

AUTOMATIC DATA PROCESSING INC
Form PREC14A
August 22, 2017
Table of Contents

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant [X]
Filed by a Party other than the Registrant []

Check the appropriate box:

- [X] Preliminary Proxy Statement
 [] **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
 [] Definitive Proxy Statement
 [] Definitive Additional Materials
 [] Soliciting Material Pursuant to §240.14a-12

Automatic Data Processing, Inc.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- [X] No fee required.
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- 2) Aggregate number of securities to which transaction applies:
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-

Table of Contents

AUTOMATIC DATA PROCESSING, INC.

One ADP Boulevard
Roseland, New Jersey 07068

Preliminary Proxy Statement Subject to Completion

Notice of 2017 Annual Meeting of Stockholders

The 2017 Annual Meeting of Stockholders of Automatic Data Processing, Inc. will take place at [], Eastern Standard Time, [], 2017 at [].

The proxy statement for the 2017 Annual Meeting of Stockholders and accompanying **WHITE** proxy card is first being mailed to stockholders on or about [], 2017.

The purposes of the meeting are to:

1. Elect a board of directors;
2. Hold an advisory vote on executive compensation;
3. Hold an advisory vote on the frequency of the executive compensation advisory vote;
4. Ratify the appointment of Deloitte & Touche LLP, an independent registered public accounting firm, as our independent certified public accountants for fiscal year 2018;
5. Act upon a stockholder proposal submitted by Pershing Square, L.P. (together with its affiliates and related parties, Pershing Square) to repeal certain provisions or amendments to the amended and restated by-laws of the company adopted without stockholder approval after August 2, 2016 and up to and including the date of the 2017 Annual Meeting (the Pershing Square proposal), if properly introduced at the 2017 Annual Meeting; and
6. Transact any other business that may properly come before the meeting or any adjournment(s) thereof.

Please note that Pershing Square has provided notice to the company of its intent to nominate a slate of three nominees (each, a Pershing Square nominee and, collectively, the Pershing Square nominees) for election as directors at the 2017 Annual Meeting in opposition to the nominees proposed by our board of directors. You may receive solicitation materials from Pershing Square, including proxy statements and proxy cards. We are not responsible for the accuracy of any information provided by or relating to Pershing Square or its nominees contained in solicitation materials filed or disseminated by or on behalf of Pershing Square or any other statements Pershing Square or its representatives may make.

The board of directors does NOT endorse any Pershing Square nominee and unanimously recommends that you vote FOR the election of each of the nominees proposed by the board of directors and AGAINST the Pershing Square proposal. Our board of directors strongly urges you not to sign or return any proxy card sent to you by Pershing Square. If you have previously submitted a proxy card sent to you by Pershing Square, you can revoke that proxy and vote for our board's nominees and on the other matters to be voted on at the meeting by using the enclosed WHITE proxy card.

Only stockholders of record at the close of business on September 8, 2017 are entitled to receive notice of, to attend, and to vote at the meeting. **If you plan to attend the meeting in person, please note the admission procedures described under How Can I Attend the Meeting? on page 1 of the proxy statement.**

Table of Contents

It is extremely important that your shares be represented and voted at the 2017 Annual Meeting. **Whether or not you plan to attend the Annual Meeting, please vote as soon as possible. You are urged to date, sign and return the WHITE proxy card in the envelope provided to you, or to use the telephone or Internet method of voting described on your WHITE proxy card, even if you plan to attend the 2017 Annual Meeting, so that if you are unable to attend the 2017 Annual Meeting, your shares can be voted. Voting now will not limit your right to change your vote or to attend the 2017 Annual Meeting.** If you should be present at the meeting and desire to vote in person, you may withdraw your proxy. If your shares are held in the name of a broker, bank or other holder of record, follow the voting instructions you received from the holder of record in order to vote your shares.

By order of the Board of Directors

MICHAEL A. BONARTI
Secretary

[], 2017
Roseland, New Jersey

If you have any questions or require any assistance with voting your shares, please contact our proxy solicitor at the contact listed below:

Innisfree M&A Incorporated
Stockholders may call toll-free (877) 750-0510
Banks and brokers may call collect at (212) 750-5833

Neither the Securities and Exchange Commission (the SEC) nor any state securities regulatory agency has passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.

Table of Contents

TABLE OF CONTENTS

	Page
<u>2017 Proxy Statement Summary</u>	<u>i</u>
<u>Questions and Answers About the Annual Meeting and Voting</u>	<u>1</u>
<u>Background to the Solicitation</u>	<u>10</u>
<u>Proposal 1 Election of Directors</u>	<u>15</u>
<u>Stockholder Approval Required</u>	<u>22</u>
<u>Corporate Governance</u>	<u>23</u>
<u>Board Leadership Structure</u>	<u>23</u>
<u>Board Composition and Director Succession Planning</u>	<u>23</u>
<u>Director Nomination Process</u>	<u>24</u>
<u>Retirement Policy</u>	<u>25</u>
<u>Committees of the Board of Directors</u>	<u>25</u>
<u>Audit Committee</u>	<u>26</u>
<u>Nominating/Corporate Governance Committee</u>	<u>26</u>
<u>Compensation Committee</u>	<u>27</u>
<u>Corporate Development and Technology Advisory Committee</u>	<u>27</u>
<u>The Board's Role in Risk Oversight</u>	<u>28</u>
<u>Communications with All Interested Parties</u>	<u>29</u>
<u>Transactions with Related Persons</u>	<u>29</u>
<u>Availability of Corporate Governance Documents</u>	<u>30</u>
<u>Compensation Committee Interlocks and Insider Participation</u>	<u>30</u>
<u>Compensation of Non-Employee Directors</u>	<u>31</u>
<u>Director Compensation Table For Fiscal Year 2017</u>	<u>32</u>
<u>Security Ownership of Certain Beneficial Owners and Management</u>	<u>34</u>
<u>Equity Compensation Plan Information</u>	<u>35</u>
<u>Proposal 2 Advisory Vote on Executive Compensation</u>	<u>36</u>
<u>Stockholder Approval Required</u>	<u>36</u>
<u>Proposal 3 Advisory Vote on Frequency of the Executive Compensation Advisory Vote</u>	<u>37</u>
<u>Stockholder Approval Required</u>	<u>37</u>
<u>Compensation Discussion and Analysis</u>	<u>38</u>
<u>Executive Summary</u>	<u>38</u>
<u>Compensation Principles</u>	<u>44</u>
<u>Cash Compensation</u>	<u>48</u>
<u>Long-Term Incentive Compensation Programs</u>	<u>51</u>
<u>Other Compensation Components and Considerations</u>	<u>54</u>
<u>Compensation Committee Report</u>	<u>57</u>

Table of Contents

<u>Compensation of Executive Officers</u>	<u>58</u>
<u>Summary Compensation Table for Fiscal Year 2017</u>	<u>58</u>
<u>All Other Compensation for Fiscal Year 2017</u>	<u>59</u>
<u>Grants of Plan-Based Awards Table for Fiscal Year 2017</u>	<u>60</u>
<u>Restricted Stock/Performance Stock Units</u>	<u>61</u>
<u>Stock Options</u>	<u>62</u>
<u>Outstanding Equity Awards for Fiscal Year-End 2017</u>	<u>63</u>
<u>Outstanding Equity Vesting Schedule for Fiscal Year-End 2017</u>	<u>65</u>
<u>Option Exercises and Stock Vested Table for Fiscal Year 2017</u>	<u>67</u>
<u>Pension Benefits for Fiscal Year 2017</u>	<u>68</u>
<u>Automatic Data Processing, Inc. Pension Retirement Plan</u>	<u>69</u>
<u>Supplemental Officers Retirement Plan</u>	<u>69</u>
<u>Deferred Compensation Program</u>	<u>70</u>
<u>Non-Qualified Deferred Compensation for Fiscal Year 2017</u>	<u>71</u>
<u>Potential Payments to Named Executive Officers Upon Termination or Change in Control</u>	<u>72</u>
<u>Change in Control Severance Plan for Corporate Officers</u>	<u>72</u>
<u>Corporate Officer Severance Plan</u>	<u>73</u>
<u>Health Coverage</u>	<u>74</u>
<u>Deferred Compensation</u>	<u>74</u>
<u>Termination and Change in Control Tables</u>	<u>74</u>
<u>Potential Payments upon Termination or Change in Control for Carlos A. Rodriguez</u>	<u>75</u>
<u>Potential Payments upon Termination or Change in Control for Jan Siegmund</u>	<u>76</u>
<u>Potential Payments upon Termination or Change in Control for Edward B. Flynn</u>	<u>77</u>
<u>Potential Payments upon Termination or Change in Control for Michael A. Bonarti</u>	<u>78</u>
<u>Potential Payments upon Termination or Change in Control for Dermot J. O'Brien</u>	<u>79</u>
<u>Audit Committee Report</u>	<u>80</u>
<u>Independent Registered Public Accounting Firm's Fees</u>	<u>82</u>
<u>Proposal 4 Appointment of Independent Registered Public Accounting Firm</u>	<u>83</u>
<u>Stockholder Approval Required</u>	<u>83</u>
<u>Proposal 5 Stockholder Proposal to Repeal Certain Provisions of or Amendments to the By-Laws of the Company Adopted since August 2, 2016</u>	<u>84</u>
<u>Stockholder Approval Required</u>	<u>84</u>
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	<u>86</u>
<u>Stockholder Proposals</u>	<u>86</u>
<u>Electronic Delivery of Future Stockholder Communications</u>	<u>88</u>
<u>Annex A: Supplemental Information Regarding Participants</u>	<u>A-1</u>

Table of Contents

2017 Proxy Statement Summary

Preliminary Proxy Statement Subject to Completion

This summary highlights certain information contained elsewhere in the proxy statement. This summary does not contain all of the information that you should consider. You should read the entire proxy statement carefully before voting.

2017 Annual Meeting of Stockholders

Time and Date [] Eastern Standard Time, [], 2017

Place []

Record Date Stockholders of record at the close of business on September 8, 2017 are entitled to vote at the meeting in person or by proxy.

Admission Admission to the meeting is restricted to stockholders and/or their designated representatives. All stockholders will be required to show valid picture identification in order to be admitted to the meeting.

Proxy Materials This proxy statement and the accompanying **WHITE** proxy card were first mailed to our stockholders on or about [], 2017.

How to Vote It is important that your shares be represented and voted at the Annual Meeting. **Whether or not you plan to attend the 2017 Annual Meeting, please vote as soon as possible. You are urged to date, sign and return the WHITE proxy card in the envelope provided to you, or to use the telephone or Internet method of voting described on your WHITE proxy card, even if you plan to attend the 2017 Annual Meeting, so that if you are unable to attend the 2017 Annual Meeting, your shares can be voted. Voting now will not limit your right to change your vote or to attend the 2017 Annual Meeting.** If you should be present at the meeting and desire to vote in person, you may withdraw your proxy. If your shares are held in the name of a broker, bank or other holder of record, follow the voting instructions you received from the holder of record in order to vote your shares.

Voting Matters and Board Voting Recommendations

Proposal	Board Recommendation	Page Reference For More Detail
Proposal 1: Election of directors	For Each Nominee	Nominated Herein 15
Proposal 2: Advisory resolution to approve compensation of named executive officers Advisory vote to approve the frequency of the executive compensation	For	36
Proposal 3: advisory vote Ratification of Deloitte & Touche LLP as our independent registered public	One Year	37
Proposal 4: accounting firm for fiscal year 2018 Stockholder proposal to repeal certain provisions of or amendments to the amended and restated by-laws of the company adopted since August 2, 2016 and up to and including the date of the 2017 Annual Meeting, if	For	83
Proposal 5: properly introduced at the 2017 Annual Meeting	Against	84

Table of Contents**2017 Proxy Statement Summary
Proposals Requiring Your Vote**

The following five proposals will be presented at the 2017 Annual Meeting for your vote. When voting by Internet or telephone, you will be instructed as to how you may cast your vote on these proposals. If you received a printed copy of your proxy materials, space is provided on the **WHITE** proxy card to vote for or to withhold authority to vote for any or all of the director candidates in Proposal 1, for, against or abstain from voting on each of Proposals 2, 4 and 5, and to vote for a frequency of one, two or three years, or to abstain from voting on Proposal 3.

The board of directors recommends a vote FOR the election of the nominees in Proposal 1, FOR Proposals 2, and 4, ONE YEAR on Proposal 3, and AGAINST Proposal 5 on your WHITE proxy card.

Election of Directors (Proposal 1)

The board of directors has nominated the following current directors for re-election as directors. Please refer to page 15 in this proxy statement for important information about the qualifications and experience of each of the following director nominees. Each director nominee has consented to being named in this proxy statement and has agreed to serve if elected.

Name	Age	Director Since	Principal Occupation	Independent	Committee Memberships			
					AC	CC	NCGC	CDTAC
Peter Bisson	60	2015	Retired Director and Global Leader of the High-Tech Practice at McKinsey & Company	X			X	X
Richard T. Clark	71	2011	Retired Chairman and Chief Executive Officer of Merck & Co., Inc.	X	F	C		
Eric C. Fast	68	2007	Retired Chief Executive Officer of Crane Co.	X	C, F	X		
Linda R. Gooden	64	2009	Retired Executive Vice President of Lockheed Martin Corporation Information Systems & Global Solutions	X	F			C
Michael P. Gregoire	51	2014	Chief Executive Officer and Director of CA Technologies	X			X	X
R. Glenn Hubbard	59	2004	Dean of Columbia University's Graduate School of Business	X		X	C	
John P. Jones (Board Chairman)	66	2005	Retired Chairman and Chief Executive Officer of Air Products and Chemicals, Inc.	X				
William J. Ready	37	2016	Executive Vice President, Chief Operating Officer, PayPal	X			X	X
Carlos A. Rodriguez	53	2011	President and Chief Executive Officer of Automatic Data Processing, Inc.					
Sandra S. Wijnberg	61	2016	Executive Advisor, and Former Partner and Chief Administrative Officer of Aquiline Holdings	X	F			X

AC Audit Committee
CC Compensation Committee
NCGC Nominating / Corporate Governance Committee
CDTAC Corporate Development and Technology Advisory Committee
C Committee Chair
F Financial Expert

Table of Contents

2017 Proxy Statement Summary
Board Nominee Highlights

9 of 10 director nominees are independent.

DIRECTOR AGE

As of our 2017 Annual Meeting, the average age of our director nominees is 59 years.

We believe our board composition strikes a balanced approach to director tenure and allows the board to benefit from a mix of newer directors who bring fresh perspectives and seasoned directors who bring continuity and a deep understanding of our complex business. We have added four new directors since 2014. As of our 2017 Annual Meeting, the average tenure of our independent directors is 6.8 years.

Director Skills & Expertise

Our director nominees bring to the board a balance of the following skills and expertise:

Table of Contents

2017 Proxy Statement Summary

The board of directors recommends that you vote on the WHITE proxy card or by Internet or telephone as set forth on the WHITE proxy card FOR the election of each of our nominees to serve as directors of the company until the 2018 Annual Meeting of Stockholders, or, in each case, until their successors are duly elected and qualified.

Pershing Square has notified the company of its intent to nominate its slate of three nominees for election as directors at the 2017 Annual Meeting. As a result, the election of directors is considered a contested election as defined in the company's amended and restated by-laws, and the ten nominees receiving the highest number of FOR votes will be elected. "Withheld" votes will be counted as present for the purposes of this vote but are not counted as votes cast. Broker non-votes, if any, will be counted as present, but are not entitled to vote on this proposal.

Our board of directors does not endorse any Pershing Square nominee and unanimously recommends that you disregard any proxy card that may be sent to you by Pershing Square. Voting to "withhold" with respect to any of Pershing Square's nominees on its proxy card is not the same as voting for our board's nominees, because a vote to "withhold" with respect to any of Pershing Square's nominees on its proxy card will revoke any previous proxy submitted by you. If you have already voted using a proxy card sent to you by Pershing Square, you have every right to change it and we urge you to revoke that proxy by voting in favor of our board's nominees by using the enclosed WHITE proxy card. Only the latest validly executed proxy that you submit will be counted.

Table of Contents

2017 Proxy Statement Summary

Advisory Resolution to Approve Executive Compensation (Proposal 2)

Consistent with the stockholders' advisory vote at our 2011 Annual Meeting of Stockholders, we determined to hold the advisory say-on-pay vote to approve our named executive officer compensation on an annual basis. Therefore, we are asking our stockholders to approve, on an advisory basis, our named executive officer (NEO) compensation for fiscal year 2017. Our stockholders will have the opportunity to approve, on an advisory basis, our named executive officer compensation for fiscal year 2018 at the 2018 Annual Meeting of Stockholders.

The board of directors recommends that you vote on the **WHITE** proxy card or by Internet or telephone as set forth on the **WHITE** proxy card **FOR** this resolution because it believes that the policies and practices described in the Compensation Discussion and Analysis section beginning on page 38 of this proxy statement are effective in achieving the company's goals of linking pay to performance and levels of responsibility, encouraging our executive officers to remain focused on both short-term and long-term financial and strategic goals of the company and linking executive performance to stockholder value.

At our 2016 Annual Meeting of Stockholders, our stockholders approved the compensation of our fiscal year 2016 named executive officers by a vote of approximately 96% in favor.

Advisory Vote to Approve the Frequency of the Executive Compensation Advisory Vote (Proposal 3)

We are seeking an advisory vote from our stockholders (the Say-When-on-Pay Vote) on how often the company should hold future advisory votes on compensation for our named executive officers similar to Proposal 2. This Say-When-on-Pay Vote must be submitted to stockholders at least once every six years.

We last held an advisory vote on the frequency of the executive compensation advisory vote during our 2011 Annual Meeting of Stockholders. During this meeting, the board recommended, and a majority of stockholders voted for, a frequency of one year. As a result, for the past six years, the board has determined to hold an annual advisory vote on executive compensation.

After careful consideration, the board maintains its recommendation that you vote on the **WHITE** proxy card or by Internet or telephone as set forth on the **WHITE** proxy card to approve holding an advisory vote on executive compensation with a frequency of **ONE YEAR**. We continue to believe that an annual vote will facilitate frequent input and discussions with stockholders on executive compensation and corporate governance matters and is consistent with our policy of reviewing our compensation program annually.

Although this advisory vote is non-binding, the board and compensation committee value the opinion of our stockholders and will consider carefully the results of this vote in making a determination about the frequency of future executive compensation advisory votes. Notwithstanding the board's present recommendation and the voting results, the board may in the future decide to conduct advisory votes on a different frequency basis and may vary its practice based on future discussions with stockholders and/or changes to our executive compensation practices and program.

Ratification of the Appointment of Auditors (Proposal 4)

We are asking our stockholders to ratify the appointment of Deloitte & Touche LLP as our independent certified public accountants for fiscal year 2018. A summary of fees paid to Deloitte & Touche LLP for services provided in fiscal years 2016 and 2017 is provided on page 82 of this proxy statement. The board of directors recommends that you vote on the **WHITE** proxy card or by Internet or telephone as set forth on the **WHITE** proxy card **FOR** this ratification.

Stockholder Proposal to Repeal Certain Provisions of or Amendments to the Amended and Restated By-Laws of the Company Adopted since August 2, 2016 and up to and including the Date of the 2017 Annual Meeting (Proposal 5)

The company has received notice from Pershing Square of its intention to present a resolution for action at the 2017 Annual Meeting, which would allow stockholders of the company to amend or repeal any amendments to the amended and restated by-laws of the company adopted by the board without stockholder approval subsequent

Table of Contents

2017 Proxy Statement Summary

to August 6, 2016 and up to and including the date of the 2017 Annual Meeting. Adoption of the Pershing Square proposal would have the effect of repealing any provisions or amendments of the by-laws adopted without stockholder approval after August 6, 2016 and prior to the 2017 Annual Meeting, without regard to the subject matter of any by-law provisions or amendments in question.

No provisions or amendments to the company's by-laws have been adopted subsequent to August 2, 2016. While the board of directors does not currently expect to adopt any amendments to the by-laws prior to the 2017 Annual Meeting, the board could determine prior to the 2017 Annual Meeting that an amendment is necessary and in the best interest of the stockholders. The board believes that the automatic repeal of any by-law amendment, irrespective of its content, duly adopted by the board (whether with or without stockholder approval) could have the effect of repealing one or more properly adopted by-law amendments that the board determined to be in the best interests of the company and its stockholders and adopted in furtherance of its fiduciary duties, including in response to future events not yet known to the company. Furthermore, as a public company subject to the federal proxy rules, it might be impracticable if not impossible for the company to obtain stockholder approval for a necessary by-law amendment within a timeframe necessary to serve the best interests of the company and its stockholders.

As the board is fully empowered by its governing documents and applicable law to alter, amend, or repeal provisions to the company's by-laws in accordance with its fiduciary duties and no provision of the company's by-laws is expected to be impacted by the Pershing Square proposal, we believe this proposal represents no purpose other than to limit board actions otherwise permitted by the company's governing documents and Delaware law.

For these reasons, the board urges stockholders to vote on the **WHITE** proxy card or by Internet or telephone as set forth on the **WHITE** proxy card **AGAINST** the Pershing Square proposal.

Fiscal Year 2017 Business Highlights

In fiscal year 2017, we continued to leverage the strength of our business model and our proven ability to execute by making smart investments that enhance our service capabilities and our sales force, and deliver cloud solutions. Our business strategy is based on the following three strategic pillars, which are designed to position ADP as the global market leader in technology-enabled human capital management (HCM) services:

Grow a complete suite of cloud-based HCM solutions;

Grow and scale our market-leading Human Resources Business Process Outsourcing solutions by leveraging our platforms and processes; and

Leverage our global presence to offer clients HCM solutions where they do business.

During fiscal year 2017, we continued to focus on our global HCM strategy, and our results reflect the strength of our underlying business model, our success in the market, and our focus on growth. This focus is evidenced by our sustained investments in product innovation, service and our sales force, as well as the divestiture of our Consumer Healthcare Spending Account (CHSA) and COBRA businesses (the CHSA and COBRA divestiture). While we had softer new business bookings and faced some pressure on our client retention and margins, our key business results in fiscal year 2017 continued to reflect a strong enterprise, with solid revenue growth, consistent, healthy cash flows and low capital expenditure requirements. We expect to maintain our planned strategic investments in innovation, service and sales in fiscal year 2018 as we grow through the pressure we faced in fiscal year 2017 and continue to drive further operating efficiencies as we leverage our strategies and the scale of our operations.

2017 Incentive Compensation Performance Metrics

Our financial performance impacted the compensation of our executive officers in several ways, most notably our annual cash bonus plan and performance-based stock unit (PSU) program. The compensation committee's determination of incentive compensation under our annual

Table of Contents**2017 Proxy Statement Summary**

cash bonus plan for all of our executive officers, including our named executive officers (NEOs), was based on fiscal year 2017 revenue growth, new business bookings growth, and adjusted earnings before interest and taxes (EBIT) growth. Targets and results exclude the impact of certain items pursuant to predetermined parameters established

by the compensation committee at the time that targets were set. As such, the targets below for revenue growth and adjusted EBIT growth reflect the impact of the CHSA and COBRA divestiture in order to properly reflect the company s continuing operations.

Annual Cash Bonus Plan Measures	Plan Targets	Plan Results
Revenue Growth	7.3%	6.4%, excluding the impact of foreign currency fluctuations in excess of the fluctuations assumed in the target
New Business Bookings Growth	5.0%	-5.4%
Adjusted Earnings Before Interest And Taxes (EBIT) Growth	8.8%	7.8%, excluding the impacts of: a gain on the CHSA and COBRA divestiture; charges related to our service alignment initiative and workforce optimization effort; and foreign currency fluctuations in excess of the fluctuations assumed in the target

1 Our adjusted EBIT measure excludes the impact of taxes, certain interest expense, and certain interest income.

The incentive compensation under our PSU program was based on fiscal year 2017 net income growth and, for prior-year awards, earnings per share growth. Targets and results exclude the impact of certain items pursuant to predetermined parameters established by the compensation

committee at the time that targets were set. As such, the targets below for net income growth and earnings per share growth reflect the impact of the CHSA and COBRA divestiture in order to properly reflect the company s continuing operations.

PSU Program Measures	Program Targets	Program Results
Net Income Growth	8.6%	9.7%, excluding the impacts of: a gain on the CHSA and COBRA divestiture; charges related to our service alignment initiative and workforce optimization effort; Accounting Standard Update 2016-09 on stock-based compensation; acquisitions; and foreign currency fluctuations in excess of the fluctuations assumed in the target
Earnings Per Share Growth	10.1%	11.7%, excluding the impacts of: a gain on the CHSA and COBRA divestiture; charges related to our service alignment initiative and workforce optimization effort; Accounting Standard Update 2016-09 on stock-based compensation; acquisitions; and foreign currency fluctuations in excess of the fluctuations assumed in the target

Table of Contents

2017 Proxy Statement Summary

Compensation Principles

We believe that compensation should be designed to create a direct link between performance and stockholder value. Five principles that guide our decisions involving executive compensation are that compensation should be:

based on (i) the overall performance of the company, (ii) the performance of each executive's business unit and (iii) each executive's individual performance;

closely aligned with the short-term and long-term financial and strategic objectives that build sustainable long-term stockholder value;

competitive, in order to attract and retain executives critical to our long-term success;

consistent with high standards of corporate governance and best practices; and

designed to dampen the incentive for executives to take excessive risks or to behave in ways that are inconsistent with the company's strategic planning processes and high ethical standards.

2017 Compensation Highlights

Consistent with our pay for performance philosophy, the compensation of our NEOs is structured with a significant portion of their total compensation at risk and paid based on the performance of the company and the applicable business unit. Our financial performance in fiscal year 2017 impacted the compensation for all of our executive officers, not just our NEOs, in several ways, most notably through our annual cash bonus plan and PSU program. Please refer to the Compensation Discussion and Analysis section on page 38 of this proxy statement, and the tables and narratives that follow on page 58 of this proxy statement, for more detail concerning the compensation of our NEOs.

The following are key highlights of our fiscal 2017 executive compensation program:

Base salary:

For fiscal year 2017, we increased the base salary of each NEO, which reflected a closing of the gap to the median market rate. In the case of Mr. Flynn, the salary increase also reflected his appointment as President, Global Enterprise Solutions, effective January 1, 2017.

Annual cash bonus:

Fiscal year 2017 target bonuses as a percentage of base salary were the same as fiscal year 2016 levels. The threshold corporate performance goal established by the compensation committee for fiscal year 2017 was adjusted EBIT margin of 15%. As this threshold performance goal was achieved, the annual bonuses were based on the performance of the company and the business units as well as the strategic progress realized for the 2017 fiscal year against the NEOs' bonus objectives.

Equity awards:

As part of our equity compensation program in fiscal year 2017, consistent with fiscal year 2016, we granted our executive officers PSUs and stock options, and certain executives received time-based restricted stock awards. A payout percentage of 111% was achieved under our PSU program as a result of our fiscal year 2017 net income growth. This net income payout percentage applies to year 1 of the fiscal year 2017 award. This award will be earned and issued following the end of the corresponding three-year performance period ending in fiscal year 2019. In addition, a payout percentage of 127% was achieved under our PSU program as a result of our fiscal year

2017 earnings per share growth (for prior-year awards). This earnings per share payout percentage applies to year 2 of the fiscal year 2016 award and to year 3 of the fiscal year 2015 award. The fiscal year 2016 award will be earned and issued following the end of the corresponding three-year performance period ending in fiscal year 2018. The end of fiscal year 2017 marked the end of the three-year performance period for the fiscal year 2015 award. Based on the average of the three-fiscal years, the fiscal year 2015 awards earned a payout percentage of 112%.

Table of Contents**2017 Proxy Statement Summary**

A summary of fiscal year 2017 total direct compensation for our NEOs is set forth in the following table:

Name	Base Salary	Annual Bonus	PSUs⁽¹⁾⁽²⁾	Stock Options⁽¹⁾	Restricted Stock⁽¹⁾	Total
Carlos A. Rodriguez <i>President and Chief Executive Officer</i>	\$1,030,000	\$1,384,300	\$4,350,000	\$3,000,000	\$0	\$9,764,300
Jan Siegmund <i>Chief Financial Officer</i>	\$675,000	\$567,000	\$1,182,000	\$532,500	\$500,000	\$3,456,500
Edward B. Flynn <i>President, Global Enterprise Solutions</i>	\$579,200	\$454,200	\$718,100	\$375,000	\$2,000,000	\$4,126,500
Michael A. Bonarti <i>General Counsel and Secretary</i>	\$530,000	\$356,200	\$734,400	\$405,000	\$0	\$2,025,600
Dermot J. O'Brien <i>Chief Human Resources Officer</i>	\$540,000	\$362,900	\$718,300	\$375,000	\$0	\$1,996,200

Footnotes:

1 Equity amounts are the grant date fair values for the fiscal year 2017 equity awards, which are the same amounts disclosed in the Summary Compensation Table for Fiscal Year 2017 on page 58 of this proxy statement. Amounts are rounded for ease of presentation. Mr. Siegmund's award is subject to a performance condition as further described on page 53 in the Compensation Discussion & Analysis.

2 In accordance with FASB ASC Topic 718, only the grant date fair value for the performance year in which performance targets are set is reported. The amounts for the PSU awards represent the grant date fair value of one-third of each of the fiscal years 2015, 2016 and 2017 target awards.

The mix of target total direct compensation (base salary, cash bonus, and long-term incentive awards) for fiscal year 2017 was designed to deliver the following approximate proportions of total compensation to Mr. Rodriguez, our chief executive officer, and the other NEOs (on average) if company and individual target levels of performance are achieved:

Table of Contents

2017 Proxy Statement Summary

Compensation Good Governance and Best Practices

We are committed to ensuring that our compensation programs reflect principles of good governance, including the following:

Pay for performance: We design our compensation programs to link pay to performance and levels of responsibility, to encourage our executive officers to remain focused on both the short-term and long-term financial and strategic goals of the company, and to link executive performance to stockholder value.

Annual say-on-pay vote: We hold an advisory say-on-pay vote to approve our NEO compensation on an annual basis.

Clawback policy: We adopted a Clawback Policy in fiscal year 2015 that provides the compensation committee with discretion to recover both cash and equity incentive compensation from any current or former executives.

Stock ownership guidelines: We maintain stock ownership guidelines to encourage equity ownership by our executive officers.

Double trigger change in control payments: Our Change in Control Severance Plan for Corporate Officers includes double trigger provisions, such that payments of cash and vesting of equity awards occur only if termination of employment without cause or with good reason occurs during the two-year period after a change in control.

Limited perquisites: We provide limited perquisites that are viewed as consistent with our overall compensation philosophy.

No IRC Section 280G or 409A tax gross-ups: We do not provide tax gross-ups under our change in control provisions or deferred compensation programs.

No stock option repricing or discount stock options: We do not lower the exercise price of any outstanding stock options, and the exercise price of our stock options is not less than 100% of the fair market value of our common stock on the date of grant.

Anti-hedging and anti-pledging policy: We prohibit our directors and executive officers from engaging in any hedging or similar transactions involving ADP securities, holding ADP securities in a margin account, or pledging ADP securities as collateral for a loan.

Independence of our compensation committee and advisor: The compensation committee of our board of directors, which is comprised solely of independent directors, utilizes the services of FW Cook as an independent compensation consultant. FW Cook reports to the compensation committee, does not perform any other services for the company other than in connection with an annual review of competitive director compensation for the nominating/corporate governance committee of our board of directors, and has no economic or other ties to the company or the management team that could compromise their independence and objectivity.

Table of Contents

2017 Proxy Statement Summary
2017 Corporate Governance Highlights

We have a history of strong corporate governance. We are committed to sound corporate governance practices that provide our stockholders with meaningful rights and foster strong independent leadership in our boardroom, such as:

Annual election of directors

Majority voting standard

One share, one vote

Proxy access by-law

No overboarding policy

No poison pill

Independent board chair and independent board committees

Stockholder ability to call special meetings

Stockholder right to act by written consent

Annual board assessment of corporate governance best practices

Significant board role in strategy and risk oversight

Annual succession planning review

Active stockholder engagement to better understand investor perspectives

Executive sessions of independent directors held regularly

We firmly believe that creating sustainable long-term value for stockholders is enabled through such strong governance practices and open dialogue with stockholders through continuous direct engagement.

Stockholder Engagement Process

We value stockholder engagement and feedback as we continue to deliver strong financial performance and sustained value creation for our investors. At the direction of our board of directors, we expanded our investor engagement program in fiscal year 2017 to include outreach focused on the company's strategy, corporate governance and executive compensation programs. We contacted stockholders representing more than a third of our shares outstanding, and during fiscal year 2017, we discussed our strategy, corporate governance and executive compensation programs with stockholders representing about 20% of our shares outstanding. We continue to engage with our stockholders on these matters and we look forward to maintaining this ongoing dialogue as well as incorporating feedback into our plans as appropriate. These meetings, which are designed to keep our board of directors attuned to our stockholders' views, provide useful context as we seek to ensure the interests of our stockholders continue to be addressed. What we learn from our stockholders through our ongoing discussions is regularly shared with our board of directors.

Important Dates for the 2018 Annual Meeting of Stockholders

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Please refer to the **Stockholder Proposals** section on page 86 of this proxy statement for more information regarding the applicable requirements for submission of stockholder proposals. If a stockholder intends to submit any proposal (including pursuant to our proxy access by-law) for inclusion in the company's proxy statement for the company's 2018 Annual Meeting of Stockholders in accordance with Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the **Exchange Act**), the proposal must be received by the corporate secretary of the company no later than [], 2018.

Separate from the requirements of Rule 14a-8 relating to the inclusion of a stockholder proposal in the company's proxy statement, the company's amended and restated by-laws require that notice of a stockholder nomination for candidates for our board of directors (other than pursuant to our proxy access by-law) or any other business to be considered at the company's 2018 Annual Meeting of Stockholders must be received by the company no earlier than [], 2018, and no later than [], 2018.

Table of Contents

Proxy Statement

Preliminary Proxy Statement Subject to Completion

The board of directors of Automatic Data Processing, Inc. is soliciting your proxy to vote at the 2017 Annual Meeting of Stockholders to be held on [], 2017 at [] Eastern Standard Time, and at any postponement(s) or adjournment(s) thereof. The meeting will be held at [].

On or about [], 2017, we commenced the mailing of our printed proxy materials, including our proxy statement and our annual report on Form 10-K (which is not a part of the proxy soliciting material) to stockholders.

The only outstanding class of securities entitled to vote at the meeting is our common stock, par value \$0.10 per share. At the close of business on September 8, 2017, the

record date for determining stockholders entitled to notice of, to attend, and to vote at the meeting, we had [] issued and outstanding shares of common stock (excluding [] treasury shares not entitled to vote). Each outstanding share of common stock is entitled to one vote with respect to each matter to be voted on at the meeting.

This proxy statement and our annual report on Form 10-K are also available on our corporate website at www.adp.com under Financial Information in the Investor Relations section.

Questions and Answers About the Annual Meeting and Voting

WHY AM I RECEIVING THESE PROXY MATERIALS?

We are providing these proxy materials to holders of shares of the company's common stock, par value \$0.10 per share, in connection with the solicitation of proxies by our board of directors for the forthcoming 2017 Annual Meeting of Stockholders to be held on [], 2017 at [] Eastern Standard Time, and at any postponement(s) or adjournment(s) thereof. The proxy materials include our Notice of Annual Meeting of Stockholders, proxy statement and 2017 Annual Report on Form 10-K. These materials also include the **WHITE** proxy card for the 2017 Annual Meeting. **WHITE** proxy cards are being solicited on behalf of our board. The proxy materials include detailed information about the matters that will be discussed and voted on at the 2017 Annual Meeting and provide updated information about our company that you should consider in order to make an informed decision when voting your shares. The proxy materials are first being furnished to stockholders on or about [], 2017. The company will bear all expenses in connection with this solicitation. Admission to the meeting is restricted to stockholders of record as of September 8, 2017 and/or their designated representatives.

HOW CAN I ATTEND THE MEETING?

All stockholders will be required to show valid picture identification. If your shares are in the name of your broker or bank, you will also need to bring evidence of your stock ownership, such as your most recent brokerage account statement or a copy of your voting instruction form. If you do not have valid picture identification or proof of your stock ownership, you will not be admitted to the meeting. For security purposes, packages and bags will be inspected and you may be required to check these items. Please arrive early enough to allow yourself adequate time to clear security.

Table of Contents

Questions and Answers About the Annual Meeting and Voting

HOW MANY SHARES MUST BE PRESENT TO HOLD THE MEETING?	<p>The representation in person or by proxy of a majority of the issued and outstanding shares of stock entitled to vote at the meeting constitutes a quorum. Under our amended and restated certificate of incorporation and our amended and restated by-laws and under Delaware law, abstentions and broker non-votes are counted as present in determining whether the quorum requirement is satisfied. A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power for that particular item and has not received instructions from the beneficial owner.</p> <p>If you are a stockholder of record, you may vote by proxy in three convenient ways: by telephone, via the Internet or by completing, signing and returning the enclosed WHITE proxy card in the pre-paid envelope provided. Simply follow the instructions provided on the enclosed WHITE proxy card.</p>
HOW CAN I VOTE MY SHARES?	<p>If you are not the stockholder of record, please refer to the voting instructions provided by your bank, broker or other nominee to direct it how to vote your shares. Your vote is important. Follow the instructions from your nominee included with our proxy materials, or contact your nominee to request a proxy form. To vote in person at the meeting, you must obtain a legal proxy from your nominee. Whether or not you plan to attend the meeting, we urge you to vote using your voting instruction card to ensure that your vote is counted.</p>
WHAT IS A PROXY?	<p>It is your legal designation of another person to vote matters transacted at the Annual Meeting based upon the stock you own. That other person is called a proxy. If you designate someone as your proxy in a written document, that document also is called a proxy or a proxy card. The form of WHITE proxy card included with this proxy statement designates each of John P. Jones and Carlos A. Rodriguez as proxies for the Annual Meeting.</p> <p>By giving us your proxy, you authorize the individuals named as the proxies on the WHITE proxy card to vote your shares in accordance with the instructions you provide. You may vote for or to withhold authority to vote for any or all of the director candidates and you may vote for, against or abstain on Proposals 2, 4 and 5 and you may vote for a frequency of one, two or three years or abstain on Proposal 3. You may also abstain from voting. If you vote online or by telephone, you must indicate how you wish to vote on each item.</p>
IF I SUBMIT A PROXY, HOW WILL MY SHARES BE VOTED?	<p>If you sign and return a WHITE proxy card without indicating your instructions, your shares will be voted:</p> <p>FOR election of all 10 director nominees nominated by the board, as described in this proxy statement;</p> <p>FOR approval of the advisory resolution approving the compensation of the company's named executive officers as disclosed in the Compensation Discussion and Analysis section on page 38 of this proxy statement and accompanying compensation tables;</p>

Table of Contents

Questions and Answers About the Annual Meeting and Voting

FOR the advisory vote to approve holding the company's executive compensation advisory vote with a frequency of **ONE YEAR**;

FOR ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2018; and

AGAINST the stockholder proposal submitted by Pershing Square to repeal certain provisions or amendments to the amended and restated by-laws of the company adopted without stockholder approval after August 2, 2016 and up to and including the date of the 2017 Annual Meeting.

The individuals named as proxies on the **WHITE** proxy card to vote your shares also have the discretionary authority to vote your shares, to the extent permitted by Rule 14(a)-4(c) under the Securities Exchange Act of 1934, as amended, on any matter that is properly brought before the 2017 Annual Meeting. As of the Notice of Annual Meeting of Stockholders, we knew of no other matters to be presented at the 2017 Annual Meeting.

If you are a beneficial owner of shares and do not instruct your bank, broker or other nominee how you want to vote, your shares may not be voted by a record holder and will not be considered as present and entitled to vote on any matter to be considered at the Annual Meeting. Accordingly, we urge you to give instructions to your bank, broker or other nominee as to how you wish your shares to be voted so you may participate in the stockholder voting on these important matters.

If your shares are registered in your name, you are a stockholder of record. When you properly vote in accordance with the instructions provided in the **WHITE** proxy card, you are instructing the named proxies to vote your shares in the manner you indicate on your proxy.

WHAT IS THE DIFFERENCE BETWEEN A STOCKHOLDER OF RECORD AND A STOCKHOLDER WHO HOLDS STOCK IN STREET NAME?

If your shares are held in the name of your broker or other institution, which is usually the case if you hold your shares in a brokerage or similar account, your shares are held in street name. Your broker or other institution or its respective nominee is the stockholder of record for your shares. As the holder of record, only your broker, other institution or nominee is authorized to vote or grant a proxy for your shares. Accordingly, if you wish to vote your shares in person, you must contact your broker or other institution to obtain a legal proxy granting you the authority to do so. When you properly vote in accordance with the instructions provided in the **WHITE** proxy card, you are giving your broker, other institution or nominee instructions on how to vote the shares they hold for you.

Table of Contents

Questions and Answers About the Annual Meeting and Voting

Applicable SEC and stock exchange regulations severely limit the matters your broker may vote on without having been instructed to do so by you, especially as they relate to the election of directors, ratification of accountants (in a contested election), compensation matters, frequency of advisory votes on compensation matters and amendment of the amended and restated by-laws of the company. The ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2018 (Proposal 4) is normally considered routine under applicable stock exchange rules.

MAY MY BROKER VOTE MY SHARES FOR ME?

However, because Pershing Square has indicated its intention to deliver proxy materials in opposition to our board of directors to your broker to forward to you on their behalf, with respect to accounts to which Pershing Square mails its proxy materials, brokers will not have discretion to vote on routine matters, including Proposal 4. As a result, if you do not instruct your broker on how to vote your shares regarding the election of directors, the ratification of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2018, the advisory vote on the resolution to approve executive compensation, the advisory vote to approve the frequency of the company's executive compensation advisory vote or the approval of the amendments to the company's amended and restated by-laws, then your shares may not be voted on these matters. We urge you to instruct your broker about how you wish your shares to be voted. An abstention occurs when a stockholder of record (which may be a broker or other nominee of a street name holder) is present at a meeting (or deemed present) but marks "Abstain" on one or more proposals. A broker non-vote occurs when a broker or other nominee who holds shares for another does not vote on a particular item because the nominee does not have discretionary voting authority for that item and has not received instructions from the street name owner of the shares.

WHAT ARE ABSTENTIONS AND BROKER NON-VOTES?

WHAT HAPPENS IF I EXECUTE MY PROXY BUT DO NOT DIRECT HOW I WANT MY SHARES VOTED ON THE PROPOSALS?

If you execute your proxy, either by signing your **WHITE** proxy card or entering your control number to vote by telephone or Internet, but do not provide instructions on how you wish to vote on one or more proposals, your vote on such proposals will be cast in accordance with the recommendation of the Board of Directors.

The record date for the 2017 Annual Meeting is September 8, 2017. The record date is established by the board of directors as required by law and the company's amended and restated by-laws. Owners of record of common stock at the close of business on the record date are entitled to:

WHAT IS THE RECORD DATE AND WHAT DOES IT MEAN?

- (a) receive notice of the meeting, and
- (b) vote at the meeting and any adjournments or postponements of the meeting.

No stockholders becoming owners of record after the record date will be entitled to vote at the 2017 Annual Meeting or any adjournment or postponement thereof.

Table of Contents

Questions and Answers About the Annual Meeting and Voting

DO YOU EXPECT OTHER CANDIDATES TO BE NOMINATED FOR ELECTION AS DIRECTORS AT THE ANNUAL MEETING IN OPPOSITION TO THE BOARD'S NOMINEES?

Yes, Pershing Square, a stockholder of the company, which is reported to beneficially own approximately [8.3]% of our common stock (inclusive of common stock underlying certain derivative securities) has notified the company of its intent to nominate a slate of three nominees for election as directors at the 2017 Annual Meeting in opposition to the nominees recommended by our board of directors. Our board of directors does not endorse any Pershing Square nominee and unanimously recommends that you vote **FOR** the election of each of the nominees proposed by the board of directors by using the enclosed **WHITE** proxy card. The board of directors strongly urges you **not** to sign or return any proxy card sent to you by Pershing Square.

Proposal	Voting Choices	Board Recommendation
Proposal 1: Election of the 10 nominees named in this proxy statement to serve on the company's board of directors	For all For all except identified director nominee(s) Withhold all	FOR election of all 10 director nominees nominated by the board, as described in this proxy statement
Proposal 2: Advisory resolution approving the compensation of the company's named executive officers as disclosed in the Compensation Discussion and Analysis section on page 38 of this proxy statement and accompanying compensation tables	For Against Abstain	FOR
Proposal 3: Advisory vote to approve the frequency of the company's executive compensation advisory vote	One Year Two Years Three Years Abstain	ONE YEAR
Proposal 4: Ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2018	For Against Abstain	FOR
Proposal 5: Stockholder proposal submitted by Pershing Square to repeal certain provisions or amendments to the amended and restated by-laws of the company adopted without stockholder approval after August 2, 2016 and up to and including the date of the 2017 Annual Meeting, if properly introduced at the 2017 Annual Meeting	For Against Abstain	AGAINST

WHAT MATTERS WILL BE VOTED ON AT THE MEETING, WHAT ARE MY VOTING CHOICES, AND HOW DOES THE BOARD OF DIRECTORS RECOMMEND THAT I VOTE?

So far as the board of directors is aware, only the above matters will be acted upon at the meeting. If any other matters properly come before the meeting, the accompanying proxy may be voted on such other matters in accordance with the best judgment of the person or persons voting the proxy.

Table of Contents

Questions and Answers About the Annual Meeting and Voting

Proposal 1:

Pershing Square has notified the board of directors of its intent to nominate a slate of three nominees for election as directors of the company at the 2017 Annual Meeting in opposition to the nominees recommended by our board of directors. As a result, the election of directors is considered a contested election as defined in the company's amended and restated bylaws. This means that, although the company does not know whether Pershing Square will, in fact, nominate any individuals for election as directors at the 2017 Annual Meeting, the 10 nominees receiving the highest number of FOR votes will be elected at the 2017 Annual Meeting. If you return a signed **WHITE** proxy card or otherwise complete your voting by proxy online or by telephone but do not provide direction with respect to voting on any of the nominees, your shares will be voted for all nominees. As discussed above, if your broker holds your shares, your broker is not entitled to vote your shares on this proposal without your instruction. Votes withheld and broker non-votes are not votes cast and will result in the applicable nominees receiving fewer FOR votes for purposes of determining the nominee receiving the highest number of FOR votes.

Proposal 2:

The affirmative vote of the holders of a majority of the shares represented in person or by proxy is required to approve the advisory resolution on executive compensation. Votes may be cast in favor of or against this proposal or a stockholder may abstain from voting. Abstentions will have the effect of a negative vote. As discussed above, if your broker holds your shares, your broker is not entitled to vote your shares on this proposal without your instruction. Broker non-votes will have no effect on the outcome of the advisory resolution because the non-votes are not considered in determining the number of votes necessary for approval. Because the vote on this proposal is advisory in nature, it will not affect any compensation already paid or awarded to any named executive officer and will not be binding on or overrule any decisions by the compensation committee or the board of directors.

Because we value our stockholders' views, however, the compensation committee and the board of directors will consider carefully the results of this advisory vote when formulating future executive compensation policy.

Proposal 3:

Stockholders may cast their vote on their preferred voting frequency by choosing the option of every one year, two years or three years, or they may abstain from voting on this proposal. The frequency that receives the highest number of votes cast by stockholders at the Annual Meeting will be considered the advisory vote of our stockholders. Abstentions will have no effect on the outcome of this advisory vote. As discussed above, if your broker holds your shares, your broker is not entitled to vote your shares on this proposal without your instruction. Broker non-votes will have no effect on the outcome of this advisory vote. Because the vote on this proposal is advisory in nature, it will not be binding on or overrule any decisions by the compensation committee or the board of directors.

Because we value our stockholders' views, however, the compensation committee and the board of directors will consider carefully the results of this vote in making a determination about the frequency of future executive compensation advisory votes.

HOW MANY VOTES ARE
NEEDED TO APPROVE
THE PROPOSALS, AND
WHAT IS THE EFFECT
OF BROKER
NON-VOTES OR
ABSTENTIONS?

Table of Contents

Questions and Answers About the Annual Meeting and Voting

Proposal 4:

The affirmative vote of the holders of a majority of the shares represented in person or by proxy is required to ratify the appointment of Deloitte & Touche LLP, an independent registered public accounting firm, as the company's independent certified public accountants for fiscal year 2018. Votes may be cast in favor of or against this proposal or a stockholder may abstain from voting. Abstentions will have the effect of a negative vote. As discussed above, if your broker holds your shares, your broker is not entitled to vote your shares on this proposal without your instruction. Broker non-votes will have no effect on the outcome of this proposal because the non-votes are not considered in determining the number of votes necessary for approval.

Proposal 5:

Under the company's amended and restated by-laws, the stockholder proposal submitted by Pershing Square to repeal certain provisions or amendments to the amended and restated by-laws of the company adopted without stockholder approval after August 2, 2016 and up to and including the date of the 2017 Annual Meeting, if properly introduced at the 2017 Annual Meeting, requires the affirmative vote of a majority of the shares represented in person or by proxy at the 2017 Annual Meeting. Votes may be cast in favor of or against this proposal or a stockholder may abstain from voting. Abstentions will have the effect of a negative vote. As discussed above, if your broker holds your shares, your broker is not entitled to vote your shares on this proposal without your instruction. Broker non-votes will have no effect on the outcome of this proposal because the non-votes are not considered in determining the number of votes necessary for approval.

Other Items:

If any other item requiring a stockholder vote should come before the meeting, the vote required will be determined in accordance with applicable law, the rules of the NASDAQ Stock Market (NASDAQ) and our amended and restated certificate of incorporation and amended and restated by-laws.

Table of Contents

Questions and Answers About the Annual Meeting and Voting

If your shares are registered in your name, you may revoke your proxy and change your vote prior to the completion of voting at the 2017 Annual Meeting by:

submitting a valid, later-dated proxy card in a timely manner;

submitting a later-dated vote by telephone or through the Internet in a timely manner;

giving written notice of such revocation to the company's corporate secretary prior to or at the 2017 Annual Meeting or by voting in person at the 2017 Annual Meeting; or

attending and voting at the Annual Meeting (although attendance at the meeting will not by itself revoke a proxy).

MAY I REVOKE MY PROXY OR CHANGE MY VOTE?

If your shares are held in street name (i.e., held of record by a broker, bank or other nominee) and you wish to revoke a proxy, you should contact your bank, broker or nominee and follow its procedures for changing your voting instructions. You also may vote in person at the Annual Meeting if you obtain a legal proxy from your bank or broker.

If you have previously signed a proxy card sent to you by Pershing Square or otherwise voted according to instructions provided by Pershing Square, you may change your vote by marking, signing, dating and returning the enclosed **WHITE** proxy card in the accompanying post-prepaid envelope or by voting by telephone or via the Internet by following the instructions on the **WHITE** proxy card. Submitting a proxy card sent to you by Pershing Square will revoke votes you have previously made by the company's **WHITE** proxy card.

Only the latest validly executed proxy that you submit will be counted.

Proxies and ballots identifying the vote of individual stockholders will be kept confidential from our management and directors, except as necessary to meet legal requirements in cases where stockholders request disclosure or in a contested proxy solicitation. If Pershing Square nominates its slate of nominees for election as directors or introduces the Pershing Square proposal at the 2017 Annual Meeting, the 2017 Annual Meeting will be a contested proxy solicitation.

IS MY VOTE CONFIDENTIAL?

All proxies, ballots and vote tabulations that identify stockholders are confidential. An independent tabulator will inspect and tabulate your proxy whether you vote by mail, using the Internet or by telephone. Your vote will not be disclosed to anyone other than the independent tabulator without your consent, except as described above.

WHERE CAN I FIND THE VOTING RESULTS OF THE ANNUAL MEETING?

The preliminary voting results will be published in the company's current report on Form 8-K, which we are required to file with the SEC within four business days following the 2017 Annual Meeting. The final voting results, which are tallied and certified by independent inspectors, will be published as soon as possible thereafter.

Table of Contents

Questions and Answers About the Annual Meeting and Voting

We will pay the expenses of soliciting proxies on the **WHITE** proxy card. Proxies on the **WHITE** proxy card may be solicited on our behalf by directors, officers or employees in person or by telephone, mail, electronic transmission, facsimile transmission or telegram. The company will request brokerage houses and other custodians, nominees and fiduciaries to forward soliciting material on our behalf to stockholders and the company will reimburse such institutions for their out-of-pocket expenses incurred.

WHO IS PAYING FOR THE PREPARATION AND MAILING OF THE PROXY MATERIALS AND HOW WILL SOLICITATIONS BE MADE?

We have hired Innisfree to assist us in the solicitation of proxies for a fee of up to \$[], plus out-of-pocket expenses. In connection with its retention, Innisfree has agreed to provide consulting and analytic services upon request. Innisfree estimates that approximately [] of its employees will assist in the company's proxy solicitation. In addition to mail and email, proxies on the **WHITE** proxy card may be solicited personally, in person or by telephone, mail, electronic transmission, facsimile transmission or telegram, by certain of our directors, officers and employees named in Annex A without special compensation, other than reimbursement for expenses. Additional information about persons who are participants in this proxy solicitation is set forth in Annex A. Our aggregate expenses in connection with our solicitation of proxies, excluding salaries and wages of our officers and regular employees, are expected to aggregate to approximately \$[], of which approximately \$[] has been spent to date.

WHAT DOES IT MEAN IF I RECEIVE MORE THAN ONE PACKAGE OF PROXY MATERIALS?

This means that you have multiple accounts holding Automatic Data Processing, Inc. shares. These may include: accounts with our transfer agent, Wells Fargo Transfer Agent Services, shares held by the administrator of our employee stock purchase plan, and accounts with a broker, bank or other holder or record. In order to vote all of the shares held by you in multiple accounts, you will need to vote the shares held in each account separately. Please follow the voting instructions provided on the **WHITE** proxy card that you receive to ensure that all of your shares are voted.

Table of Contents

Background to the Solicitation

On August 1, 2017, Bill Ackman of Pershing Square contacted ADP Chief Executive Officer Carlos Rodriguez by phone, informing him that Pershing Square held an approximately 8% interest in the company and that it had identified individuals to nominate to the company's board of directors. Mr. Ackman stated that Pershing Square believed it could help the company create substantial value. Mr. Ackman also stated that he did not believe that Mr. Rodriguez was the right person to lead the company going forward.

On that call, Mr. Ackman requested that the company extend by 30 days the August 10, 2017 deadline for submitting stockholder nominations to the board in connection with the 2017 Annual Meeting. He stated that he was preparing a presentation for the board of directors that would not be ready in time to present to the board and engage in a dialogue prior to that deadline and that he had plans to be out of the country on vacation during that week. Mr. Ackman stated his desire to meet with the full board and suggested the third or fourth week in August as a possible timeframe. He added that, if an extension was not granted, he intended to launch a proxy fight in which he would nominate five individuals for election to the board. Mr. Ackman offered no explanation for why he had not attempted to engage earlier in a dialogue with the company or why any discussion could not continue after a submission of nominees.

Later on August 1, 2017, Mr. Rodriguez emailed Mr. Ackman and asked Mr. Ackman to share his proposed list of directors to help the board in considering the request for a 30-day extension. Mr. Ackman responded by email later that day, stating that he was requesting an extension to avoid having to launch a proxy contest, adding that a formal submission of candidates would require public disclosure on Pershing Square's Schedule 13D and create a perception, which would be amplified by the press, that Pershing Square and the company were at war. In that email, Mr. Ackman stated that he was seeking a sufficient period of time to have discussions and that, if he could meet with the board in the third or fourth week in August, a 30-45 day extension should suffice.

In the same email, Mr. Ackman said that he would share his proposed candidates with the board, stating "[w]hen we do meet, among other things, we will share our proposed candidates for the board. To give you

a preview, they include myself and four independent directors. Mr. Ackman proceeded to provide the following descriptions of the four nominees other than himself:

Director A is the retired Vice Chairman, a member of the executive committee, formerly the CFO, of a global company with more than \$25 billion in revenues where he worked for more than 25 years. Among other responsibilities, he oversaw technology, project development, finance, human resources, legal, and strategic planning. He has served on multiple public company boards and currently serves on one public board with a market cap in excess of \$12 billion.

Director B is formerly the CIO and Vice Chairman of a large publicly traded financial services company and CEO of a privately held technology company. She has served on multiple public company boards including several S&P 100 and S&P 500 companies.

Director C was formerly the CEO of private equity backed industrial manufacturing company with more than \$1 billion in revenue. She is an expert in restructuring and operational efficiency. She serves on three other company boards, in one case as lead director, with combined market caps in excess of \$70 billion.

Director D is a member of the board of directors of two public companies with combined market caps of more than \$15 billion. She is currently the CEO of the largest subsidiary of one of these companies.

On August 2, 2017, Mr. Rodriguez, together with advisors and members of the company's management, briefed the company's board of directors on Mr. Ackman's request for an extension of the nomination deadline. The board and its advisors engaged in an extensive discussion which addressed, among other matters (i) the fact that the nomination deadline was well known, having been disclosed in the company's proxy statement for the 2016 Annual Meeting of Stockholders, and the absence of any justification from Mr. Ackman for his failure to engage with the company earlier, (ii) the fact that an extension of the nomination deadline would not avoid disclosure of Pershing Square's interest in nominating directors, as Mr. Ackman had suggested, as the extension would entail its own public disclosure, Pershing Square would be required

Table of Contents

Background to the Solicitation

to disclose their intent to nominate directors on their Schedule 13D that was expected to be filed on August 7, 2017, and Pershing Square's investment in the company had already been the subject of media reports, (iii) the likelihood that any reasonable extension period would provide enough time to reach a resolution that would be acceptable to both the company and Mr. Ackman, (iv) the fact that Mr. Ackman was requesting this extension despite having offered no details with respect to his plans for the company or his proposed nominees and (v) the fact that, from the company's point of view, nothing should prevent the parties from continuing a constructive dialogue after the submission of board nominees if Mr. Ackman chose to proceed with the nomination. Following its discussion, the board determined that, prior to making a decision with respect to an extension of the deadline, Mr. Rodriguez and John Jones, the chair of the board of directors, should attempt to meet with Mr. Ackman to better understand his ideas for improving the company and the attributes that Mr. Ackman believed his proposed nominees would bring to the board.

Later on August 2, 2017, Mr. Ackman phoned Mr. Rodriguez and reiterated his request to extend the nomination deadline. Mr. Rodriguez noted that the board had met to consider Mr. Ackman's extension request and had instructed Mr. Rodriguez and Mr. Jones to meet with Mr. Ackman. Mr. Ackman said he was unable to meet with anyone before beginning his vacation the next day and that he preferred to meet with the entire board, following an extension of the deadline. Mr. Rodriguez stated that the board had instructed him that the meeting among himself, Mr. Ackman and Mr. Jones would need to happen before the board would consider extending the nomination deadline and that he and Mr. Jones were prepared to meet with Mr. Ackman the following day. Mr. Ackman asked to speak with Mr. Jones in advance of a meeting and Mr. Rodriguez agreed to arrange a conversation.

Later on August 2, 2017, Mr. Ackman phoned Mr. Jones, who asked Mr. Ackman what Pershing Square's ideas were for value creation. Mr. Ackman stated that he was not yet ready to discuss his specific ideas for improving the company (and when he was ready, he would want to share those ideas directly with the full board, not just a subset) and that he believed the company needs transformational changes to its business in order to substantially improve

the company's profitability and competitiveness. He added his belief that a CEO recruited from outside the company would be necessary to accomplish that change. Mr. Ackman indicated that he felt that an extension of the nomination deadline was necessary and appropriate, that any meeting prior to the time he finished his proposed presentation on the company would be fruitless because he would not be able to share specific ideas, and that there was no time for a meeting before he left for vacation. He noted that he could be willing to accept fewer than five seats on the board, so long as the board accepted his as yet non-specific views as to how to transformationally change the company. After Mr. Jones indicated that the board would not be in a position to consider the extension request without a meeting among Mr. Jones, Mr. Rodriguez and Mr. Ackman, Mr. Ackman agreed to attend the meeting with Mr. Rodriguez and Mr. Jones.

Later on August 2, 2017, representatives from Cadwalader, Wickersham and Taft LLP (Cadwalader), Pershing Square's outside counsel, spoke via telephone with representatives from Paul, Weiss, Riffkind, Wharton & Garrison LLP (Paul Weiss), the company's outside counsel, to discuss Pershing Square's request that the company provide to Pershing Square the form of agreement for proposed nominees for election to the board required by the company's bylaws. After the call, representatives from Cadwalader sent a letter to Paul Weiss formally requesting that such form of agreement be provided no later than August 4, 2017.

On August 3, 2017, Mr. Ackman and Brian Welch from Pershing Square met with Mr. Rodriguez and Mr. Jones and reiterated Pershing Square's request for an extension of the nominating deadline. Mr. Ackman noted that he would accept an initial seven-day extension and that the deadline could be extended further if negotiations were productive, but that he would prefer a longer initial period to avoid the need for further extensions. Mr. Rodriguez asked Mr. Ackman if he seriously expected a Fortune 500 company to change a published deadline so as to not interfere with his vacation, to which Mr. Ackman replied, "I'm dead serious." He added that, if he were not granted the extension, he intended to submit director nominations together with the filing of Pershing Square's Schedule 13D filing on the following Monday. Mr. Rodriguez offered to try to arrange to have Mr. Ackman meet with the board

Table of Contents

Background to the Solicitation

prior to the August 10, 2017 deadline, noting that he was not sure he would be able to convene the entire board in person on that timeline. Mr. Ackman replied that he would not be available to meet during that period because he would be on his vacation and that, in any event, he needed more time to complete his presentation.

In that conversation, Mr. Ackman stated that, once he nominated directors to the board, he would be committed to a proxy fight and would not consider any settlement. He stated that, if he engaged in a proxy fight, he would use his ability to generate media coverage to damage both Mr. Rodriguez and the company, and that that would be bad for the company's clients, employees and stockholders. He also noted that he could consider accepting the addition of fewer than five directors to the board, potentially as additions to the existing board rather than replacements. He noted, however, that he could only consider that prior to nominating directors and then only if the board accepted his ideas for the company and gave him a significant say in who would replace Mr. Rodriguez as CEO.

During the meeting, Mr. Ackman again stated his belief that transformational change was needed at the company. He asserted that he had spoken with 85 former executives of the company, over six months of due diligence. Mr. Ackman reiterated his belief that Mr. Rodriguez was not the right CEO to take the company forward and that he had a specific CEO candidate in mind, but that he was not yet prepared to tell the company who that candidate was.

At the conclusion of the meeting, Mr. Rodriguez and Mr. Jones stated they would take Mr. Ackman's request for an extension and a meeting with the full board back to the board for consideration. Following the meeting, Mr. Ackman departed for his vacation.

Following the meeting on August 3, 2017, Mr. Ackman called Mr. Rodriguez, saying that he was concerned he had come on too strong in their earlier conversation. Mr. Ackman stated that he might be able to work with Mr. Rodriguez as long as Mr. Rodriguez was willing to embrace Mr. Ackman's vision for the company and Mr. Ackman was able to conclude that Mr. Rodriguez would be prepared to make the kind of changes that Mr. Ackman thought were necessary.

Later on August 3, 2017, a representative of Cadwalader spoke by phone with a representative of Paul Weiss. The Cadwalader representative reiterated Mr. Ackman's statement from his meeting with Mr. Rodriguez and Mr. Jones that, once he formally nominated directors to the board, he would be committed to a proxy fight and would not consider any settlement.

Also later on August 3, 2017, Mr. Ackman sent two emails to Mr. Rodriguez. In those emails, Mr. Ackman recommended that Mr. Rodriguez speak with David Weinreb, the CEO of Howard Hughes Corporation, Juan Ramon Alaix, the CEO of Zoetis, and Hunter Harrison, the former CEO of Canadian Pacific, regarding their experiences working with Mr. Ackman. Mr. Ackman stated his view that having the support of an 8% stockholder on the board would allow Mr. Rodriguez to dramatically accelerate change at the company without regard to short term considerations. Mr. Ackman explained that in his experience, directors often find it helpful to have a major stockholder in the boardroom when dramatic change is underway. Mr. Ackman stated that he would be excited to work with Mr. Rodriguez if he shared Pershing Square's view of the company's opportunity.

Also on August 3, 2017, Paul Weiss sent to Cadwalader the form of agreement for proposed nominees for election to the board required by the company's bylaws.

On the evening of August 3, 2017, the board of directors held a telephonic meeting, together with members of management and advisors. In light of Mr. Ackman's expressed desire to replace Mr. Rodriguez as CEO, Mr. Rodriguez elected not to attend the meeting. Mr. Jones updated the board on the conversation with Mr. Ackman over the preceding day. He noted that Mr. Ackman had suggested that he could accept an initial extension of the nomination deadline of seven days, but also noted that with such a short period the company would have to provide additional extensions continuously in order to forestall Mr. Ackman's threatened proxy fight and would, in the end, likely end up with the same 30 to 45 day period Mr. Ackman had originally stated should suffice. Following discussion among the board members and other participants, the board concluded that it was not in the best interests of the company and its stockholders to grant an extension to the nomination deadline.

Table of Contents

Background to the Solicitation

On the morning of August 4, 2017, Mr. Jones emailed Mr. Ackman, informing him that the board had determined not to extend the nomination deadline. Mr. Jones noted that, in response to Mr. Ackman's request to meet with the full board, the board was prepared to meet with Mr. Ackman when Mr. Ackman was ready to do so, whether that was before or after the nomination deadline. Mr. Jones also noted the company's concern that Pershing Square had spoken with dozens of people with regard to the company, with resulting leaks in the press and media speculation and that, in the interests of correcting the selective information currently in the market, the company intended to issue a press release.

Shortly after that email was sent to Mr. Ackman, the company issued a press release stating that the board had rejected Mr. Ackman's request for an extension of the nomination deadline. Later that day, Mr. Rodriguez also released a letter to the company employees informing them of Mr. Ackman's August 1 call, Mr. Ackman's request for an extension of the nomination deadline and the board's rejection of Mr. Ackman's request.

Later on August 4, 2017, Pershing Square issued a press release announcing an 8% stake in the company and expressed its disappointment that the company had denied Pershing Square's request for an extension of the advance notice deadline for director nominations in connection with the 2017 Annual Meeting. Pershing Square stated that it intended to nominate a minority slate of directors to the board.

On August 6, 2017, Mr. Rodriguez sent an email to Mr. Ackman in error, which was intended for the company's general counsel, Michael Bonarti. Mr. Rodriguez's misdirected email forwarded Mr. Ackman's email of August 3, in which Mr. Ackman for the first time claimed he was open to working with Mr. Rodriguez, contradicting Mr. Ackman's earlier assertions that Mr. Rodriguez needed to be replaced as CEO. In his email, intended for Mr. Bonarti, Mr. Rodriguez first stated that he did not find Mr. Ackman's statement that he was willing to work with Mr. Rodriguez to be credible, and he noted to Mr. Bonarti that Mr. Ackman's willingness to work with him was conditioned on his having the same view of the opportunity. Mr. Rodriguez explained that he had already told Mr. Ackman that he did not share Mr. Ackman's view.

In response to Mr. Rodriguez's errant email, Mr. Ackman sent an email to Mr. Rodriguez in which he asserted that his email had been sent in good faith. Mr. Ackman asserted that, based on conversations with third parties, he had been under the impression that Mr. Rodriguez had only intended to remain with the company for a year or so more and would not be prepared for a major transformation that would take time and require management changes. He stated that, upon realizing Mr. Rodriguez intended to remain with the company, he had expressed a good faith willingness to work with Mr. Rodriguez.

Mr. Ackman also asserted his belief that the description of his positions in the company's August 4 press release had been misleading, notwithstanding the fact that: (i) Mr. Ackman had stated in his August 1, 2017 email that a 30-45 day extension should suffice for his discussions with the board, and had only later suggested an initial seven-day period that would need to be continuously extended if the company wanted to forestall a proxy fight, (ii) Mr. Ackman had stated on multiple occasions that Mr. Rodriguez should be replaced as CEO and had conditioned the possibility of Mr. Rodriguez remaining as CEO on Mr. Rodriguez sharing Mr. Ackman's view of the company, which Mr. Rodriguez had stated he did not share and (iii) Mr. Ackman had, in his August 1 email, provided detailed descriptions of four nominees, in addition to himself, for nomination to a ten-person board.

In the email, Mr. Ackman questioned whether Mr. Rodriguez and Mr. Jones had accurately described their conversations with Mr. Ackman to the board of directors. Mr. Ackman further stated that Pershing Square would nominate directors in advance of the August 10th deadline. Mr. Ackman requested that Mr. Rodriguez share the email correspondence with the entire board. Mr. Rodriguez responded that he did not agree with the substance of Mr. Ackman's email but agreed to share it with the full board and did so that day.

On August 7, 2017, Pershing Square delivered its Notice of Stockholder Proposal and Nomination of Candidates for Election to the board of the company. The notice informed the company, among other things, of Pershing Square's intent to nominate Mr. Ackman, Ms. Hagen and Mr. Unruh for election to the board at the 2017 Annual Meeting. According to Pershing Square, Ms. Hagen and Mr. Unruh

Table of Contents

Background to the Solicitation

were two of the candidates whose backgrounds had been described in Mr. Ackman's August 1, 2017 email to Mr. Rodriguez.

Also on August 7, 2017, Pershing Square issued a press release announcing its director nominees and filed its initial Schedule 13D with respect to the company with the SEC, which disclosed an approximately 8.3% stake in the company, predominantly held through derivative securities. Also on August 7, 2017, the company was notified that filings for Hart-Scott-Rodino Antitrust Improvements Act clearance had been made on behalf of four Pershing Square funds with the Federal Trade Commission and the Department of Justice.

Following Pershing Square's submission of its director nominations, consistent with the charter of the nominating/ corporate governance committee of the board (the Nominating Committee), the Nominating Committee commenced a review of the qualifications of the Pershing Square nominees. On August 7, 2017, a representative of Paul Weiss phoned a representative of Cadwalader and requested that Pershing Square arrange for its nominees to submit standard Director and Officer questionnaires to the company, and be interviewed by the Nominating Committee. The next day, after the company represented through counsel that its review of those nominees would be conducted in good faith and with an open mind, Pershing Square agreed to arrange for that information to be provided and to make its candidates available to be interviewed. Representatives of Cadwalader and Paul Weiss communicated over the following days to arrange interviews of the nominees.

On August 8, 2017, Mr. Ackman and Mr. Jones exchanged emails regarding the scheduling of a meeting between Pershing Square and the full board of directors.

On August 10, 2017, Pershing Square delivered to the company a demand for a copy of the company's stockholder list pursuant to Section 220 of the Delaware General Corporation Law.

Also on August 10, 2017, Mr. Jones notified Mr. Ackman via email that the board was available to meet at a specified time on September 5, 2017. The same day, by email, Mr. Ackman thanked Mr. Jones.

On August 14, 2017, Pershing Square filed with the SEC a preliminary proxy statement in connection with the 2017 Annual Meeting.

Also on August 14, 2017, the Nominating Committee interviewed Ms. Hagen by phone.

On August 16, 2017, the Nominating Committee interviewed Mr. Unruh by phone.

On August 17, 2017, Pershing Square held a public webcast and issued a presentation setting out its views regarding the company. Later that day, the company issued a press release and communications to employees commenting on the presentation.

Later on August 17, 2017, the Nominating Committee interviewed Mr. Ackman by phone.

Also on August 17, 2017, Paul Weiss delivered a response to Pershing Square's demand for a copy of the company's Stockholder list pursuant to Section 220 of the Delaware General Corporation Law.

Later on August 17, 2017, the Nominating Committee held a telephonic meeting. Following extensive discussion, the Nominating Committee determined, based upon its interviews with the Pershing Square nominees, and its review of biographical and other information with respect to the nominees provided in questionnaires and obtained through public records, that none of the three nominees possessed backgrounds, skills or expertise that were additive or superior to those of the existing Board members. As such, the Nominating Committee declined to recommend any of the Pershing Square nominees be included in the board's slate of director nominees for the 2017 Annual Meeting of Stockholders.

On August 19, 2017, the board held a telephonic meeting at which the members of the Nominating Committee reported on their review of, and their recommendation with respect to, the Pershing Square nominees. Following extensive discussion, the board determined to accept the recommendation of the Nominating Committee that none of the Pershing Square nominees be included in the board's slate of director nominees for the 2017 Annual Meeting of Stockholders.

On August 22, the company filed with the SEC a preliminary proxy statement in connection with the 2017 Annual Meeting.

Table of Contents**Proposal 1****Election of Directors**

The board of directors has nominated the following current directors for re-election as directors. Properly executed proxies will be voted as marked. Unmarked proxies will be voted in favor of electing the persons named below (each of whom is now a director) as directors to serve until the 2018 Annual Meeting of Stockholders and until their successors are duly elected and qualified. If any nominee is no longer a candidate at the time of the meeting (a situation that we do not anticipate), proxies will be voted in favor of remaining nominees and may be voted for substitute nominees designated by the board of directors.

Name	Age	Served as a Director Continuously Since	Principal Occupation
Peter Bisson	60	2015	Retired Director and Global Leader of the High-Tech Practice at McKinsey & Company
Richard T. Clark	71	2011	Retired Chairman and Chief Executive Officer of Merck & Co., Inc.
Eric C. Fast	68	2007	Retired Chief Executive Officer of Crane Co., a manufacturer of industrial products
Linda R. Gooden	64	2009	Retired Executive Vice President of Lockheed Martin Corporation Information Systems & Global Solutions
Michael P. Gregoire	51	2014	Chief Executive Officer and Director of CA Technologies
R. Glenn Hubbard	59	2004	Dean of Columbia University's Graduate School of Business
John P. Jones (Board Chairman)	66	2005	Retired Chairman and Chief Executive Officer of Air Products and Chemicals, Inc., an industrial gas and related industrial process equipment business
William J. Ready	37	2016	Executive Vice President, Chief Operating Officer, PayPal
Carlos A. Rodriguez	53	2011	President and Chief Executive Officer of Automatic Data Processing, Inc.
Sandra S. Wijnberg	61	2016	Executive Advisor, and Former Partner and Chief Administrative Officer of Aquiline Holdings

The board of directors possesses an appropriate mix of skills, experience and leadership designed to drive board performance and properly oversee the interests of the company, including corporate strategy.

Table of Contents

Proposal 1

The board of directors recommends that you vote on the WHITE proxy card or by Internet or telephone as set forth on the WHITE proxy card FOR the election of each of our nominees to serve as directors of the company until the 2018 Annual Meeting of Stockholders, or, in each case, until their successors are elected and qualified.

Pershing Square has notified the company of its intent to nominate its slate of three nominees for election as directors at the 2017 Annual Meeting. As a result, the election of directors is considered a contested election as defined in the company's amended and restated by-laws, and the 10 nominees receiving the highest number of FOR votes will be elected. Votes withheld and broker non-votes are not votes cast and will result in the applicable nominees receiving fewer FOR votes for purposes of determining the nominee receiving the highest number of FOR votes.

Our board does not endorse any Pershing Square nominee and unanimously recommends that you disregard any proxy card that may be sent to you by Pershing Square. Voting to withhold with respect to any of Pershing Square's nominees on its proxy card is not the same as voting for our board's nominees, because a vote to withhold with respect to any of Pershing Square's nominees on its proxy card will revoke any previous proxy submitted by you. If you have already voted using a proxy card sent to you by Pershing Square, you have every right to change it and we urge you to revoke that proxy by voting in favor of our board's nominees by using the enclosed WHITE proxy card. Only the latest validly executed proxy that you submit will be counted.

If you have any questions or require any assistance with voting your shares, please contact our proxy solicitor at the contact listed below:

Innisfree M&A Incorporated
Stockholders may call toll-free (877) 750-0510
Banks and brokers may call collect at (212) 750-5833

Table of Contents

Proposal 1

Below are summaries of the principal occupations, business experience, background, and key skills and qualifications of the nominees. The key skills and qualifications are not intended to be an exhaustive list of each nominee's skills or contributions to the board, but rather the specific skills and qualifications that led to the conclusion that the person should serve as a director for the company.

Peter Bisson

Retired Director at McKinsey & Company

Mr. Bisson was a Director and the Global Leader of the High-Tech Practice at McKinsey & Company prior to his retirement in June 2016. Mr. Bisson also held a number of other leadership positions at McKinsey & Company, including chair of its knowledge committee, which guides the firm's knowledge investment and communication strategies, member of the firm's shareholders committee, and leader of the firm's strategy and telecommunications practices. In more than 30 years at McKinsey & Company, Mr. Bisson advised a variety of multinational public companies, including ADP, in the technology-based products and services industry. Mr. Bisson is also a director of Gartner Inc.

Director since: 2015

Age: 60

Independent

Key Skills & Qualifications

Mr. Bisson's experience includes advising clients on corporate strategy and M&A, design and execution of performance improvement programs, marketing and technology development. Mr. Bisson's broad experience in the technology industry is a valuable asset to our board of directors and contributes to the oversight of the company's strategic direction and growth.

Richard T. Clark

Retired Chairman and Chief Executive Officer of Merck & Co., Inc.

Mr. Clark is the retired chairman of the board, chief executive officer, and president of Merck & Co., Inc. Mr. Clark served as chairman of Merck & Co., Inc. from April 2007 until December 2011, as chief executive officer from May 2005 until December 2010, and as president from May 2005 until April 2010. He held a variety of other positions during his 39-year tenure at Merck, including president of the Merck manufacturing division from June 2003 to May 2005, and chairman and chief executive officer of Medco Health Solutions, Inc. from March 2002 to June 2003. Mr. Clark is the lead independent director of Corning Incorporated, a global manufacturing company, and previously served on the advisory board of American Securities, a private equity firm, from 2011 to 2014.

Director since: 2011

Age: 71

Independent

Key Skills & Qualifications

With a proven track record of leadership and achievement, Mr. Clark has significant business experience in navigating through complex regulatory environments and offers our board of directors broad managerial, operational and strategic planning expertise, as well as extensive experience in the issues facing public companies and multinational businesses.

Table of Contents

Proposal 1

Eric C. Fast

Retired Chief Executive Officer of Crane Co.

Mr. Fast is the retired chief executive officer, president, and director of Crane Co., a manufacturer of industrial products. Mr. Fast served as the chief executive officer of Crane Co. from April 2001 until January 2014, as president from 1999 through January 2013, and as a director from 1999 to January 2014. Mr. Fast is a director of Regions Financial Corporation and serves as a director/trustee of the twelve investment companies in the Lord Abbett Family of Funds. He was a director of Convergys Corporation from 2000 to 2007. Mr. Fast also served as a managing director, co-head of global investment banking, and a member of the management committee of Salomon Smith Barney from 1997 to 1998. Mr. Fast held those same positions at Salomon Brothers Inc. from 1995 until the merger of Salomon Brothers Inc. and Travelers/Smith Barney, and prior to that he was co-head of U.S. corporate finance at Salomon Brothers Inc. from 1991 to 1995.

Director since: 2007

Age: 68

Independent

Key Skills & Qualifications

As a former chief executive officer, Mr. Fast brings broad managerial and operational expertise, as well as experience in risk management matters, to our board. Mr. Fast has extensive financial and transactional experience, demonstrated by his career in investment banking prior to his tenure at Crane Co. With years of demonstrated leadership ability, Mr. Fast contributes significant organizational skills to our board of directors, including expertise in financial, accounting, and transactional matters.

Linda R. Gooden

Retired Executive Vice President of Lockheed Martin Corporation Information Systems & Global Solutions

Ms. Gooden is the retired executive vice president information systems & global solutions of Lockheed Martin Corporation, a position that she held from January 2007 to March 2013. She previously served as deputy executive vice president information & technology services of Lockheed Martin Corporation from October 2006 to December 2006, and president, Lockheed Martin Information Technology from September 1997 to December 2006. Ms. Gooden serves on the boards of General Motors Company and The Home Depot. She is also a director of WGL Holdings, Inc., a public utility holding company, and Washington Gas Light Company, a subsidiary of WGL Holdings, Inc.

Director since: 2009

Age: 64

Independent

Key Skills & Qualifications

Ms. Gooden brings to our board of directors broad managerial and operational expertise, as well as experience in business restructuring, finance and risk management. She has a strong background in cybersecurity and information technology, as well as a proven track record of achievement and sound business judgment demonstrated throughout her career with Lockheed Martin Corporation.

Table of Contents

Proposal 1

Michael P. Gregoire

Chief Executive Officer and Director of CA Technologies

Mr. Gregoire is chief executive officer and a director of CA Technologies. He served as president and chief executive officer of Taleo Corporation, a provider of on-demand talent management software solutions, from March 2005 until its acquisition by Oracle Corporation in April 2012, as a director from April 2005 to April 2012, and as chairman of the board from May 2008 to April 2012. Mr. Gregoire served as executive vice president, global services and held various other senior management positions at PeopleSoft, Inc. from May 2000 to January 2005. Mr. Gregoire was managing director for global financial markets at Electronic Data Systems, Inc. from 1996 to April 2000, and in various other roles from 1988 to 1996. He has also served as a director of ShoreTel, Inc. from November 2008 to January 2014 and the chair of its compensation committee from July 2010 to January 2014. Mr. Gregoire is also a director of NPower, a nonprofit information technology services network, since September 2013.

Director since: 2014

Age: 51

Independent

Key Skills & Qualifications

Mr. Gregoire brings to our board of directors extensive executive leadership experience with public companies in the software and services business and strong experience in the technology industry and cybersecurity matters. In addition, his directorships at other public companies provide him with broad experience on governance issues facing public companies.

R. Glenn Hubbard

Dean of Columbia University's Graduate School of Business

Mr. Hubbard has been the dean of Columbia University's Graduate School of Business since 2004 and has been the Russell L. Carson professor of finance and economics since 1994. He is also a director of BlackRock Closed-End Funds and MetLife, Inc. and a member of the Panel of Economic Advisors for the Federal Reserve Bank of New York. Mr. Hubbard served as a director of KKR Financial Holdings, LLC from 2004 until 2014, Information Services Group, Inc. from 2006 to 2008, Duke Realty Corporation from 2004 to 2008, Capmark Financial Corporation from 2006 to 2008, Dex Media, Inc. from 2004 to 2006, and R.H. Donnelley Corporation in 2006. Mr. Hubbard was chairman of the President's Council of Economic Advisers from 2001 to 2003.

Director since: 2004

Age: 59

Independent

Key Skills & Qualifications

Mr. Hubbard provides our board of directors with substantial knowledge of and expertise in global macroeconomic conditions and economic, tax and regulatory policies, as well as perspective on financial markets. In addition, his directorships at other public companies provide him with broad experience on governance issues facing public companies.

Table of Contents

Proposal 1

John P. Jones

Retired Chairman and Chief Executive Officer of Air Products and Chemicals, Inc.

Mr. Jones is the retired chairman of the board, chief executive officer, and president of Air Products and Chemicals, Inc., an industrial gas and related industrial process equipment business. Mr. Jones served as chairman of Air Products and Chemicals, Inc. from October 2007 until April 2008, as chairman and chief executive officer from September 2006 until October 2007, and as chairman, president, and chief executive officer from December 2000 through September 2006. He also served as a director of Sunoco, Inc. from 2006 to 2012.

Director since: 2005

Age: 66

Key Skills & Qualifications

Independent

With a track record of achievement and sound business judgment demonstrated during his thirty-six year tenure at Air Products and Chemicals, Inc., Mr. Jones has significant experience in operating within a highly regulated framework and brings to the board of directors extensive experience in issues facing public companies and multinational businesses, including organizational management, strategic planning, and risk management matters, combined with proven business and financial acumen.

William J. Ready

Executive Vice President, Chief Operating Officer, PayPal

Mr. Ready has been PayPal's executive vice president, chief operating officer since September 2016 and prior to that, senior vice president, global head of product and engineering since January 2015. Since August 2011, he had been the chief executive officer of Braintree, a mobile and web payment systems company acquired by PayPal in 2013. He continues to lead Braintree in his capacity as chief operating officer of PayPal. Prior to Braintree, Mr. Ready was executive in residence at Accel Partners, a leading Silicon Valley venture capital and growth equity firm. A veteran of the payments industry, Mr. Ready also served as president of iPay Technologies from 2008 to 2011. He also worked as a strategy consultant for McKinsey & Company, where he advised leading financial technology companies.

Director since: 2016

Age: 37

Key Skills & Qualifications

Independent

Mr. Ready possesses strong expertise in the technology-based products and services industry, which is a valuable asset to our board of directors and contributes to the oversight of the company's strategic direction and growth. He also brings to our board of directors deep operational experience and knowledge of the technology industry's consumer space, including related cybersecurity matters.

Table of Contents

Proposal 1

Carlos A. Rodriguez

President and Chief Executive Officer of Automatic Data Processing, Inc.

Mr. Rodriguez is president and chief executive officer of the company. He served as president and chief operating officer of the company before he was appointed to his current position in November 2011. Having started his career at the company in 1999, Mr. Rodriguez previously served as president of several key businesses, including National Accounts Services, Employer Services International, Small Business Services, and Professional Employer Organization, giving him deep institutional knowledge across the company's business. Mr. Rodriguez was also a director of Hubbell Inc., a manufacturer of electrical and electronic products, from 2009 to 2016.

Director since: 2011

Age: 53

Management

Key Skills & Qualifications

In addition to broad managerial, operational and strategic planning expertise, Mr. Rodriguez brings a wealth of business acumen and leadership experience to our board of directors, including a deep knowledge of the HCM industry and unique understanding of our business, coupled with a proven track record of integrity, achievement, and strategic vision.

Sandra S. Wijnberg

Executive Advisor, and Former Partner and Chief Administrative Officer of Aquiline Holdings

Ms. Wijnberg is an executive advisor to and former partner, chief administrative officer and member of the board of Aquiline Holdings, a registered investment advisory firm she joined in 2007. From 2014 to 2015, Ms. Wijnberg left Aquiline Holdings to work in Jerusalem at the behest of the U.S. State Department as the deputy head of mission, Office of the Quartet. Prior to joining Aquiline Holdings, she was the senior vice president and chief financial officer of Marsh & McLennan Companies, Inc., from January 2000 to April 2006. From 1997 to 2000, Ms. Wijnberg was the senior vice president, treasurer and (from 1999 to 2000) interim chief financial officer of YUM! Brands, Inc. She is a director of T. Rowe Price and previously served on the boards of Tyco International plc from 2003 to 2016 and TE Connectivity Ltd. from 2007 to 2009.

Director since: 2016

Age: 61

Independent

Key Skills & Qualifications

Ms. Wijnberg is a seasoned business leader with strong financial acumen and significant corporate finance, business operations, insurance and risk management expertise, as well as international experience that provides a valuable global perspective to our board of directors.

Table of Contents

Proposal 1

Stockholder Approval Required

Pershing Square has notified the company of its intent to nominate its slate of three nominees for election as directors at the 2017 Annual Meeting. As a result, the election of directors is considered a contested election as defined in the company's amended and restated by-laws, and the 10 nominees receiving the highest number of FOR votes will be elected. Votes withheld and broker non-votes are not votes cast and will result in the applicable nominees receiving fewer FOR votes for purposes of determining the nominee receiving the highest number of FOR votes.

THE BOARD OF DIRECTORS RECOMMENDS THAT THE STOCKHOLDERS VOTE FOR THE ELECTION OF EACH OF OUR NOMINEES TO THE BOARD OF DIRECTORS ON THE WHITE PROXY CARD.

Our board does not endorse any Pershing Square nominee and unanimously recommends that you disregard any proxy card that may be sent to you by Pershing Square. Voting to withhold with respect to any of Pershing Square's nominees on its proxy card is not the same as voting for our board's nominees, because a vote to withhold with respect to any of Pershing Square's nominees on its proxy card will revoke any previous proxy submitted by you. If you have already voted using a proxy card sent to you by Pershing Square, you have every right to change it and we urge you to revoke that proxy by voting in favor of our board's nominees by using the enclosed WHITE proxy card. Only the latest validly executed proxy that you submit will be counted.

Annex A sets forth information relating to our directors, nominees for directors and certain of our officers and employees who are considered participants in our solicitation under the rules of the SEC by reason of their position as directors of the company, as nominees for directors or because they may be soliciting proxies on our behalf.

If you have any questions or require any assistance with voting your shares, please contact our proxy solicitor at the contact listed below:

Innisfree M&A Incorporated
Stockholders may call toll-free (877) 750-0510
Banks and brokers may call collect at (212) 750-5833

Table of Contents

Corporate Governance

The board of directors' categorical standards of director independence are consistent with NASDAQ listing standards and are available in the company's corporate governance principles on our corporate website at www.adp.com. To access these documents, click on Investor Relations, then Corporate Governance, and then Governance Documents. The board of directors has determined that Ms. Gooden, Ms. Wijnberg and Messrs. Bisson, Clark, Fast, Gregoire, Hubbard, Jones and Ready meet these standards and are independent directors for purposes of the NASDAQ listing standards. All current members of the audit, compensation, nominating/corporate governance, and corporate development and technology advisory committees are independent.

In the ordinary course of business, the company has business relationships with certain companies in which ADP directors also serve as executive officers or on the board of directors, including for example, software services and human capital management services. Based on the standards described above, the board of directors has determined that none of these transactions or relationships, nor the associated amounts paid to the parties, was material or would impede the exercise of independent judgment.

It is our policy that our directors attend the Annual Meetings of Stockholders. All of our directors then in office attended our 2016 Annual Meeting of Stockholders.

During fiscal year 2017, our board of directors held six meetings. All of our incumbent directors attended at least 75%, in the aggregate, of the meetings of the board of directors and the committees of which they were members during the periods that they served on our board of directors during fiscal year 2017.

Executive sessions of the non-management directors are held during each board of directors and committee meeting. Mr. Jones, our independent non-executive chairman of the board, presided at each executive session of the board of directors.

Board Leadership Structure

Our corporate governance principles do not require the separation of the roles of chairman of the board and chief executive officer because the board believes that effective board leadership can depend on the skills and experience of, and personal interaction between, people in leadership roles. Our board of directors is currently led by Mr. Jones, our independent non-executive chairman of the board. Mr. Rodriguez, our chief executive officer, serves as a member of the board of directors. The board of directors

believes this leadership structure is in the best interests of the company's stockholders at this time. Separating these positions allows our chief executive officer to focus on developing and implementing the company's business plans and supervising the company's day-to-day business operations, and allows our chairman of the board to lead the board of directors in its oversight, advisory, and risk management roles.

Board Composition and Director Succession Planning

The board takes a thoughtful approach to its composition to ensure alignment with the company's evolving corporate strategy. We believe our board composition strikes a balanced approach to director tenure and allows the board to benefit from a mix of newer directors who bring fresh perspectives and seasoned directors who bring continuity and a deep understanding of our complex business. We

refresh our board and assess our board succession plans regularly with this balance of tenure and experience in mind. We have added four new directors since 2014. As of our 2017 Annual Meeting, the average age of our director nominees is 59 years and the average tenure of our independent directors is 6.8 years.

Table of Contents

Corporate Governance

Our director succession planning is conducted in the context of a skillset review designed to focus on key areas of skills and experience deemed to be most helpful to driving board performance. Our nominating/corporate governance committee evaluates these desired attributes on an ongoing basis and adds new skills and qualifications as necessary in light of the company's changing strategy and needs.

Individual director evaluations are also conducted by the nominating/corporate governance committee on an annual basis, in close coordination with our chairman. The form of assessment used to facilitate this review is refreshed each year to ensure relevance and covers a broad array of topics relevant to individual performance such as

knowledge, expertise, commitment, preparation, integrity and judgment. This process facilitates director succession planning as it helps identify opportunities to enhance individual performance and any relevant feedback is communicated to the individual director.

In addition to individual evaluations, the nominating/ corporate governance committee, working with our chairman, conducts a thorough evaluation at the board and committee levels to ensure the effectiveness of the directors and their ability to work as a team in the long-term interest of the company. This assessment is conducted through a questionnaire process, which is also refreshed each year, and designed to elicit feedback with respect to areas such as board/committee structure, governance, communication, culture, risk and strategy. Responses are shared and discussed with the nominating/corporate governance committee. The committee then shares the output of this process with the full board along with a series of recommendations that are subsequently implemented to improve board and committee performance, practices and procedures.

Besides the foregoing practices, the company also has a director retirement policy in place to promote thoughtful board refreshment, as set forth in further detail under *Retirement Policy* on page 25 of this proxy statement.

Director Nomination Process

Our nominating process ensures our board consists of a well-qualified and diverse group of leaders who bring an important mix of boardroom and operating experience. When the board of directors decides to recruit a new member, or when the board of directors considers any director candidates submitted for consideration by our stockholders, it seeks strong candidates who, ideally, meet all of its categorical standards of director independence, and who are, or were, preferably, senior executives of large companies who have backgrounds directly related to our technologies, markets and/or clients. Additionally, candidates should possess the following personal characteristics: (i) business community respect for his or her integrity, ethics, principles, insights and analytical ability;

and (ii) ability and initiative to frame insightful questions, speak out and challenge questionable assumptions and disagree without being disagreeable. The nominating/ corporate governance committee will not consider candidates who lack the foregoing personal characteristics.

In addition, the nominating/corporate governance committee considers a wide range of other factors in determining the composition of our board of directors, including diversity of thought and background, as well as individual qualities such as professional experience, skills, education, and training. While not a formal policy, our nominating/corporate governance committee also considers a range of types of diversity, including race, gender,

Table of Contents

Corporate Governance

ethnicity, age, culture and geography. The nominating/ corporate governance committee retains a third party search firm from time to time to identify and evaluate, as appropriate, potential nominees to the board.

Nominations of candidates for our board of directors by our stockholders for consideration at our 2018 Annual Meeting of Stockholders are subject to the deadlines and other requirements described under "Stockholder Proposals" on page 86 of this proxy statement.

Retirement Policy

Our director retirement policy provides that, subject to such exceptions on a case by case basis as the board of directors shall determine, no person will be nominated by the board of directors to serve as a director following the date he or

she turns 72. Management directors who are no longer officers of the company are required to offer to resign from the board of directors.

Committees of the Board of Directors

The table below provides membership and meeting information for each of the committees of the board of directors.

Name	Committee Memberships			
	AC	CC	NCGC	CDTAC
Peter Bisson			X	X
Richard T. Clark	F	C		
Eric C. Fast	C, F	X		
Linda R. Gooden	F			C
Michael P. Gregoire			X	X
R. Glenn Hubbard		X	C	
William J. Ready			X	X
Sandra Wijnberg	F			X
Number of meetings held in fiscal year 2017	7	5	3	5

AC - Audit Committee

CC - Compensation Committee

NCGC - Nominating / Corporate Governance Committee

CDTAC - Corporate Development and Technology

Advisory Committee

F - Financial Expert

C - Committee Chair

Table of Contents

Corporate Governance

Audit Committee

The audit committee's principal functions are to assist the board of directors in fulfilling its oversight responsibilities with respect to:

Eric C. Fast
Committee Chair

our systems of internal controls regarding finance, accounting, legal compliance, and ethical behavior;
our auditing, accounting and financial reporting processes generally;

our financial statements and other financial information that we provide to our stockholders, the public and others;

our compliance with legal and regulatory requirements;

**Other
committee members:**

the appointment, compensation, retention and performance of our independent auditors and the selection of the lead audit partner; and

Richard T. Clark
Linda R. Gooden
Sandra S. Wijnberg

the performance of our corporate audit department.

The audit committee acts under a written charter, which is available online on our corporate website at www.adp.com. To access this document, click on Investor Relations, then Corporate Governance, and then Governance Documents. The members of the audit committee are independent and financially literate under NASDAQ listing standards. A further description of the role of the audit committee is set forth on page 80 under Audit Committee Report.

Nominating/Corporate Governance Committee

The principal functions of the nominating/corporate governance committee are to:

identify individuals qualified to become members of the board of directors and recommend a slate of nominees to the board of directors annually;

R. Glenn Hubbard
Committee Chair

ensure that the audit, compensation and nominating/corporate governance committees of the board of directors have the benefit of qualified and experienced independent directors;

review and reassess annually the adequacy of the board of directors' corporate governance principles and recommend changes as appropriate;

**Other
committee members:**

oversee the evaluation of the board of directors and management and recommend to the board of directors senior managers to be elected as new corporate vice presidents of the company; and

Peter Bisson
Michael P. Gregoire
William J. Ready

review our policies and programs that relate to matters of corporate citizenship.

The nominating/corporate governance committee acts under a written charter, which is available online on our corporate website at www.adp.com. To access this document, click on Investor Relations, then Corporate Governance, and then Governance Documents. The members of the nominating/corporate governance committee satisfy the independence requirements of NASDAQ listing standards.

Table of Contents

Corporate Governance

Compensation Committee

The compensation committee sets and administers our executive compensation program. See Compensation Discussion and Analysis on page 38 of this proxy statement.

The compensation committee is authorized to engage the services of outside advisors, experts and others to assist the committee. For fiscal year 2017, the compensation committee sought advice from FW Cook, an independent compensation consulting firm specializing in executive and director compensation. For further information about FW Cook's services to the compensation committee, see Compensation Discussion and Analysis under Compensation Consultant on page 45 of this proxy statement.

Richard T. Clark
Committee Chair

Other committee members:

Eric C. Fast
R. Glenn Hubbard

The compensation committee acts under a written charter, which is available online on our corporate website at www.adp.com. To access this document, click on Investor Relations, then Corporate Governance, and then Governance Documents. The members of the compensation committee satisfy the independence requirements of NASDAQ listing standards. In addition, each member of the compensation committee is a Non-Employee Director as defined in Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and an outside director as defined in the regulations under Section 162(m) of the Internal Revenue Code of 1986, as amended. The compensation committee may form and delegate authority to subcommittees when appropriate, provided that the subcommittees are composed entirely of directors who satisfy the applicable independence requirements of NASDAQ.

Corporate Development and Technology Advisory Committee

Linda R. Gooden
Committee Chair

The corporate development and technology advisory committee's principal functions are to act in an advisory capacity to the board and management concerning potential acquisitions, strategic investments, divestitures and matters of technology and innovation.

Other committee members:

Peter Bisson
Michael P. Gregoire
William J. Ready
Sandra S. Wijnberg

The corporate development and technology advisory committee acts under a written charter, which is available online on our corporate website at www.adp.com. To access this document, click on Investor Relations, then Corporate Governance, and then Governance Documents.

Table of Contents

Corporate Governance

The Board's Role in Risk Oversight

Our board of directors provides oversight with respect to the company's enterprise risk assessment and risk management activities, which are designed to identify, prioritize, assess, monitor and mitigate the various risks confronting the company, including risks that are related to the achievement of the company's operational and financial strategy. As set forth in more detail below, the board of directors performs this oversight function periodically as part of its meetings and also through its audit, compensation and nominating/corporate governance committees, each of which examines various components

of risk as part of its assigned responsibilities. In addition, our corporate development and technology advisory committee acts in an advisory capacity to the board with respect to certain risks assigned to oversight of the full board. Our committees report back on risk oversight matters directly to the board of directors on a regular basis. Management is responsible for implementing and supervising day-to-day risk management processes and reporting to the board of directors and its committees as necessary.

Corporate Strategy & Initiatives	Product Development	People/HR	Information Assurance	Treasury Management	Laws & Regulations
Third Party Relationships	Sales & Marketing	Physical Assets	IT Development & Production Support	Tax Strategy & Management	Ethics Program
External Environment	Implementation	Procurement	IT Operations	Risk Management (i.e., Insurance/ Indemnity) Reporting	Legal
External Communications	Service Delivery	Money Movement	Information Availability & Continuity	Finance Operations Decision Support and FP&A	Corporate Governance
Acquisitions & Divestitures		Service Operations	Technology Strategy & Management	Capital Strategy & Management	
	= Full Board		= Compensation Committee		
	= Audit Committee		= Nominating / Corporate Governance Committee		

Audit Committee

Our audit committee focuses on financial risks, including reviewing with management, the company's internal auditors, and the company's independent auditors the company's major financial risk exposures, the adequacy and effectiveness of accounting and financial controls, and the steps management has taken to monitor and control financial risk exposures. In addition, our audit committee reviews risks related to compliance with applicable laws, regulations, and ethical standards, and also operational risks related to information security and system disruption. Our audit committee regularly receives, reviews and

discusses with management presentations and analyses on various risks confronting the company, including quarterly reports from our chief security officer, who is tasked with monitoring physical and cybersecurity risks.

Nominating/Corporate Governance Committee

Our nominating/corporate governance committee oversees risks associated with board structure and other corporate governance policies and practices, including matters of corporate citizenship and the review and approval of any related-person transactions under our Related Persons Transaction Policy.

Table of Contents

Corporate Governance

Compensation Committee

Our compensation committee oversees risks related to compensation policies and practices, including management succession planning and our talent strategy, including the recruitment, development and retention of executive talent.

Compensation Committee

Our compensation committee considered the risks presented by the company's compensation policies and practices at its meetings in August 2016 and 2017 and believes that our policies and practices of compensating employees do not encourage excessive or unnecessary risk-taking for the following reasons:

Our incentive plans have diverse performance measures, including company and business unit financial measures, key strategic objectives, and individual goals;

Our compensation programs balance annual and long-term incentive opportunities;

We cap incentive plan payouts within a reasonable range;

The mix of performance-based equity awards and stock options in our long-term incentive programs serves the best interests of stockholders and the company;

Our stock ownership guidelines link the interests of our executive officers to those of our stockholders; and

Our clawback policy allows for the recovery of both cash and equity incentive compensation from any current or former executive who engages in any activity that is in conflict with or adverse to the company's interests, including fraud or conduct contributing to any financial restatements or irregularities.

Communications with All Interested Parties

All interested parties who wish to communicate with the board of directors, the audit committee, or the non-management directors, individually or as a group, may do so by sending a detailed letter to P.O. Box 34, Roseland, New Jersey 07068, leaving a message for a return call at 973-974-5770 or sending an email to adp_audit_committee@adp.com. We will relay any such communication to the non-management director to which such communication is addressed, if applicable, or to the most appropriate committee chairperson, the chairman

of the board, or the full board of directors, unless, in any case, it is outside the scope of matters considered by the board of directors or duplicative of other communications previously forwarded to the board of directors.

Communications to the board of directors, the non-management directors, or to any individual director that relate to the company's accounting, internal accounting controls, or auditing matters are referred to the chairperson of the audit committee.

Transactions with Related Persons

We have a written Related Persons Transaction Policy pursuant to which any transaction between the company and a related person in which such related person has a direct or indirect material interest, and where the amount involved exceeds \$120,000, must be submitted to our nominating/corporate governance committee for review, approval, or ratification.

A related person means a director, executive officer or beneficial holder of more than 5% of the company's outstanding common stock, or any immediate family member of the foregoing, as well as any entity at which any such person is employed, is a partner or principal (or holds a similar position), or is a beneficial owner of a 10% or greater direct or indirect equity interest. Our directors and

Table of Contents

Corporate Governance

executive officers must inform our general counsel at the earliest practicable time of any plan to engage in a potential related person transaction.

This policy requires our nominating/corporate governance committee to be provided with full information concerning the proposed transaction, including the benefits to the company and the related person, any alternative means by which to obtain like benefits, and terms that would prevail in a similar transaction with an unaffiliated third party. In

considering whether to approve any such transaction, the nominating/corporate governance committee will consider all relevant factors, including the nature of the interest of the related person in the transaction and whether the transaction may involve a conflict of interest.

Specific types of transactions are excluded from the policy, such as, for example, transactions in which the related person's interest derives solely from his or her service as a director of another entity that is a party to the transaction.

Availability of Corporate Governance Documents

Our Corporate Governance Principles and Related Persons Transaction Policy may be viewed online on the company's website at www.adp.com. To access this document, click on Investor Relations, then Corporate Governance, and then Governance Documents. Our Code of Business Conduct & Ethics and Code of Ethics for

Principal Executive Officer and Senior Financial Officers may be found at www.adp.com under Investor Relations in the Corporate Governance tab. In addition, these documents are available in print to any stockholder who requests them by writing to Investor Relations at the company's headquarters.

Compensation Committee Interlocks and Insider Participation

Messrs. Clark, Fast and Hubbard are the three independent directors who sit on the compensation committee. No compensation committee member has ever been an officer of the company. During fiscal year 2017 and as of the date of this proxy statement, no compensation committee member has been an employee of the company or eligible to participate in our employee compensation programs or

plans, other than the company's 2008 Omnibus Award Plan under which non-employee directors have received stock option grants and deferred stock units. None of the executive officers of the company have served on the compensation committee or on the board of directors of any entity that employed any of the compensation committee members or directors of the company.

Table of Contents

Compensation of Non-Employee Directors

The annual retainer for non-employee directors is \$290,000, \$175,000 of which is paid in the form of deferred stock units and \$115,000 of which may, at the election of each director, be paid in cash or in deferred stock units. In addition, the chairman of our board of directors receives an incremental retainer of \$165,000, \$82,500 of which is paid in the form of deferred stock units and \$82,500 of which may, at the election of the chairman, be paid in cash or in deferred stock units. This incremental retainer resulted in a total annual retainer of \$455,000 for the chairman of our board of directors in fiscal year 2017. The chair of the audit committee was paid an additional annual retainer of \$20,000, and each chair of the compensation, nominating/ corporate governance committee, and corporate development and technology advisory committees was paid an additional annual retainer of \$15,000. Meeting fees are not paid in respect of the first seven meetings of the board of directors or of any individual committee. Non-employee directors receive \$2,000 for each board of directors meeting attended and \$1,500 for each committee meeting attended beginning with the eighth meeting of the board of directors or any individual committee, as applicable. Meeting fees and the additional annual retainer may, at the election of each director, be paid in cash, deferred, or paid in deferred stock units. Directors who are employees of the company or any of our subsidiaries receive no remuneration for services as a director.

The nominating/corporate governance committee is responsible for reviewing, evaluating, and making recommendations to the board on an annual basis with respect to all aspects of non-employee director compensation. The full board then reviews these recommendations and makes a final determination on the compensation of our non-employee directors. During fiscal year 2017, the nominating/corporate governance committee engaged FW Cook, compensation consultant to the compensation committee, to review the design and competitiveness of our non-employee director compensation program. In connection with this annual review, the board of directors approved an increase to \$200,000 for the chairman's incremental retainer, to be effective at the time of the 2017 Annual Meeting of Stockholders, \$100,000 of which will be paid in the form of deferred stock units and \$100,000 of which

may, at the election of the chairman, be paid in cash or in deferred stock units. Other than Ms. Gooden, all of our non-employee directors chose to receive the entire elective portion of their annual retainers in the form of deferred stock units during fiscal year 2017. Under our 2008 Omnibus Award Plan, a director may specify whether, upon separation from the board, he or she would like to receive the deferred cash amounts in such director's deferred account in a lump sum payment or in a series of substantially equal annual payments over a period ranging from two to ten years.

Pursuant to our 2008 Omnibus Award Plan, each non-employee director is credited with an annual grant of deferred stock units on the date established by the board for the payment of the annual retainer equal in number to the quotient of \$175,000, or \$257,500 in the case of the chairman of the board of directors (\$275,000 in fiscal year 2018), divided by the closing price of a share of our common stock on the date this amount is credited. Deferred stock units are fully vested when credited to a director's account. When a dividend is paid on our common stock, each director's account is credited with an amount equal to the cash dividend. When a director ceases to serve on our board, such director will receive a number of shares of common stock equal to the number of deferred stock units in such director's account and a cash payment equal to the dividend payments accrued, plus interest on the dividend equivalents from the date such dividend equivalents were credited. The interest will be paid with respect to each twelve-month period beginning on November 1 of such period to the date of payment and will be equal to the rate for five-year U.S. Treasury Notes published in *The Wall Street Journal*[®] on the first business day of November of each such twelve-month period plus 0.50%. Non-employee directors do not have any voting rights with respect to their deferred stock units.

Non-employee directors no longer receive annual stock option grants. Prior to our 2010 Annual Meeting of Stockholders, upon initial election to the board of directors, a non-employee director received a grant of options to purchase 5,000 shares of common stock if such director attended a regularly scheduled board of directors meeting prior to the next Annual Meeting of Stockholders. Thereafter, a non-employee director received an annual

Table of Contents**Compensation of Non-Employee Directors**

grant of options to purchase 5,000 shares of common stock. All such options were granted under the 2008 Omnibus Award Plan, have a term of ten years, and were granted at the fair market value of the common stock as determined by the closing price of our common stock on the NASDAQ Global Select Market on the date of the grant.

In addition, non-employee directors who have been non-employee directors for at least ten years will have all of their options vested upon retirement from the board of directors and will have 36 months to exercise their options. Notwithstanding the foregoing, all options will expire no more than ten years from their date of grant.

Our share ownership guidelines are intended to promote ownership in the company's stock by our non-employee directors and to align their financial interests more closely with those of other stockholders of the company. Each non-employee director has a minimum shareholding requirement of our common stock equal to five times his or her annual cash retainer. The following table shows compensation for our non-employee directors for fiscal year 2017.

DIRECTOR COMPENSATION TABLE FOR FISCAL YEAR 2017

Name	Fees Earned or Paid in Cash⁽⁷⁾	Stock Awards⁽⁸⁾	All Other Compensation⁽⁹⁾	Total
(a)	(\$)	(\$)	(\$)	(\$)
	(b)	(c)	(g)	(h)
Ellen R. Alemany ⁽¹⁾	\$0	\$0	\$50,000	\$50,000
Peter Bisson	\$115,000	\$175,000	\$20,000	\$310,000
Richard T. Clark ⁽²⁾	\$125,000	\$175,000	\$40,000	\$340,000
Eric C. Fast ⁽³⁾	\$135,000	\$175,000	\$16,000	\$326,000
Linda R. Gooden ⁽⁴⁾	\$130,000	\$175,000	\$0	\$305,000
Michael P. Gregoire	\$115,000	\$175,000	\$5,000	\$295,000
R. Glenn Hubbard ⁽⁵⁾	\$130,000	\$175,000	\$0	\$305,000
John P. Jones ⁽⁶⁾	\$197,500	\$257,500	\$0	\$455,000
William J. Ready	\$115,000	\$175,000	\$0	\$290,000
Sandra S. Wijnberg	\$115,000	\$175,000	\$20,000	\$310,000

- (1) Ms. Alemany resigned from the board of directors effective as of the date of our 2016 Annual Meeting of Stockholders.
- (2) As chair of the compensation committee, Mr. Clark receives a \$15,000 annual retainer, which is normally included in fees earned. In fiscal year 2016, Mr. Clark was inadvertently credited with approximately 57 additional deferred stock units in connection with his retainer, with a grant date fair value equal to \$5,000. In light of this overpayment, Mr. Clark's fiscal year 2017 retainer was reduced by \$5,000, and such reduction is reflected in the fees earned column.
- (3) As chair of the audit committee, Mr. Fast received a \$20,000 annual retainer, which is included in fees earned.
- (4) As chair of the corporate development and technology advisory committee, Ms. Gooden received a \$15,000 annual retainer, which is included in fees earned.
- (5) As chair of the nominating/corporate governance committee, Mr. Hubbard received a \$15,000 annual retainer, which is included in fees earned.
- (6) Mr. Jones is the non-executive chairman of the board of directors.

Table of Contents**Compensation of Non-Employee Directors**

- (7) Represents the following, whether received as cash, deferred or received as deferred stock units: (i) the elective portion of directors' annual retainer, (ii) annual retainers for committee chairpersons and (iii) board and committee attendance fees. See footnote 8 below for additional information about deferred stock units held by directors.
- (8) Represents the portion of the annual retainer required to be credited in deferred stock units to a director's annual retainer account. Amounts set forth in the Stock Awards column represent the aggregate grant date fair value for fiscal year 2017 as computed in accordance with FASB Accounting Standards Codification Topic 718 (FASB ASC Topic 718), disregarding estimates of forfeitures related to service-based vesting conditions. For additional information about the assumptions used in these calculations, see Note 11 to our audited consolidated financial statements for the fiscal year ended June 30, 2017 included in our annual report on Form 10-K for the fiscal year ended June 30, 2017.

The grant date fair value for each deferred stock unit award granted to directors in fiscal year 2017 (including in respect of elective deferrals of amounts otherwise payable in cash), calculated in accordance with FASB ASC Topic 718, is as follows:

Director	Grant Date	Grant Date Fair Value
Peter Bisson	11/8/2016	\$290,000
Richard T. Clark	11/8/2016	\$300,000
Eric C. Fast	11/8/2016	\$310,000
Linda R. Gooden	11/8/2016	\$190,000
Michael P. Gregoire	11/8/2016	\$290,000
R. Glenn Hubbard	11/8/2016	\$305,000
John P. Jones	11/8/2016	\$455,000
William J. Ready	11/8/2016	\$290,000
Sandra S. Wijnberg	11/8/2016	\$290,000

The aggregate number of outstanding deferred stock units held by each director at June 30, 2017 is as follows: Mr. Bisson, 6,888; Mr. Clark, 22,040; Mr. Fast, 35,958; Ms. Gooden, 28,996; Mr. Gregoire, 11,507; Mr. Hubbard, 40,937; Mr. Jones, 43,923; Mr. Ready, 5,874; and Ms. Wijnberg, 4,260.

In fiscal year 2017, no stock option awards were granted. The aggregate number of outstanding stock options held by each director at June 30, 2017 is as follows: Mr. Jones, 11,376.

- (9) For Ms. Alemany, this amount reflects a donation made by the ADP Foundation to a charitable organization of her choice in connection with her years of service and contributions as a director of the company. For the other directors, reflects contributions by the ADP Foundation that match the charitable gifts made by our directors. The ADP foundation makes matching charitable contributions in an amount not to exceed \$20,000 in a calendar year in respect of any given director's charitable contributions for that calendar year. Amounts may exceed \$20,000 because, while matching charitable contributions are limited to \$20,000 in a calendar year, this table reflects matching charitable contributions for the fiscal year ended June 30, 2017.

Table of Contents**Security Ownership of Certain Beneficial Owners and Management**

The following table contains information regarding the beneficial ownership of the company's common stock by (i) each director and nominee for director of the company, (ii) each of our named executive officers (NEOs) included in the Summary Compensation Table below, (iii) all company directors and executive officers as a group (including the NEOs) and (iv) all stockholders that are known to the company to be the beneficial owners of more than 5% of

the outstanding shares of the company's common stock. Unless otherwise noted in the footnotes following the table, each person listed below has sole voting and investment power over the shares of common stock reflected in the table. Unless otherwise noted in the footnotes following the table, the information in the table is as of August 15, 2017 and the address of each person named is P.O. Box 34, Roseland, New Jersey, 07068.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership ⁽¹⁾	Percent
Peter Bisson	6,888	*
Michael A. Bonarti	86,477	*
Richard T. Clark	22,040	*
Eric C. Fast	35,958	*
Edward B. Flynn	91,506	*
Linda R. Gooden	31,071	*
Michael P. Gregoire	11,507	*
R. Glenn Hubbard	41,937	*
John P. Jones	55,299	*
Dermot J. O'Brien	58,980	*
William J. Ready	5,874	*
Carlos A. Rodriguez	298,955	*
Jan Siegmund	180,353	*
Sandra S. Wijnberg	4,260	*
BlackRock, Inc. ⁽²⁾	30,226,443	6.7%
Pershing Square Capital Management, L.P. ⁽³⁾	36,803,675	8.3%
The Vanguard Group, Inc. ⁽⁴⁾	32,757,158	7.26%
Directors and executive officers as a group 23 persons, including those directors and executive officers named above	1,298,001	*

Footnotes:

* Indicates less than one percent.

(1) Includes: (i) 348,975 shares that may be acquired upon the exercise of stock options that are exercisable on or prior to October 15, 2017 held by the following directors and executive officers: Mr. Jones (11,376), Mr. Bonarti (35,169), Mr. Flynn (34,080), Mr. O'Brien (22,965), Mr. Rodriguez (137,984), and Mr. Siegmund (107,401); and (ii) 530,469 shares subject to stock options held by the directors and executive officers as a group. Includes: (i) 89,904 shares that were acquired by the following executive officers in connection with the vesting of performance-based stock units based on the achievement of certain financial objectives for the fiscal year 2015 through fiscal year 2017 three-year performance period: Mr. Bonarti (7,983), Mr. Flynn (7,983), Mr. O'Brien (8,270), Mr. Rodriguez (50,840), and Mr. Siegmund (14,828); and (ii) 124,859 such shares acquired by the officers as a group. Includes shares issuable upon settlement of deferred stock units held by non-employee directors as follows: Mr. Bisson (6,888), Mr. Clark (22,040), Mr. Fast (35,958), Ms. Gooden (28,996), Mr. Gregoire (11,507), Mr. Hubbard (40,937), Mr. Jones (43,923), Mr. Ready (5,874) and Ms. Wijnberg (4,260). Our directors do not have any voting rights with respect to these deferred stock units.

(2)

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Information is furnished in reliance on the Schedule 13G/A of BlackRock, Inc. (BlackRock) filed on January 19, 2017. The address of BlackRock, Inc. is 55 East 52nd Street, New York, NY 10055. BlackRock has sole dispositive power over 30,226,443 shares. BlackRock has sole voting authority over 24,823,365 shares and no voting authority over 5,403,078 shares. The 30,226,443 shares reported are owned, directly or indirectly, by BlackRock (Luxembourg) S.A., BlackRock

Automatic Data Processing, Inc. *Proxy Statement* | **34**

Table of Contents**Security Ownership of Certain Beneficial Owners and Management**

(Netherlands) B.V., BlackRock (Singapore) Limited, BlackRock Advisors (UK) Limited, BlackRock Advisors, LLC, BlackRock Asset Management Canada Limited, BlackRock Asset Management Deutschland AG, BlackRock Asset Management Ireland Limited, BlackRock Asset Management North Asia Limited, BlackRock Asset Management Schweiz AG, BlackRock Capital Management, BlackRock Financial Management, Inc., BlackRock Fund Advisors, BlackRock Fund Managers Ltd, BlackRock Institutional Trust Company, N.A., BlackRock International Limited, BlackRock Investment Management (Australia) Limited, BlackRock Investment Management (UK) Ltd, BlackRock Investment Management, LLC, BlackRock Japan Co Ltd and BlackRock Life Limited.

- (3) Information is furnished in reliance on the Schedule 13D of Pershing Square Capital Management, L.P. (Pershing Square Capital Management) filed on August 7, 2017. The address of Pershing Square Capital Management is 888 Seventh Avenue, 42nd Floor, New York, NY 10019. Pershing Square Capital Management, PS Management GP, LLC and William A. Ackman (the Pershing Persons) beneficially own 36,803,675 shares, which number includes: 1,750,867 shares, 4,044,808 shares underlying over-the-counter forward purchase contracts, and 31,008,000 shares underlying listed and over-the-counter American-style call options. The Pershing Persons have shared voting power and shared dispositive power over the 36,803,675 shares beneficially owned by the Pershing Persons.
- (4) Information is furnished in reliance on the Schedule 13G/A of The Vanguard Group, Inc. (Vanguard) filed on February 9, 2017. The address of The Vanguard Group, Inc. is 100 Vanguard Blvd., Malvern, PA 19355. Vanguard shares dispositive power over 812,471 shares and has sole dispositive power over 31,944,687 shares. Vanguard has sole voting authority over 710,989 shares, shared voting authority over 109,212 shares and no voting authority over 32,046,169 shares.

Equity Compensation Plan Information

The following table sets forth information as of June 30, 2017, regarding compensation plans under which the company's equity securities are authorized for issuance.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in Column(a))
	(a)	(b)	(c)
Equity compensation plans approved by stockholders	5,365,603 ⁽¹⁾	\$75.36	22,262,119 ⁽²⁾
Equity compensation plans not approved by stockholders	0	\$	0
Total	5,365,603	\$75.36	22,262,119

Footnotes:

(1) Includes (i) 884,631 shares issuable under our performance-based stock unit (PSU) program in settlement of PSUs outstanding as of June 30, 2017 (based on actual performance and accrued dividend equivalents for performance periods ending on or prior to June 30, 2017, and assuming maximum performance for performance periods not yet completed), (ii) 60,471 shares issuable pursuant to deferred restricted stock units issued prior to June 30, 2017, (iii) 200,384 shares issuable upon settlement of deferred stock units held by our directors as of June 30, 2017, and (iv) 36,947 shares issuable in settlement of performance restricted stock units issued prior to June 30, 2017. The remaining balance of 4,183,170 consists of outstanding stock options. Weighted average exercise price shown in column (b) of this table does not take into account PSUs or deferred stock units.

(2) Includes 20,013,388 shares available for future issuance under the 2008 Omnibus Award Plan and 2,248,731 shares of common stock remaining available for future issuance under the Employees Savings-Stock Purchase Plan, each as of June 30, 2017. Approximately 249,000 shares of common stock were subject to purchase as of

Table of Contents

Proposal 2

Advisory Vote on Executive Compensation

We are asking stockholders to approve the following advisory resolution at the Annual Meeting:

RESOLVED, that the stockholders approve, on an advisory basis, the compensation of the company's named executive officers as disclosed in the Compensation Discussion and Analysis, the accompanying compensation tables and the related narrative disclosure in the company's proxy statement for the 2017 Annual Meeting of Stockholders.

The board of directors recommends a vote **FOR** this resolution because it believes that the policies and practices described in the Compensation Discussion and Analysis are effective in achieving the company's goals of linking

pay to executive performance and levels of responsibility, encouraging our executive officers to remain focused on both short-term and long-term financial and strategic goals of the company and linking executive performance to the creation of stockholder value.

We urge stockholders to read the Compensation Discussion and Analysis section appearing on pages 38 through 57 of this proxy statement, as well as the Summary Compensation Table For Fiscal Year 2017 and related compensation tables and narrative appearing on pages 58 through 79 of this proxy statement, which provide detailed information on the company's compensation policies and practices and the compensation of our named executive officers.

Stockholder Approval Required

The affirmative vote of the holders of a majority of the shares represented in person or by proxy and entitled to vote thereon is required to approve the advisory resolution on executive compensation. Votes may be cast in favor of or against this proposal or a stockholder may abstain from voting. Abstentions will have the effect of a negative vote. As discussed above, if your broker holds your shares, your broker is not entitled to vote your shares on this proposal without your instruction. Broker non-votes will have no effect on the outcome of the advisory resolution because the non-votes are not considered in determining the number of votes necessary for approval. Because the vote on this proposal is advisory in nature, it will not affect

any compensation already paid or awarded to any named executive officer and will not be binding on or overrule any decisions by the compensation committee or the board of directors.

Because we value our stockholders' views, however, the compensation committee and the board of directors will consider carefully the results of this advisory vote when formulating future executive compensation policy.

THE BOARD OF DIRECTORS RECOMMENDS THAT THE STOCKHOLDERS VOTE FOR THE APPROVAL OF THE ADVISORY RESOLUTION ON EXECUTIVE COMPENSATION.

Table of Contents

Proposal 3

Advisory Vote on Frequency of the Executive Compensation Advisory Vote

In accordance with Section 14A of the Exchange Act, we are seeking an advisory vote from our stockholders (the Say-When-on-Pay Vote) on how often the company should hold future advisory votes on compensation for our named executive officers similar to Proposal 2. This Say-When-on-Pay Vote must be submitted to stockholders at least once every six years.

We last held an advisory vote on the frequency of the executive compensation advisory vote during our 2011 Annual Meeting of Stockholders. During this meeting, the board recommended, and a majority of stockholders voted

for, a frequency of one year. As a result, for the past six years, the board has determined to hold an annual advisory vote on executive compensation.

After careful consideration, the board maintains its recommendation that you vote to hold an advisory vote on executive compensation with a frequency of **ONE YEAR**. We continue to believe that an annual vote will facilitate frequent input and discussions with stockholders on executive compensation and corporate governance matters and is consistent with our policy of reviewing our compensation program annually.

Stockholder Approval Required

Stockholders may cast their vote on their preferred voting frequency by choosing the option of every one year, two years or three years, or they may abstain from voting on this proposal. The frequency that receives the highest number of votes cast by stockholders at the 2017 Annual Meeting will be considered the advisory vote of our stockholders. Abstentions will have no effect on the outcome of this advisory vote. As discussed above, if your broker holds your shares, your broker is not entitled to vote your shares on this proposal without your instruction. Broker non-votes will have no effect on the outcome of this advisory vote. Because the vote on this proposal is advisory in nature, it will not be binding on or overrule any decisions by the compensation committee or the board of directors.

Although this advisory vote is non-binding, the board and compensation committee value the opinion of our stockholders and will consider carefully the results of this vote in making a determination about the frequency of future executive compensation advisory votes.

Notwithstanding the board's present recommendation and the voting results, the board may in the future decide to conduct advisory votes on a different frequency basis and may vary its practice based on future discussions with stockholders and/or changes to our executive compensation practices and programs.

THE BOARD OF DIRECTORS RECOMMENDS THAT THE STOCKHOLDERS VOTE FOR THE OPTION OF HOLDING AN ADVISORY VOTE ON EXECUTIVE COMPENSATION WITH A FREQUENCY OF ONE YEAR.

Table of Contents

Compensation Discussion and Analysis

The following Compensation Discussion and Analysis, or CD&A, section of this proxy statement discusses the material elements of our fiscal year 2017 executive compensation programs for the following persons, who are our named executive officers, or NEOs :

- Carlos A. Rodriguez, our Chief Executive Officer;
- Jan Siegmund, our Chief Financial Officer;
- Edward B. Flynn, our President, Global Enterprise Solutions;
- Michael A. Bonarti, our General Counsel and Secretary; and
- Dermot J. O'Brien, our Chief Human Resources Officer.

The CD&A also provides an overview of our executive compensation philosophy and explains how the compensation committee of our board of directors arrives at specific compensation decisions involving the NEOs. In addition, the CD&A explains how our executive compensation programs are designed and operate with respect to our NEOs by discussing the following fundamental aspects of our compensation programs:

- compensation principles;
- cash compensation;
- long-term incentive compensation; and
- other compensation components and considerations (including retirement benefits and deferred compensation).

Executive Summary

Strong Stockholder Support for our Compensation Programs

The compensation committee continuously evaluates the degree to which our compensation programs link pay to performance, and takes steps to ensure that the program encourages our executive officers to remain focused on both the short-term and long-term financial and strategic goals of the company. Each year the compensation committee sets rigorous and challenging performance measures aligned to these company goals. We continue to believe that growth in revenue, adjusted EBIT (as defined below), new business bookings and net income are the most important measures of the successful execution of our objectives and the delivery of sustainable long-term stockholder value.

At our 2016 Annual Meeting of Stockholders, our stockholders approved the compensation of our fiscal year 2016 NEOs by a vote of approximately 96% in favor. Given this strong support and the company's continued good performance, the compensation committee retained the basic foundation of our overall

compensation program during fiscal year 2017, but made certain changes as described in this CD&A to ensure that the program continued to support our key financial and strategic objectives.

Fiscal Year 2017 Business Highlights

In fiscal year 2017, we continued to leverage the strength of our business model and our proven ability to execute by making smart investments that enhance our service capabilities and our sales force, and deliver cloud solutions. Our business strategy is based on the following three strategic pillars, which are designed to position ADP as the global market leader in technology-enabled human capital management (HCM) services:

- Grow a complete suite of cloud-based HCM solutions;
- Grow and scale our market-leading Human Resources Business Process Outsourcing solutions by leveraging our platforms and processes; and
- Leverage our global presence to offer clients HCM solutions where they do business.

Table of Contents**Compensation Discussion and Analysis**

During fiscal year 2017, we continued to focus on our global HCM strategy, and our results reflect the strength of our underlying business model, our success in the market, and our focus on growth. This focus is evidenced by our sustained investments in product innovation, service and our sales force, as well as the divestiture of our Consumer Healthcare Spending Account (CHSA) and COBRA businesses (the CHSA and COBRA divestiture). While we had softer new business bookings and faced some pressure on our client retention and margins, our key business results in fiscal year 2017 continued to reflect a strong enterprise, with solid revenue growth, consistent, healthy cash flows and low capital expenditure requirements. We expect to maintain our planned strategic investments in innovation, service and sales in fiscal year 2018 as we grow through the pressure we faced in fiscal year 2017 and continue to drive further operating efficiencies as we leverage our strategies and the scale of our operations.

Our financial performance impacted the compensation of our executive officers in several ways, most notably our annual cash bonus plan and performance-based stock unit (PSU) program. The compensation committee's determination of incentive compensation under our annual cash bonus plan for all of our executive officers, including our NEOs, was based on fiscal year 2017 revenue growth, new business bookings growth, and adjusted earnings before interest and taxes (EBIT) growth. Targets and results exclude the impact of certain items pursuant to predetermined parameters established by the compensation committee at the time that targets were set. As such, the targets below for revenue growth and adjusted EBIT growth reflect the impact of the CHSA and COBRA divestiture in order to properly reflect the company's continuing operations.

Annual Cash Bonus**Plan Measures****Plan Targets****Plan Results**

Revenue Growth	7.3%	6.4%, excluding the impact of foreign currency fluctuations in excess of the fluctuations assumed in the target
New Business Bookings Growth	5.0%	-5.4%
Adjusted Earnings Before Interest And Taxes (EBIT) Growth	8.8%	7.8%, excluding the impacts of: a gain on the CHSA and COBRA divestiture; charges related to our service alignment initiative and workforce optimization effort; and foreign currency fluctuations in excess of the fluctuations assumed in the target

¹ Our adjusted EBIT measure excludes the impact of taxes, certain interest expense, and certain interest income.

Table of Contents

Compensation Discussion and Analysis

The incentive compensation under our PSU program was based on fiscal year 2017 net income growth and, for prior-year awards, earnings per share growth. Targets and results exclude the impact of certain items pursuant to predetermined parameters established by the compensation

committee at the time that targets were set. As such, the targets below for net income growth and earnings per share growth reflect the impact of the CHSA and COBRA divestiture in order to properly reflect the company's continuing operations.

PSU Program Measures	Program Targets	Program Results
		9.7%, excluding the impacts of:
		a gain on the CHSA and COBRA divestiture;
		charges related to our service alignment initiative and workforce optimization effort;
		Accounting Standard Update 2016-09 on stock-based compensation;
		acquisitions; and
		foreign currency fluctuations in excess of the fluctuations assumed in the target
Net Income Growth	8.6%	11.7%, excluding the impacts of:
		a gain on the CHSA and COBRA divestiture;
		charges related to our service alignment initiative and workforce optimization effort;
		Accounting Standard Update 2016-09 on stock-based compensation;
		acquisitions; and
		foreign currency fluctuations in excess of the fluctuations assumed in the target
Earnings Per Share Growth	10.1%	