

AUTOMATIC DATA PROCESSING INC
Form DFAN14A
November 01, 2017

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

SCHEDULE 14A

(Rule 14a-101)

SCHEDULE 14A INFORMATION

**Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934**

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Check the appropriate box:

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Definitive Proxy Statement

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Automatic Data Processing, Inc.

(Name of Registrant as Specified In Its Charter)

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PS Management GP, LLC

Pershing Square, L.P.

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On November 1, 2017 Pershing Square Capital Management, L.P. and certain affiliates delivered the following presentation relating to Automatic Data Processing, Inc., which may also be posted on www.ADPascending.com:

ADP Ascending
The Choice for Shareholders
November 1, 2017

Disclaimer

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I believe that change, and the ever increasing pace of change, that we're all witnessing, puts an incredible pressure on our organizations, and the people in those organizations. I believe that people, human beings, fundamentally do not like change. It causes discomfort. I believe, that change and accelerating change without good leadership can turn that discomfort into fear. I believe that fear, left unchecked, can cause organizations

good
people

to ignore reality. Do some really strange things. Ultimately
cause the demise of their organization. Or, make them into
something that is insignificant, compared to their past.

-

John Paul Jones
ADP,
Chairman
of
the
Board
Former Chairman and CEO of Air Products
2

Source:
Villanova
University.
Summit
on
Leadership.
Leading
Today
in
a
Changing
World
(Circa
2009).
https://www.youtube.com/watch?v=nHbDZ0c_hsM

ADP's Employer Services business is underperforming its potential
ADP can significantly improve its performance and competitive position
with improved operational efficiency and greater technology leadership
Employer Services, currently earning a ~19% operating margin, should
achieve 35% or greater margins
Employer Services' growth can increase to ~7%+
Achieving ADP's structural potential will drive enormous shareholder value
The long-term health of ADP will be driven by an improved and superior
culture, employee engagement, innovation, and operational efficiency
ADP's transformation can be accomplished without undue risk
The transformations of Solera (f.k.a. Claims Services) and CDK (f.k.a. Dealer
Services),
previously
owned
by
ADP,
provide
a

roadmap

ADP has an Enormous Opportunity for Improvement

3

4
We
believe
there
is
likely
a
valid
case
for
accelerated
margin
expansion
at
ADP...
There
is
a

10-15
[percentage
point]
delta
between
ADP
and
competitor
margins
which
cannot
be
easily explained by structural differences

Lisa Ellis, Bernstein (Aug 31, 2017)

[W]e
agree
that
there
are
significant
margin
expansion
opportunities
and
expect
the
activist
involvement to potentially help drive greater focus on improving the Employer Services margins
going forward.

Bryan Keane, Deutsche Bank (Sep 5, 2017)

We
agreed
with
many
of
the
points
highlighted
by
Pershing
There
is
an
opportunity
to
further
improve margins. ADP's revenue [per] employee lags competitors reflecting multiple platforms
and redundant service centers.

Mark Marcon, Baird (Aug 18, 2017)

Note: Permission to use quotations throughout this presentation neither sought nor obtained. Emphasis added.
Wall Street Analysts Agree

We
believe
there
is
sufficient
evidence
to
suggest
that
additional
margin
expansion
should
be
achievable
in
Employer
Services,
specifically
the
[Paychex]
comp,
the
CDK
case,
headcount
intensity, and lack of committed-to margin expansion from current initiatives.

Lisa Ellis, Bernstein (Oct 31, 2017)

83% of ADP's current long shareholders support Pershing Square's involvement in ADP
83% of ADP's current long shareholders find it somewhat compelling or compelling that ADP's
Employer Services should achieve operating margins of 35% or greater
88% of ADP's current long shareholders find it somewhat compelling or compelling that ADP's
Employer Services revenue growth can be accelerated through operational improvements and a best-
in-class offering in ADP's Enterprise business

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Shareholders

support

Pershing

Square's

views:

(1)

Shareholders and Proxy Advisory Firms Agree

The proxy advisory firms see the opportunity (emphasis added):

[ADP]
is
not
performing
to
its
full
potential,
operationally
or
financially,
and
is
not
maximizing
value for long-term shareholders. In our view, when compared to the productivity, profitability
and
growth
of
ADP's
competitors
in
the
HCM
industry
the
substantial
opportunity
that
Pershing
Square
has
outlined
for
ADP
to
potentially
achieve
becomes
readily
apparent.

-

Glass, Lewis & Co. (Oct 23, 2017)

[T]he
dissident
does
appear
to
make
a

valid
point
when
noting
that
ADP's
margins
fall
far
short
of Paychex's. Moreover, economies of scale in areas such as R&D and corporate expense
should
help
ADP's
margin
relative
to
Paychex.
ADP's
revenues
(excluding
pass-throughs
and
clients' funds' interest) are approximately three times that of Paychex, and its payroll-related
revenue is more than four times that of Paychex.

-

ISS (Oct 25, 2017)

(1)

Lisa Ellis, Bernstein. ADP vs. Ackman: And the Investor Survey Says...The Vote Might Be Closer Than You Thought. October

6

(1)

ADP's gross margins adjusted to exclude float income (-\$397m) but add-back Systems Development and Programming Costs to be more consistent with competitor gross margin presentation. Competitor gross margins have similarly been adjusted (as represented as a percentage of adjusted net operational revenue, excluding float income and reporting the PEO net of pass-through

(2)

Excludes services and implementation revenue / associated gross profit.

(3)

Assumes ES achieved competitor-level gross margins of 74% on \$8.5bn of Net Operational Revenue.

Adjusted Net Operational Gross Profit Margins

(1)

(%)

Recurring

Median: 74%

Median: 71%

ES:

~58%

(2)

Achieving competitor-level gross margins would drive ~\$1.35bn of profit uplift or ~1,600 of margin improvement in Employer Services

(3)

Smallest

Largest

ADP has a Substantial Opportunity to Improve its

Gross Margins

60%

30%

40%

50%

60%

70%

80%

90%

100%

ADP (1)

Paychex

Workday

Ultimate

Insperty

TriNet

Cornerstone

Paycom

Paylocity

ADP

Excluding PEO (ADP)

SMB

Enterprise

PEO

HCM

Major Accounts

Recurring Adjusted Gross Profit

Net Operational Revenue per Employee

(1)

(Ex-Float)

7

ADP has a Substantial Opportunity to Improve its

Labor Efficiency

Median: \$232

Smallest

Largest

ES:

~\$153

(2)

Note: Based on latest fiscal year end, as relevant. Note that Kronos and Ceridian are two privately-owned competitors which d

(1)

Net operational revenue excludes float income (Funds Held for Clients) and PEO Services pass-through costs (~\$2.6bn for .

(2)

Inspirity Net Operational Revenue estimated based on TriNet s gross margins.

(3)

Estimated based on the average of two methodologies: (1) assumes ES achieved peer-level productivity on current headcount c
estimated

40%

margin

flow-through

implying

a

\$1.5bn

uplift

in

EBIT,

and

(2)

assumes

a

headcount

reduction

on

the

current

base

of

revenue

at

an

estimated

fully-burdened

cost

per

employee of \$70k, driving a \$1.2bn EBIT uplift.

Achieving competitor-level labor productivity would drive ~\$1.4bn of profit

uplift or ~1,600bps of margin improvement in Employer Services

(3)

ES:

~\$212

\$214

\$238

\$209

~\$269

\$249

\$232

\$159

\$148

\$161

\$0

\$50

\$100

\$150

\$200

\$250
\$300
ADP
Paychex
Workday
Ultimate
Insperity
Trinet
Cornerstone
Paycom
Paylocity
ADP
Excluding PEO
SMB
Enterprise
PEO
HCM
Major Accounts

While Paychex historically generated similar Revenue per Employee to ADP (from 2008-2011), it has dramatically outperformed ADP since 2011

8

ADP vs. Paychex: the Gap is Widening

Revenue per Employee

(1)

(\$ 000)

Revenue Per Employee

(1,3,4)

(\$ 000)

(1)

For both ADP and Paychex analysis excludes Client Funds and PEO pass-through costs. Source: SEC public financials and/or

(2)

2008-2014 includes Dealer Services given lack of consistent disclosure. 2015 through 2017 excludes Dealer Services. Note that at the time of the spinoff from ADP.

(3)

PEO

estimated

at

~11%

of
total
revenue
based
on
management
commentary
noting
PEO
comprises
 $\frac{1}{4}$
of
HRS
revenue
(Q2 2017
earnings
call),
growing
double-digits.

Pass-through

costs estimated at \$165m. Adjusted results for Paychex change in accounting with respect to PEO pass-through costs in FY 2011, consistent with management commentary.

(4)

ADP excludes Dealer Services in both periods. 2009 employee headcount excluding Dealer Services based on disclosure from

\$100

\$150

\$200

\$250

2008

2009

2010

2011

2012

2013

2014

2015

2016

2017

ADP (2)

Paychex (3)

\$159

\$161

\$158

\$214

\$100

\$150

\$200

\$250

2009A

2017A

ADP
Paychex
+1.4x
4.4% CAGR

9

ADP vs. Paychex

Paychex is a mature ADP competitor with a similar growth profile; yet, ADP's Employer Services trails Paychex significantly across all key metrics: revenue productivity, gross margin, and operational profit margin

Net Op. Revenue per
Employee

(1)

(\$ 000)

Adjusted Gross

Profit Margin

(1,2)

(%)

Adjusted Operational

EBIT Margin

(1,3)

(%)

+2,200 bps

+1,600bps

+38%

19%

41%

22%

ADP

Paychex

58%

74%

60%

ADP

Paychex

\$153

\$212

\$161

\$214

ADP

Paychex

ADP (Employer Services)

Paychex (Excluding PEO)

Total: Including PEO, Net

(1)

For both ADP and Paychex analysis excludes Client Funds and PEO pass-through costs. Paychex PEO pass-through estimated revenue. Assumes ADP has 2,500 dedicated PEO employees. Assumes Paychex has 650 dedicated PEO employees, 75% gross profit margin.

(2)

ADP's gross margins adjusted to exclude float income (-\$397m) but add-back Systems Development and Programming Costs (+\$226m) to be more consistent with competitor gross margin presentation. Gross profit margins presented as a percentage of float income and reporting the PEO net of pass-through costs. Assumes ADP's PEO has a 72% net gross profit margin (excluding float income).

(3)

Excludes float income and pass-through costs. Note ADP's Employer Services margin of 19%; ADP's PEO has a 48% net operating margin.

Paychex (~41% EBIT Margins) is Comparable to At

Least ~\$3bn of ADP's Employer Services Business

Paychex has ~35k clients and ~\$0.7bn of revenue in its mid-market business (avg. 75-100 EEs),

(1)

comparable to the smaller client sub-vertical of ADP's mid-market (~\$1bn of ADP revenue)

10

Our client base in the mid-market is about a little bit over 6% of our total clients. And you can assume that,

from

a

revenue

standpoint,

that's

three

to

four
times
what
our
client
base
is
[18-24%],
if
that
helps.

-

Efrain Rivera, Paychex CFO (Dec 21, 2016)

ADP vs. Paychex: Revenue Composition by

Underlying Client Size

Implies all other ES

revenue (>150 EEs)

margins of ~6%

Implied ADP Employer Services Margin

Excl. Paychex Comparable Revenue

x41%

ADP

Mid-Market

(50-999)

~\$2bn

~\$2bn

(RUN

by

ADP)

~\$0.6bn

~\$1bn

\$2.8bn

\$8.5bn

~\$2bn

\$1.7bn

\$1.8bn

~\$5.5bn

\$8.5bn

~\$2bn

~\$1bn

~\$0.8bn

~\$0.4bn

(1)

EEs is an ADP / HCM industry term which denotes the number of underlying employees per client.

\$1.6bn

\$0.4bn

\$5.5bn

= 6%

Workforce

Now

\$0

\$1

\$2

\$3

\$4

\$5

\$6

\$7

\$8

\$9

Paychex

ADP

SMB (1-49)

Large-Mid Market (150-999)

Enterprise (1,000+)

International

All Other

Net Operational Revenue

Operational EBIT

Small-Mid Market (50-149)

ADP's Management Has Admitted That There is
Plenty of Room for Improvement

Carlos
Rodriguez,
President
&
CEO

When you look at ADP's overall pretax operating margin, it's pretty darn good, but when
I stack
it
up
against
other
companies
that
are
in
similar
industries
to

us,
I
think
there
is
plenty
of
room
there.
So
we
have
one
or
two
competitors
that
have
higher
operating
margins than we do [e.g. Paychex] and that would be a good example of how much space,
how much room there is.

So
we
believe
there
is
room
inherently,
but

I
think
there
are
data
points
out
there
that
would
lead
you
to
believe
that
a
20%
pretax
operating
margin

is
nice,
particularly
for
some
other
industries,
but
in
our
world
it
leaves,
I
think,
plenty
of
room
for
improvement
over
the
years.
ADP
Sanford
Bernstein
Conference

May
29,
2013
11

Management should be held accountable to deliver margin expansion
which, based on the company's own statements, is clearly achievable

Growth in ADP's Employer Services is Deteriorating
Growth in Employer Services has deteriorated in recent years and must
dramatically accelerate to meet ADP's September 12th plan
12

Source: ADP SEC financials, financial press releases.

(1)

FY 2012 through FY 2016 based on ADP management's Constant Dollar Internal Revenue Growth metric. FY 2017 based
ADP's

Plan

(18-20)

calls

for

ES

growth

of 6-7%; will require 19-20 inflection

Employer Services Revenue Growth (%)

ACA (Obamacare)

related activity

significantly boosts

revenue growth

ACA tailwinds

fade, growth

declines

6%

6%

7%

6%

6%

4%

2%

3%

7%

9%

7%

9%

2%

3%

4%

5%

6%

7%

8%

9%

FY 2012

FY 2013

FY 2014

FY 2015

FY 2016

FY 2017

FY 2018E

FY 2019E

FY 2020E

Organic Revenue Growth (%)

Implied FY 2018 -

FY 2020 Plan (Midpoint)

(1)

ADP is Falling Behind Competitors, Particularly
in Enterprise HCM (~20% of Employer Services)

13

ADP's board and management have failed to develop a best-in-class offering for the
Enterprise market, a failure which has allowed competitors to capture meaningful
market share and value at the expense of ADP

Change in HCM Client Count

(Since Launch of Vantage)

(1)

Change in Revenue

(FY 2009

FY 2017) (\$bn)

(3)

Enterprise Value Creation

(FY 2009

FY 2017) (\$bn)

(5)

(1)
Presented
as
the
change
in
client
count
from
FY
2011
through
FY
2017
(consistent
with
the
launch
of
Vantage).
Note
client
counts
may
not
be
directly
comparable.

(2)
Current Vantage count
from 5/3/2017 commentary when ADP described having 350 live Vantage clients.

(3)
Based
on
the
change
in
revenue
from
FY
2009

FY
2017.
Workday
2009
revenue
of
\$50m

based
on
public
news
articles
(Forbes.
Duffield
Scores
Biggest
Round.
4/30/2009).

(4)

Fiscal year 2009 based on ADP's 2009 Analyst Day Investor Presentation. FY 2017 estimated at 20% of headline Employer S

(5)

Workday 2009 valuation based on its Series E private financing round, per Fortune. <http://fortune.com/2012/10/15/the-vc-firm>

(6)

Assumes 40% flow through from revenue to EBIT, a 33% tax rate and a 25x unlevered earnings multiple.

(2)

(4)

(6)

In the case of an ADP So I consider them a more coopetition. They're not really trying to be best to beat in HR When I think about people that we compete against for cloud HR, performance, learning, recruiting I'd say probably more Ultimate. That's where we want to dominate.

Aneel

Bhusri, Workday CEO, June 2, 2016

In the case of an ADP So I consider them a more coopetition. They're not really trying to be best to beat in HR When I think about people that we compete against for cloud HR, performance, learning, recruiting I'd say probably more Ultimate. That's where we want to dominate.

Aneel

Bhusri, Workday CEO, June 2, 2016

Despite ADP's installed base (circa 11)

of ~4k, a large client base to sell to

Est. ~40% directly comp-

arable to ADP Enterprise

bn

bn

bn

bn

bn

bn

350

1,344

1,400

ADP

(Vantage)

Workday

Ultimate

Software

(\$0.2)
\$1.5
\$0.6
ADP
(Enterprise)
Workday
Ultimate
Software
(\$1.3)
\$20.2
\$5.1
ADP
(Enterprise)
Workday
Ultimate
Software

Ultimate Software Wins ~45% of Clients from ADP;

What These Clients Say About ADP is Instructive

14

Why are they looking to replace their old vendor (e.g., ADP)?

What factors are allowing Ultimate to win versus incumbent providers (e.g., ADP)?

Source: Ultimate Software Investor Presentation.

Competitors published reasons for why they're winning in the marketplace invalidates

ADP's claim that its current service offering is a point of competitive advantage

15

(1)

Net operational revenues, excludes float allocations. Adjusts for currency and divestitures. Consistent with ADP's prior presentation

(2)

Based on ADP's 2009 Analyst Day disclosure as contrasted against recent comments (Q3 2017 Earnings Call).

Employer Services has achieved a ~5% constant-currency organic revenue

CAGR

since

2009

(1)

,

despite

Enterprise

revenues

declining

~10%

(2)

over

that

time

If Enterprise had a best-in-class product and grew at least in-line with the

broader ES business, growth would accelerate to ~7%+

ADP's

PEO

business

is

massively

underpenetrated

relative

to

ADP's

client

base (at 5% to 7% of ADP's addressable client base vs. 14% to 16% for the broader economy)

the PEO has extremely attractive relative unit economics

Additional growth drivers include: (1) big-data, (2) gig economy or other related HCM offerings, and (3) consumer-focused product extensions & adjacencies

ADP Can Grow More Quickly

With best-in-class technology capabilities, Employer Services could increase growth from mid-single-digits% to high-single-digits%

Root Causes

16

ADP's senior executive management
Executives
have
decades
of
tenure
at
ADP
and
effectively
no
outside
experience
or
perspectives

ADP's CTO is not a technologist by training (previously a GM)

He's [Bill Ackman] saying that somehow the company is insular and that people stick around forever, and the people that have worked for me have been around the company for a long, long time. What he's not aware of is that my team is almost entirely new from the time I became CEO.

Carlos Rodriguez (CNBC August 10, 2017)

ADP's Senior Management Team is Insular

17

Name

Position

Age

Joined

Tenure

Carlos Rodriguez

CEO, President & Director

53

1999

18

Jan Siegmund

CFO & Corporate VP

53

1999

18

Thomas Perrotti

President of Worldwide Sales & Marketing

48

1993

24

Edward Flynn

President of Global Enterprise Solutions

57

1988

29

Deborah Dyson

President of National Account Services and Client Experience, Continuous Improvement

51

1988

29

John Ayala

President of Major Account Services & ADP Canada

50

2002

15

Maria Black

President of Small Business Solutions & HR Outsourcing

43

1996

21

Douglas Politi

President of Added Value Services & Corporate VP

55

1992

25

Stuart Sackman

Corporate VP, Global Product and Technology

56

1992

25

Donald

Weinstein

Corporate VP, Chief Strategy Officer

48

2006

11

Michael

Bonarti

Corporate VP, General Counsel & Secretary

51

1997

20

Dermot O'Brien

Chief Human Resources Officer

51

2012

5

Average Tenure

20

Source: Glassdoor, Inc. July 2017.

Overall Rating

Approval of CEO

Approve of Senior

Management

ADP Rank:

Last

2 to Last

Last

ADP Trails Major Peers Across a Variety
of Employee Satisfaction Metrics

18

4.4

3.7

4.2

4.2
4.2
4.2
4.6
3.8
3.7
3.5
2.0
3.0
4.0
5.0
Paylocity
Paycom
Cornerstone
OnDemand
Intuit
Kronos
Ceridian
Ultimate
Software
Workday
Paychex
ADP
95%
81%
95%
96%
96%
91%
97%
91%
93%
86%
50%
60%
70%
80%
90%
100%
4.3
3.7
4.1
3.9
3.9
4.1
4.6
3.7
3.5
3.1
2.0

3.0

4.0

5.0

ADP

SMB

Mid-Market

Enterprise

"Beyond Payroll"

nd

Note: Green stars denote Glassdoor Highest Rated CEOs from 2016 or 2017 based on U.S. employee feedback between 5/2/15

Source: Glassdoor, Inc. July 2017.

Culture & Values

Recommend to a

Friend

Positive Business

Outlook

ADP Rank:

Last

Last

Last

ADP Trails Major Peers Across a Variety
of Employee Satisfaction Metrics

19

4.5

3.9

4.5
4.4
4.2
4.3
4.7
4.0
3.8
3.5
2.0
3.0
4.0
5.0
Paylocity
Paycom
Cornerstone
OnDemand
Intuit
Kronos
Ceridian
Ultimate
Software
Workday
Paychex
ADP
86%
69%
85%
86%
85%
88%
92%
72%
71%
68%
50%
60%
70%
80%
90%
100%
85%
67%
80%
83%
82%
83%
93%
77%
66%
59%

50%

60%

70%

80%

90%

100%

ADP

SMB

Mid-Market

Enterprise

"Beyond Payroll"

ADP's Culture Needs to Change

ADP's insular, bureaucratic, and staid corporate culture causes the Company to trail competitors in recruiting talent, eroding the Company's long-term competitive position

Many of ADP's direct competitors rank amongst the best places to work in the country, according to prestigious lists such as the Fortune 100 Best Companies to Work For

Challenge in recruiting employees

Insular, outsiders don't get ahead
Outside views aren't considered or embraced, change never pursued

ADP is an accounting and processing company

ADP is not a technology or software
company

7. Ultimate Software

8. Salesforce

13. Intuit

18. Workday

20

ADP is notably absent

Prior Dispositions Provide a
Roadmap for ADP
21

ADP's Prior Dispositions Demonstrate The
Opportunity For Improvement

22

CDK (f.k.a. Dealer Services)

Solera (f.k.a. Claims Services)

Adjusted EBIT Margins (%)

Adjusted EBIT Margins (%)

Source: ADP, Solera and CDK Global financials. Adjusted EBIT as presented includes certain non-GAAP adjustments consisting of certain non-recurring items. See page 76, ADP Ascending: Detailed Supporting Materials (October 11, 2017).

ADP

Owned

Solera

ADP

Owned

CDK

These dispositions highlight ADP's inadequate business oversight and governance

+2.2x

+2.2x

ADP has recently sold yet another
business (CHSA / COBRA to WageWorks) which is
also

poised

to

double

margins

(1)

In our view, the Solera and CDK cases are perhaps the most compelling evidence of the ADP board's
sub-optimal business oversight and the validity of the opportunity asserted by Pershing Square for
ADP's Employer Services to substantially improve its performance given more effective board oversight,
proper direction, a different mentality and a new operating plan.

-

Glass, Lewis & Co. (Oct 23, 2017)

18%

40%

FY 2005A

FY 2011A

16%

~35%

FY 2014A

FY 2019E (Exit)

Adj. Rev Growth (excl

F/X):

Adj. EBITA Margins:

CDK embraced the views of shareholders, hired a consultant to evaluate its potential, and publicly announced a transformation plan. CDK's financial results and share price performance have been consistently positive

23

CDK: Dividend-Adjusted Share Price Performance

2015A

8%

18%

Jun 16, 2015: CDK announces

Transformation Plan to Strengthen the

Business and Enhance Long-term Value

2016A

7%

22%

2017A

6%

26%

May 23, 2016: CDK announces a comprehensive reorganization streamlining the organization around a new operating structure

Aug 3, 2016: CDK reports FY 2016 results including FY 2019 target of Adj. EBITDA exit margin of 40% or above

Oct 27, 2014: Sachem Head files 13D, announces 9.8% stake in CDK

May 4, 2016: Elliott letter identifies an opportunity for CDK to expand Adj. EBITDA margins to 42%

2018E

~4-5%

~30%

CDK Embraced the Views of Shareholders and Delivered on its Potential

Aug 3, 2016: CDK adds two independent directors after agreement with Elliott

Oct 1, 2014: CDK spins-out of ADP at \$31 per share

Source: CapIQ, CDK Global SEC financials and public press releases.

\$20

\$25

\$30

\$35

\$40

\$45

\$50

\$55

\$60

\$65

\$70

Sep-14

Feb-15

Jul-15

Dec-15

May-16

Oct-16

Mar-17

Aug-17

CDK Global:

What Was CDK's Transformation Plan?

24

Under ADP's Ownership / Post-Spin

CDK Transformation Plan

Segments

Sales

R&D

We're committed to an avg. 40-50bps of margin improvement

over

the

next

five

years

(10)

(1)

CDK 8K (May 23, 2016).

(2)

Q3 2016 Earnings Call (May 5, 2016).

(3)

CDK at JPMorgan TMT Conference (May 24, 2016).

(4)

CDK Global Investor Day (June 16, 2015).

(5)

CDK 8K (May 23, 2016).

(6)

CDK Fiscal 2017 Results (August 1, 2017).

(7)

CDK at Robert W Baird Global, Consumer, Technology & Services Conference (June 9, 2016).

(8)

Q2 2017 Earnings Call (February 2, 2017).

(9)

Q1 2016 Earnings Call (November 3, 2015).

(10)

ADP 2009 Analyst Day Presentation (March 25, 2009).

Margins (%)

~16% to ~35% over 5 years

Seven R&D organizations reporting
to six different places

(3)

Five sales organizations

(3)

Reducing complexity

One

global

R&D

organization

(7)

Duplication

Multiple

organizations

doing

the

same

thing

(3)

12

different

old

and

clunky

systems

(3)

CDK's Transformation Plan is comprised of 200 discrete projects with individual project leaders

One

sales

organization

(7)

Billing Systems

Product Sprawl

1,500 software version; 74 products

(2)

<400

versions

and

declining

(6)

Complexity

Excessive

legacy

complexity

(3)

Simplified

structure

(5)

One

system

(8)

Implementations

Reducing average implementation

times

by

approximately

30%

(9)

Overly cumbersome and lengthy product

implementation

process

(4)

Reducing duplication

Three separate entities

(1)

CDK was NOT a risky and complicated technology transformation
neither is ADP
CDK's transformation consisted mostly of basic blocking-and-tackling
and
operational
excellence:
25
All
of
these
initiatives
improve
the
client
experience
and
will
lead
to
higher
client
retention
and
satisfaction
Simplifying the organizational structure

Delaying middle-management
Engaging in facility rationalization
Improving labor productivity
Streamlining service and implementation
Enhancing strategic sourcing
Promoting pricing discipline

ADP's Response is Not Adequate

26

Attempting to discredit Pershing Square, including claiming we are uninformed about ADP's business
Promoting a false TSR which it claims is in excess of its HCM competitors
Selectively recasting its historical operating performance in a misleading light for shareholders
Using fear tactics that our plan will introduce unacceptable risk including necessitating drastic headcount reductions
Claiming to already be doing it and having a plan in place to

deliver 500bps of margin improvement by FY 2020

An Overview of ADP's Engagement Throughout this

Proxy Contest

27

The Company's selective presentation of certain metrics, calculated inconsistently or without context, purportedly to make ADP's absolute or relative performance appear better, in this case is a tactic which considerably weakens the Company's defense, in our view.

-

Glass, Lewis & Co. (Oct 23, 2017)

ADP's defense has consisted of:

Reality

[W]hen

ADP's

total

returns

are

calculated

appropriately

and

objectively,

and

judged

in

proper

context

against

a

peer

set

consisting

of

the

most

directly

comparable

publicly-listed

companies

that

compete

with

ADP

in

the

HCM

industry,

ADP's

TSR

performance

is

not

as
strong
as
the
Company
claims.

-

Glass, Lewis & Co. (Oct 23, 2017)

ADP Says to Shareholders That It Is Outperforming
But This is Not True
28

Source: Capital IQ; Total Shareholder Return. Dividend adjusted share price, assuming dividends reinvested (including CDK p
(1)
See
pages
30-43
of
Pershing
Square s
Response
To

ADP's
September
12th
Investor
Presentation
(September
25,
2017)
available
at
www.adpascending.com.

(2)

Actual HCM Competitors comprised of a market-cap weighted index of Paychex, Ultimate Software, Insperity, and Cornerstone.

(3)

Includes the TSR of competitors which went public subsequent to the TSR measurement date. The starting date for the respect

May

9,

2012

(respectively)

or

the

competitors

IPO

date/price

(for

Workday,

TriNet,

Paycom

and

Paylocity).

ADP's

Actual

TSR

Since

Mr. Rodriguez's Appointment as CEO

ADP claims a 203% TSR over CEO Carlos

Rodriguez's tenure and claims to be outperforming

its HCM-related peers

ADP's

purported

TSR

is

misleading:

(1)

Uses

the

day

after

the

CEO

starts

Does not use the unaffected price; instead
includes the increase in the stock price from

Pershing Square's investment

Inappropriately includes CDK outperformance

(CDK underperformed under ADP and was fixed

by post spin-off board and management)

Uses a distorted peer group of largely unrelated
companies to assert its outperformance

(2,3)

Public

Competitors

as of Nov 8,

2011

(2)

-50%

Includes

Subsequent

IPOs

(3)

Upon

review,

we

consider

several

of

the

Company's

reported

TSR

figures

to

be

overstated,

and

the

Company's TSR comparisons to be less relevant than those presented in the Dissident's materials we
find ADP's TSR performance to be far less impressive than touted by the board and management. Most
notably,

ADP's

total

returns

are

either

merely

consistent

with

or

meaningfully

lower
than
the
average
returns
of
the
Company's
closest
HCM
competitors.

-

Glass, Lewis & Co. (Oct 23, 2017)

141%

126%

165%

191%

ADP

ADP Purported

"HCM-Related

Players" (Market

Cap Weighted)

Actual HCM

Competitors (Market

Cap Weighted)

Instead of Embracing the Opportunity, ADP
Management Has Affirmed the Status Quo

29

On

September

12

th

,

ADP

responded to Pershing Square
and released its Transformation
Plan, which:

Is an affirmation of the
status quo

Delivers no meaningful
improvement despite the fact

that ADP significantly trails
competitors and its potential

[ADP s]

rebuttal

was,

in

our

view,

a

confident,

well-articulated,

detailed,

reiteration

of

the

status

quo

for

ADP,

providing

plenty

of

insightful

incremental

data

points

and

disclosures,

but

no

material

change

to

the

financial

outlook

for

the

company.

ADP

established

three-year

guidance

for

the

first

time,

but

the

guidance

was
consistent
with
its
already-disseminated
FY18
guidance
and
long-term
business model.

(2)

-

Lisa Ellis, Bernstein (Sep 13, 2017)

ADP's Transformation Plan

ADP's board and management have effectively said they can't do any better

+40-75 bps per annum

(1)

Presented on an as-reported basis for comparability purposes. Includes both Client Funds income and PEO pass-through revenue

(2)

Permission to use quotations throughout this presentation neither sought nor obtained. Emphasis added.

Adjusted EBIT (%)

(1)

20%

21-22%

32%

ADP, Current

(FY 2017)

ADP's Long-Term Plan

(FY 2020)

PSCM Plan

(FY 2022)

ADP Has Failed to Address The Substance of Our
Business Case

30

Perhaps
most
concerning
has
been
the
company's
failure
to
directly
address
the
dissident's
main
criticisms.
In

its
public
response
to
the
dissident,
the
board
did
not
seem
to
provide
adequate answers
as to why its EBIT margin trails Paychex's so widely or how it plans to reverse
market share losses among large customers, focusing instead on making pointed criticisms of the
dissident's
track
record,
fee
structure,
and
behavior
in
this
contest
the
company's
lack
of
direct
public
response
to
two
key
issues
raised
by
the
dissident
-
how
it
will
reverse
market
share
loss
among

large
customers
and
why
its
EBIT
margin
trails
Paychex's
so
widely
-

suggests
that
having
a significant shareholder on the board could help ensure that the company is addressing those
challenges and responding to them with sufficient urgency.
-

ISS (Oct 25, 2017)

[T]he
Company's
lack
of
a
substantive
response
to
several
of
the
Dissident's
arguments,
including a series of questions raised by Pershing Square during this campaign with respect to
ADP's operational performance (such as ADP's profit margins in Employer Services by sub-
segment),
suggests
that
particularly
convincing
evidence
to
refute
the
Dissident's
critique
does not exist... In our view, the board's response, or lack thereof, to the substance of Pershing
Square's
argument
leaves
much

to
be
desired
by
shareholders
and,
similarly,
the
board's
stated
operational
and
financial
plan
strikes
us
as
being
inadequate
and
underwhelming
given
the
substantial opportunity thoroughly detailed by Pershing Square.

-
Glass, Lewis & Co. (Oct 23, 2017)

Note: Emphasis added.

ADP Is Now Attempting to Pivot Its Tone and Message
In Response to Shareholder Support for Our Views

31

I'm directly saying [Bill Ackman] doesn't
know what he's talking about

-

Mr. Rodriguez, CNBC (Aug 10, 2017)

[W]e strongly disagree with many of the
assertions made by Mr. Ackman [it]
betrays a fundamental lack of
understanding of the current state of ADP's
business

-

Press Release (Aug 17, 2017)

ADP's strategy is working

-

Shareholder Materials (Sep 12, 2017)

ADP's Original Messaging (Aug / Sep)

[ADP] has not offered a convincing rebuttal, or even attempted to squarely address the substance of the Dissident's core arguments. Upon review, we find the Company's plan to be underwhelming. [T]he board's plan fails to acknowledge the magnitude of the opportunity.

-

Glass, Lewis & Co. (Oct 23, 2017)

ADP's Revised Tone and Message (Oct)

Source: Various ADP press releases, shareholder letters, and management public commentary available on ADP's website and

(1)

We

have

noted

that

neither

Pershing

Square,

Wall

Street

research

analysts

(including

Glass

Lewis),

or

other

shareholders

with

whom

we

have

spoken

can

reconcile

this

claimed

500

bps number with their stated aggregate margin goal of 100-200bps through FY 2020 (which is entirely consistent with their ex-

We probably agree on a lot of different things from a thematic standpoint: The need to transform our technology at ADP, the need to be efficient, to improve margins. He's a few years late in terms of the ideas that he has

-

Mr. Rodriguez, Yahoo Finance (Oct 20, 2017)

[W]e

just

guided

to

another

500bps

(1)

improvement

over the next three years, so if Ackman is advocating for a 1200 bps margin improvement we've, over the course of six to nine years, we've been able to accomplish the same thing.

-

Mr. Rodriguez, Bloomberg TV (Oct 18, 2017)

ADP's stated Adj. EBIT margin guidance is only 100 to 200 bps by FY 2020
Implies only ~220bps of Employer Services margin expansion
Consistent with the natural flow-through margins of the business suggesting that the various productivity initiatives claimed by ADP will have no net impact on the business

32

ADP Claims Its Plan Achieves 500bps of Margin Expansion

It Is Not True

ADP's current plan calls for just ~300bps of net operational margin expansion

Operational Margin Expansion of ~500 bps

ADP's Claim

Reality

Upon closer scrutiny, ADP's three-year plan calls for only approximately 300 basis

points in net operating margin expansion, and only 220 basis points of margin expansion in Employer Services, which is consistent with ADP's historical performance and long-term plan of delivering 50 to 100 basis points per year.

-

Glass, Lewis & Co. (Oct 23, 2017)

ADP is attempting to overstate its operational progress, but this is not credible
Pershing Square has publicly demanded that ADP provide detailed support
for this 500bps claim or retract this misleading statement

33

There Is Much More That ADP Can Do To Improve

Current initiatives should be paired with a more comprehensive plan to achieve ADP's full structural potential

ADP has additional opportunities to improve performance, including:

Corporate restructuring / reducing legacy silos / spans-and-layers

Design products for self-sufficiency; restructure support organization, reduce labor intensity

Implementation automation

Back-end technology improvements

Reduced spending on legacy platforms

Technology and innovation leadership

ADP claims to have some elements of these workstreams

underway, while

entirely ignoring others, and the company has made no commitment to deliver

on the margin improvement these changes should drive

ADP's Transformation is Timely and
Actionable Without Undue Risk

The Time is Now

Small-

(~25% of ES revenue) and Mid-market (~35%) migrations will be complete by year-end

International and Multinational (~20%) generally do not require significant product migrations for efficiency improvements to be delivered

While Enterprise (~20% of ES, ~15% of total) will require product migrations over the coming years to achieve ADP's full potential,

Pershing Square has suggested

various

risk-mitigating

strategies

which

ADP

is

now

adopting

We believe the majority of Enterprise customers can and should be considered for migrations

to

Workforce

Now.

(1)

This

would
accelerate
the
timing
and
reduce
the
risk
of
migrations while driving further platform density and efficiency
we understand that
ADP has now communicated it intends to adopt this strategy

(2)
ADP's slow and plodding approach of small, incremental improvement risks ADP's
long-term competitive position and is not good for employees, customers, and
shareholders
35

(1)
Workforce
Now
functions
quite
well
for
most
companies
with
up
to
3-4k
employees.
According
to
US
census
data
(2014
County
Business
Patterns)
~75%
of
total
businesses
with

more than 1k employees are in the 1-4k range; this is consistent with estimates of the percentage of ADP's clients below ~4k

(2)
We
first

suggested
this
as
a
potential
strategy
during
our
August
17th
presentation.
This
was
referenced
by
Stifel
following
our
presentation:

One
tidbit
we
found
most
interesting.

The

Enterprise market has been a known challenge for ADP and perhaps one of Pershing's most interesting points was that they are
could run on WorkForce

Now, ADP's mid-market platform. (Source: Stifel, Aug 17, 2017) More recently, management appears to be suggesting this
by BMO: [M]anagement stated it could migrate some of the smaller Enterprise clients to its Workforce Now platform as Per
Markets, Sep 13, 2017).

As a proxy tactic, ADP has made vague and alarmist assertions about the risk of a transformation claims which are not supported by facts and do not align with our proposals. The vast majority of our proposed initiatives do not involve touching ADP's clients or product migrations, but rather focus on improving ADP's underlying operations.

basic operational excellence

Our plan for ADP's transformation is responsive to clients needs (better technology,

improved
support,
etc.)
and
will
improve
ADP's
client
experience

ADP has recently claimed our plan will require drastic headcount reduction, introducing risk

that
is
not
accurate
and
not
supported
by
the
facts
(1)
ADP
has
high
(>10%)
associate
attrition

ADP
needs
to
hire
~6,000
new
employees

each year to keep headcount flat

ADP can grow into its labor productivity, much like Paychex; at ADP's growth rate it should be able to achieve competitor-level productivity within 5 years

CDK made enormous margin improvement while maintaining headcount at ~9k

Most of the changes necessary for ADP to achieve its potential will never be visible to ADP's client, beyond a better client implementation process and a higher-quality and more responsive service experience

36

(1)

See pages 12

13, Pershing Square Letter to ISS (October 30, 2017).

ADP's Transformation Can Be Accomplished in a

Prudent and Measured Way

A Transformation of ADP Will Not Require a Reset
of Earnings

While a transformation of ADP may require new or redirected investments, such investments should not cause a decline in ADP's near-term earnings

ADP's resources (e.g., technology spend, salesforce, financial strength) are vast, even relative to its greater scale versus competitors

ADP's technology R&D spend is already dramatically higher than competitors \$859mm per annum of total R&D spend and ~9,000 employees in technology is a multiple of competitors

Innovative R&D spend of \$450mm per annum

o

ADP is already spending on needed next-generation strategic initiatives; the output from these initiatives remains to be seen

Bloated legacy technology maintenance spend of \$410mm per annum has increased despite platform migrations and should be substantially decreased

Significant and immediate savings from operational efficiencies and reduced legacy technology spend will more than offset any necessary investments

The transformations of CDK (f.k.a. Dealer Services) and Solera (f.k.a. Claims Services) were highly successful, with immediate and consistent progress

37

A transformation of ADP should provide for immediate and consistent improvement in performance, while driving significant long-term value for shareholders

The Choice for Shareholders

With Support From Shareholders, ADP Can Create
Enormous Value

Add a major shareholder and two new independent directors to the Board

Establish a long-term vision for ADP

Form Board Committee to oversee the transformation plan

Hire an independent consultant to help develop detailed plan

Evaluation of necessary product, technology, and operating enhancements
required to deliver on ADP's significant potential

Evaluation of management necessary to execute transformation

Redesign management incentives and compensation to align with
transformation objectives and long-term value creation

Highlight long-term opportunity to shareholders and outline path to
achieve long-term potential

39

Step One

Step Two

Step Three

Step Four

Step Five

Build a best-in-class HCM software, technology, and service company

The Choice for Shareholders

40

The choice for shareholders is clear
support the status quo or support
ADP in achieving its potential

Pershing Square Plan

Achieve Potential

Management

Status Quo

[N]o material change to the financial
outlook for the company

(1)

Nominal margin expansion

(but significantly below ADP's
competitors' and its potential)

[R]eiteration

of the strategy and
business outlook that the company
has already had under way

(1)

Requires meaningful increase in
Employer Services' growth to
achieve long-term revenue guidance

No concrete plan or urgency to fix

ADP's enterprise business

Fresh perspectives and a focus on
operational efficiency and margin
expansion

Achievement of efficiency and
margins approaching ADP's

competitors' and its potential

Acting urgently to strengthen ADP's
competitive position, most notably in
its Enterprise business

Accelerated revenue growth

Accelerated earnings growth

(1)

Lisa

Ellis.

ADP

vs.

Ackman

-

Where

do

things

stand,

and

what

to

do

with

the

stock?

Bernstein.

September

19,

2017.

Permission

to

use

quotations

neither

sought

nor

obtained.

The Nominees for ADP's Transformation Will Bring
Fresh Perspectives & Relevant Skills to ADP's Board
To fulfill its potential, ADP's board needs expertise in both (i) business
transformation and operating efficiency and (ii) technology and the HCM industry
ADP's board already has relevant technology and HCM experience
ADP's own board skill set matrix suggests just 4 of 10 existing directors have
technology and HCM industry experience

(1)

We are not
seeking to replace any
of these directors

ADP's board does not have directors with business transformation and
operating efficiency experience

We are proposing three directors to ADP's board, The Nominees for ADP's
Transformation, who bring a shareholder orientation, fresh perspectives and
relevant skills in business transformation and operating efficiency

ADP's board committees are chaired by the longest tenured directors replacing these directors will allow newer board additions to assume greater responsibility within the boardroom

41

(1)
See
page
39
of
ADP:
Driving
Superior
Results
Through
Market
Leadership
and
Continuous
Innovation
(September
12,
2017).

Director since 2007 (10 years)

Has overseen ADP's underperformance relative to its peers and its potential

No technology / HCM experience beyond ADP board role

Divested assets which promptly doubled margins didn't

see the opportunity

As Audit Committee Chair, has presided over significant reduction in disclosure despite business simplification

42

The Nominees for ADP's Transformation Bring Relevant Skills and Fresh Perspectives

The Nominees for ADP's Transformation

Incumbent Long-Tenured Directors

John Jones

(Board Chairman)

Glenn Hubbard (Chair, Nominating & Governance)

Eric Fast (Chair, Audit)

William Ackman (CEO of Pershing Square Capital Management, LP)

Veronica Hagen (Former Chief Executive Officer, Polymer Group)

Paul Unruh (Former Vice Chairman, Bechtel)

Director since 2005 (12 years)

Has overseen ADP's underperformance relative to its peers and its potential

No technology / HCM experience beyond ADP board role

Divested assets which promptly doubled margins didn't

see the opportunity

Prior Chairman and CEO of Air Products. Led Air

Products underperformance

under Mr. Jones tenure,

fell behind direct competitor, Praxair

Director since 2004 (13 years)

Serial board member; sits on an excessive number of boards

Has overseen ADP's underperformance relative to its peers and its potential

No technology / HCM experience beyond ADP board role

Divested assets which promptly doubled margins didn't see

the opportunity

No operating experience, business school dean

Extensive management, financial and investment experience

Significant public company board experience, including seven years as Chairman of Howard Hughes Corporation (217% TSR)

Investor in the HCM industry for a decade

Investments in a number of successful business

transformations similar to ADP, providing valuable insights that can be applied to the benefit of ADP

As one of the largest owners of ADP with a long-term outlook, total alignment with all shareholders

Currently serves as a director of three large, highly respected publicly traded companies, including having served as lead director of Southern Company

Successfully led and sold her business (Polymer Group) to Blackstone; continued as CEO under oversight of private equity

Extensive global executive leadership experience in competitive industries where focus on operational efficiency and productivity were paramount to long-term success

Personally invested over \$300,000 in ADP common stock, more than any current ADP director

Held several senior leadership positions at Bechtel (including Vice Chairman and CFO); obtained technology, finance, human resources, legal, and strategic planning expertise

Significant experience on audit committees of public company
boards (currently Chair of Symantec's Audit and Risk Committee)
Instrumental in leading the cost and business transformation
at Symantec as a member of a board subcommittee
responsible for generating >\$400 million of cost savings
Personally invested over \$300,000 in ADP common stock,
more than any current ADP director

43

A Vote for The Nominees for ADP's Transformation

The election of The Nominees for ADP's Transformation would add to the board:

A major shareholder's voice

Fresh perspectives

Relevant expertise in business transformation and operating efficiency

Directors who are ADP shareholders with significant skin in the game

(1)

If elected, The Nominees for ADP's Transformation will represent three of ten directors, with only one representative from Pershing Square

These new directors will not have the ability to make unilateral changes to the company's strategy or management, and instead will work with the other directors to seek consensus on the best outcome for all stakeholders

While our nominees, if elected, will represent a minority of the board, their election by shareholders will provide a clear mandate for the reconstituted board to transform ADP into a more efficient, profitable and competitive company

(1) Pershing Square has invested approximately \$2.3 billion to acquire our stake in ADP. Our two independent nominees, Veronica Hagen and Mr. Unruh, have each personally invested over \$300,000 of their personal funds in ADP common stock. Together, Ms. Hagen and Mr. Unruh have made a larger investment in ADP than all ADP directors combined.

Independent Proxy Advisors Support Pershing
Square's Campaign for Change at ADP
44

Note: Permission to use quotations throughout this presentation neither sought nor obtained.

Dissident nominee Ackman would bring a strong understanding of the company, with the resources and analytical ability that his firm has demonstrated while digging deeply into ADP's business, asking valid questions, presenting detailed data, and proposing solutions. His real estate background could also be helpful at this point in the company's life cycle, given ADP's ongoing initiatives to rationalize its footprint [T]he company's lack of direct public response to two key issues raised by

the
dissident

-

how
it
will
reverse
market

share loss among large customers and why its EBIT margin trails Paychex's so widely - suggests that having a significant shareholder on the board could help ensure that the company is addressing those challenges and responding to them with sufficient urgency.

[W]e believe Pershing Square has argued the more convincing case, particularly that: (i) ADP is underperforming its potential; (ii) ADP's historical leadership position and scale advantages breed complacency with incremental improvements that accrue relatively easily year after year; (iii) ADP is not keeping pace with smaller competitors in key market segments in the evolving HCM industry; (iv) an inefficient corporate structure and insular culture restrain ADP from identifying and urgently responding to business opportunities and threats; and (v) ADP's performance can be significantly improved, and shareholder returns enhanced, pursuant to a transformation plan implemented in a prudent manner under the oversight of a partly reconstituted board of directors. In our view, the board's response, or lack thereof, to the substance of Pershing Square's argument leaves much to be desired by shareholders and, similarly, the board's stated operational and financial plan strikes us as being inadequate and underwhelming given the substantial opportunity thoroughly detailed by Pershing Square.

We believe that Pershing Square's nominees will reinforce the Board and management in addressing operational inefficiencies, strengthen corporate governance and unlock ADP's potential in order to maximize shareholder value.

Support for Bill

Ackman; withhold on

Eric Fast

Support

for
all
three
of

The Nominees for

ADP's Transformation

Support

for
all
three
of

The Nominees for

ADP's Transformation

To
Support
ADP's
Transformation
Vote
GOLD
The
ONLY
way
to
support
ADP's
transformation
is
to
vote
GOLD

Three highly-qualified and experienced independent director nominees:

o

Bill Ackman, Veronica (Ronee) Hagen, V. Paul Unruh

A withhold vote on the white card IS NOT

a vote for any of the Nominees

for ADP's Transformation and DOES NOT

ensure any or all of our

nominees will be elected to the Board

We

proposed

a

universal

ballot

to

ADP

on

September

15

th

after

ADP's

board

rejected all of our candidates. This proposal was rejected

45

[W]e agree with the Dissident's assessment that the ADP board appears to be lacking in business transformation and operating efficiency experience, which forms the basis of Pershing Square's nomination of Ms. Hagen and Mr. Unruh. Furthermore, in nominating Mr. Ackman, Pershing Square believes his election would address a lack of significant stock ownership by the incumbent directors, promote an owner's mentality in the boardroom and add the perspective of an investor who has been involved in several business transformations.

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Glass Lewis (Oct. 23, 2017)

46
You
can
vote
by
Internet,
telephone
or
by
signing,
dating
and
returning
the
GOLD
Proxy

Card
or
GOLD
Voting
Instruction
Form
today.
Shareholders
are
urged
NOT
to
use
any
white
proxy
card
received
from
ADP
and
are
strongly
encouraged
to
discard
the
white
proxy
card.
If
you
previously
voted
ADP's
white
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card
you
may
change
your
vote
by
voting
a
later
dated
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Card
or
GOLD
Voting
Instruction
Form.
Only
your
last
dated
proxy
card
will
count.
Additional
information
regarding
the
proxy
contest,
as
well
as
Pershing
Square's
presentation
to
ADP
shareholders
is
available
at
www.ADPascending.com.
For
questions
about
how
to
vote
your
shares,
please
contact
our
proxy
solicitor,
D.F.
King
&
Co.,

Inc.,
at
(866)
342-1635.

Q&A