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Dear Pershing Square Investor,

In August 2017, we disclosed our investment in ADP, which we acquired at an average price of $105 per share. Over the last ten months, the stock price has increased to approximately $139 per share, generating a total shareholder return including dividends of approximately 35%.[1] In light of ADP's conservative balance sheet, we structured a substantial portion of our investment using deep-in-the-money options, which has caused our actual return on investment to be substantially greater than the stock's return over the same period.

Since the inception of our investment, we have actively engaged with the Company and its shareholders to help drive long-term shareholder value. As a result of the proxy contest, ADP made commitments to shareholders to accelerate revenue growth, bolster its competitive position in its Enterprise segment, and improve efficiency and margins.

Last week, ADP hosted its first Analyst Day since 2015, highlighting for shareholders its improved business trajectory and revised outlook. At the Analyst Day, the company committed to achieving 7% to 9% revenue growth and pre-tax operating margins of 23% to 25% by FY2021. These projections represent substantial increases to management's prior guidance. The new margin targets imply annual earnings-per-share growth of 16% to 19% over the next three fiscal years, with a FY 2021 earnings target of approximately $7 per share, a 75% increase over ADP's annual EPS of ~$4 at the time of our initial investment. The large increase in projected earnings reflects substantial business progress as well as favorable exogenous factors, namely tax reform and rising interest rates. We view management's commitment to achieve ~$7 of EPS in FY 2021 as a constructive step and a strong indicator of potential future value creation.

In addition to its improved financial outlook, ADP highlighted its Next-Gen HCM platforms, including its Next-Gen Enterprise platform (which is being piloted with several clients), as well as several other new product offerings with the potential to solidify ADP's leadership position in the HCM industry including big data and analytics modules, a leading gig economy workforce management platform, and digital payments capabilities.

We believe there continues to be a significant opportunity for ADP to exceed the new FY2021 ~$7 guidance, and for future accelerated progress thereafter. ADP's forecasts for FY 2021 call for Employer Services ("ES") operational revenue growth (excluding float income) of only ~5%

[1] Past performance is not necessarily indicative of future results. All investments involve risk including the loss of principal. Please see the additional disclaimers and notes to performance at the end of this letter for a description of calculation methodologies related to derivatives and other matters.

(~4% for cloud-based U.S. HCM solutions) despite higher industry-wide growth. While ES operational margins are expected to improve by 400 to 800 basis points from ~19% to 23% to 27%, we believe ADP's new earnings guidance is conservative, as achieving its projected results will continue to leave ample headroom for growth and margins in the ES division.

ADP's EPS Target of ~$7 by FY2021 Does Not Include the Positive Effects of Other Improvements Already Underway

ADP management has built "buffers" into its current estimates for guidance. This is made apparent by comparing the result obtained from using the midpoint estimate of each of the discrete drivers of margin expansion provided by ADP in its guidance bridge to calculate pre-tax margins. Doing so, results in margins at the high end of management guidance, 100 basis points more than the midpoint estimate. Furthermore, using the high end of the ranges for each of these margin drivers implies 160 basis points greater margins than the high end of ADP's stated guidance range, which suggest that management's high-end margin estimates are overly conservative. Further evidence of the conservative nature of ADP's projections is that they that do not account for the following:

- **Improved Profits in the ES Mid-Market Business.** ADP's targets assume only a modest improvement in growth and profitability in its mid-market business, which has recently completed the migration to one product platform. The migration of all mid-market clients onto one platform should drive substantially greater client retention, accelerated bookings growth, and improved efficiency due to the benefits of simplification and greater scale. For reference, ADP's downmarket ("SMB") segment experienced a doubling of profitability and accelerated revenue growth following its platform migration. The mid-market migration should show similar relative benefits over time.

- **Improved Profits in the Enterprise Segment.** ADP's targets appear to assume little if any improvement in the profitability and growth of its large company Enterprise segment despite the expected launch of a modern, best-in-class product offering in FY 2020, which should contribute to improved growth and increased earnings as ADP harvests the benefits of its Enterprise platform migration.

- **Greater Savings from its Early Retirement Program ("ERP")**. ADP's targets continue to be predicated on its previously assumed ~35% participation rate in the Early Retirement Program. At the Analyst Day, management stated that the realized rate on its ERP was substantially higher than expected at more than 60%. At this higher participation rate, the program should drive about $215 million of aggregate savings. While the company has suggested that it may have to "backfill" some of these positions as a result of the higher-than-expected take rate, we believe these new hires would come at substantially lower cost than the long-tenured employees who they would replace.

- **Increased Efficiency and Cost Savings with Consolidation of Service Centers.** ADP's targets do not appear to contemplate a broadening of the Service Alignment Initiative. The completion of the first phase of this initiative will reduce the service footprint from 110 to 48 locations. Given the success of this program to date (higher client satisfaction and lower costs), we believe the Company will broaden this program over time as it continues to align its service delivery model around its newer strategic service centers.

- **Material Cost Savings with New Back-End Engines**. ADP is in the process of replacing certain legacy “back-end” payroll and tax engines which we believe account for the majority of ADP’s $400 million of annual maintenance R&D expense. The launch of these new systems should not only substantially reduce maintenance expenditures, but also allow for significant operational enhancements and efficiency. While the launch of these new systems will likely come toward the end of the guidance period, it should lead to additional margin and operational improvements thereafter.

- **Potential for Additional Savings through Corporate Restructuring.** ADP’s targets do not contemplate a broader corporate restructuring of Employer Services (“ES”). ADP continues to have separate headquarters for each of its ES sub-segments and other overlapping functions which we expect will ultimately be consolidated.

- **Potential Profit Improvement in the International Business**. ADP’s targets appear not to contemplate any meaningful improvement in its International business, which has a lower margin than its domestic business. The roll-out of ADP’s Next Gen payroll engine will allow ADP to expand international growth and margins as it ultimately migrates toward one global payroll engine (vs. discrete country-specific payroll engines). ADP may also replicate U.S. profit improvement programs (namely the Service Alignment Initiative and/or the Early Retirement Program) internationally.

- **Potential Profit from Recent Acquisitions and Innovation.** ADP’s forecasts do not appear to include any meaningful impact from certain new product offerings including big data and analytics, gig economy functionality, and digital payments. ADP’s recent acquisitions (WorkMarket and Wisely) should be additive to revenues, and eventually accretive to operating margins.

- **Potential Benefits from Further Share Buybacks and Constant Leverage.** ADP’s forecasts assume a ~1% reduction in shares outstanding per annum, below the pace of its recent buyback program. ADP’s forecasts also assume no additional debt. In light of substantial recent and projected increases in earnings and cash flow, the maintenance of a constant leverage ratio should allow for a more rapid share count reduction than is reflected in current guidance.

- **Potential Benefits from Future M&A Activity.** ADP’s forecasts include the use of cash for prospective M&A, but do not include any prospective financial impact from M&A.

In light of the above factors, we believe it is highly probable that ADP outperforms the high end of its guidance. Furthermore, we believe there is a clear path to continued profit improvement beyond the three-year forecast period, which should drive multi-year EPS growth beyond

FY2021, and a long-term premium valuation for ADP's stock. In sum, we continue to view ADP as undervalued given the long-term runway for high-teens earnings growth.

ADP has been our largest investment in the portfolio since our original investment in the company. As the stock price has increased in recent months, it has grown to be an even larger position as a percentage of Pershing Square Holdings' and the private funds' portfolio. While we have and will continue to manage the size of the position in these funds by selling stock and options in light of its increased size, we expect to continue to be a large, long-term and engaged shareholder. As a special purpose vehicle, Pershing Square VI has maintained its original investment in ADP, and has added to its position using cash generated from quarterly dividends paid by ADP.

Organizational Update

Brian Welch, who, along with Charles Korn, led the research effort on ADP, will be leaving Pershing Square effective June 30th. Brian is a highly talented investment analyst and a high-quality individual. We have been able to recruit analysts of Brian's quality because Pershing Square is an interesting and fun place to work, and also because of the successful track record of analysts who have left the firm to pursue other entrepreneurial ventures. I expect that Brian will similarly pursue a more entrepreneurial course when he determines his next venture. We wish him great success. Brian does not cover any other investment in the portfolio other than ADP, which will continue to be overseen by myself, Charles Korn, and Ben Hakim.

Please contact the Investor Relations team if you have any further questions.

Sincerely,

William A. Ackman

Disclaimer

The information contained herein ("Information") is based on publicly available information about Automatic Data Processing, Inc. ("ADP" or the "Company"), which has not been independently verified by Pershing Square Capital Management, L.P. ("Pershing Square"). Pershing Square recognizes that there may be confidential or otherwise non-public information in the possession of ADP or others that could lead ADP or others to disagree with Pershing Square's conclusions. This letter and the Information discussed are not a recommendation or solicitation to buy or sell any securities. The analyses provided may include certain forward-looking statements, estimates and projections prepared with respect to, among other things, general economic and market conditions, changes in management, actions of ADP and its subsidiaries or competitors, the ability to implement business strategies and plans and pursue business opportunities in the human capital management (HCM) industry. Such forward-looking statements, estimates, and projections reflect various assumptions by Pershing Square concerning anticipated results that are inherently subject to significant uncertainties and contingencies and have been included solely for illustrative purposes, including those risks and uncertainties detailed in the continuous disclosure and other filings of ADP with the Securities and Exchange Commission ("SEC") at www.sec.gov. No representations, express or implied, are made as to the accuracy or completeness of such forward-looking statements, estimates or projections or with respect to any other materials herein. Actual results may vary materially from the estimates and projected results contained herein. The Information is made available exclusively by Pershing Square and not by or on behalf of ADP or its affiliates or subsidiaries or any other person. While certain funds managed by Pershing Square and its affiliates have invested in common shares of, and/or derivatives referencing, ADP, Pershing Square is not an affiliate of ADP and neither Pershing Square nor its principals or representatives are authorized to disseminate any information for or on behalf of ADP, and nor do we purport to do so.

Pershing Square manages funds that are in the business of trading – buying and selling – securities and financial instruments. It is possible that there will be developments in the future that cause Pershing Square to change its position regarding ADP. Pershing Square may buy, sell, cover or otherwise change the form of its investment in ADP for any reason. Pershing Square hereby disclaims any duty to provide any updates or changes to the analyses contained herein including, without limitation, the manner or type of any Pershing Square investment. The Information does not purport to include all information that may be material with respect to ADP or any other matter. Thus, shareholders, investors, and others should conduct their own independent investigation and analysis of ADP and the Information. Except where otherwise indicated, the Information speaks as of the date hereof. This letter is neither an offer to purchase or sell nor a solicitation of an offer to sell any securities of any investment funds managed by Pershing Square, ADP or any other person.

Past performance is not necessarily indicative of future results. All investments involve risk including the loss of principal. It should not be assumed that any of the transactions or investment discussed herein were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the investment discussed herein. The performance of ADP's share price is provided for illustrative purposes only and should not be considered a proxy for the performance of the position in Pershing Square funds' portfolio or the future returns of the Pershing Square funds. Average price per ADP share at inception of the position is determined using a methodology that takes into account not only the cost of outright purchases of stock (typically over a period of time) but also a per share cost of the notional shares underlying certain derivative instruments acquired by Pershing Square to build a long position. "Average price" reflects the average cost of the position that has been built over time as of the "announcement date" which is the date the position was first made public. The average cost has been calculated based on the following methodology: (a) the cost of outright purchase of shares of common stock is the price paid for the shares on the date of acquisition divided by the number of shares purchased; (b) the cost of an equity forward is the reference price of the forward on the date of acquisition divided by the number of underlying shares; and (c) the cost of call options at the time of announcement is calculated based on the reference price of the call option divided by a number of underlying shares on the date of acquisition adjusted for the theoretical delta of such options but not adjusted for the premium paid for such options. Over time, the amortization of premium will negatively affect performance.