair value of each stock option issued is estimated on the date of grant using a binomial option pricing model. The binomial model considers a range of assumptions related to volatility, risk-free interest rate, and employee exercise behavior. Expected volatilities utilized in the binomial model are based on a combination of implied market volatilities, historical volatility of the Company's stock price, and other factors. Similarly, the dividend yield is based on historical experience and expected future changes. The risk-free rate is derived from the U.S. Treasury yield curve in effect at the time of grant. The binomial model also incorporates exercise and forfeiture assumptions based on an analysis of historical data. The expected life of the stock option grant is derived from the output of the binomial model and represents the period of time that options granted are expected to be outstanding.

The fair value for stock options granted was estimated at the date of grant using the following assumptions:

	Nine Months Ended	
	March 31,	
	2015	2014
Risk-free interest rate	1.5% - 1.9%	1.5% - 1.7%
Dividend yield	2.3%	2.3% - 2.4%
Weighted average volatility factor	22.8% - 23.5%	23.8%
Weighted average expected life (in years)	5.4	5.4
Weighted average fair value (in dollars) (A)	\$ 14.28	\$ 11.89

(A) The weighted average fair values of grants before September 30, 2014 were adjusted to reflect the impact of the spin-off of CDK.

B. Pension Plans

The components of net pension expense were as follows:

	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	2015	2014	2015	2014
Service cost – benefits earned during the period	\$ 16.4	\$ 16.6	\$ 52.0	\$ 49.8
Interest cost on projected benefits	15.6	15.6	47.2	46.9
Expected return on plan assets	(32.4)	(29.8)	(97.3)	(89.5)
Net amortization and deferral	4.3	5.0	12.9	15.0
Curtailments and special termination benefits	—	—	3.2	—
Net pension expense	\$ 3.9	\$ 7.4	\$ 18.0	\$ 22.2

Net pension expense for the three months ended March 31, 2014 includes \$1.2 million reported within earnings from discontinued operations on the Statements of Consolidated Earnings and net pension expense for the nine months ended March 31, 2015 and 2014 includes \$4.3 million and \$3.5 million, respectively, reported within earnings from discontinued operations on the Statements of Consolidated Earnings. Included within pension expense related to discontinued operations for the nine months ended March 31, 2015 were total one-time charges of \$3.2 million for curtailment charges and special termination benefits directly attributable to the spin-off of CDK.

Note 11. Income Taxes

The effective tax rate for the three months ended March 31, 2015 and 2014 was 33.7% and 34.4%, respectively. The decrease in the effective tax rate is due to the resolution of certain tax matters and benefits related to state taxes during the three months ended March 31, 2015, partially offset by the resolution of certain tax matters during the three months ended March 31, 2014.

The effective tax rate for the nine months ended March 31, 2015 and 2014 was 33.7%. The effective tax rate remained consistent due to the resolution of certain tax matters, the usage of foreign tax credits in a planned repatriation of foreign earnings, and a change in tax law during the nine months ended March 31, 2015, offset by the resolution of certain tax matters during the nine months ended March 31, 2014.

Note 12. Commitments and Contingencies

In June 2011, the Company received a Commissioner's Charge from the U.S. Equal Employment Opportunity Commission ("EEOC") alleging that the Company has violated Title VII of the Civil Rights Act of 1964 by refusing to recruit, hire, transfer, and promote certain persons on the basis of their race, in the State of Illinois from at least the period of January 1, 2007 to the present. The Company continues to investigate the allegations set forth in the Commissioner's Charge and is cooperating with the EEOC's investigation.

The Company is subject to various claims and litigation in the normal course of business. When a loss is considered probable and reasonably estimable, the Company records a liability in the amount of its best estimate for the ultimate loss. Although the Company currently believes that resolving its outstanding claims, individually or in aggregate, will not have a material adverse impact on the consolidated financial statements, these matters involve complex issues subject to inherent uncertainty and there can be no assurance that these matters will be resolved in a manner not adverse to the Company.

It is not the Company's business practice to enter into off-balance sheet arrangements. In the normal course of business, the Company may enter into contracts in which it makes representations and warranties that relate to the performance of the Company's services and products. The Company does not expect any material losses related to such representations and warranties.

As a result of the CDK spin-off, the Company's obligations decreased from those disclosed in the Annual Report on Form 10-K for fiscal 2014 as certain of these obligations were assumed by CDK. As of June 30, 2014, the minimum commitments assumed by CDK for various facilities and equipment leases and software license agreements were as follows:

Years ending June 30,

2015	\$	32.0
2016		22.1
2017		12.7
2018		5.2
2019		3.8
Thereafter		5.6
	\$	<u>81.4</u>

CDK also had obligations related to purchase and maintenance agreements on software, equipment, and other assets of which \$2.9 million , \$4.1 million , and \$2.4 million relates to fiscal years ending June 30, 2015, 2016, and 2017, respectively, which were assumed by CDK as part of the spin-off.

The Company has obligations related to purchase and maintenance agreements on the software, equipment, and other assets that were disclosed in its Annual Report on Form 10-K for fiscal 2014. In December 2014 , the Company extended the term of a contract, which resulted in incremental obligations of \$43.1 million and \$87.3 million for the fiscal years ending June 30, 2019 and June 30, 2020, respectively.

Note 13. Reclassifications out of Accumulated Other Comprehensive Income ("AOCI")

Changes in AOCI by component are as follows:

	Three Months Ended			
	March 31, 2015			
	Currency Translation Adjustment	Net Gains/Losses on Available-for- sale Securities	Pension Liability	Accumulated Other Comprehensive Loss
Balance at December 31, 2014	\$ (154.4)	\$ 163.7	\$ (124.0)	\$ (114.7)
Other comprehensive (loss)/income before reclassification adjustments	(108.7)	128.9	—	20.2
Tax effect	—	(44.4)	—	(44.4)
Reclassification adjustments to net earnings	—	(0.7) (A)	3.9 (B)	3.2
Tax effect	—	0.2	(1.5)	(1.3)
Balance at March 31, 2015	<u>\$ (263.1)</u>	<u>\$ 247.7</u>	<u>\$ (121.6)</u>	<u>\$ (137.0)</u>

	Three Months Ended			
	March 31, 2014			
	Currency Translation Adjustment	Net Gains/Losses on Available-for- sale Securities	Pension Liability	Accumulated Other Comprehensive Income
Balance at December 31, 2013	\$ 76.1	\$ 138.0	\$ (203.4)	\$ 10.7
Other comprehensive (loss)/income before reclassification adjustments	(3.2)	43.8	—	40.6
Tax effect	—	(15.1)	—	(15.1)
Reclassification adjustments to net earnings	1.5 (C)	(1.5) (A)	5.1 (B)	5.1
Tax effect	—	0.5	(0.8)	(0.3)
Balance at March 31, 2014	<u>\$ 74.4</u>	<u>\$ 165.7</u>	<u>\$ (199.1)</u>	<u>\$ 41.0</u>

Nine Months Ended				
March 31, 2015				
	Currency Translation Adjustment	Net Gains/Losses on Available-for- sale Securities	Pension Liability	Accumulated Other Comprehensive Income/(Loss)
Balance at June 30, 2014	\$ 99.5	\$ 211.6	\$ (132.9)	\$ 178.2
Other comprehensive (loss)/income before reclassification adjustments	(274.4)	54.2	—	(220.2)
Tax effect	—	(16.6)	—	(16.6)
Reclassification adjustments to net earnings	—	(2.3) (A)	17.2 (B)	14.9
Tax effect	—	0.8	(5.9)	(5.1)
Reclassification adjustments to retained earnings	(88.2) (D)	—	—	(88.2)
Balance at March 31, 2015	<u>\$ (263.1)</u>	<u>\$ 247.7</u>	<u>\$ (121.6)</u>	<u>\$ (137.0)</u>

Nine Months Ended				
March 31, 2014				
	Currency Translation Adjustment	Net Gains/Losses on Available-for- sale Securities	Pension Liability	Accumulated Other Comprehensive Income
Balance at June 30, 2013	\$ 39.6	\$ 186.7	\$ (210.9)	\$ 15.4
Other comprehensive income/(loss) before reclassification adjustments	33.3	(16.0)	—	17.3
Tax effect	—	5.4	—	5.4
Reclassification adjustments to net earnings	1.5 (C)	(16.5) (A)	15.4 (B)	0.4
Tax effect	—	6.1	(3.6)	2.5
Balance at March 31, 2014	<u>\$ 74.4</u>	<u>\$ 165.7</u>	<u>\$ (199.1)</u>	<u>\$ 41.0</u>

(A) Reclassification adjustments out of AOCI are included within Other income, net, on the Statements of Consolidated Earnings.

(B) Reclassification adjustments out of AOCI are included in net pension expense (see Note 10).

(C) Reclassification adjustments out of AOCI are included within net earnings from discontinued operations, on the Statements of Consolidated Earnings.

(D) Reclassification adjustment out of AOCI is related to the CDK spin-off and included in retained earnings on the Consolidated Balance Sheets.

Note 14. Interim Financial Data by Segment

Based upon similar economic and operational characteristics, the Company's strategic business units have been aggregated into the following two reportable segments: Employer Services and PEO Services. The primary components of the "Other" segment are the results of operations of ADP Indemnity (a wholly-owned captive insurance company that provides workers' compensation and employer's liability deductible reimbursement insurance protection for PEO Services' worksite employees), non-recurring gains and losses, miscellaneous processing services, such as customer financing transactions, the elimination of intercompany transactions, and certain charges and expenses that have not been allocated to the reportable segments, such as stock-based compensation expense.

Certain revenues and expenses are charged to the reportable segments at a standard rate for management reasons. Other costs are recorded based on management responsibility. There is a reconciling item for the difference between actual interest income earned on invested funds held for clients and interest credited to Employer Services and PEO Services at a standard rate of 4.5%. This allocation is made for management reasons so that the reportable segments' results are presented on a consistent basis without the impact of fluctuations in interest rates. This reconciling adjustment to the reportable segments' revenues and earnings from continuing operations before income taxes is eliminated in consolidation.

Segment Results:

	Revenues from Continuing Operations			
	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	2015	2014	2015	2014
Employer Services	\$ 2,474.7	\$ 2,350.9	\$ 6,743.7	\$ 6,396.1
PEO Services	748.5	650.8	1,969.3	1,686.9
Other	(4.8)	(0.1)	(7.7)	—
Reconciling item:				
Client fund interest	(186.7)	(176.5)	(438.5)	(402.2)
	<u>\$ 3,031.7</u>	<u>\$ 2,825.1</u>	<u>\$ 8,266.8</u>	<u>\$ 7,680.8</u>

	Earnings from Continuing Operations before Income Taxes			
	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	2015	2014	2015	2014
Employer Services	\$ 934.3	\$ 842.3	\$ 2,145.9	\$ 1,961.6
PEO Services	80.6	60.6	226.0	172.0
Other	(85.6)	(65.6)	(237.2)	(205.1)
Reconciling item:				
Client fund interest	(186.7)	(176.5)	(438.5)	(402.2)
	<u>\$ 742.6</u>	<u>\$ 660.8</u>	<u>\$ 1,696.2</u>	<u>\$ 1,526.3</u>

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

(Tabular dollars are presented in millions, except per share amounts)

FORWARD-LOOKING STATEMENTS

This document and other written or oral statements made from time to time by Automatic Data Processing, Inc. and its subsidiaries ("ADP" or "the Company") 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 rating 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 and data; 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, 2014 ("fiscal 2014") should be considered in evaluating any forward-looking statements contained herein.

CRITICAL ACCOUNTING POLICIES

Our consolidated financial statements and accompanying notes have been prepared in accordance with accounting principles generally accepted in the United States of America. Our consolidated financial statements and relevant footnotes have been adjusted for discontinued operations. The preparation of these financial statements requires management to make estimates, judgments, and assumptions that affect reported amounts of assets, liabilities, revenues, expenses, and other comprehensive income. We continually evaluate the accounting policies and estimates used to prepare the consolidated financial statements. The estimates are based on historical experience and assumptions believed to be reasonable under current facts and circumstances. Actual amounts and results could differ from these estimates made by management. Certain accounting policies that require significant management estimates and are deemed critical to our results of operations or financial position are discussed in our Annual Report on Form 10-K for fiscal 2014 in the Critical Accounting Policies section of Management's Discussion and Analysis of Financial Condition and Results of Operations.

RESULTS OF OPERATIONS

Executive Overview

We are one of the largest providers of business processing and cloud-based solutions - including payroll, talent management, human resource management, benefits administration and time and attendance - to employers around the world. As a leading global Human Capital Management ("HCM") solutions provider, we are focused on driving product innovation and enhancing our distribution and service capabilities.

During the nine months ended March 31, 2015, we have more narrowly focused our attention on our global HCM strategy and our results continue to reflect the strength of our underlying business model and our success in the market. This increased focus is evidenced by the separation of our former Dealer Services business into its own independent, publicly traded company called CDK Global, Inc. ("CDK") on September 30, 2014 and our investments in product innovation and our salesforce.

Despite pressure from foreign currency translation and margin pressure from our high-margin client funds interest revenue, which grew at a slower rate than overall revenue, we remain pleased with the solid performance of our business segments. We expect this pressure from foreign currency translation and client funds interest revenue to continue through the remainder of the fiscal year ended June 30, 2015 ("fiscal 2015"). Both of our business segments have driven solid organic revenue growth and pretax margin expansion in the nine months ended March 31, 2015, especially when considering the pressure on Employer Services revenues from foreign currency translation. An improving economic backdrop in the United States, our focus on product innovation, and investments in and productivity of our salesforce led to growth in new business bookings. Our new business started during the year from new business bookings drove our revenue growth and shows the strength of our salesforce and our implementation teams' ability to execute on new client starts. Revenue retention is strong across our business segments and we continue to benefit from the strength of the pays per control in our client base, which we measure as the number of employees on our clients' payrolls as measured on a same-store-sales basis utilizing a representative subset of payrolls ranging from small to large businesses that are reflective of a broad range of U.S. geographic regions. Our financial condition and balance sheet remain solid at March 31, 2015, with cash and cash equivalents and marketable securities of approximately \$1.9 billion.

We have a strong business model with a high percentage of recurring revenues, good margins, the ability to generate consistent, healthy cash flows, strong client retention, and low capital expenditure requirements. We invest our funds held for clients in accordance with ADP's prudent and conservative investment guidelines, where the safety of principal, liquidity, and diversification are the foremost objectives of our investment strategy. We continue to return excess cash to our shareholders.

through dividends and our share repurchase program. In connection with the spin-off of CDK, we received \$825.0 million from CDK as a tax-free dividend, which we have returned to shareholders via share repurchases as of March 31, 2015 .

Analysis of Consolidated Operations

	Three Months Ended				Nine Months Ended			
	March 31,		\$ Change	% Change	March 31,		\$ Change	% Change
	2015	2014			2015	2014		
Total revenues from continuing operations	\$ 3,031.7	\$ 2,825.1	\$ 206.6	7 %	\$ 8,266.8	\$ 7,680.8	\$ 586.0	8 %
Costs of revenues:								
Operating expenses	1,484.7	1,395.9	88.8	6 %	4,234.0	3,945.2	288.8	7 %
Systems development and programming costs	150.7	139.5	11.2	8 %	446.3	410.6	35.7	9 %
Depreciation and amortization	52.6	50.3	2.3	5 %	156.6	149.3	7.3	5 %
Total costs of revenues	1,688.0	1,585.7	102.3	6 %	4,836.9	4,505.1	331.8	7 %
Selling, general and administrative costs	608.2	585.3	22.9	4 %	1,776.4	1,701.9	74.5	4 %
Interest expense	0.8	0.9	(0.1)	(11)%	4.9	4.7	0.2	4 %
Total expenses	2,297.0	2,171.9	125.1	6 %	6,618.2	6,211.7	406.5	7 %
Other income, net	(7.9)	(7.6)	0.3	4 %	(47.6)	(57.2)	(9.6)	(17)%
Earnings from continuing operations before income taxes	\$ 742.6	\$ 660.8	\$ 81.8	12 %	\$ 1,696.2	\$ 1,526.3	\$ 169.9	11 %
Margin	24.5%	23.4%			20.5%	19.9%		
Provision for income taxes	\$ 250.6	\$ 227.6	\$ 23.0	10 %	\$ 572.2	\$ 514.1	\$ 58.1	11 %
Effective tax rate	33.7%	34.4%			33.7%	33.7%		
Net earnings from continuing operations	\$ 492.0	\$ 433.2	\$ 58.8	14 %	\$ 1,124.0	\$ 1,012.2	\$ 111.8	11 %
Diluted earnings per share from continuing operations	\$ 1.04	\$ 0.90	\$ 0.14	16 %	\$ 2.35	\$ 2.09	\$ 0.26	12 %

Total Revenues

Total revenues increased \$206.6 million , or 7% , to \$3,031.7 million for the three months ended March 31, 2015 , as compared to the three months ended March 31, 2014 , primarily due to an increase in revenues in Employer Services of 5% , or \$123.8 million , to \$2,474.7 million and an increase in revenues in Professional Employer Organization ("PEO") Services of 15% , or \$97.7 million , to \$748.5 million . For the three months ended March 31, 2015 , total revenue growth and Employer Services revenue growth were negatively impacted two percentage points and three percentage points, respectively, by unfavorable foreign currency translation.

Total revenues for the three months ended March 31, 2015 include interest on funds held for clients of \$101.4 million , as compared to \$100.1 million for the three months ended March 31, 2014 . The increase in the consolidated interest earned on funds held for clients resulted from the increase in our average client funds balance of 4% , to \$26.2 billion , for the three months ended March 31, 2015 , offset by the decrease in the average interest rate earned to 1.5% for the three months ended March 31, 2015 , as compared to 1.6% for the three months ended March 31, 2014 .

Total revenues increased \$586.0 million , or 8% , to \$8,266.8 million for the nine months ended March 31, 2015 , as compared to the nine months ended March 31, 2014 , primarily due to an increase in revenues in Employer Services of 5% , or \$347.6 million , to \$6,743.7 million and an increase in revenues in PEO Services of 17% , or \$282.4 million , to \$1,969.3 million . For the nine months ended March 31, 2015 , total revenue growth and Employer Services revenue growth were negatively impacted one percentage point by unfavorable foreign currency translation.

Total revenues for the nine months ended March 31, 2015 include interest on funds held for clients of \$282.7 million , as compared to \$278.6 million for the nine months ended March 31, 2014 . The increase in the consolidated interest earned on funds held for clients resulted from the increase in our average client funds balance of 6% , to \$21.5 billion , for the nine months ended March 31, 2015 , partially offset by the decrease in the average interest rate earned to 1.7% for the nine months ended March 31, 2015 , as compared to 1.8% for the nine months ended March 31, 2014 .

Total Expenses

Our total expenses increased \$125.1 million , or 6% , to \$2,297.0 million for the three months ended March 31, 2015 , as compared to the three months ended March 31, 2014 . The increase in our total expenses was primarily due to an increase in operating expenses of \$88.8 million , an increase in selling, general and administrative expenses of \$22.9 million , and an increase in systems development and programming costs of \$11.2 million . Our total expense growth was impacted two percentage points by foreign currency translation for the three months ended March 31, 2015 , as compared to the three months ended March 31, 2014 .

Our total expenses increased \$406.5 million , or 7% , to \$6,618.2 million for the nine months ended March 31, 2015 , as compared to the nine months ended March 31, 2014 . The increase in our total expenses was primarily due to an increase in operating expenses of \$288.8 million , an increase in selling, general and administrative expenses of \$74.5 million , and an increase in systems development and programming costs of \$35.7 million . Our total expense growth was impacted one percentage point by foreign currency translation for the nine months ended March 31, 2015 , as compared to the nine months ended March 31, 2014 .

Our total costs of revenues increased \$102.3 million , or 6% , to \$1,688.0 million for the three months ended March 31, 2015 , as compared to the three months ended March 31, 2014 , primarily due to an increase in operating expenses of \$88.8 million and an increase in systems development and programming costs of \$11.2 million .

Our total costs of revenues increased \$331.8 million , or 7% , to \$4,836.9 million for the nine months ended March 31, 2015 , as compared to the nine months ended March 31, 2014 , primarily due to an increase in operating expenses of \$288.8 million and an increase in systems development and programming costs of \$35.7 million .

Operating expenses increased \$88.8 million , or 6% , for the three months ended March 31, 2015 , as compared to the three months ended March 31, 2014 , due to the increase in revenues described above, including the increase in PEO Services, which has pass-through costs that are re-billable and which includes costs for benefits coverage, workers' compensation coverage, and state unemployment taxes for worksite employees. These pass-through costs were \$582.3 million for the three months ended March 31, 2015 , which included costs for benefits coverage of \$418.4 million and costs for workers' compensation and payment of state unemployment taxes of \$163.9 million . These pass-through costs were \$508.5 million for the three months ended March 31, 2014 , which included costs for benefits coverage of \$357.0 million and costs for workers' compensation and payment of state unemployment taxes of \$151.5 million .

Operating expenses increased \$288.8 million , or 7% , for the nine months ended March 31, 2015 , as compared to the nine months ended March 31, 2014 , due to the increase in revenues described above, including the increase in PEO Services, which has pass-through costs that are re-billable and which includes costs for benefits coverage, workers' compensation coverage, and state unemployment taxes for worksite employees. These pass-through costs were \$1,507.0 million for the nine months ended March 31, 2015 , which included costs for benefits coverage of \$1,197.6 million and costs for workers' compensation and payment of state unemployment taxes of \$309.4 million . These pass-through costs were \$1,296.1 million for the nine months ended March 31, 2014 , which included costs for benefits coverage of \$1,016.7 million and costs for workers' compensation and payment of state unemployment taxes of \$279.3 million .

Systems development and programming costs increased \$11.2 million , or 8% , for the three months ended March 31, 2015 , as compared to the three months ended March 31, 2014 , due to increased investments and costs to develop, support, and maintain our products, partially offset by a higher proportion of capitalized costs of our strategic projects.

Systems development and programming costs increased \$35.7 million , or 9% , for the nine months ended March 31, 2015 , as compared to the nine months ended March 31, 2014 , due to increased investments and costs to develop, support, and maintain our products, partially offset by a higher proportion of capitalized costs of our strategic projects.

Selling, general and administrative expenses increased \$22.9 million, or 4%, for the three months ended March 31, 2015, as compared to the three months ended March 31, 2014. The increase was primarily related to an increase in selling expenses of \$20.1 million resulting from growth in our salesforce.

Selling, general and administrative expenses increased \$74.5 million, or 4%, for the nine months ended March 31, 2015, as compared to the nine months ended March 31, 2014. The increase was primarily related to an increase in selling expenses of \$72.2 million resulting from growth in our salesforce.

Other Income, net

	Three Months Ended March 31,			Nine Months Ended March 31,		
	2015	2014	\$ Change	2015	2014	\$ Change
Interest income on corporate funds	\$ (7.2)	\$ (6.1)	\$ 1.1	\$ (43.9)	\$ (40.7)	\$ 3.2
Realized gains on available-for-sale securities	(1.0)	(2.2)	(1.2)	(3.6)	(19.7)	(16.1)
Realized losses on available-for-sale securities	0.3	0.7	0.4	1.3	3.2	1.9
Gain on the sale of notes receivable	—	—	—	(1.4)	—	1.4
Other income, net	<u>\$ (7.9)</u>	<u>\$ (7.6)</u>	<u>\$ 0.3</u>	<u>\$ (47.6)</u>	<u>\$ (57.2)</u>	<u>\$ (9.6)</u>

Other income, net, increased \$0.3 million for the three months ended March 31, 2015, as compared to the three months ended March 31, 2014. The increase was primarily due to an increase in interest income on corporate funds of \$1.1 million, partially offset by the \$0.8 million decrease in net realized gains on our available-for-sale securities in the three months ended March 31, 2015, as compared to the three months ended March 31, 2014.

Other income, net, decreased \$9.6 million for the nine months ended March 31, 2015, as compared to the nine months ended March 31, 2014. The decrease was primarily due to a \$14.2 million decrease in net realized gains on our available-for-sale securities in the nine months ended March 31, 2015, as compared to the nine months ended March 31, 2014, partially offset by a gain of \$1.4 million on the sale of notes receivable related to our Dealer Services financing arrangements.

Earnings from Continuing Operations before Income Taxes

Earnings from continuing operations before income taxes increased \$81.8 million, or 12%, to \$742.6 million for the three months ended March 31, 2015 due to the increases in revenues and expenses discussed above and includes an unfavorable impact from foreign currency translation of two percentage points. Overall margin increased from 23.4% in the three months ended March 31, 2014 to 24.5% in the three months ended March 31, 2015 primarily due to scale and productivity in our business segments as our operating costs related to servicing our clients increased slower than our segment revenues, partially offset by a 20 basis point decrease related to interest on funds held for clients which increased at a slower rate than our overall revenue.

Earnings from continuing operations before income taxes increased \$169.9 million, or 11%, to \$1,696.2 million for the nine months ended March 31, 2015 due to the increases in revenues and expenses discussed above and includes an unfavorable impact from foreign currency translation of one percentage point. Overall margin increased from 19.9% in the nine months ended March 31, 2014 to 20.5% in the nine months ended March 31, 2015 primarily due to scale and productivity in our business segments as our operating costs related to servicing our clients increased slower than our segment revenues, partially offset by a 20 basis point decrease related to interest on funds held for clients which increased at a slower rate than our overall revenue.

Provision for Income Taxes

The effective tax rate for the three months ended March 31, 2015 and 2014 was 33.7% and 34.4% , respectively. The decrease in the effective tax rate is due to the resolution of certain tax matters and benefits related to state taxes during the three months ended March 31, 2015 , partially offset by the resolution of certain tax matters during the three months ended March 31, 2014 .

The effective tax rate for the nine months ended March 31, 2015 and 2014 was 33.7% . The effective tax rate remained consistent due to the resolution of certain tax matters, the usage of foreign tax credits in a planned repatriation of foreign earnings, and a change in tax law during the nine months ended March 31, 2015 , offset by the resolution of certain tax matters during the nine months ended March 31, 2014 .

Net Earnings from Continuing Operations and Diluted Earnings per Share from Continuing Operations

Net earnings from continuing operations increased \$58.8 million , or 14% , to \$492.0 million for the three months ended March 31, 2015 , compared to the three months ended March 31, 2014 . Net earnings from continuing operations growth was unfavorably impacted two percentage points by foreign currency translation for the three months ended March 31, 2015 , as compared to the three months ended March 31, 2014 . Diluted earnings per share from continuing operations increased 16% to \$1.04 for the three months ended March 31, 2015 , as compared to the three months ended March 31, 2014 . Diluted earnings per share growth was unfavorably impacted \$0.02, or two percentage points, due to foreign currency translation for the three months ended March 31, 2015 , as compared to the three months ended March 31, 2014 .

Net earnings from continuing operations increased \$111.8 million , or 11% , to \$1,124.0 million for the nine months ended March 31, 2015 , compared to the nine months ended March 31, 2014 . Net earnings from continuing operations growth was unfavorably impacted one percentage point by foreign currency translation for the nine months ended March 31, 2015 , compared to the nine months ended March 31, 2014 . Diluted earnings per share from continuing operations increased 12% to \$2.35 for the nine months ended March 31, 2015 , as compared to the nine months ended March 31, 2014 . Diluted earnings per share growth was unfavorably impacted by \$0.03, or one percentage point, due to foreign currency translation for the nine months ended March 31, 2015 , compared to the nine months ended March 31, 2014 .

For the three and nine months ended March 31, 2015 , the increase in net earnings from continuing operations is due to the increase in earnings from continuing operations before income taxes described above, and in the case of the three months ended March 31, 2015 , the impact of the lower effective tax rate when compared to the three months ended March 31, 2014 .

For the three and nine months ended March 31, 2015 , our diluted earnings per share from continuing operations reflects the increase in net earnings from continuing operations and the impact of fewer shares outstanding as a result of the repurchase of approximately 13.3 million shares during the nine months ended March 31, 2015 and the repurchase of 9.0 million shares in fiscal 2014.

Analysis of Reportable Segments

	Revenues from Continuing Operations							
	Three Months Ended				Nine Months Ended			
	March 31,				March 31,			
	2015	2014	\$ Change	% Change	2015	2014	\$ Change	% Change
Employer Services	\$ 2,474.7	\$ 2,350.9	\$ 123.8	5%	\$ 6,743.7	\$ 6,396.1	\$ 347.6	5%
PEO Services	748.5	650.8	97.7	15%	1,969.3	1,686.9	282.4	17%
Other	(4.8)	(0.1)	(4.7)		(7.7)	—	(7.7)	
Reconciling item:								
Client fund interest	(186.7)	(176.5)	(10.2)		(438.5)	(402.2)	(36.3)	
	<u>\$ 3,031.7</u>	<u>\$ 2,825.1</u>	<u>\$ 206.6</u>	7%	<u>\$ 8,266.8</u>	<u>\$ 7,680.8</u>	<u>\$ 586.0</u>	8%

Earnings from Continuing Operations before Income Taxes

	Three Months Ended				Nine Months Ended			
	March 31,		\$ Change	% Change	March 31,		\$ Change	% Change
	2015	2014			2015	2014		
Employer Services	\$ 934.3	\$ 842.3	\$ 92.0	11%	\$ 2,145.9	\$ 1,961.6	\$ 184.3	9%
PEO Services	80.6	60.6	20.0	33%	226.0	172.0	54.0	31%
Other	(85.6)	(65.6)	(20.0)		(237.2)	(205.1)	(32.1)	
Reconciling item:								
Client fund interest	(186.7)	(176.5)	(10.2)		(438.5)	(402.2)	(36.3)	
	<u>\$ 742.6</u>	<u>\$ 660.8</u>	<u>\$ 81.8</u>	12%	<u>\$ 1,696.2</u>	<u>\$ 1,526.3</u>	<u>\$ 169.9</u>	11%

Employer Services

Revenues

Employer Services' revenues increased \$123.8 million , or 5% , to \$2,474.7 million for the three months ended March 31, 2015 , as compared to the three months ended March 31, 2014 . Revenues increased due to new business started during the year from new business bookings, the impact of price increases, and an increase in the number of employees on our clients' payrolls. For the three months ended March 31, 2015 , Employer Services' revenue growth was negatively impacted three percentage points by unfavorable foreign currency translation. Our worldwide client revenue retention rate for the three months ended March 31, 2015 decreased 50 basis points as compared to our rate for the three months ended March 31, 2014 and our pays per control increased 3.1% for the three months ended March 31, 2015 .

Employer Services' revenues increase d \$347.6 million , or 5% , to \$6,743.7 million for the nine months ended March 31, 2015 , as compared to the nine months ended March 31, 2014 . Revenues increase d due to new business started during the year from new business bookings, the impact of price increases, and an increase in the number of employees on our clients' payrolls. For the nine months ended March 31, 2015 , Employer Services' revenue growth was negatively impacted one percentage point by unfavorable foreign currency translation. Our worldwide client revenue retention rate for the nine months ended March 31, 2015 increased 10 basis points as compared to our rate for the nine months ended March 31, 2014 and our pays per control increased 3.0% for the nine months ended March 31, 2015 .

Earnings from Continuing Operations before Income Taxes

Employer Services' earnings from continuing operations before income taxes increased \$92.0 million , or 11% , to \$934.3 million for the three months ended March 31, 2015 , as compared to the three months ended March 31, 2014 . The increase was due to increase d revenues of \$123.8 million discussed above, which was partially offset by an increase in expenses of \$31.8 million , and includes an unfavorable impact from foreign currency translation of one percentage point. The increase in expenses is related to increased revenues, including increased labor-related costs which grew at a slower rate than revenues over the same period in the prior year, and an increase in selling expense due to higher new business bookings. Overall margin increased from 35.8% to 37.8% for the three months ended March 31, 2015 , as compared to the three months ended March 31, 2014 , due to scale and productivity as our operating costs related to servicing our clients increased slower than our revenues.

Employer Services' earnings from continuing operations before income taxes increase d \$184.3 million , or 9% , to \$2,145.9 million for the nine months ended March 31, 2015 , as compared to the nine months ended March 31, 2014 . The increase was due to increase d revenues of \$347.6 million discussed above, which was partially offset by an increase in expenses of \$163.3 million , and includes an unfavorable impact from foreign currency translation of one percentage point. The increase in expenses is related to increased revenues, including increased labor-related costs which grew at a slower rate than revenues over the same period in the prior year, and an increase in selling expense due to higher new business bookings. Overall margin increased from 30.7% to 31.8% for the nine months ended March 31, 2015 , as compared to the nine months ended March 31, 2014 , due to scale and productivity as our operating costs related to servicing our clients increased slower than our revenues.

PEO Services

Revenues

PEO Services' revenues increased \$97.7 million , or 15% , to \$748.5 million for the three months ended March 31, 2015 , as compared to the three months ended March 31, 2014 . Such revenues include pass-through costs of \$582.3 million for the three months ended March 31, 2015 and \$508.5 million for the three months ended March 31, 2014 associated with benefits coverage, workers' compensation coverage, and state unemployment taxes for worksite employees. The increase in revenues was due to a 13% increase in the average number of worksite employees, resulting from an increase in the number of new PEO Services clients and growth in our existing clients.

PEO Services' revenues increase d \$282.4 million , or 17% , to \$1,969.3 million for the nine months ended March 31, 2015 , as compared to the nine months ended March 31, 2014 . Such revenues include pass-through costs of \$1,507.0 million for the nine months ended March 31, 2015 and \$1,296.1 million for the nine months ended March 31, 2014 associated with benefits coverage, workers' compensation coverage, and state unemployment taxes for worksite employees. The increase in revenues was due to a 14% increase in the average number of worksite employees, resulting from an increase in the number of new PEO Services clients and growth in our existing clients.

Earnings from Continuing Operations before Income Taxes

PEO Services' earnings from continuing operations before income taxes increased \$20.0 million , or 33% , to \$80.6 million for the three months ended March 31, 2015 , as compared to the three months ended March 31, 2014 . The increase was due to increased revenues of \$97.7 million discussed above, which was partially offset by an increase in expenses of \$77.7 million . This increase in expenses is primarily related to an increase in passthrough costs of \$73.8 million described above. Overall margin increase d from 9.3% to 10.8% for the three months ended March 31, 2015 , as compared to the three months ended March 31, 2014 , due to sales productivity and operating efficiencies, as our operating costs related to servicing our clients increased slower than our revenues.

PEO Services' earnings from continuing operations before income taxes increase d \$54.0 million , or 31% , to \$226.0 million for the nine months ended March 31, 2015 , as compared to the nine months ended March 31, 2014 . The increase was due to increase d revenues of \$282.4 million discussed above, which was partially offset by an increase in expenses of \$228.4 million . This increase in expenses is primarily related to an increase in passthrough costs of \$210.9 million described above. Overall margin increase d from 10.2% to 11.5% for the nine months ended March 31, 2015 , as compared to the nine months ended March 31, 2014 , due to increased operating efficiencies, as our operating costs related to servicing our clients increased slower than our revenues, and sales productivity.

Other

The primary components of the "Other" segment are the results of operations of ADP Indemnity, non-recurring gains and losses, miscellaneous processing services, such as customer financing transactions, the elimination of intercompany transactions, and certain charges and expenses that have not been allocated to the reportable segments, such as stock-based compensation expense.

ADP Indemnity provides workers' compensation and employer's liability deductible reimbursement insurance protection for PEO Services' worksite employees up to \$1 million per occurrence. PEO Services has secured specific per occurrence insurance from a wholly-owned and regulated insurance carrier of AIG that covers all losses in excess of \$1 million per occurrence. We utilize historical loss experience and actuarial judgment to determine the estimated claim liability for the PEO Services business. Premiums are charged to PEO Services to cover the claims expected to be incurred by the PEO Services' worksite employees. Changes in estimated ultimate incurred losses are recognized by ADP Indemnity. During the nine months ended March 31, 2015 , ADP Indemnity paid a premium of \$167.9 million to enter into a reinsurance agreement with ACE American Insurance Company ("ACE") to cover substantially all losses incurred by ADP Indemnity for the fiscal 2015 policy year up to \$1 million per occurrence related to the workers' compensation and employer's liability deductible reimbursement insurance protection for PEO Services worksite employees. In addition, during the nine months ended March 31, 2014 , ADP Indemnity paid a premium of \$142.4 million to enter into a reinsurance agreement for the fiscal 2014 policy year.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2015, cash and cash equivalents and marketable securities were \$1,864.7 million, stockholders' equity was \$5,178.1 million, and the ratio of long-term debt-to-equity was 0.2%. Working capital before funds held for clients, client funds obligations, and assets and liabilities of the discontinued operations at March 31, 2015 was \$1,703.9 million, as compared to \$1,192.5 million at June 30, 2014. The increase in working capital was due to an increase in cash and cash equivalents of \$222.7 million, which includes proceeds from the sale of the notes receivable associated with our Dealer Services financing arrangements of \$226.7 million and the dividend received from CDK of \$825.0 million during the nine months ended March 31, 2015. We have returned this dividend to our shareholders via share repurchases during the nine months ended March 31, 2015. The increase in working capital was also driven by an increase in accounts receivable, net and a decrease in accrued payroll and payroll-related expense.

Our principal sources of liquidity for operations are derived from cash generated through operations and through corporate cash and marketable securities on hand. We also have the ability to borrow through our financing arrangements under our U.S. commercial paper program and our U.S. and Canadian short-term reverse repurchase agreements to meet short-term funding requirements related to client funds obligations. We generated positive cash flows from operations during the nine months ended March 31, 2015 and we held approximately \$1.9 billion of cash and marketable securities at March 31, 2015. Of the cash and cash equivalents and marketable securities held at March 31, 2015, \$0.4 billion was held by our foreign subsidiaries. Amounts held by foreign subsidiaries, if repatriated to the U.S., would generally be subject to foreign withholding and U.S. income taxes, adjusted for foreign tax credits.

Our cash flows from operating, investing, and financing activities, as reflected in the Statements of Consolidated Cash Flows for the nine months ended March 31, 2015 and 2014, are summarized as follows:

	Nine Months Ended March 31,		\$ Change
	2015	2014	
Cash provided by (used in):			
Operating activities	\$ 1,464.2	\$ 1,216.9	\$ 247.3
Investing activities	(7,476.5)	(4,178.5)	(3,298.0)
Financing activities	5,949.8	2,935.8	3,014.0
Effect of exchange rate changes on cash and cash equivalents	(112.5)	(2.3)	(110.2)
Net change in cash and cash equivalents	\$ (175.0)	\$ (28.1)	\$ (146.9)

Net cash flows provided by operating activities were \$1,464.2 million for the nine months ended March 31, 2015, as compared to \$1,216.9 million for the nine months ended March 31, 2014. Operating cash flows for the nine months ended March 31, 2015 and March 31, 2014 included cash payments to ACE for reinsurance agreements of \$167.9 million and \$142.4 million, respectively. The increase in net cash flows provided by operating activities was primarily due to the proceeds from the sale of notes receivable related to Dealer Services financing arrangements, which were sold during the nine months ended March 31, 2015, of \$226.7 million, and our contribution to our pension plans of \$7.1 million for the nine months ended March 31, 2015 compared to \$82.3 million for the nine months ended March 31, 2014.

Net cash flows used in investing activities were \$ 7,476.5 million for the nine months ended March 31, 2015, as compared to \$ 4,178.5 million for the nine months ended March 31, 2014. The net change in cash used in investing activities is primarily due to the timing and disbursements of restricted cash and cash equivalents held to satisfy client fund obligations of \$3,842.4 million and the timing of purchases of and proceeds from corporate and client funds marketable securities of \$136.3 million, partially offset by the receipt of the CDK dividend during the nine months ended March 31, 2015.

Net cash flows provided by financing activities were \$ 5,949.8 million for the nine months ended March 31, 2015 as compared to \$ 2,935.8 million for the nine months ended March 31, 2014. The net change in cash provided by financing activities is primarily due to the net change in client funds obligations of \$5,707.4 million as a result of the timing of cash received, partially offset by the timing of repayments under our commercial paper and reverse repurchase programs, which is dependent upon our short-term financing needs related to client fund obligations, and an increase in our share repurchases.

We purchased approximately 13.3 million shares of our common stock at an average price per share of \$84.77 during the nine months ended March 31, 2015 compared to purchases of 6.2 million shares at an average price per share of \$73.42 during the nine months ended March 31, 2014. From time to time, we may repurchase shares of our common stock under our authorized

share repurchase program. We consider several factors in determining when to execute share repurchases, including, among other things, actual and potential acquisition activity, cash balances and cash flows, issuances due to employee benefit plan activity, and market conditions. The share repurchases during the nine months ended March 31, 2015 includes \$825.0 million returned to shareholders as a result of the receipt of the CDK dividend.

Our U.S. short-term funding requirements related to client funds are sometimes obtained through a commercial paper program, which provides for the issuance of up to \$7.5 billion in aggregate maturity value of commercial paper, rather than liquidating previously-collected client funds that have already been invested in available-for-sale securities. Our commercial paper program is rated A-1+ by Standard & Poor's and Prime-1 by Moody's. These ratings denote the highest quality commercial paper securities. Maturities of commercial paper can range from overnight to up to 364 days. For the three months ended March 31, 2015 and 2014, our average borrowings were \$1.0 billion and \$0.7 billion, respectively, at weighted average interest rates of 0.1%. For the nine months ended March 31, 2015 and 2014, our average borrowings were \$2.4 billion, at weighted average interest rates of 0.1%. The weighted average maturity of our commercial paper during the three and nine months ended March 31, 2015 approximated one and two days. We have successfully borrowed through the use of our commercial paper program on an as-needed basis to meet short-term funding requirements related to client funds obligations. At June 30, 2014, we had \$2.2 billion of commercial paper outstanding, which was repaid on July 1, 2014.

Our U.S. and Canadian short-term funding requirements related to client funds obligations are sometimes obtained on a secured basis through the use of reverse repurchase agreements, which are collateralized principally by government and government agency securities, rather than liquidating previously-collected client funds that have already been invested in available-for-sale securities. These agreements generally have terms ranging from overnight to up to five business days. We have successfully borrowed through the use of reverse repurchase agreements on an as-needed basis to meet short-term funding requirements related to client funds obligations. At March 31, 2015 and June 30, 2014, the Company had no obligations outstanding related to reverse repurchase agreements. For the three months ended March 31, 2015 and 2014, the Company had average outstanding balances under reverse repurchase agreements of \$93.0 million and \$162.1 million, respectively, at weighted average interest rates of 0.7% and 0.9%, respectively. For the nine months ended March 31, 2015 and 2014, the Company had average outstanding balances under reverse repurchase agreements of \$423.2 million and \$366.0 million, respectively, at weighted average interest rates of 0.5% and 0.6%, respectively. In addition, we have \$3.25 billion available to us on a committed basis under these reverse repurchase agreements. We believe that we currently meet all conditions set forth in the committed reverse repurchase agreements to borrow thereunder, and we are not aware of any conditions that would prevent us from borrowing part or all of the \$3.25 billion available to us under the committed reverse repurchase agreements.

We have a \$2.25 billion, 364-day credit agreement with a group of lenders that matures in June 2015. In addition, we have a five-year \$2.0 billion credit facility and a five-year \$3.25 billion credit facility maturing in June 2018 and June 2019, respectively, each with an accordion feature under which the aggregate commitment can be increased by \$500.0 million, subject to the availability of additional commitments. The interest rate applicable to committed borrowings is tied to LIBOR, the effective federal funds rate, or the prime rate depending on the notification provided by the Company to the syndicated financial institutions prior to borrowing. The Company is also required to pay facility fees on the credit agreements. The primary uses of the credit facilities are to provide liquidity to the commercial paper program and funding for general corporate purposes, if necessary. We had no borrowings through March 31, 2015 under the credit agreements. We believe that we currently meet all conditions set forth in the revolving credit agreements to borrow thereunder and we are not aware of any conditions that would prevent us from borrowing part or all of the \$7.5 billion available to us under the revolving credit agreements.

Our investment portfolio does not contain any asset-backed securities with underlying collateral of subprime mortgages, alternative-A mortgages, sub-prime auto loans or sub-prime home equity loans, collateralized debt obligations, collateralized loan obligations, credit default swaps, derivatives, auction rate securities, structured investment vehicles, or non-investment grade fixed-income securities. We own AAA rated senior tranches of fixed rate credit card, auto loan, rate reduction, and other asset-backed securities, secured predominantly by prime collateral. All collateral on asset-backed securities is performing as expected. In addition, we own senior debt directly issued by Federal Home Loan Banks and Federal Farm Credit Banks. We do own mortgage-backed securities, which represent an undivided beneficial ownership interest in a group or pool of one or more residential mortgages. These securities are collateralized by the cash flows of 15-year and 30-year residential mortgages and are guaranteed primarily by Federal National Mortgage Association as to the timely payment of principal and interest. Our client funds investment strategy is structured to allow us to average our way through an interest rate cycle by laddering the maturities of our investments out to five years (in the case of the extended portfolio) and out to ten years (in the case of the long portfolio). This investment strategy is supported by our short-term financing arrangements necessary to satisfy short-term funding requirements relating to client funds obligations.

Capital expenditures for continuing operations for the nine months ended March 31, 2015 were \$109.4 million, as compared to \$119.2 million for the nine months ended March 31, 2014 . Capital expenditures for continuing operations for fiscal 2015 are expected to be between \$175 million and \$200 million, as compared to \$161.0 million in fiscal 2014.

In the normal course of business, we also enter into contracts in which we make representations and warranties that relate to the performance of our services and products. We do not expect any material losses related to such representations and warranties.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our overall investment portfolio is comprised of corporate investments (cash and cash equivalents, short-term marketable securities, and long-term marketable securities) and client funds assets (funds that have been collected from clients but not yet remitted to the applicable tax authorities or client employees).

Our corporate investments are invested in cash and cash equivalents and highly liquid, investment-grade marketable securities. These assets are available for repurchases of common stock for treasury and/or acquisitions, as well as other corporate operating purposes. All of our short-term and long-term fixed-income securities are classified as available-for-sale securities.

Our client funds assets are invested with safety of principal, liquidity, and diversification as the primary goals. Consistent with those goals, we also seek to maximize interest income and to minimize the volatility of interest income. Client funds assets are invested in highly liquid, investment-grade marketable securities, with a maximum maturity of 10 years at the time of purchase and money market securities and other cash equivalents. At March 31, 2015 , approximately 92% of the available-for-sale securities categorized as U.S. Treasury and direct obligations of U.S. government agencies were invested in senior, unsecured, non-callable debt directly issued by the Federal Home Loan Banks and Federal Farm Credit Banks.

We utilize a strategy by which we extend the maturities of our investment portfolio for funds held for clients and employ short-term financing arrangements to satisfy our short-term funding requirements related to client funds obligations. Our client funds investment strategy is structured to allow us to average our way through an interest rate cycle by laddering the maturities of our investments out to five years (in the case of the extended portfolio) and out to ten years (in the case of the long portfolio). As part of our client funds investment strategy, we use the daily collection of funds from our clients to satisfy other unrelated client funds obligations, rather than liquidating previously-collected client funds that have already been invested in available-for-sale securities. We minimize the risk of not having funds collected from a client available at the time such client's obligation becomes due by impounding, in virtually all instances, the client's funds in advance of the timing of payment of such client's obligation. As a result of this practice, we have consistently maintained the required level of client funds assets to satisfy all of our obligations.

There are inherent risks and uncertainties involving our investment strategy relating to our client funds assets. Such risks include liquidity risk, including the risk associated with our ability to liquidate, if necessary, our available-for-sale securities in a timely manner in order to satisfy our client funds obligations. However, our investments are made with the safety of principal, liquidity, and diversification as the primary goals to minimize the risk of not having sufficient funds to satisfy all of our client funds obligations. We also believe we have significantly reduced the risk of not having sufficient funds to satisfy our client funds obligations by consistently maintaining access to other sources of liquidity, including our corporate cash balances, available borrowings under our \$ 7.5 billion commercial paper program (rated A-1+ by Standard & Poor's and Prime-1 (P-1) by Moody's, the highest possible credit ratings), our ability to execute reverse repurchase transactions (\$ 3.25 billion of which is available on a committed basis), and available borrowings under our \$7.5 billion committed revolving credit facilities, the primary uses of which are to provide liquidity to the commercial paper program and funding for general corporate purposes, if necessary. The reduced availability of financing during periods of economic turmoil, even to borrowers with the highest credit ratings, may limit our ability to access short-term debt markets to meet the liquidity needs of our business. In addition to liquidity risk, our investments are subject to interest rate risk and credit risk, as discussed below.

We have established credit quality, maturity, and exposure limits for our investments. The minimum allowed credit rating at time of purchase for corporate and Canadian provincial bonds is BBB, for asset-backed securities is AAA, and for municipal bonds is A. The maximum maturity at time of purchase for BBB rated securities is 5 years, for single A rated securities is 7 years, and for AA rated and AAA rated securities is 10 years. Time deposits and commercial paper must be rated A-1 and/or P-1. Money market funds must be rated AAA/Aaa-mf.

Details regarding our overall investment portfolio are as follows:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2015	2014	2015	2014
Average investment balances at cost:				
Corporate investments	\$ 2,874.9	\$ 2,280.8	\$ 4,676.7	\$ 4,065.0
Funds held for clients	26,206.9	25,246.9	21,541.9	20,368.6
Total	<u>\$ 29,081.8</u>	<u>\$ 27,527.7</u>	<u>\$ 26,218.6</u>	<u>\$ 24,433.6</u>
Average interest rates earned exclusive of realized gains/(losses) on:				
Corporate investments	1.0%	1.2%	1.3%	1.4%
Funds held for clients	1.5%	1.6%	1.7%	1.8%
Total	1.5%	1.6%	1.7%	1.8%
Realized gains on available-for-sale securities	\$ 1.0	\$ 2.2	\$ 3.6	\$ 19.7
Realized losses on available-for-sale securities	(0.3)	(0.7)	(1.3)	(3.2)
Net realized gains on available-for-sale securities	<u>\$ 0.7</u>	<u>\$ 1.5</u>	<u>\$ 2.3</u>	<u>\$ 16.5</u>
Net unrealized pre-tax gains on available-for-sale securities				
			March 31, 2015	June 30, 2014
			\$ 376.3	\$ 324.4
Total available-for-sale securities at fair value			\$ 20,541.5	\$ 20,156.5

We are exposed to interest rate risk in relation to securities that mature, as the proceeds from maturing securities are reinvested. Factors that influence the earnings impact of the interest rate changes include, among others, the amount of invested funds and the overall portfolio mix between short-term and long-term investments. This mix varies during the fiscal year and is impacted by daily interest rate changes. The annualized interest rates earned on our entire portfolio decreased from 1.6% for the three months ended March 31, 2014 to 1.5% for the three months ended March 31, 2015 and from 1.8% for the nine months ended March 31, 2014 to 1.7% for the nine months ended March 31, 2015. A hypothetical change in both short-term interest rates (e.g., overnight interest rates or the federal funds rate) and intermediate-term interest rates of 25 basis points applied to the estimated average investment balances and any related short-term borrowings would result in approximately a \$13 million impact to earnings from continuing operations before income taxes over the ensuing twelve-month period ending March 31, 2016. A hypothetical change in only short-term interest rates of 25 basis points applied to the estimated average short-term investment balances and any related short-term borrowings would result in approximately a \$5 million impact to earnings from continuing operations before income taxes over the ensuing twelve-month period ending March 31, 2016.

We are exposed to credit risk in connection with our available-for-sale securities through the possible inability of the borrowers to meet the terms of the securities. We limit credit risk by investing in investment-grade securities, primarily AAA and AA rated securities, as rated by Moody's, Standard & Poor's, and for Canadian securities, Dominion Bond Rating Service. Approximately 82% of our available-for-sale securities held a AAA or AA rating at March 31, 2015. In addition, we limit amounts that can be invested in any security other than U.S. and Canadian government or government agency securities.

We operate and transact business in various foreign jurisdictions and are therefore exposed to market risk from changes in foreign currency exchange rates that could impact our consolidated results of operations, financial position, or cash flows. We expect pressure from foreign currency translation to impact our revenue and earnings from continuing operations before income taxes throughout the remainder of fiscal 2015. We manage our exposure to these market risks through our regular operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments. We use derivative financial instruments as risk management tools and not for trading purposes. We had no derivative financial instruments outstanding at March 31, 2015 or June 30, 2014.

NEW ACCOUNTING PRONOUNCEMENTS

In April 2015, the FASB issued ASU 2015-04, "Compensation - Retirement Benefits (Topic 715): Practical Expedient for the Measurement Date of an Employer's Defined Benefit Obligation and Plan Assets." The update allows us to remeasure our pension and other post-retirement benefit plan assets and liabilities at the month-end closest to a significant event such as a plan amendment, curtailment, or settlement. ASU 2015-04 is effective for fiscal years, and interim reporting periods within those years, beginning after December 15, 2015. Early adoption is permitted. The impact of ASU 2015-04 is dependent upon the nature of future significant events impacting our pension plans, if any.

In April 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2015-03, "Simplifying the Presentation of Debt Issuance Costs." The update requires debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of the related debt liability instead of being presented as an asset. The update requires retrospective application. ASU 2015-03 is effective for fiscal years, and interim reporting periods within those years, beginning after December 15, 2015. Early adoption is permitted. The impact of ASU 2015-03 is dependent upon the nature of future debt issuances, if any.

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers," which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. ASU 2014-09 requires an entity to recognize revenue depicting the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 will also result in enhanced revenue related disclosures. ASU 2014-09 is effective for fiscal years, and interim reporting periods within those years, beginning after December 15, 2016. We have not yet determined the impact of ASU 2014-09 on its consolidated results of operations, financial condition, or cash flows.

In April 2014, the FASB issued ASU 2014-08, "Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity." ASU 2014-08 requires that a disposal representing a strategic shift that has (or will have) a major effect on an entity's financial results or a business activity classified as held for sale should be reported as discontinued operations. ASU 2014-08 also expands the disclosure requirements for discontinued operations and adds new disclosures for individually significant dispositions that do not qualify as discontinued operations. ASU 2014-08 is effective prospectively for fiscal years, and interim reporting periods within those years, beginning after December 15, 2014. The impact of ASU 2014-08 is dependent upon the nature of dispositions, if any, after adoption.

In July 2014, we adopted ASU 2013-11, "Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists." ASU 2013-11 requires netting of unrecognized tax benefits against a deferred tax asset for a loss or other carryforward that would apply in settlement of the uncertain tax position. The adoption of ASU 2013-11 did not have a material impact on our consolidated results of operations, financial condition, or cash flows.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The information called for by this item is provided under the caption "Quantitative and Qualitative Disclosures about Market Risk" under Item 2 – Management's Discussion and Analysis of Financial Condition and Results of Operations.

Item 4. Controls and Procedures

The Company carried out an evaluation, under the supervision and with the participation of the Company's management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 (the "evaluation"). Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934 is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Based on the evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective as of March 31, 2015 in ensuring that (i) information required to be disclosed by the Company in reports that it files or submits under the Securities Exchange Act of 1934 is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure and (ii) such information is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission's rules and forms.

There was no change in the Company's internal control over financial reporting that occurred during the three months ended March 31, 2015 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Except as noted below, all other items are either inapplicable or would result in negative responses and, therefore, have been omitted.

Item 1. Legal Proceedings

In the normal course of business, the Company is subject to various claims and litigation. While the outcome of any litigation is inherently unpredictable, the Company believes it has valid defenses with respect to the legal matters pending against it and the Company believes that the ultimate resolution of these matters will not have a material adverse impact on its financial condition, results of operations, or cash flows.

Item 1A. Risk Factors

There have been no material changes in our risk factors disclosed in Part 1, Item 1A, of our Annual Report on Form 10-K for the fiscal year ended June 30, 2014.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.
Issuer Purchases of Equity Securities

<u>Period</u>	<u>Total Number of Shares Purchased (1)</u>	<u>Average Price Paid per Share</u>	<u>Total Number of Shares Purchased as Part of the Publicly Announced Common Stock Repurchase Plan (2)</u>	<u>Maximum Number of Shares that may yet be Purchased under the Common Stock Repurchase Plan (2)</u>
January 1 to 31, 2015	2,948,390	\$ 84.41	2,947,700	36,802,843
February 1 to 28, 2015	2,435,937	\$ 87.15	2,435,000	34,367,843
March 1 to 31, 2015	2,144,935	\$ 86.59	2,144,700	32,223,143
Total	<u>7,529,262</u>		<u>7,527,400</u>	

(1) During the three months ended March 31, 2015, pursuant to the terms of the Company's restricted stock program, the Company made repurchases of 1,862 shares at the then market value of the shares in connection with the exercise by employees of their options under such program to satisfy certain tax withholding requirements through the delivery of shares to the Company instead of cash.

(2) The Company received the Board of Directors' approval to repurchase shares of our common stock as follows:

<u>Date of Approval</u>	<u>Shares</u>
March 2001	50 million
November 2002	35 million
November 2005	50 million
August 2006	50 million
August 2008	50 million
June 2011	35 million
August 2014	30 million

There is no expiration date for the common stock repurchase plan.

Item 6. Exhibits

<u>Exhibit Number</u>	<u>Exhibit</u>
10.1	Automatic Data Processing, Inc. Executive Retirement Plan (Management Compensatory Plan)
10.2	Automatic Data Processing, Inc. Retirement and Savings Restoration Plan (Management Compensatory Plan)
10.3	Automatic Data Processing, Inc. Corporate Officer Severance Plan (Management Compensatory Plan)
10.4	Form of Performance Stock Unit Award Agreement under the 2008 Omnibus Award Plan (Form for Corporate Officers) (Management Compensatory Plan)
10.5	Form of Restricted Stock Award Agreement under the 2008 Omnibus Award Plan (Form for Corporate Officers) (Management Compensatory Plan)
10.6	Form of Stock Option Grant Agreement under the 2008 Omnibus Award Plan (Form for Corporate Officers) (Management Compensatory Plan)
31.1	Certification by Carlos A. Rodriguez pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934
31.2	Certification by Jan Siegmund pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934
32.1	Certification by Carlos A. Rodriguez pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification by Jan Siegmund pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL instance document
101.SCH	XBRL taxonomy extension schema document
101.CAL	XBRL taxonomy extension calculation linkbase document
101.LAB	XBRL taxonomy label linkbase document
101.PRE	XBRL taxonomy extension presentation linkbase document
101.DEF	XBRL taxonomy extension definition linkbase document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AUTOMATIC DATA PROCESSING, INC.

(Registrant)

Date: May 6, 2015

/s/ Jan Siegmund

Jan Siegmund

Chief Financial Officer

(Title)

**Automatic Data Processing, Inc.
Executive Retirement Plan (ERP)**

(Effective January 23, 2014)

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Article 1. General Information

1.1 Purpose of the Plan

Automatic Data Processing, Inc. (the Company) establishes this Automatic Data Processing, Inc. Executive Retirement Plan (the Plan) to attract and retain key employees by providing retirement benefits beyond those provided under the Qualified Plans.

1.2 Legal Status

- (a) The Plan is unfunded and is maintained primarily for the purpose of providing deferred compensation for a select group of management and highly compensated employees.
- (b) The Plan is intended to meet the exemptions provided in Sections 201(2), 301(a)(3), and 401(a)(1) of ERISA, as well as the requirements of Department of Labor Regulation Section 2520.104-23. The Plan shall be administered and interpreted so as to meet the requirements of these exemptions and the regulation.
- (c) The Plan is subject to the provisions of Code Section 409A. The Plan shall be administered and interpreted so as to meet the requirements of Code Section 409A.

1.3 Effective Date

This Plan is effective as of January 23, 2014.

Article 2. Definitions

2.1 Definitions

Whenever used in the Plan, the following terms have the meanings set forth below unless otherwise expressly provided. References to specific Code provisions include any final regulations, Revenue Rulings, and guidance of general applicability thereunder.

- (a) **“Account”** means the recordkeeping account maintained by the Company on behalf of a Participant that reflects the amount credited to the Participant under the terms of the Plan, including all Company Contributions and any earnings, gains or losses credited with respect to such amounts.
- (b) **“Beneficiary”** means the individual, trust, or estate designated by a Participant to receive Plan benefits in the event of the Participant’s death.
- (c) **“Board of Directors”** means the Board of Directors of the Company.
- (d) **“Cause”** means, (i) the Company or an affiliate having “cause” to terminate a Participant’s employment or service, as defined in any employment or consulting agreement between the Participant and the Company or an affiliate in effect at the time of such termination or (ii) in the absence of any such employment or consulting agreement (or the absence of any definition of “Cause” contained therein), (A) the good faith determination by the Committee that the Participant has ceased to perform his or her duties to the Company or an affiliate (other than as a result of his or her incapacity due to physical or mental illness or injury), which failure amounts to an intentional and extended neglect of his or her duties to such party, provided that no such failure shall constitute Cause unless the Participant has been given notice of such failure and (if cure is reasonably possible) has not cured such act or omission within 15 days following receipt of such notice, (B) the Committee’s good faith determination that the Participant has engaged or is about to engage in conduct injurious to the Company or an affiliate, (C) the Participant having been convicted of, or plead guilty or no contest to, a felony or any crime involving fraud or dishonesty as a material element thereof, or (D) the consistent failure of the Participant to follow the lawful instructions of the Board of Directors or his or her direct superiors, which failure amounts to an intentional and extended neglect of his or her duties to the Company or an affiliate thereof. Any determination of whether Cause exists shall be made by the Committee in its sole discretion.

- (e) **“Code”** means the Internal Revenue Code of 1986, as amended, or any other provision of law of similar purpose as may at any time be substituted therefore.
- (f) **“Committee”** means a committee as the Compensation Committee may appoint to administer the Plan or, if no such committee has been appointed by the Compensation Committee, then it shall be the Compensation Committee. As of the effective date of this Plan, the Committee shall consist of (i) the person occupying the position of General Counsel of the Company, and (ii) the person occupying the position of Chief Human Resources Officer of the Company. In the event of a vacancy in either the position of General Counsel or Chief Human Resources Officer, then unless the Compensation Committee otherwise determines, the Committee shall consist of the remaining person until such vacant position is filled.
- (g) **“Company”** means Automatic Data Processing, Inc.
- (h) **“Company Contributions”** means contributions allocated to a Participant’s Account pursuant to Article 4.
- (i) **“Compensation”** means the base salary and the compensation earned pursuant to any short-term cash incentive plan or cash bonus plan or program adopted by the Company during the Plan Year (determined without regard to any reduction therein attributable to pre-tax contributions to the Qualified Plans or any other program maintained by the Company to which pre-tax contributions can be made under the Code); provided, however, that the following compensation shall not qualify as “Compensation” hereunder: spot bonuses, hiring bonuses, separation payments, retention payments, or other special or extraordinary payments. The Compensation Committee has the discretion to include any special cash bonus awards as Compensation.
- (j) **“ Compensation Committee ”** shall mean the Compensation Committee of the Board.
- (k) **“Continuous Service”** means an Employee’s uninterrupted period of common law, full-time employment with the Company or any parent, subsidiary, or affiliate of the Company.
- (l) **“Disability”** means a circumstance where the Company shall have cause to terminate a Participant’s employment or service on account of “disability,” as defined in any then-existing employment, consulting or other similar agreement between the Participant and the Company or, in the absence of such an

employment, consulting or other similar agreement (or the absence of any definition thereof contained therein), a condition entitling the Participant to receive benefits under a long-term disability plan of the Company, or, in the absence of such a plan, as determined by the Committee based upon medical evidence acceptable to it; provided, however, that a Participant shall not have a Disability for purposes of the Plan unless the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or the Participant is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under an accident and health plan covering the Company's employees.

- (m) **“Distribution Election”** means the election made by a Participant, as described in Article 7.1 as to the payment form for such Participant's balance under the Plan.
- (n) **“Employee”** means any individual employed on a full-time basis by the Company, or any parent, subsidiary, or affiliate of the Company.
- (o) **“ERISA”** means the Employee Retirement Income Security Act of 1974, as amended, or any other provision of law of similar purpose as may at any time be substituted therefor.
- (p) **“Investment Fund”** means a fund (which may be notional) selected by the Committee as described in Article 5.2 to determine earnings on Company Contributions.
- (q) **“Nonqualified Plans”** means the Automatic Data Processing, Inc. Deferred Compensation Plan (as amended from time to time), the Automatic Data Processing, Inc. Retirement and Savings Restoration Plan (as amended from time to time), and any other retirement or savings plan maintained by the Company or its subsidiaries that is not intended to be qualified under Section 401 (a) or Section 401(k) of the Code.
- (r) **“Participant”** means any Employee who has begun participating in the Plan in accordance with the requirements of Article 3.1 and who continues to be entitled to accrue additional benefits under the Plan, or a former Employee who is no

longer entitled to accrue additional benefits but who is still entitled to receive benefit payments under the Plan.

- (s) **“Participation Commencement Date”** means, with respect to a Participant, the date on which such Participant commences participation in the Plan in accordance with Article 3.1.
- (t) **“Plan”** means the Automatic Data Processing, Inc. Executive Retirement Plan, as set forth in this document and as hereafter amended from time to time.
- (u) **“Plan Year”** means the calendar year beginning January 1 and ending December 31.
- (v) **“Qualified Plans”** means the Automatic Data Processing, Inc. Pension Retirement Plan (as amended from time to time), the Automatic Data Processing, Inc. Retirement and Savings Plan (as amended from time to time), and any other retirement or savings plan maintained by the Company or its subsidiaries that qualifies under Sections 401(a) and/or 401(k) of the Code.
- (w) **“Separation From Service”** means when the Participant ceases to be employed by the Company and all entities considered a single employer with the Company under Code Sections 414(b) and (c) as a result of death, retirement, or other termination of employment. For this purpose, an 80% or greater threshold will be used in determining a controlled group of corporations within the meaning of Code Section 414(b) and the trades and businesses that are under common control within the meaning of Code Section 414(c).

Whether a Separation from Service occurs will be determined in accordance with the rules under Code Section 409A. In general, a Participant’s employment will be deemed terminated on the date as of which, in the Company’s and Participant’s reasonable expectation, the Participant’s level of bona fide services for the Company decreases to 20% or less of his or her average level of bona fide services over the immediately-preceding 36-month period (or the full period of services if the Participant has been providing services to the Company for fewer than 36 months) and a Participant’s employment will be deemed not to have terminated as long as the Participant’s level of bona fide services exceeds the 20% threshold.

A Participant’s employment will be treated as continuing while he or she is on military leave, sick leave, disability leave, or other bona fide leave of absence if the period of the leave does not exceed six months or, if longer, for as long as the Participant has a statutory or contractual right to reemployment with the

Company. If the period of leave exceeds six months, and the Participant does not have a statutory or contractual right to reemployment, the Participant's employment will be deemed to terminate on the first day immediately following the six-month period.

2.2 Construction

Terms capitalized in the Plan shall have the meaning set forth in Article 2.1 above or as specified elsewhere in the Plan. Except where otherwise indicated by the context, any masculine or feminine terminology shall also include the opposite gender, and the definition of any term in the singular or plural shall also include the opposite number. The headings of this Plan are inserted for convenience of reference only, and they are not to be used in the construction of the Plan.

Article 3. Participation

3.1 Eligibility

The Compensation Committee reserves the right in its sole discretion to at any time and from time to time (but prospectively only) designate in writing any corporate vice president or any more senior corporate officer of the Company as a Participant in the Plan, and such participation shall commence on the first of the month coincident with or next following such approval of participation. A Participant shall automatically cease to accrued additional benefits on the date on which he or she is no longer a corporate vice president or a more senior corporate officer of the Company.

Notwithstanding the foregoing, the Compensation Committee reserves the right in its sole discretion to determine that any Employee is not eligible to participate in the Plan. In addition, the Compensation Committee reserves the right in its sole discretion to, from time to time, modify the above eligibility requirements and make such additional or other requirements for eligibility as the Compensation Committee may determine.

Article 4. Contributions

4.1 Contribution Amount

Starting with the Plan Year in which a Participant joins the Plan, and for each Plan Year thereafter throughout which the Participant remains actively employed by the Company, the Company will credit to the Participant's Account the amount in (a) below, less the sum of the amounts in (b) and (c) below:

- (a) 8% of Compensation.

- (b) The maximum potential employer contributions and/or credits that could have been made on behalf of such Participant to the Qualified Plans for such Plan Year (excluding amounts credited as earnings and/or interest), assuming for such purpose that the Participant had elected and made the maximum contributions to such Qualified Plans for such Plan Year.
- (c) The actual employer contributions that have been made on behalf of such Participant to the other Nonqualified Plans for such Plan Year.

For the Plan Year in which a Participant joins the Plan: (i) the Participant's Compensation that is to be taken into account for the purpose of calculating his or her Company Contribution shall be the Compensation payable from the Participation Commencement Date through the end of such Plan Year, and (ii) the employer contributions to the Qualified Plans and Nonqualified Plans as defined in the above (b) and (c) shall be the maximum potential contribution and/or credit for (b) and actual contribution for (c) from the Participation Commencement Date through the end of such Plan Year based on the Compensation payable during such period.

For the Plan Year in which a Participant incurs a Separation From Service, the Participant's Compensation that is to be taken into account for the purpose of calculating his or her Company Contribution shall be the Compensation payable during the period beginning with the first day of the Plan Year and ending with the date the Participant incurs a Separation from Service. In addition, the employer contributions to the Qualified Plans and Nonqualified Plans as defined in the above (b) and (c) shall be the maximum potential contribution and/or credit for (b) and actual contribution for (c) during the period beginning with the first day of the Plan Year and ending with the date the Participant incurs a Separation from Service.

The Compensation Committee may approve additional Company Contributions to be made on behalf of select Participants.

4.2 Contribution Timing

Company Contributions will be credited to a Participant's Account as soon as practicable following the end of the applicable Plan Year or upon Separation from Service during the Plan Year, as applicable.

Article 5. Accounts

5.1 Establishment of Accounts

The Committee will establish a bookkeeping account for each Participant to which the Company Contributions described in Article 4 will be credited. An Account shall be

maintained for each Participant until full payment of the balance credited to the Account has been made under Article 7.

5.2 Earnings

Unless the Participant directs otherwise pursuant to the terms of this Article 5, his or her Account shall be notionally invested in an Investment Fund selected by the Committee. The Committee may, in its discretion, offer a choice of Investment Funds in which amounts credited to the Account may be notionally invested at the direction of the Participant. This choice grants Participants no real or beneficial interest in any specific fund or property, or the ability to affect the actual investments the Company may or may not make to cover its obligations under the Plan.

There is no obligation on the part of the Company, or anyone else, to segregate or otherwise set aside amounts notionally credited to any Account, and any actual investments intended to cover the obligations hereunder shall be made by the Company at its discretion, and may or may not bear a resemblance to the Participants' investment choices. The Committee shall also establish a default Investment Fund in which an Account will be notionally invested if the Participant fails to make an investment election. In lieu of offering the Investment Funds, the Committee may notionally credit Accounts with interest, at a rate determined by the Committee. The Investment Funds (and the interest crediting rate, as applicable) may be added to, decreased or changed at any time and for any reason at the sole discretion of the Committee.

Article 6. Vesting

6.1 Vesting

A Participant's Account (inclusive of all Company Contributions and any income, gains, or losses thereon) will be 100% vested upon the earliest of the following events, provided the Participant is an active Employee on the date of such event:

- (a) three years of Continuous Service with the Company from date of hire;
- (b) Participant's death; and
- (c) Participant's Disability.

Any additional contributions approved by the Compensation Committee may be either subject to the vesting provisions of this Article 6 or a different schedule set forth in writing by either (i) with respect to any executive officer of the Company, the Compensation Committee or (ii) with respect to any corporate officer of the Company who is not an executive officer, the Committee.

6.2 Forfeitures

Notwithstanding Article 6.1, a Participant shall forfeit his or her Account, without regard to whether such amounts are vested or unvested in the event:

- (a) The Participant's employment is terminated for Cause; or
- (b) While employed or within 24 months after Separation From Service, the Participant violates a non-competition, non-solicitation or non-disclosure covenant or agreement between the Participant and the Company or any affiliate .

Article 7. Distributions

7.1 Elections

Each Participant shall have the opportunity, at any time during the first 30 days of participation in the Plan, to elect to receive his or her vested Account upon Separation From Service in one of the payment form options specified in this Article 7.1 (Distribution Election). Participants may elect to receive distributions in one of the following forms:

- (a) Lump sum; or
- (b) 5, 10, or 15 annual installments with each installment equal to the Participant's vested Account balance (as of the date of determination set forth in Article 7.3) divided by the number of remaining installments.

However, if a Participant Separates From Service with a vested Account balance of less than \$50,000 or Separates From Service prior to age 55, the Participant will receive the entire vested balance following such Separation From Service in a single lump sum in accordance with Article 7.3(a) below.

If a Participant fails to make an election during the first 30 days of participation, he or she will be treated as if he or she elected a lump sum form of payment.

7.2 Change to Form of Payment

An active Participant who has not previously Separated From Service may make a one-time election to change the form of payment in the event the following conditions are met:

- (a) The election is made at least 12 months prior to the date on which payments were scheduled to begin.

- (b) The election delays the payment for at least 5 years from the date on which payments were scheduled to begin.

7.3 Separation From Service

For a Participant who Separates From Service for a reason other than death, the Participant's vested Account will be distributed in accordance with the form of payment elected by the Participant pursuant to Article 7.1.

- (a) If the Participant has elected (or is deemed to have elected) a lump sum, the value thereof shall be determined as of the ninth day of the seventh month following the Separation from Service, and the distribution thereof shall be made as soon as administratively possible (and in no event later than 90 days) thereafter.
- (b) If the Participant has elected installments, (i) the first installment shall be valued as of the ninth day of the seventh month following the Separation from Service, and the distribution thereof shall be made as soon as administratively possible (and in no event later than 90 days) thereafter, and (ii) each subsequent installment shall be valued as of the ninth day of September of each of the following calendar years, and the distribution thereof shall be made as soon as administratively possible (and in no event later than 90 days) thereafter. For the avoidance of doubt, under no circumstances shall two installments be paid in a single calendar year.

7.4 Death

If a Participant's employment terminates due to death, the value of the Participant's Account as of the date of death shall be distributed to the Participant's Beneficiary in a lump sum as soon as practicable following the Participant's death, but no later than 90 days following the Participant's death.

If a Participant dies following Separation From Service, but before having received all payments under the Plan, the remaining payments (valued as of the date of death) shall be paid in a single lump sum to the Beneficiary as soon as practicable but no later than 90 days after death.

Article 8. Administration

8.1 Committee

A Committee shall be appointed by, and serve at the pleasure of, the Compensation Committee. A member of the Committee may resign by delivering a written notice of resignation to the Compensation Committee. The Compensation Committee or the Board of Directors may remove any member, with or without cause, by delivering a copy of its resolution of removal to such member.

8.2 Committee Action

The Committee shall act at meetings by affirmative vote of a majority of the members of the Committee. Any action permitted to be taken at a meeting may be taken without a meeting if, prior to such action, a written consent to the action is signed by a majority of members of the Committee and such written consent is filed with the minutes of the proceedings of the Committee. A member of the Committee shall not vote or act upon any matter which relates solely to himself or herself as a Participant. Any member of the Committee may execute any certificate or other written direction on behalf of the Committee.

8.3 Powers of the Committee

The Committee, on behalf of the Participants and their Beneficiaries, shall enforce the Plan in accordance with its terms, shall be charged with the general administration of the Plan, and shall have all powers necessary to accomplish its purposes, including, but not limited to, the following:

- (a) to select the Investment Funds;
- (b) to construe and interpret the terms and provisions of this Plan;
- (c) to compute and certify to the amount and kind of benefits payable to Participants and their Beneficiaries;
- (d) to maintain all records that may be necessary for the administration of the Plan;
- (e) to provide for the disclosure of all information and the filing or provision of all reports and statements to Participants, Beneficiaries or governmental agencies as shall be required by law;
- (f) to make and publish such rules for the regulation of the Plan and procedures for the administration of the Plan as are not inconsistent with the terms hereof;

(g) to appoint one or more agents, and to delegate to them such powers and duties in connection with the administration of the Plan as the Committee may from time to time prescribe; and

(h) to take all actions necessary for the administration of the Plan.

8.4 Construction and Interpretation

The Committee shall have full discretion to construe and interpret the terms and provisions of this Plan, which interpretations or construction shall be final and binding on all parties, including but not limited to the Company and any Participant or Beneficiary.

8.5 Compensation and Expenses

The members of the Committee shall serve without compensation for their services hereunder. The Committee is authorized at the expense of the Company to employ such legal counsel as it may deem advisable to assist in the performance of its duties hereunder. Expenses and fees in connection with the administration of the Plan shall be paid by the Company.

Article 9. Amendment

9.1 Amendment to the Plan

The Compensation Committee may amend, modify, suspend or terminate the Plan in whole or in part, except that no amendment, modification, suspension or termination shall have any retroactive effect to reduce any amounts allocated to a Participant's Account. The Committee may also amend the Plan, provided that the Committee may adopt only amendments that (i) do not have a negative material financial impact on the Company; or (ii) are required by tax or legal statutes, regulations or pronouncements.

9.2 Continuation of the Plan

The Company intends to maintain the Plan indefinitely, but the Company reserves the right in its sole discretion at any time and for any reason to discontinue the Plan either in whole or in part.

Article 10. Claims Procedure

10.1 Initial Claim

A Participant or Beneficiary (hereinafter referred to as Claimant) who believes that a benefit is due under the Plan may file a written claim with the Committee.

10.2 Claim Decision

The Committee shall provide written notice of its decision to the Claimant within 90 days after the initial claim was filed. If more than 90 days are necessary for the Committee to deliver a reply, the Committee will notify the Claimant in writing during the initial 90 day period indicating the special circumstances requiring the extension and the date by which the Committee expects to reply to the claim.

If a claim for benefits is denied in whole or in part, the written notice shall include the following:

- (a) specific reason for the denial;
- (b) specific references to pertinent Plan provisions on which the denial is based;
- (c) if applicable, a description of any additional material or information necessary for the Claimant to provide in order to perfect the claim and an explanation as to why such material or such information is necessary; and
- (d) steps for Claimant to submit his or her claim for further review.

10.3 Appeal Process

Any Claimant whose claim has been denied in whole or in part may request a review of the decision by the Committee within 60 days of receiving the written notice of the denial of benefits. In connection with any such review, the Claimant or the Claimant's duly authorized representative shall be provided, upon request, reasonable access to pertinent documents used by the Committee to deny the claim.

The Committee or its delegate shall provide written notice of its decision upon review to the Claimant within 60 days after the request for review was filed, unless special circumstances require an extension in which case a decision shall be rendered as soon as possible, but not later than 120 days after receipt of the request for review. If more than 60 days are necessary for the Committee to deliver a reply, the Committee will notify the Claimant in writing during the initial 60 day period. The decision shall include specific reasons and references to the provisions of the Plan on which the decision is based.

Article 11. Miscellaneous Provisions

11.1 Unsecured General Creditor

Participants and Beneficiaries shall not have any interest in any property or assets of the Company or its affiliates on account of participation in the Plan, and no other rights

against the Company or its affiliates, except as a general unsecured creditor. Any rabbi trust or other arrangement that may (but need not) be established by the Company to facilitate the administration of the Plan shall not change the nature of the obligations of the Company nor the rights of the Participants and Beneficiaries as provided in this Plan.

11.2 No Employment Rights

The Plan does not constitute a contract of continuing employment or in any manner obligate the Company to continue service of Participant, or obligate a Participant to continue in the service of the Company, or limit the Company's right to discharge any Employee with or without Cause.

11.3 Tax Withholding

The Company shall have the right to withhold any federal, state, local or any other governmental income tax, payroll or employment tax (including FICA obligations for both Social Security and Medicare), excise tax, or any other tax or assessment owed with respect to Company Contributions, and earnings thereon, and any distributions made hereunder.

11.4 Non-alienation of Benefits

The interest of a Participant or Beneficiary in his or her Plan benefits is not subject to the claims of the Participant's or Beneficiary's creditors and may not be voluntarily or involuntarily sold, transferred, pledged, alienated, assigned, anticipated, or encumbered. Any attempt by a Participant or Beneficiary to do so will be null and void.

11.5 Severability

If a provision of the Plan shall be held illegal or invalid or shall cause detrimental tax treatment to a Participant or Beneficiary, the illegality, invalidity or detriment shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal, invalid, or detrimental provision had not been included in the Plan.

11.6 Section 409A

Notwithstanding any provision of the Plan to the contrary, it is intended that the provisions of the Plan shall comply with Section 409A of the Code, and all provisions of this Plan shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A. If the Committee determines that any amounts payable hereunder may be taxable to a Participant under Section 409A, the Company may (i) adopt such amendments to the Plan and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Committee determines necessary or appropriate to preserve

the intended tax treatment of the benefits provided by the Plan and/or (ii) take such other actions as the Committee determines necessary or appropriate to avoid or limit the imposition of an additional tax under Section 409A. Each Participant is solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or in respect of such Participant in connection with this Plan or any other plan maintained by the Company (including any taxes and penalties under Section 409A of the Code), and neither the Company nor any subsidiary or affiliate shall have any obligation to indemnify or otherwise hold such Participant or any Beneficiary harmless from any or all such taxes or penalties.

11.7 Controlling Law

To the extent not superseded by the laws of the United States, this Plan shall be governed and construed in accordance with the laws of the State of Delaware, without regard to such state's choice of law rules.

IN WITNESS WHEREOF, the Company has duly executed this Plan document, effective as of January 23, 2014.

Automatic Data Processing, Inc.

By: Michael A. Bonarti

Title: Vice President

Date: December 12, 2014

**Automatic Data Processing, Inc.
Retirement and Savings Restoration Plan (RSRP)**

(Effective January 1, 2015)

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Article 1. General Information

1.1 Purpose of the Plan

Automatic Data Processing, Inc. (the Company) establishes this Automatic Data Processing, Inc. Retirement and Savings Restoration Plan (the Plan) to attract and retain key letter-grade executive employees by restoring Qualified Plan retirement benefits that are unable to be provided due to Code limits on compensation and benefit amounts payable under tax-qualified retirement plans.

1.2 Legal Status

- (a) The Plan is unfunded and is maintained primarily for the purpose of providing deferred compensation for a select group of management and highly compensated employees.
- (b) The Plan is intended to meet the exemptions provided in Sections 201(2), 301(a)(3), and 401(a)(1) of ERISA, as well as the requirements of Department of Labor Regulation Section 2520.104-23. The Plan shall be administered and interpreted so as to meet the requirements of these exemptions and the regulation.
- (c) The Plan is subject to the provisions of Code Section 409A. The Plan shall be administered and interpreted so as to meet the requirements of Code Section 409A.

1.3 Effective Date

This Plan is effective as of January 1, 2015.

Article 2. Definitions

2.1 Definitions

Whenever used in the Plan, the following terms have the meanings set forth below unless otherwise expressly provided. References to specific Code provisions include any final regulations, Revenue Rulings, and guidance of general applicability thereunder.

- (a) **“Account”** means the recordkeeping account maintained by the Company on behalf of a Participant that reflects the amount credited to the Participant under the terms of the Plan, including all Company Contributions and any earnings, gains or losses credited with respect to such amounts.
- (b) **“Beneficiary”** means the individual, trust, or estate designated by a Participant to receive Plan benefits in the event of the Participant’s death.
- (c) **“Board of Directors”** means the Board of Directors of the Company.
- (d) **“Cause”** means, (i) the Company or an affiliate having “cause” to terminate a Participant’s employment or service, as defined in any employment or consulting agreement between the Participant and the Company or an affiliate in effect at the time of such termination or (ii) in the absence of any such employment or consulting agreement (or the absence of any definition of “Cause” contained therein), (A) the good faith determination by the Committee that the Participant has ceased to perform his or her duties to the Company or an affiliate (other than as a result of his or her incapacity due to physical or mental illness or injury), which failure amounts to an intentional and extended neglect of his or her duties to such party, provided that no such failure shall constitute Cause unless the Participant has been given notice of such failure and (if cure is reasonably possible) has not cured such act or omission within 15 days following receipt of such notice, (B) the Committee’s good faith determination that the Participant has engaged or is about to engage in conduct injurious to the Company or an affiliate, (C) the Participant having been convicted of, or plead guilty or no contest to, a felony or any crime involving fraud or dishonesty as a material element thereof, or (D) the consistent failure of the Participant to follow the lawful instructions of the Board of Directors or his or her direct superiors, which failure amounts to an intentional and extended neglect of his or her duties to the Company or an

affiliate thereof. Any determination of whether Cause exists shall be made by the Committee in its sole discretion.

- (e) **“Code”** means the Internal Revenue Code of 1986, as amended, or any other provision of law of similar purpose as may at any time be substituted therefore.
- (f) **“Committee”** means a committee as the Compensation Committee may appoint to administer the Plan or, if no such committee has been appointed by the Compensation Committee, then it shall be the Compensation Committee. As of the effective date of this Plan, the Committee shall consist of (i) the person occupying the position of General Counsel of the Company, and (ii) the person occupying the position of Chief Human Resources Officer of the Company. In the event of a vacancy in either the position of General Counsel or Chief Human Resources Officer, then unless the Compensation Committee otherwise determines, the Committee shall consist of the remaining person until such vacant position is filled.
- (g) **“Company”** means Automatic Data Processing, Inc.
- (h) **“Company Contributions”** means contributions allocated to a Participant’s Account pursuant to Article 4.
- (i) **“Compensation”** means ‘Compensation’ as defined from time to time in the Qualified Plan.
- (j) **“ Compensation Committee ”** shall mean the Compensation Committee of the Board.
- (k) **“Continuous Service”** means an Employee’s uninterrupted period of common law, full-time employment with the Company or any parent, subsidiary, or affiliate of the Company.
- (l) **“Disability”** means a circumstance where the Company shall have cause to terminate a Participant’s employment or service on account of “disability,” as defined in any then-existing employment, consulting or other similar agreement between the Participant and the Company or, in the absence of such an employment, consulting or other similar agreement (or the absence of any definition thereof contained therein), a condition entitling the Participant to receive benefits under a long-term disability plan of the Company, or, in the absence of such a plan, as determined by the Committee

based upon medical evidence acceptable to it; provided, however, that a Participant shall not have a Disability for purposes of the Plan unless the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or the Participant is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under an accident and health plan covering the Company's employees.

- (m) **“Distribution Election”** means the election made by a Participant, as described in Article 7.1 as to the payment form for such Participant's balance under the Plan.
- (n) **“Employee”** means any individual employed on a full-time basis by the Company, or any parent, subsidiary, or affiliate of the Company.
- (o) **“ERISA”** means the Employee Retirement Income Security Act of 1974, as amended, or any other provision of law of similar purpose as may at any time be substituted therefor.
- (p) **“Investment Fund”** means a fund (which may be notional) selected by the Committee as described in Article 5.2 to determine earnings on Company Contributions.
- (q) **“Participant”** means any Employee who has begun participating in the Plan in accordance with the requirements of Article 3.1 and who continues to be entitled to accrue additional benefits under the Plan, or a former Employee who is no longer entitled to accrue additional benefits but who is still entitled to receive benefit payments under the Plan.
- (r) **“Plan”** means the Automatic Data Processing, Inc. Retirement and Savings Restoration Plan, as set forth in this document and as hereafter amended from time to time.
- (s) **“Plan Year”** means the calendar year beginning January 1 and ending December 31.

- (t) **“Qualified Plan”** means the Automatic Data Processing, Inc. Retirement and Savings Plan (as amended from time to time).
- (u) **“Separation From Service”** means when the Participant ceases to be employed by the Company and all entities considered a single employer with the Company under Code Sections 414(b) and (c) as a result of death, retirement, or other termination of employment. For this purpose, an 80% or greater threshold will be used in determining a controlled group of corporations within the meaning of Code Section 414(b) and the trades and businesses that are under common control within the meaning of Code Section 414(c).

Whether a Separation from Service occurs will be determined in accordance with the rules under Code Section 409A. In general, a Participant’s employment will be deemed terminated on the date as of which, in the Company’s and Participant’s reasonable expectation, the Participant’s level of bona fide services for the Company decreases to 20% or less of his or her average level of bona fide services over the immediately-preceding 36-month period (or the full period of services if the Participant has been providing services to the Company for fewer than 36 months) and a Participant’s employment will be deemed not to have terminated as long as the Participant’s level of bona fide services exceeds the 20% threshold.

A Participant’s employment will be treated as continuing while he or she is on military leave, sick leave, disability leave, or other bona fide leave of absence if the period of the leave does not exceed six months or, if longer, for as long as the Participant has a statutory or contractual right to reemployment with the Company. If the period of leave exceeds six months, and the Participant does not have a statutory or contractual right to reemployment, the Participant’s employment will be deemed to terminate on the first day immediately following the six-month period.

2.2 Construction

Terms capitalized in the Plan shall have the meaning set forth in Article 2.1 above or as specified elsewhere in the Plan. Except where otherwise indicated by the context, any masculine or feminine terminology shall also include the opposite gender, and the definition of any term in the singular or plural shall also include the opposite

number. The headings of this Plan are inserted for convenience of reference only, and they are not to be used in the construction of the Plan.

Article 3. Participation

3.1 Eligibility

Employees who (i) are hired after the effective date of the Plan and (ii) reach an executive letter grade position (either upon hire or by subsequent promotion) will be eligible to participate in the Plan.

Notwithstanding the foregoing, the Committee reserves the right in its sole discretion to determine that any Employee is not eligible to participate in the Plan. In addition, the Committee reserves the right in its sole discretion to, from time to time, modify the above eligibility requirements and make such additional or other requirements for eligibility as the Committee may determine.

An Employee's participation in the Plan shall commence on the first of the month coincident with or next following such Employee's becoming eligible for participation in the Plan as set forth above.

Article 4. Contributions

4.1 Contribution Amount

Starting with the later of (i) the Plan Year in which a Participant first participates in the Plan and (ii) the Plan Year in which a Participant first becomes eligible for employer contributions pursuant to the terms of the Qualified Plan, and for each Plan Year thereafter throughout which the Participant remains actively employed by the Company and eligible to participate in the Plan, the Company will credit to the Participant's Account the amount in (a) below less the amount in (b) below:

- (a) The maximum potential employer contributions that could have been made on behalf of such Participant to the Qualified Plan for such Plan Year (excluding amounts credited as earnings and/or interest), determined without regard to compensation and/or benefit limits under Sections 401(a)(17) and 415 of the Code, assuming for such purpose that the Participant had elected and made the maximum contributions to such Qualified Plans for such Plan Year.

- (b) The maximum potential employer contributions that could have been made on behalf of such Participant to the Qualified Plan for such Plan Year (excluding amounts credited as earnings and/or interest).

For the Plan Year in which a Participant first participates in the Plan, or if later, the Plan Year in which a Participant first becomes eligible for employer contributions pursuant to the terms of the Qualified Plan: (i) the Participant's Compensation that is to be taken into account for the purpose of calculating his or her Company Contribution shall be the Compensation payable during the entire Plan Year; (ii) the employer contributions to the Qualified Plan as defined in (b) above shall be the maximum contributions that could have been made during the entire Plan Year based on the Compensation payable during the entire Plan Year; and (iii) the Company Contribution for such Plan Year determined in accordance with the foregoing shall then be prorated to reflect the portion of the Plan Year beginning with the date the Employee becomes a Participant in this Plan and ending with the last day of such Plan Year (so that, for example, if an Employee who is eligible for employer contributions pursuant to the terms of the Qualified Plan becomes a Participant on October 1, the proration factor would be 3/12). For the avoidance of doubt, no amounts shall be credited to a Participant's Account under this Plan in respect of any Plan Year ending before the first date on which such Participant first becomes eligible for employer contributions pursuant to the terms of the Qualified Plan.

For the Plan Year in which a Participant incurs a Separation From Service, a Participant will not receive a Company Contribution under this Plan.

For the Plan Year in which a Participant ceases to be in an executive letter grade position (but does not terminate employment): (i) the Participant's Compensation that is to be taken into account for the purpose of calculating his or her Company Contribution shall be the Compensation payable during the entire Plan Year; (ii) the employer contributions to the Qualified Plan as defined in (b) above shall be the maximum contributions that could have been made during the entire Plan Year based on the Compensation payable during the entire Plan Year; and (iii) the Company Contribution for such Plan Year determined in accordance with the foregoing shall then be prorated to reflect the portion of the Plan Year beginning with the first day of such Plan Year and ending with the date the Employee's demotion is effective (so that, for example, if a Participant is demoted on October 1, the proration factor would be 9/12).

4.2 Contribution Timing

Company Contributions will be credited to a Participant's Account as soon as practicable following the end of the applicable Plan Year.

Article 5. Accounts

5.1 Establishment of Accounts

The Committee will establish a bookkeeping account for each Participant to which the Company Contributions described in Article 4 will be credited. An Account shall be maintained for each Participant until full payment of the balance credited to the Account has been made under Article 7.

5.2 Earnings

Unless the Participant directs otherwise pursuant to the terms of this Article 5, his or her Account shall be notionally invested in an Investment Fund selected by the Committee. The Committee may, in its discretion, offer a choice of Investment Funds in which amounts credited to the Account may be notionally invested at the direction of the Participant. This choice grants Participants no real or beneficial interest in any specific fund or property, or the ability to affect the actual investments the Company may or may not make to cover its obligations under the Plan.

There is no obligation on the part of the Company, or anyone else, to segregate or otherwise set aside amounts notionally credited to any Account, and any actual investments intended to cover the obligations hereunder shall be made by the Company at its discretion, and may or may not bear a resemblance to the Participants' investment choices. The Committee shall also establish a default Investment Fund in which an Account will be notionally invested if the Participant fails to make an investment election. In lieu of offering the Investment Funds, the Committee may notionally credit Accounts with interest, at a rate determined by the Committee. The Investment Funds (and the interest crediting rate, as applicable) may be added to, decreased or changed at any time and for any reason at the sole discretion of the Committee.

Article 6. Vesting

6.1 Vesting

A Participant's Account (inclusive of all Company Contributions and any income, gains, or losses thereon) will be 100% vested upon the earliest of the following events, provided the Participant is an active Employee on the date of such event:

- (a) three years of Continuous Service with the Company from date of hire;
- (b) Participant's death; and
- (c) Participant's Disability.

6.2 Forfeitures

Notwithstanding Article 6.1, a Participant shall forfeit his or her Account, without regard to whether such amounts are vested or unvested in the event:

- (a) The Participant's employment is terminated for Cause; or
- (b) While employed or within 24 months after Separation From Service, the Participant violates a non-competition, non-solicitation or non-disclosure covenant or agreement between the Participant and the Company or any affiliate.

Article 7. Distributions

7.1 Elections

Each Participant shall have the opportunity, at any time during the first 30 days of participation in the Plan, to elect to receive his or her vested Account upon Separation From Service in one of the payment form options specified in this Article 7.1 (Distribution Election). Participants may elect to receive distributions in one of the following forms:

- (a) Lump sum; or
- (b) 5, 10, or 15 annual installments with each installment equal to the Participant's vested Account balance (as of the date of determination set forth in Article 7.3) divided by the number of remaining installments.

However, if a Participant Separates From Service with a vested Account balance of less than \$50,000 or Separates From Service prior to age 55, the Participant will receive the entire vested balance following such Separation From Service in a single lump sum in accordance with Article 7.3(a) below.

If a Participant fails to make an election during the first 30 days of participation, he or she will be treated as if he or she elected a lump sum form of payment.

7.2 Change to Form of Payment

An active Participant who has not previously Separated From Service may make a one-time election to change the form of payment in the event the following conditions are met:

- (a) The election is made at least 12 months prior to the date on which payments were scheduled to begin.
- (b) The election delays the payment for at least 5 years from the date on which payments were scheduled to begin.

7.3 Separation From Service

For a Participant who Separates From Service for a reason other than death, the Participant's vested Account will be distributed in accordance with the form of payment elected by the Participant pursuant to Article 7.1.

- (a) If the Participant has elected (or is deemed to have elected) a lump sum, the value thereof shall be determined as of the ninth day of the seventh month following the Separation from Service, and the distribution thereof shall be made as soon as administratively possible (and in no event later than 90 days) thereafter.
- (b) If the Participant has elected installments, (i) the first installment shall be valued as of the ninth day of the seventh month following the Separation from Service, and the distribution thereof shall be made as soon as administratively possible (and in no event later than 90 days) thereafter, and (ii) each subsequent installment shall be valued as of the ninth day of September of each of the following calendar years, and the distribution thereof shall be made as soon as administratively possible (and in no event later than 90 days) thereafter. For the avoidance of doubt, under no circumstances shall two installments be paid in a single calendar year.

7.4 Death

If a Participant's employment terminates due to death, the value of the Participant's Account as of the date of death shall be distributed to the Participant's Beneficiary in a lump sum as soon as practicable following the Participant's death, but no later than 90 days following the Participant's death.

If a Participant dies following Separation From Service, but before having received all payments under the Plan, the remaining payments (valued as of the date of death) shall be paid in a single lump sum to the Beneficiary as soon as practicable but no later than 90 days after death .

Article 8. Administration

8.1 Committee

A Committee shall be appointed by, and serve at the pleasure of, the Compensation Committee. A member of the Committee may resign by delivering a written notice of resignation to the Compensation Committee. The Compensation Committee or the Board of Directors may remove any member, with or without cause, by delivering a copy of its resolution of removal to such member.

8.2 Committee Action

The Committee shall act at meetings by affirmative vote of a majority of the members of the Committee. Any action permitted to be taken at a meeting may be taken without a meeting if, prior to such action, a written consent to the action is signed by a majority of members of the Committee and such written consent is filed with the minutes of the proceedings of the Committee. A member of the Committee shall not vote or act upon any matter which relates solely to himself or herself as a Participant. Any member of the Committee may execute any certificate or other written direction on behalf of the Committee.

8.3 Powers of the Committee

The Committee, on behalf of the Participants and their Beneficiaries, shall enforce the Plan in accordance with its terms, shall be charged with the general administration of the Plan, and shall have all powers necessary to accomplish its purposes, including, but not limited to, the following:

- (a) to select the Investment Funds;
- (b) to construe and interpret the terms and provisions of this Plan;

- (c) to compute and certify to the amount and kind of benefits payable to Participants and their Beneficiaries;
- (d) to maintain all records that may be necessary for the administration of the Plan;
- (e) to provide for the disclosure of all information and the filing or provision of all reports and statements to Participants, Beneficiaries or governmental agencies as shall be required by law;
- (f) to make and publish such rules for the regulation of the Plan and procedures for the administration of the Plan as are not inconsistent with the terms hereof;
- (g) to appoint one or more agents, and to delegate to them such powers and duties in connection with the administration of the Plan as the Committee may from time to time prescribe; and
- (h) to take all actions necessary for the administration of the Plan.

8.4 Construction and Interpretation

The Committee shall have full discretion to construe and interpret the terms and provisions of this Plan, which interpretations or construction shall be final and binding on all parties, including but not limited to the Company and any Participant or Beneficiary.

8.5 Compensation and Expenses

The members of the Committee shall serve without compensation for their services hereunder. The Committee is authorized at the expense of the Company to employ such legal counsel as it may deem advisable to assist in the performance of its duties hereunder. Expenses and fees in connection with the administration of the Plan shall be paid by the Company.

Article 9. Amendment

9.1 Amendment to the Plan

The Compensation Committee may amend, modify, suspend or terminate the Plan in whole or in part, except that no amendment, modification, suspension or termination

shall have any retroactive effect to reduce any amounts allocated to a Participant's Account. The Committee may also amend the Plan, provided that the Committee may adopt only amendments that (i) do not have a negative material financial impact on the Company; or (ii) are required by tax or legal statutes, regulations or pronouncements.

9.2 Continuation of the Plan

The Company intends to maintain the Plan indefinitely, but the Company reserves the right in its sole discretion at any time and for any reason to discontinue the Plan either in whole or in part.

Article 10. Claims Procedure

10.1 Initial Claim

A Participant or Beneficiary (hereinafter referred to as Claimant) who believes that a benefit is due under the Plan may file a written claim with the Committee.

10.2 Claim Decision

The Committee shall provide written notice of its decision to the Claimant within 90 days after the initial claim was filed. If more than 90 days are necessary for the Committee to deliver a reply, the Committee will notify the Claimant in writing during the initial 90 day period indicating the special circumstances requiring the extension and the date by which the Committee expects to reply to the claim.

If a claim for benefits is denied in whole or in part, the written notice shall include the following:

- (a) specific reason for the denial;
- (b) specific references to pertinent Plan provisions on which the denial is based;
- (c) if applicable, a description of any additional material or information necessary for the Claimant to provide in order to perfect the claim and an explanation as to why such material or such information is necessary; and
- (d) steps for Claimant to submit his or her claim for further review.

10.3 Appeal Process

Any Claimant whose claim has been denied in whole or in part may request a review of the decision by the Committee within 60 days of receiving the written notice of the denial of benefits. In connection with any such review, the Claimant or the Claimant's duly authorized representative shall be provided, upon request, reasonable access to pertinent documents used by the Committee to deny the claim.

The Committee or its delegate shall provide written notice of its decision upon review to the Claimant within 60 days after the request for review was filed, unless special circumstances require an extension in which case a decision shall be rendered as soon as possible, but not later than 120 days after receipt of the request for review. If more than 60 days are necessary for the Committee to deliver a reply, the Committee will notify the Claimant in writing during the initial 60 day period. The decision shall include specific reasons and references to the provisions of the Plan on which the decision is based.

Article 11. Miscellaneous Provisions

11.1 Unsecured General Creditor

Participants and Beneficiaries shall not have any interest in any property or assets of the Company or its affiliates on account of participation in the Plan, and no other rights against the Company or its affiliates, except as a general unsecured creditor. Any rabbi trust or other arrangement that may (but need not) be established by the Company to facilitate the administration of the Plan shall not change the nature of the obligations of the Company nor the rights of the Participants and Beneficiaries as provided in this Plan.

11.2 No Employment Rights

The Plan does not constitute a contract of continuing employment or in any manner obligate the Company to continue service of Participant, or obligate a Participant to continue in the service of the Company, or limit the Company's right to discharge any Employee with or without Cause.

11.3 Tax Withholding

The Company shall have the right to withhold any federal, state, local or any other governmental income tax, payroll or employment tax (including FICA obligations for both Social Security and Medicare), excise tax, or any other tax or assessment owed with respect to Company Contributions, and earnings thereon, and any distributions made hereunder.

11.4 Non-alienation of Benefits

The interest of a Participant or Beneficiary in his or her Plan benefits is not subject to the claims of the Participant's or Beneficiary's creditors and may not be voluntarily or involuntarily sold, transferred, pledged, alienated, assigned, anticipated, or encumbered. Any attempt by a Participant or Beneficiary to do so will be null and void.

11.5 Severability

If a provision of the Plan shall be held illegal or invalid or shall cause detrimental tax treatment to a Participant or Beneficiary, the illegality, invalidity or detriment shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal, invalid, or detrimental provision had not been included in the Plan.

11.6 Section 409A

Notwithstanding any provision of the Plan to the contrary, it is intended that the provisions of the Plan shall comply with Section 409A of the Code, and all provisions of this Plan shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A. If the Committee determines that any amounts payable hereunder may be taxable to a Participant under Section 409A, the Company may (i) adopt such amendments to the Plan and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Committee determines necessary or appropriate to preserve the intended tax treatment of the benefits provided by the Plan and/or (ii) take such other actions as the Committee determines necessary or appropriate to avoid or limit the imposition of an additional tax under Section 409A. Each Participant is solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or in respect of such Participant in connection with this Plan or any other plan maintained by the Company (including any taxes and penalties under Section 409A of the Code), and neither the Company nor any subsidiary or affiliate shall have any obligation to indemnify or otherwise hold such Participant or any Beneficiary harmless from any or all such taxes or penalties.

11.7 Controlling Law

To the extent not superseded by the laws of the United States, this Plan shall be governed and construed in accordance with the laws of the State of Delaware, without regard to such state's choice of law rules.

IN WITNESS WHEREOF, the Company has duly executed this Plan document, effective as of January 1, 2015.

Automatic Data Processing, Inc.

By: Michael A. Bonarti

Title: Vice President

Date: December 12, 2014

**AUTOMATIC DATA PROCESSING, INC.
CORPORATE OFFICER SEVERANCE PLAN**

(Effective as of May 6, 2015)

The Company hereby adopts the Automatic Data Processing, Inc. Corporate Officer Severance Plan for the benefit of corporate officers of the Company, on the terms and conditions hereinafter stated. All capitalized terms used herein are defined in Section 1 hereof. This Plan, as a “severance pay arrangement” within the meaning of Section 3(2)(B)(i) of ERISA, is intended to be excluded from the definitions of “employee pension benefit plan” and “pension plan” set forth under Section 3(2) of ERISA and is intended to meet the descriptive requirements of a plan constituting a “severance pay plan” within the meaning of regulations published by the Secretary of Labor at Title 29, Code of Federal Regulations §2510.3-2(b).

SECTION 1. DEFINITIONS . As hereinafter used:

1.1 “ Accrued Obligations ” means any (a) base salary earned but not paid through the Termination Date, (b) pay for any vacation time earned but not used through the Termination Date, in each case of (a) and (b), paid no later than thirty (30) days after the Termination Date, or sooner if required by law, (c) any business expenses incurred by the Participant but unreimbursed as of the Termination Date, provided that such expenses and required substantiation and documentation thereof are submitted no later than thirty (30) days following the Termination Date and that such expenses are reimbursable under the applicable Company policy, and (d) all other vested compensation or benefits under applicable employee benefit plans in accordance with the terms of such plans (but excluding, for the avoidance of doubt, this Plan and any other plan providing for severance payments or incremental benefits upon a termination of a person’s employment with the Company).

1.2 “ Action ” has the meaning given such term in Section 4 hereof.

1.3 “ Affiliate ” means (a) any person or entity that directly or indirectly controls, is controlled by, or is under common control with the Company and/or (b) to the extent provided by the Committee, any person or entity in which the Company has a significant interest. The term “control” (including, with correlative meaning, the terms “controlled by” and “under common control with”), as applied to any person or entity, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person or entity, whether through the ownership of voting or other securities, by contract or otherwise.

1.4 “ Annual Base Salary ” means, with respect to any Participant, such Participant’s annual base salary in effect immediately prior to the Termination Date.

1.5 “ Board ” means the Board of Directors of the Company.

1.6 “ Cause ” means (a) the good faith determination by the Committee that the Participant has ceased to perform his or her duties to the Company or an Affiliate (other than as a

result of his or her incapacity due to physical or mental illness or injury), which failure amounts to an intentional and extended neglect of his or her duties to such party, provided that no such failure shall constitute Cause unless the Participant has been given notice of such failure and (if cure is reasonably possible) has not cured such act or omission within 15 days following receipt of such notice, (b) the Participant has engaged in conduct injurious to the Company or any Affiliate, (c) the Participant having been convicted of, or plead guilty or no contest to, a felony or any crime involving as a material element fraud or dishonesty, or (d) the consistent failure of the Participant to follow the lawful instructions of the Board or his or her direct superiors, which failure amounts to an intentional and extended neglect of his or her duties to the Company or any Affiliate thereof. Any determination of whether Cause exists shall be made by the Committee in its sole discretion, subject to a good faith standard of care with respect to determinations under clause (a) above. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board, or based upon the advice of counsel for the Company, shall be conclusively presumed to be done, or omitted to be done, by the Participant in good faith and in the best interests of the Company.

1.7 “Code” means the Internal Revenue Code of 1986, as amended, and any successor thereto. Reference in this Plan to any section of the Code shall be deemed to include all regulations and other interpretative guidance under such section, and any amendments and successor provisions to such section, regulations or guidance.

1.8 “Committee” means (x) with respect to any administration, determination, interpretation or action in connection with this Plan that would impact an executive officer of the Company, the Compensation Committee and (y) with respect to any administration, determination, interpretation or action in connection with this Plan that does not impact an executive officer of the Company, a committee as the Compensation Committee may appoint to administer this Plan. As of the effective date of this Plan, the Compensation Committee has appointed a committee for purposes of clause (y) of the prior sentence that shall consist of (i) the person occupying the position of General Counsel of the Company, and (ii) the person occupying the position of Chief Human Resources Officer of the Company. In the event of a vacancy in either the position of General Counsel or Chief Human Resources Officer, then unless the Compensation Committee otherwise determines, the Committee shall consist of the remaining person until such vacant position is filled. Notwithstanding the foregoing, any Participant who is a member of the Committee shall recuse himself or herself from all discussions, considerations, determinations, interpretations, actions of the Committee relating to such Participant’s rights and obligations hereunder.

1.9 “Company” means Automatic Data Processing, Inc., a Delaware corporation, and any successors thereto.

1.10 “Compensation Committee” shall mean the Compensation Committee of the Board.

1.11 “Disability” has the meaning given to such term (or term of similar import) in any then-existing employment, consulting or other similar agreement between the Participant and the Company or an Affiliate or, in the absence of such an employment, consulting

or other similar agreement, a condition entitling the Participant to receive benefits under a long-term disability plan of the Company or an Affiliate, or, in the absence of such a plan, the complete and permanent inability by reason of illness or accident to perform the duties of the occupation at which a Participant was employed or served when such disability commenced, as determined by the Committee based upon medical evidence acceptable to it.

1.12 “ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and any successor thereto. Reference in this Plan to any section of ERISA shall be deemed to include any regulations or other interpretative guidance under such section, and any amendments or successor provisions to such section, regulations, or guidance.

1.13 “Participant” means an employee who is a corporate officer of the Company as of such person’s Termination Date. Notwithstanding the foregoing, if an employee who is not a corporate officer as of such person’s Termination Date reasonably demonstrates that, in contemplation of the Qualifying Termination, the Company removed him or her from such office or position, such employee shall also be a Participant.

1.14 “PBRs” has the meaning given such term in Section 2.4(c) hereof.

1.15 “PBRU” has the meaning given such term in Section 2.4(d) hereof.

1.16 “Plan” means this Automatic Data Processing, Inc. Corporate Officer Severance Plan, as set forth herein, as it may be amended from time to time in accordance with the terms hereof.

1.17 “Prorated Bonus” means the product of (a) the annual cash bonus that the Participant would have earned for the fiscal year in which the Termination Date occurs, based on actual performance for the full fiscal year, but assuming that all non-financial and other subjective and qualitative performance criteria are achieved at a level equal to the weighted-average percentage achievement of all applicable financial and other objective and non-qualitative performance criteria, and (b) a fraction, the numerator of which is the number of calendar days completed from the first day of the fiscal year in which the Termination Date occurs through the Termination Date, and the denominator of which is 365.

1.18 “PSU” has the meaning given such term in Section 2.4(c) hereof.

1.19 “Qualifying Termination” means the involuntary termination of a person’s employment by the Company other than (i) for Cause, (ii) due to death or Disability, or (iii) a termination of a person’s employment with the Company that qualifies such person for any severance payments or benefits pursuant to the Company’s Change in Control Severance Plan for Corporate Officers, as amended.

1.20 “Release” has the meaning given such term in Section 3 hereof.

1.21 “Restricted Shares” has the meaning given such term in Section 2.4(b) hereof.

1.22 “ Restrictive Covenant Agreement ” has the meaning given such term in Section 3 hereof.

1.23 “ RSUs ” has the meaning given such term in Section 2.4(b) hereof.

1.24 “ Section 409A ” has the meaning given such term in Section 8.9 hereof.

1.25 “ Severance Benefits ” has the meaning given such term in Section 2.3 hereof.

1.26 “ Severance Period ” means, with respect to each Participant, the eighteen (18) month (or in the case of the Company’s Chief Executive Officer, the twenty-four (24) month) period following the Participant’s Termination Date.

1.27 “ Special Equity Award Treatment ” means the treatment of equity awards held by a Participant upon a Qualifying Termination hereunder in accordance with Section 2.4.

1.28 “ Stock Options ” has the meaning given such term in Section 2.4(a) hereof.

1.29 “ Termination Date ” means the date of a person’s Qualifying Termination.

SECTION 2. PAYMENTS UPON QUALIFYING TERMINATION.

2.1 Generally. Subject to the terms and conditions set forth in this Plan, a Participant shall be entitled to certain severance payments and benefits hereunder upon a Qualifying Termination. Except as provided in Section 6 hereof, the Severance Benefits payable or provided under this Plan shall replace and supersede any severance payments or incremental benefits upon a termination of a Participant’s employment with the Company pursuant to the terms of any other plan, program, policy, agreement or arrangement. This Plan is not intended to alter any disbursements of monies due to such Participant under retirement or similar plans, including the Company’s Amended and Restated Supplemental Officers Retirement Plan, Deferred Compensation Plan, Retirement and Savings Plan, Pension Retirement Plan, Retirement and Savings Restoration Plan, Executive Retirement Plan, or Employees’ Savings-Stock Purchase Plan, in each case, as amended.

2.2 Payment of Accrued Obligations. The Company shall pay or provide the Accrued Obligations to each Participant who incurs a Qualifying Termination.

2.3 Severance Benefits upon Qualifying Termination. The Company shall pay or provide to each Participant who incurs a Qualifying Termination the following severance compensation: (a) continued payment of the Participant’s Annual Base Salary at the rate then in effect during the Severance Period in accordance with the Company’s payroll practices in effect from time to time, (b) the Prorated Bonus, paid at the same time as annual bonuses are paid to other corporate officers of the Company, but in all events during the fiscal year following the fiscal year of the Termination Date, and (c) the Special Equity Award Treatment (the amount contemplated by clauses (a), (b), and (c) collectively, “ Severance Benefits ”).

2.4 Special Equity Award Treatment. The Special Equity Award Treatment to which a Participant shall become entitled hereunder is as follows:

(a) The Participant's options to purchase Company stock (" Stock Options ") that are not fully vested and exercisable on the Termination Date shall continue to vest and become exercisable in accordance with their terms during the Severance Period as if the Participant had remained employed by the Company through the end of the Severance Period. Further, (x) the last day of the Severance Period shall be deemed the last day of the Participant's employment with the Company for purposes of determining the period of time during which Stock Options may be exercised, and (y) to the extent that a Participant satisfies the normal retirement criteria in any Stock Option award agreement (determined as of the last day of the Severance Period), the Participant shall be entitled to the vesting and exercisability associated with that status as set forth in the applicable Stock Option award agreement.

(b) The Participant's unvested restricted shares of Company stock (the " Restricted Shares ") and unvested restricted stock units (the " RSUs ") that, in either case, are subject to vesting based solely on the Participant's continued service to the Company, shall continue to vest in accordance with their terms during the Severance Period as if the Participant had remained employed by the Company through the end of the Severance Period. RSUs that vest during the Severance Period in accordance with this Section 2.4(b) shall be settled on the later of the vesting date and the regularly scheduled settlement date for such RSU.

(c) The number of shares of Company stock that the Participant would have been entitled to receive based on the actual achievement of the applicable performance goals in each of the then-ongoing performance-based restricted stock (" PBRS ") programs and performance stock unit (" PSU ") programs, and/or any successor programs to the PBRS and PSU programs, shall be granted by the Company to such Participant on the regular settlement date for such programs; provided, that such number of shares shall be prorated to reflect the portion of the applicable performance period elapsed from the commencement thereof through the last day of the Severance Period.

(d) The cash amount that the Participant would have been entitled to receive based on the actual achievement of the applicable performance goals in each of the then-ongoing performance-based restricted unit (" PBRU ") programs and PSU programs, and/or any successor programs to the PBRU and PSU programs, shall be paid by the Company to such Participant on the regular settlement date for such programs; provided, that such cash amount shall be prorated to reflect the portion of the applicable performance period elapsed from the commencement thereof through the last day of the Severance Period.

SECTION 3. RELEASE OF CLAIMS; RESTRICTIVE COVENANTS.

Except where prohibited by applicable law, all Severance Benefits hereunder shall be delayed until the Participant executes and delivers to the Company within 45 days following his or her Qualifying Termination (x) an irrevocable general release substantially in the form attached hereto as Schedule A (the " Release "), and (y) a Restrictive Covenant Agreement substantially in the form attached hereto as Schedule B (the " Restrictive Covenant Agreement ").

If a Participant fails to timely execute either such Release or such Restrictive Covenant Agreement, then, unless required by applicable law, the Participant shall not be entitled to any Severance Benefits hereunder.

SECTION 4. LITIGATION COOPERATION.

By accepting the Severance Benefits hereunder, the Participant agrees that after his or her employment by the Company or any of its Affiliates, the Participant will assist the Company and its Affiliates in the defense of any claims or potential claims that may be made or threatened to be made against the Company or any of its Affiliates in any action, suit, or proceeding, whether civil, criminal, administrative, investigative, or otherwise, that are not adverse to the Participant (an “Action”), and will assist the Company and its Affiliates in the prosecution of any claims that may be made by the Company or any of its Affiliates in any Action, to the extent that such claims may relate to the Participant’s employment or the period of the Participant’s employment by the Company or any of its Affiliates. The Participant agrees, unless precluded by law, to inform the Company promptly if the Participant is asked to participate (or otherwise become involved) in any Action involving such claims or potential claims. The Participant also agrees, unless precluded by law, to inform the Company promptly if the Participant is asked to assist in any investigation (whether governmental or otherwise) of the Company or any of its Affiliates (or their actions) to the extent that such investigation may relate to the Participant’s employment or the period of the Participant’s employment by the Company, regardless of whether a lawsuit has then been filed against the Company or any of its Affiliates with respect to such investigation. The Company or one of its Affiliates shall reimburse the Participant for all of the Participant’s reasonable out-of-pocket expenses associated with such assistance. Any reimbursement that is taxable income to the Participant shall be subject to applicable withholding taxes.

SECTION 5. PLAN ADMINISTRATION.

5.1 General. This Plan will be administrated by the Committee. The Committee will have full authority to construe and interpret this Plan, to establish, amend, and rescind rules and regulations relating to the administration of this Plan, and to take all such actions and make all such determinations in connection with the administration of this Plan as it may deem necessary or desirable. All determinations by the Committee will be final and binding on all interested persons, subject to Section 9.7.

5.2 Delegation. The Committee may delegate any of its duties hereunder to such person or persons from time to time as it may designate.

5.3 Outside Advisers. The Committee is empowered, on behalf of this Plan, to engage accountants, legal counsel, and such other personnel as it deems necessary or advisable to assist it in the performance of its duties under this Plan. The functions of any such persons engaged by the Committee shall be limited to the specified services and duties for which they are engaged, and such persons shall have no other duties, obligations, or responsibilities under this Plan. Such persons shall exercise no discretionary authority or discretionary control respecting the management of this Plan. All reasonable expenses thereof shall be borne by the Company.

SECTION 6. MITIGATION; CLAWBACK; OFFSET.

6.1 Mitigation. No Participant entitled to receive Severance Benefits shall be required to seek other employment or to attempt in any way to reduce any amounts payable to him or her pursuant to this Plan. The Severance Benefits payable or provided hereunder shall not be reduced by any compensation earned by the Participant as a result of employment by another employer or otherwise.

6.2 Clawback. The Severance Benefits payable or provided hereunder shall be subject to a clawback, recoupment or forfeiture action by the Company pursuant to the terms of any Company clawback policy or underlying award agreement.

6.3 Offset. If a Participant is entitled under law to receive severance pay, a termination indemnity, notice pay, or the like, or if a Participant is entitled under law to receive advance notice of separation, then any Severance Benefits payable hereunder shall be offset or reduced by the amount of any such severance pay, termination indemnity, notice pay, or the like, as applicable, and by the amount of any compensation received, or equity that vests, during any such notice period.

SECTION 7. PLAN MODIFICATION OR TERMINATION.

This Plan may be amended or terminated by the Compensation Committee at any time; provided that, except for amendments to comply with changes in applicable law or with a Participant's consent, no such amendment or termination may reduce the benefits and payments due hereunder with respect to a Participant who previously incurred a Qualifying Termination and who has not forfeited such payments and benefits pursuant to the terms of this Plan.

SECTION 8. GENERAL PROVISIONS.

8.1 Transferability of Rights. Except as otherwise provided herein or by law, no right or interest of any Participant under this Plan shall be assignable or transferable, in whole or in part, either directly or by operation of law or otherwise, including, without limitation, by execution, levy, garnishment, attachment, pledge, or in any other manner; no attempted assignment or transfer thereof shall be effective; and no right or interest of any Participant under this Plan shall be subject to any obligation or liability of such Participant. If a Participant who incurs a Qualifying Termination shall be unable to care for his or her affairs, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Plan to his or her legal guardian or personal representative of the Participant. If a Participant who incurs a Qualifying Termination shall die thereafter while any amount would still be payable to him or her hereunder if such Participant had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Plan to the executor, personal representative, or administrators of the estate of the Participant whose employment was terminated.

8.2 Rights of Participants. Nothing contained herein shall be held or construed to create any liability or obligation on the Company to retain any Participant in its service or in a

corporate officer position. All Participants shall remain subject to discharge or discipline to the same extent as if this Plan did not exist.

8.3 Severability. Should any provision of this Plan be deemed or held to be unlawful or invalid for any reason, such fact shall not adversely affect the other provisions of this Plan unless such determination shall render impossible or impracticable the functioning of this Plan, and in such case, an appropriate provision or provisions shall be adopted so that this Plan may continue to function properly.

8.4 Assignment. The Company may assign its rights and obligations under this Plan to any hereafter-cited person without the consent of any Participant in the event that the Company hereafter affects a reorganization, consolidation with, or merger into, any person or entity or transfers all or substantially all of its properties or assets to any person or entity, provided that the assignee assumes the obligations hereunder in writing. This Plan shall inure to the benefit of and be binding upon the heirs, executors, administrators, successors, and assigns of the parties, including, without limitation, each Participant, present and future, and each successor or assignee to the Company pursuant to the first sentence hereof.

8.5 Headings. The headings of this Plan are inserted for convenience of reference only and shall have no effect upon the meaning of the provisions hereof.

8.6 Funding. This Plan shall be funded out of the general assets of the Company as and when benefits are payable under this Plan. All Participants shall be solely general creditors of the Company.

8.7 Notices. Any notice or other communication required or permitted pursuant to the terms hereof shall have been duly given when delivered or mailed by United States mail, first class, postage prepaid, addressed to the intended recipient at the addressee's last known address.

8.8 Withholding. The Company shall have the right to make such provisions as it deems necessary or appropriate to satisfy any obligations it reasonably believes it may have to withhold federal, state or local income or other taxes incurred by reason of payments pursuant to this Plan.

8.9 Section 409A. For purposes of Section 409A of the Code (" Section 409A "), each of the payments that may be made under this Plan are designated as separate payments. It is intended that the provisions of this Plan comply with Section 409A, and all provisions of this Plan shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A. Notwithstanding the foregoing, a Participant shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or for such Participant's account in connection with this Plan (including, without limitation, any taxes and penalties under Section 409A), and neither the Company nor any Affiliate shall have any obligation to indemnify or otherwise hold the Participant (or any beneficiary) harmless from any or all of such taxes or penalties. Notwithstanding anything in this Plan to the contrary, in the event that a Participant is deemed a

“specified employee” within the meaning of Section 409A(a)(2)(B)(i) of the Code, no payments that are “deferred compensation” subject to Section 409A that are made by reason of a “separation from service” within the meaning of Section 409A shall be made to the Participant prior to the date that is six (6) months after the date of such “separation from service” or, if earlier, such Participant’s date of death. Immediately following such delay period, all such delayed payments will be paid in a single lump sum without interest. In addition, for purposes of this Plan, with respect to payments of any amounts that constitute “deferred compensation” subject to Section 409A, references to “termination of employment” (and substantially similar phrases) shall be interpreted and applied in a manner that is consistent with the requirements of Section 409A. Except as permitted under Section 409A or with respect to a clawback, recoupment or forfeiture action by the Company pursuant to the terms of any Company clawback policy, no deferred compensation that is subject to Section 409A and is payable to or for a Participant’s benefit under any Company-sponsored plan, program, agreement, or arrangement may be reduced by, or offset against, any amount owing by such Participant to the Company or any Affiliate.

SECTION 9. CLAIMS, INQUIRIES, APPEALS.

9.1 Applications for Benefits and Inquiries. Any application for benefits, inquiries about this Plan, or inquiries about present or future rights under this Plan must be submitted to the Committee in writing, as follows:

Automatic Data Processing, Inc.
One ADP Boulevard
Roseland, New Jersey 07068
Attn: Committee – Corporate Officer Severance Plan

9.2 Denial of Claims.

(a) In the event that any application for benefits is denied in whole or in part, the Committee must notify the applicant, in writing, of the denial of the application, and of the applicant’s right to review the denial. The written notice of denial will be set forth in a manner designed to be understood by the Participant and will include specific reasons for the denial, specific references to the pertinent Plan provision upon which the denial is based, if applicable, a description of any additional material or information necessary for the applicant to provide in order to perfect the claim and an explanation as to why such material or such information is necessary and steps for the applicant to submit his or her claim for further review.

(b) This written notice will be given to the Participant within ninety (90) days after the Committee receives the application, unless special circumstances require an extension of time, in which case, the Committee shall have up to an additional ninety (90) days for processing the application. If an extension of time for processing is required, written notice of the extension will be furnished to the applicant before the end of the initial ninety (90) day period.

(c) This notice of extension will describe the special circumstances necessitating the additional time and the date by which the Committee is to render its decision on the application. If written notice of denial of the application for benefits is not furnished within the specified time, the application shall be deemed denied. The applicant will then be permitted to appeal the denial in accordance with the review procedure described below.

9.3 Request for a Review. Any person (or that person's authorized representative) for whom an application for benefits is denied (or deemed denied), in whole or in part, may appeal the denial by submitting a request for a review to the Committee within sixty (60) days after the application is denied (or deemed denied). The Committee will give the applicant (or that person's authorized representative) an opportunity to review pertinent documents in preparing a request for a review and submit written comments, documents, records, and other information relating to the claim. A request for a review shall be in writing and shall be addressed to the address set forth above in Section 9.1. A request for review must set forth all of the grounds on which it is based, all facts in support of the request, and all other matters that the applicant feels are pertinent. The Committee may require the applicant to submit additional facts, documents, or other material as it may find necessary or appropriate in making its review.

9.4 Decision on Review. The Committee will act on each request for review within sixty (60) days after receipt of the request, unless special circumstances require an extension of time (not to exceed an additional sixty (60) days), for processing the request for a review. If an extension for review is required, written notice of the extension will be furnished to the applicant within the initial sixty (60) day period. The Committee will give prompt, written notice of its decision to the applicant. In the event that the Committee confirms the denial of the application for benefits in whole or in part, the notice will outline, in a manner calculated to be understood by the applicant, the specific Plan provisions upon which the decision is based. If written notice of the Committee's decision is not given to the applicant within the time prescribed in this Section 9.4, the application will be deemed denied on review.

9.5 Rules and Procedures. The Committee may establish rules and procedures, consistent with this Plan and with ERISA, as necessary and appropriate in carrying out its responsibilities in reviewing benefit claims. The Committee may require an applicant who wishes to submit additional information in connection with an appeal from the denial (or deemed denial) of benefits to do so at the applicant's own expense.

9.6 Exhaustion of Remedies. No legal action for benefits under this Plan may be brought until the claimant (a) has submitted a written application for benefits in accordance with the procedures described by Section 9.1 above, (b) has been notified by the Committee that the application is denied (or the application is deemed denied due to the Committee's failure to act on it within the established time period), (c) has filed a written request for a review of the application in accordance with the appeal procedure described in Section 9.3 above, and (d) has been notified in writing that the Committee has denied the appeal (or the appeal is deemed denied due to the Committee's failure to take any action on the claim within the time prescribed by Section 9.4 above).

9.7 Choice of Law; Venue; Jurisdiction; Waiver of Jury Trial.

(a) The construction and administration of this Plan and any dispute, claim or controversy arising under, out of, in connection with or in relation to this Plan, shall be governed by and construed in accordance with the laws of the State of New Jersey, without giving effect to any choice of law principles of such state that would require or permit the application of the laws of another jurisdiction. The Participant and the Company (on behalf of itself and its Affiliates) each consent to the personal jurisdiction of, and venue in, any state or federal court located in the State of New Jersey in the event of any dispute, claim or controversy arising under, out of, in connection with or in relation to this Plan, and each waives any other requirement (whether imposed by statute, rule of court, or otherwise) with respect to personal jurisdiction or venue and waives any objection to jurisdiction or venue based on improper venue or improper jurisdiction or venue.

(b) EACH OF THE COMPANY AND THE PARTICIPANT HEREBY IRREVOCABLY WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING INVOLVING ANY DISPUTE ARISING UNDER, OUT OF, IN CONNECTION WITH OR IN RELATION TO THIS PLAN.



AUTOMATIC DATA PROCESSING, INC. 2008 OMNIBUS AWARD PLAN
FORM OF PERFORMANCE STOCK UNIT AWARD AGREEMENT

AUTOMATIC DATA PROCESSING, INC. (the “Company”), pursuant to the 2008 Omnibus Award Plan (the “Plan”), hereby irrevocably grants you (“Participant”), on [DATE] (the “Grant Date”), a Performance Stock Unit Award (the “Award”) of forfeitable performance stock units of the Company (“PSUs”), each PSU representing the right to receive one share of the Company’s common stock, par value \$0.10 per share (“Common Stock”), subject to the restrictions, terms and conditions herein.

WHEREAS, Participant has been selected as a participant in the three-year performance stock unit program of the Company covering the Company’s 20[XX], 20[XX] and 20[XX] fiscal years, as described in the letter previously provided to Participant (the “PSU Award Letter”); and

WHEREAS, the Compensation Committee (the “Committee”) of the Board of Directors of the Company has determined that it would be in the best interests of the Company and its stockholders to grant the award provided for herein to Participant, on the terms and conditions described in this Performance Stock Unit Award Agreement (this “Agreement”).

NOW, THEREFORE, for and in consideration of the promises and the covenants of the parties contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, for themselves, and their permitted successors and assigns, hereby agree as follows:

1. Terms and Conditions.

(a) Award. Subject to the other terms and conditions contained in this Agreement, the actual number of PSUs that are earned, if any, pursuant to the terms and conditions of the Award will be determined by the Company (the “Total Award”) and shall be computed in accordance with Section 3 below, as a percentage of the sum of (i) the Target Number of PSUs set forth in the PSU Award Letter (the “Target Award”) plus (ii) any Dividend Equivalent PSUs (as defined below). The Total Award shall be a whole number of PSUs only.

(b) Performance Period; Measurement Period. Subject to the other terms and conditions contained in this Agreement, the performance period for the Award commenced on July 1, 20[XX] and shall terminate on June 30, 20[XX] (the “Performance Period”). During the Performance Period there will be three (3) separate measurement periods of the Company’s performance based on the Company’s earnings per share (“EPS”) growth for each of the Company’s fiscal years in the Performance Period (each such fiscal year, a “Measurement Period”).

(c) Dividend Equivalents. Until shares of Common Stock are delivered to Participant in respect of the settlement of the Award, at no time shall Participant be deemed for any purpose to be the owner of shares of Common Stock in connection with the Award and Participant shall have no right to dividends in respect of the Award; provided, however, that each time the Company pays a dividend with respect to a share of Common Stock during the period from the Grant Date to the Payout Date (as defined below), Participant shall be credited with an additional number of PSUs (the “Dividend Equivalent PSUs”) equal to (i) the quotient obtained by dividing the amount of such dividend by the Fair Market Value (as defined in the Plan) of a share of Common Stock on such date, multiplied by (ii) the Target Award.

(d) Settlement. For Participants whose home country is the United States, subject to the other terms and conditions contained in this Agreement, the Company shall settle the Award by causing one share of Common Stock for each PSU in the Total Award that is outstanding (and not previously forfeited) as of the Payout Date to be registered in the name of Participant and held in book-entry form on the Payout Date. For Participants whose home country is not the United States, subject to the other terms and conditions contained in this Agreement, the Company shall settle the Award by the payment to the Participant in cash (without interest) of an amount equal to the Fair Market Value of the PSUs (the U.S. dollar value of your PSUs will be converted into your local currency using the exchange rate determined by the Company) on the Payout Date, in each case, subject to applicable withholding taxes.

2. Forfeiture of PSUs.

(a) Termination of Employment Generally. Except as otherwise determined by the Company in its sole discretion or as provided in Section 2(b) or Section 3(d) below, all PSUs and Dividend Equivalent PSUs shall be forfeited without consideration to Participant upon Participant's termination of employment with the Company or its Affiliates for any reason (and Participant shall forfeit any rights to receive shares of Common Stock or cash in respect of the Award).

(b) Termination due to Death, Disability or Retirement. In the event that after completion of the first Measurement Period in the Performance Period but prior to the end of the Performance Period, Participant's employment with the Company is terminated due to death, Disability (as defined in the Plan) or retirement (defined for purposes of this Agreement as voluntary termination of employment at or after age 65, or age 55 with 10 years of service with the Company or its Affiliates), Participant shall be entitled to receive a pro-rata portion of the Award determined in accordance with Section 3. For the avoidance of doubt, if a Participant's employment is terminated prior to June 30, 20[XX] due to death, Disability or retirement, the Award and any rights to receive shares of Common Stock, cash and Dividend Equivalent PSUs with respect thereto, will be forfeited without consideration.

3. Performance Determinations.

(a) Subject to the other terms and conditions contained in this Agreement, prior to or during each Measurement Period, the Company will adopt a schedule setting forth for such Measurement Period potential ranges of the Company's EPS growth relative to the prior fiscal year's EPS. If Participant is employed with the Company or its Affiliates at the completion of the Performance Period, then following completion of the Performance Period the Company will determine the Total Award, calculated as the number (rounded down to the nearest whole PSU) equal to the product of (i) the Target Award plus any Dividend Equivalent PSUs and (ii) the Final Payout Percentage.

(b) If Participant's employment with the Company or its Affiliates has terminated after the first Measurement Period within the Performance Period but prior to the end of the Performance Period due to death or Disability, then as soon as administratively feasible (in the Committee's sole discretion) following such termination the Company will determine the Total Award, calculated as the number (rounded down to the nearest whole PSU) equal to the product of (i) the Target Award plus any Dividend Equivalent PSUs, (ii) the Final Payout Percentage, and (iii) the Pro-Rata Percentage.

(c) If Participant's employment with the Company and its Affiliates has terminated after the first Measurement Period within the Performance Period but prior to the end of the Performance Period due to retirement, then following completion of the Performance Period the Company will determine the Total Award, calculated as the number (rounded down to the nearest

whole PSU) equal to the product of (i) the Target Award plus any Dividend Equivalent PSUs, (ii) the Final Payout Percentage, and (iii) the Pro-Rata Percentage.

(d) If Participant's employment with the Company or its Affiliates (or any successor thereto) is terminated within 24 months following a Change in Control either (x) by the Company or its Affiliates (or any successor thereto) without Cause (as defined in the Company's Change in Control Severance Plan for Corporate Officers, as amended (the "CIC Plan")) or (y) by Participant with Good Reason (as defined in the CIC Plan), then as soon as administratively feasible following such termination by the Company or its Affiliates (or any successor thereto), the Company (or any successor thereto) will determine the Total Award, calculated as the number (rounded down to the nearest whole PSU) equal to the product of (i) the Target Award plus any Dividend Equivalent PSUs and (ii) the Final Payout Percentage.

(e) If in connection with a Change in Control the successor company, or a parent of the successor company, in the Change in Control does not agree to assume, replace, or substitute the PSUs granted hereunder (as of the consummation of such Change in Control) with PSUs on substantially identical terms, as determined by the Committee, then as of immediately prior to such Change in Control, the Company will determine the Total Award, calculated as the number (rounded down to the nearest whole PSU) equal to the product of (i) the Target Award plus any Dividend Equivalent PSUs and (ii) the Final Payout Percentage.

(f) For purposes of this Agreement:

(i) "Final Payout Percentage" is a number, expressed as a percentage, equal to the sum of each Yearly Performance Percentage during the Performance Period, divided by 3; provided, however, that if the Company's total shareholder return ("TSR") for the Performance Period is not positive, then the Final Payout Percentage shall not exceed 100% (the "TSR Cap"); provided, further, that the TSR Cap shall not apply to any Participant whose employment terminates due to death or Disability prior to completion of the Performance Period or if a Change of Control occurs prior to the completion of the Performance Period.

(ii) "Payout Date" shall be:

- September 20[XX] or as soon as administratively feasible (but not later than 60 days) thereafter if Participant remains employed with the Company or its Affiliates until the end of the Performance Period;
- September 20[XX] or as soon as administratively feasible (but not later than 60 days) thereafter if Participant's employment with the Company and its Affiliates terminates due to retirement after completion of the first Measurement Period in the Performance Period but prior to the end of the Performance Period; provided that if Participant subsequently dies or becomes Disabled during the Performance Period, the Payout Date shall be as soon as administratively feasible (but not later than 60 days) after Participant's death or Disability;
- as soon as administratively feasible (but not later than 60 days) after termination of employment if Participant's employment with the Company and its Affiliates terminates due to death or Disability after completion of the first Measurement Period in the Performance Period but prior to the end of the Performance Period, or if Section 3(d) applies; and
- immediately prior to the Change in Control if Section 3(e) applies.

(iii) “Pro-Rata Percentage” is a number, expressed as a percentage, equal to the quotient of (i) the number of completed months from July 1, 20[XX] until the date of Participant’s termination of employment, divided by (ii) 36.

(iv) “Yearly Performance Percentage” is a number, expressed as a percentage, determined by the Company using straight line interpolation between the low and high of the EPS growth range for each Measurement Period based upon the Company’s actual EPS growth for such Measurement Period; provided, that if Participant’s employment with the Company and its Affiliates terminates due to death or Disability after completion of the first Measurement Period in the Performance Period but prior to the end of the Performance Period, the Yearly Performance Percentage will be deemed to be 100% for each Measurement Period in the Performance Period not completed prior to Participant’s termination of employment; provided, further, that if Participant’s employment with the Company and its Affiliates terminates due to retirement after completion of the first Measurement Period in the Performance Period and Participant subsequently dies or becomes Disabled prior to completion of the Performance Period, the Yearly Performance Percentage will be deemed to be 100% for each Measurement Period in the Performance Period not completed prior to Participant’s death or Disability; provided, further, that in the event of a Change in Control, then the Yearly Performance Percentage will be deemed to be 100% for each Measurement Period in the Performance Period not completed prior to such Change in Control.

(g) All determinations with respect to the Award or this Agreement by the Company or Committee, including, without limitation, determinations of EPS, EPS growth, TSR, Yearly Performance Percentage and Pro-Rata Percentage, and timing of settlements, shall be within the Company’s absolute discretion and shall be final, binding and conclusive on Participant.

4. Restrictive Covenant; Clawback; Incorporation by Reference.

(a) Restrictive Covenant. The effectiveness of the Award granted hereunder is conditioned upon the execution and delivery by Participant within ninety (90) days from the date of the Award of the restrictive covenant furnished herewith. If the Company does not receive the signed (whether electronically or otherwise) restrictive covenant within such ninety (90) day period, the Award shall be terminable by the Company.

(b) Clawback/Forfeiture. Notwithstanding anything to the contrary contained herein, the PSUs may be forfeited without consideration if Participant, as determined by the Committee in its sole discretion (i) engages in an activity that is in conflict with or adverse to the interests of the Company or any Affiliate, including but not limited to fraud or conduct contributing to any financial restatements or irregularities, or (ii) without the consent of the Company, while employed by or providing services to the Company or any Affiliate or after termination of such employment or service, violates a non-competition, non-solicitation or non-disclosure covenant or agreement between Participant and the Company or any Affiliate. If Participant engages in any activity referred to in the preceding sentence, Participant shall, at the sole discretion of the Committee, forfeit any gain realized in respect of the PSUs (which gain shall be deemed to be an amount equal to the Fair Market Value, on the applicable Payout Date, of the shares of Common Stock or cash delivered to Participant under this Award), and repay such gain to the Company.

(c) Incorporation by Reference, Etc. The provisions of the Plan are hereby incorporated herein by reference. Except as otherwise expressly set forth herein, this Agreement shall be construed in accordance with the provisions of the Plan and any capitalized terms not otherwise defined in this Agreement shall have the definitions set forth in the Plan. In the event of any inconsistency between this Agreement and the terms of the CIC Plan that would otherwise apply to the PSUs herein granted, the terms of this Agreement shall control. For the avoidance of doubt: (1) the terms of Section 1.2 of the CIC Plan shall not apply to the PSUs granted under this Agreement, and (2) any acceleration

of vesting of the PSUs herein granted shall be deemed to be accelerated under the terms of the CIC Plan for purposes of Section 1.3 of the CIC Plan.

5. Compliance with Legal Requirements. The granting and delivery of the Award, and any other obligations of the Company under this Agreement, shall be subject to all applicable federal, state, local and foreign laws, rules and regulations and to such approvals by any regulatory or governmental agency as may be required.
6. Transferability. No PSUs may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by a Participant other than by will or by the laws of descent and distribution and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or an Affiliate.
7. Miscellaneous.

(a) Waiver. Any right of the Company contained in this Agreement may be waived in writing by the Committee. No waiver of any right hereunder by any party shall operate as a waiver of any other right, or as a waiver of the same right with respect to any subsequent occasion for its exercise, or as a waiver of any right to damages. No waiver by any party of any breach of this Agreement shall be held to constitute a waiver of any other breach or a waiver of the continuation of the same breach.

(b) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law.

(c) No Right to Employment. Nothing contained in this Agreement shall be construed as giving Participant any right to be retained, in any position, as an employee, consultant or director of the Company or its Affiliates or shall interfere with or restrict in any way the right of the Company or its Affiliates, which are hereby expressly reserved, to remove, terminate or discharge Participant with or without cause at any time for any reason whatsoever. Although over the course of employment terms and conditions of employment may change, the at-will term of employment will not change.

(d) Successors. The terms of this Agreement shall be binding upon and inure to the benefit of the Company, its successors and assigns, Participant and Participant's beneficiaries, executors, administrators, heirs and successors.

(e) Entire Agreement. This Agreement and the Plan contain the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and supersede all prior communications, representations and negotiations in respect thereto. No change or modification of any provision of this Agreement shall be valid unless the same be in writing and signed by the parties hereto, except for any changes permitted without consent of Participant under the Plan.

(f) Governing Law. This Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware without regard to principles of conflicts of law thereof, or principles of conflicts of laws of any other jurisdiction which could cause the application of the laws of any jurisdiction other than the State of Delaware.

(g) Headings. The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Agreement.

AUTOMATIC DATA PROCESSING, INC.



AUTOMATIC DATA PROCESSING, INC. 2008 OMNIBUS AWARD PLAN
RESTRICTED STOCK AWARD AGREEMENT

AUTOMATIC DATA PROCESSING, INC. (the “Company”), pursuant to the 2008 Omnibus Award Plan (the “Plan”), hereby irrevocably grants you (the “Participant”), on [DATE], a Restricted Stock Award (the “Restricted Stock Award”) of forfeitable shares of the Company’s Common Stock, par value \$0.10 per share (“Restricted Stock”), subject to the restrictions, terms and conditions herein.

WHEREAS, the Compensation Committee (the “Committee”) of the Board of Directors of the Company has determined that it would be in the best interests of the Company and its stockholders to grant the award of Restricted Stock provided for herein to the Participant, on the terms and conditions described in this Restricted Stock Award Agreement (this “Agreement”).

NOW, THEREFORE, for and in consideration of the promises and the covenants of the parties contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, for themselves, and their permitted successors and assigns, hereby agree as follows:

1. Terms and Conditions.

(a) Vesting. Subject to the other terms and conditions contained in this Agreement, the Restricted Period with respect to your shares of Restricted Stock shall lapse on [VESTING DATE]; provided, however, that if your employment with the Company or its Affiliates (or any successor thereto) is terminated within 24 months following a Change in Control either (x) by the Company or its Affiliates (or any successor thereto) without Cause (as defined in the Company’s Change in Control Severance Plan for Corporate Officers, as amended (the “CIC Plan”)) or (y) by you with Good Reason (as defined in the CIC Plan), the Restricted Period with respect to your shares of Restricted Stock shall lapse as of the date of such termination. Notwithstanding the foregoing, the Restricted Period with respect to your shares of Restricted Stock shall lapse as of immediately prior to the consummation of a Change in Control, unless the successor company, or a parent of the successor company, in the Change in Control agrees to assume, replace, or substitute the Restricted Stock granted hereunder (as of the consummation of such Change in Control) with shares of restricted stock on substantially identical terms, as determined by the Committee.

(b) Book Entry. Upon the grant of Restricted Stock, the Committee shall cause share(s) of Common Stock to be registered in the name of the Participant and held in book-entry form subject to the Company’s directions.

(c) Forfeiture of Restricted Stock. Except as otherwise determined by the Committee in its sole discretion or as set forth in Section 1(a), unvested Restricted Stock shall be forfeited without consideration to the Participant upon the Participant’s termination of employment with the Company or its Affiliates for any reason.

2. Restrictive Covenant; Clawback; Incorporation by Reference.

(a) Restrictive Covenant. The effectiveness of the Restricted Stock Award granted hereunder is conditioned upon the execution and delivery by the Participant within ninety (90) days from the date of this Restricted Stock Award of the restrictive covenant furnished herewith. If the Company does not receive the signed (whether electronically or otherwise) restrictive covenant within such ninety (90) day period, this Restricted Stock Award shall be terminable by the Company.

(b) Clawback/Forfeiture. Notwithstanding anything to the contrary contained herein, the Restricted Stock may be forfeited without consideration if the Participant, as determined by the Committee in its sole discretion (i) engages in an activity that is in conflict with or adverse to the interests of the Company or any Affiliate, including but not limited to fraud or conduct contributing to any financial restatements or irregularities, or (ii) without the consent of the Company, while employed by or providing services to the Company or any Affiliate or after termination of such employment or service, violates a non-competition, non-solicitation or non-disclosure covenant or agreement between the Participant and the Company or any Affiliate. If the Participant engages in any activity referred to in the preceding sentence, the Participant shall, at the sole discretion of the Committee, forfeit any gain realized in respect of the Restricted Stock (which gain shall

be deemed to be an amount equal to the Fair Market Value, on the applicable vesting date, of the shares of Common Stock delivered to the Participant), and repay such gain to the Company.

(c) Incorporation by Reference, Etc. The provisions of the Plan are hereby incorporated herein by reference. Except as otherwise expressly set forth herein, this Agreement shall be construed in accordance with the provisions of the Plan and any capitalized terms not otherwise defined in this Agreement shall have the definitions set forth in the Plan. In the event of any inconsistency between this Agreement and the terms of the CIC Plan that would otherwise apply to the Restricted Stock herein granted, the terms of this Agreement shall control. For the avoidance of doubt: (1) the terms of Section 1.2 of the CIC Plan shall not apply to the Restricted Stock granted under this Agreement, and (2) any acceleration of vesting of the Restricted Stock herein granted shall be deemed to be accelerated under the terms of the CIC Plan for purposes of Section 1.3 of the CIC Plan.

3. Compliance with Legal Requirements. The granting and delivery of the Restricted Stock Award, and any other obligations of the Company under this Agreement, shall be subject to all applicable federal, state, local and foreign laws, rules and regulations and to such approvals by any regulatory or governmental agency as may be required.

4. Transferability. Until it has vested in accordance with Section 1, no share of Restricted Stock may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by a Participant other than by will or by the laws of descent and distribution and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or any Affiliate.

5. Miscellaneous.

(a) Waiver. Any right of the Company contained in this Agreement may be waived in writing by the Committee. No waiver of any right hereunder by any party shall operate as a waiver of any other right, or as a waiver of the same right with respect to any subsequent occasion for its exercise, or as a waiver of any right to damages. No waiver by any party of any breach of this Agreement shall be held to constitute a waiver of any other breach or a waiver of the continuation of the same breach.

(b) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law.

(c) No Right to Employment. Nothing contained in this Agreement shall be construed as giving the Participant any right to be retained, in any position, as an employee, consultant or director of the Company or its Affiliates or shall interfere with or restrict in any way the right of the Company or its Affiliates, which are hereby expressly reserved, to remove, terminate or discharge the Participant with or without cause at any time for any reason whatsoever. Although over the course of employment terms and conditions of employment may change, the at-will term of employment will not change.

(d) Successors. The terms of this Agreement shall be binding upon and inure to the benefit of the Company, its successors and assigns, the Participant and the beneficiaries, executors, administrators, heirs and successors of the Participant.

(e) Entire Agreement. This Agreement and the Plan contain the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and supersede all prior communications, representations and negotiations in respect thereto. No change or modification of any provision of this Agreement shall be valid unless the same be in writing and signed by the parties hereto, except for any changes permitted without consent of the Participant under the Plan.

(f) Governing Law. This Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware without regard to principles of conflicts of law thereof, or principles of conflicts of laws of any other jurisdiction which could cause the application of the laws of any jurisdiction other than the State of Delaware.

(g) Headings. The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Agreement.



Non-Qualified
[DATE]

AUTOMATIC DATA PROCESSING, INC. 2008 OMNIBUS AWARD PLAN
STOCK OPTION GRANT AGREEMENT

AUTOMATIC DATA PROCESSING, INC. (the “Company”), pursuant to the 2008 Omnibus Award Plan (the “Plan”), hereby irrevocably grants you (the “Participant”), on [DATE] the right and option to purchase shares of the Common Stock, par value \$0.10 per share, of the Company subject to the restrictions, terms and conditions herein.

WHEREAS, the Compensation Committee (the “Committee”) of the Board of Directors of the Company (the “Board”) has determined that it would be in the best interests of the Company and its stockholders to grant the award of options provided for herein to the Participant, on the terms and conditions described in this Stock Option Grant Agreement (this “Agreement”).

NOW, THEREFORE, for and in consideration of the premises and the covenants of the parties contained in this Agreement, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto, for themselves, their successors and assigns, hereby agree as follows:

1. The option herein granted shall become exercisable in whole or in part as follows:
 - (a) Exercisable as to [**Vesting 1**] of the shares (rounded down to the nearest whole share) on [**Date 1**] .
 - (b) Exercisable as to an additional [**Vesting 2**] of the shares (rounded down to the nearest whole share) on [**Date 2**] .
 - (c) Exercisable as to an additional [**Vesting 3**] of the shares (rounded down to the nearest whole share) on [**Date 3**] .
 - (d) Exercisable in its entirety on and after [**Date 4**] ; and
 - (e) Exercisable in its entirety (*i*) upon the death of the Participant, or (*ii*) in the event of total and permanent disability of the Participant.
 - (f) If the Participant retires from the Company at any time following the first anniversary of this Agreement and at such time satisfies the Normal Retirement Criteria, the option herein granted shall continue to become exercisable as set forth in clauses (b) through (d) of this Section 1. The Normal Retirement Criteria will be satisfied if the Participant shall (*i*) retire (*and satisfy the Company’s criteria for retirement at such time*) from the Company or any of its subsidiaries, divisions or business units, as the case may be, (*ii*) be at least 55 years of age at the time of such retirement, and (*iii*) have at least ten credited years of service with the Company or its subsidiaries at the time of such retirement.
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- (g) If a Participant who at the time of retirement satisfies the Normal Retirement Criteria subsequently dies or becomes totally and permanently disabled before such Participant's option herein granted becomes exercisable in its entirety as set forth in clause (d) of this Section 1, the option herein granted shall become exercisable as set forth in clause (e) of this Section 1.
 - (h) If a Participant who at the time of retirement satisfies the criteria set forth in Section 2(b)(iv) subsequently dies or becomes totally and permanently disabled before the expiration of 12 months after the retirement of the Participant, such Participant's option herein granted shall become exercisable as set forth in clause (e) of this Section 1.
 - (i) If, within 24 months following a Change in Control, the Participant's employment with the Company or its Affiliates (or any successor thereto) is terminated either (x) by the Company or its Affiliates (or any successor thereto) without Cause (as defined in the Company's Change in Control Severance Plan for Corporate Officers, as amended (the "CIC Plan")) or (y) by the Participant with Good Reason (as defined in the CIC Plan), the option granted hereunder shall become exercisable in its entirety as of the date of such termination.
 - (j) Except as provided in clauses (f) through (i) of this Section 1 or as the Committee may otherwise determine in its sole discretion, no option herein granted shall become exercisable following termination of the Participant's employment from the Company or any of its subsidiaries (and no option herein granted shall become exercisable following the Company's sale of the subsidiary, or the Company's or a subsidiary's sale of the division or business unit, that employs such Participant).
 - (k) Notwithstanding clause (i) of this Section 1, the option granted hereunder shall become exercisable in its entirety as of immediately prior to the consummation of a Change in Control, unless the successor company, or a parent of the successor company in the Change in Control agrees to assume, replace, or substitute the option granted hereunder (as of the consummation of such Change in Control) with an option on substantially identical terms, as determined by the Committee.
2. The unexercised portion of the option herein granted shall automatically and without notice terminate and become null and void at the time of the earliest of the following to occur:
- (a) the expiration of ten years from the date on which the option was granted;
 - (b) the expiration of 60 days from the date of termination of the Participant's employment from the Company (including in connection with the sale of the subsidiary, division or business unit that employs such Participant) or any of its subsidiaries; *provided, however*, that
 - (i) if the Participant's employment from the Company or any of its subsidiaries terminates because of total and permanent disability, the provisions of sub-paragraph (c) shall apply,
 - (ii) if the Participant shall die during employment by the Company or any of its subsidiaries or during the 60-day period following the date of termination of such employment, the provisions of sub-paragraph (d) below shall apply,
 - (iii) if the Participant shall retire and satisfy the Normal Retirement Criteria, the provisions of sub-paragraph (e) below shall apply, and
 - (iv) if the Participant shall (I) retire (and satisfy the Company's criteria for retirement at such time) from the Company or any of its subsidiaries, divisions or business units, as the case may be, (II) be at least 55 years of age at the time of such retirement, and (III) have at least five (but less than ten) credited years of service with the Company and its subsidiaries at the time of such retirement, the provisions of sub-paragraph (f) below shall apply;

- (c) if Section 2(b)(i) applies, (i) if the Participant satisfied the Normal Retirement Criteria at the time of Participant's total and permanent disability, the expiration of 36 months after termination of Participant's employment from the Company or any of its subsidiaries because of total and permanent disability, or (ii) if the Participant did not satisfy the Normal Retirement Criteria at the time of Participant's total and permanent disability, the expiration of 12 months after termination of Participant's employment from the Company or any of its subsidiaries because of total and permanent disability; *provided, however*, that if the Participant shall die during the 36-month period specified in clause (i) of this Section 2(c) or the 12-month period specified in clause (ii) of this Section 2(c), as applicable, then the unexercised portion shall become null and void upon the expiration of 12 months after death of the Participant;
 - (d) if Section 2(b)(ii) applies, (i) if the Participant satisfied the Normal Retirement Criteria at the time of death, the expiration of 36 months after death of the Participant, or (ii) if the Participant did not satisfy the Normal Retirement Criteria at the time of death, 12 months after death of the Participant;
 - (e) if Section 2(b)(iii) applies, the expiration of 37 months after the retirement of the Participant; *provided, however*, that if such Participant shall die during the 37 month period following the date of such Participant's retirement, then the unexercised portion shall become null and void on the later of (i) the expiration of 37 months after the retirement of the Participant and (ii) 12 months after death of the Participant; and
 - (f) if Section 2(b)(iv) applies, the expiration of 12 months after the retirement of the Participant; *provided, however*, that if such Participant shall die during the 12 month period following the date of such Participant's retirement, then the unexercised portion shall become null and void on the expiration of 12 months after death of the Participant.
3. Notwithstanding the foregoing, in the event that any unexercised portion of the option herein granted would terminate and become null and void in accordance with Section 2 and the Fair Market Value of the unexercised portion of the option herein granted exceeds the full price for each of the shares purchased pursuant to such option, the then vested portion of the option herein granted shall be deemed to be automatically exercised by the Participant on such last trading day by means of a net exercise without any action by the Participant. Upon such automatic exercise, the Company shall deliver to the Participant the number of shares of Common Stock for which the option was deemed exercised less the number of shares of Common Stock having a Fair Market Value, as of such date, sufficient to (1) pay the full price for each of the shares of Common Stock purchased pursuant to the option herein granted and (2) satisfy all applicable required tax withholding obligations. Any fractional share shall be settled in cash. For the avoidance of doubt, and notwithstanding any provision (or interpretation) of Section 2 to the contrary, the unexercised portion of the option herein granted shall automatically and without notice terminate and become null and void upon the expiration of ten years from the date of this Agreement.
4. The full price for each of the shares purchased pursuant to the option herein granted shall be \$ **XX.XX** .
5. Full payment for shares purchased by the Participant shall be made at the time of the exercise of the option in whole or in part. No shares shall be issued until full payment therefore has been made, and the Participant shall have none of the rights of a shareholder with respect to any shares subject to this option until such shares shall have been issued.
6. No option granted hereunder may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by a Participant other than by will or by the laws of descent and distribution and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or any Affiliate.
7. In the event of one or more stock splits, stock dividends, stock changes, reclassifications, recapitalizations or combinations of shares prior to complete exercise of the option herein granted which change the character or amount of the shares subject to the option, this option to the extent that it shall not have been exercised, shall entitle the Participant or the Participant's executors or administrators to receive in substitution such number and kind of shares as he, she or they would have been entitled to receive if the Participant or the Participant's executors or

administrators had actually owned the shares subject to this option at the time of the occurrence of such change; *provided, however* that if the change is of such nature that the Participant or the Participant's executors or administrators, upon exercise of the option, would receive property other than shares of stock, then the Board shall adjust the option so that he, she or they shall acquire only shares of stock upon exercise, making such adjustment in the number and kind of shares to be received as the Board shall, in its sole judgment, deem equitable; *provided, further*, that the foregoing shall not limit the Company's ability to otherwise adjust the option in a manner consistent with Section 12 of the Plan.

8. The effectiveness of the option granted hereunder is conditioned upon (i) the Participant having executed and delivered to the Company in connection with previous stock option grants a restrictive covenant, or (ii) the execution and delivery by the Participant within six months from the date of this Agreement of the restrictive covenant furnished herewith. If the Company does not receive the signed (whether electronically or otherwise) restrictive covenant within such six-month period, this Agreement shall be terminable by the Company.
9. Notwithstanding anything to the contrary contained herein, the option granted hereunder may be terminated and become null and void without consideration if the Participant, as determined by the Committee in its sole discretion (i) engages in an activity that is in conflict with or adverse to the interests of the Company or any Affiliate, including but not limited to fraud or conduct contributing to any financial restatements or irregularities, or (ii) without the consent of the Company, while employed by or providing services to the Company or any Affiliate or after termination of such employment or service, violates a non-competition, non-solicitation or non-disclosure covenant or agreement between the Participant and the Company or any Affiliate. If the Participant engages in any activity referred to in the preceding sentence, the Participant shall, at the sole discretion of the Committee, forfeit any gain realized in respect of the option granted hereunder (which gain shall be deemed to be an amount equal to the difference between the price for shares set forth in Section 4 above and the Fair Market Value (as defined in the Plan), on the applicable exercise date, of the shares of Common Stock for which the option was exercised), and repay such gain to the Company.
10. The provisions of the Plan are hereby incorporated herein by reference. Except as otherwise expressly set forth herein, this Agreement shall be construed in accordance with the provisions of the Plan and any capitalized terms not otherwise defined in this Agreement shall have the definitions set forth in the Plan. In the event of any inconsistency between this Agreement and the terms of the CIC Plan that would otherwise apply to the option herein granted, the terms of this Agreement shall control. For the avoidance of doubt: (1) the terms of Section 1.2 of the CIC Plan shall not apply to the option granted under this Agreement, and (2) any acceleration of vesting of the option herein granted shall be deemed to be accelerated under the terms of the CIC Plan for purposes of Section 1.3 of the CIC Plan.
11. Any right of the Company contained in this Agreement may be waived in writing by the Committee. No waiver of any right hereunder by any party shall operate as a waiver of any other right, or as a waiver of the same right with respect to any subsequent occasion for its exercise, or as a waiver of any right to damages. No waiver by any party of any breach of this Agreement shall be held to constitute a waiver of any other breach or a waiver of the continuation of the same breach.
12. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law.
13. Nothing contained in this Agreement shall be construed as giving the Participant any right to be retained, in any position, as an employee, consultant or director of the Company or its Affiliates or shall interfere with or restrict in any way the right of the Company or its Affiliates, which are hereby expressly reserved, to remove, terminate or discharge the Participant with or without cause at any time for any reason whatsoever. Although over the course of employment terms and conditions of employment may change, the at-will term of employment will not change.
14. The terms of this Agreement shall be binding upon and inure to the benefit of the Company, its successors and assigns, the Participant and the beneficiaries, executors, administrators, heirs and successors of the Participant.

15. This Agreement and the Plan contain the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and supersede all prior communications, representations and negotiations in respect thereto. No change or modification of any provision of this Agreement shall be valid unless the same be in writing and signed by the parties hereto, except for any changes permitted without consent of the Participant under the Plan.
16. This Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware without regard to principles of conflicts of law thereof, or principles of conflicts of laws of any other jurisdiction which could cause the application of the laws of any jurisdiction other than the State of Delaware.

By: _____
[Name]
[Title]

Certification Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934

I, Carlos A. Rodriguez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Automatic Data Processing, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2015

/s/ Carlos A. Rodriguez

Carlos A. Rodriguez

President and Chief Executive Officer

Certification Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934

I, Jan Siegmund, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Automatic Data Processing, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2015

/s/ Jan Siegmund

Jan Siegmund

Chief Financial Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Automatic Data Processing, Inc. (the "Company") on Form 10-Q for the fiscal quarter ended March 31, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Carlos A. Rodriguez, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: May 6, 2015

/s/ Carlos A. Rodriguez

Carlos A. Rodriguez

President and Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Automatic Data Processing, Inc. (the "Company") on Form 10-Q for the fiscal quarter ended March 31, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jan Siegmund, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: May 6, 2015

/s/ Jan Siegmund

Jan Siegmund

Chief Financial Officer