

AUTOMATIC DATA PROCESSING INC  
Form SC 13D  
August 07, 2017

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 13D**

**(Rule 13d-101)**

**INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT**

**TO § 240.13d-1(a) AND AMENDMENTS THERETO FILED**

**PURSUANT TO § 240.13d-2(a)**

**Under the Securities Exchange Act of 1934**

**Automatic Data Processing, Inc.**

**(Name of Issuer)**

**Common Stock, par value \$0.10 per share**

**(Title of Class of Securities)**

**053015103**

**(CUSIP Number)**

**Stephen Fraidin, Esq.**

**Steve Milankov, Esq.**

**Pershing Square Capital Management, L.P.**

**888 Seventh Avenue, 42nd Floor**

**New York, New York 10019**

**(212) 813-3700**

**With a copy to:**

**Richard Brand, Esq.**

**Gregory Patti, Esq.**

**Cadwalader, Wickersham & Taft LLP**

**One World Financial Center**

**New York, New York 10281**

**(212) 504-6000**

**(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)**

**July 26, 2017**

**(Date of Event which Requires Filing of this Statement)**

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box.

**Note:** Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See §240.13d-7 for other parties to whom copies are to be sent.

\* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 ( Act ) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the *Notes*).



CUSIP No. 053015103

1 NAME OF REPORTING PERSON

2 Pershing Square Capital Management, L.P.  
CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

(a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS (SEE INSTRUCTIONS)

5 OO (See Item 3)  
CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware  
NUMBER OF 7 SOLE VOTING POWER

SHARES

BENEFICIALLY NONE  
8 SHARED VOTING POWER

OWNED BY

EACH

REPORTING 36,803,675  
9 SOLE DISPOSITIVE POWER

PERSON

WITH

NONE  
10 SHARED DISPOSITIVE POWER

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36,803,675

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

36,803,675

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

8.3%\*

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

IA

\* This calculation is based on 444,374,752 shares of Common Stock outstanding as of July 31, 2017 as reported in the Issuer's Annual Report on Form 10-K filed on August 4, 2017 for the fiscal year ended June 30, 2017.

CUSIP No. 053015103

1 NAME OF REPORTING PERSON

2 PS Management GP, LLC  
CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

(a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS (SEE INSTRUCTIONS)

5 OO (See Item 3)  
CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

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Delaware  
NUMBER OF 7 SOLE VOTING POWER

SHARES

BENEFICIALLY NONE  
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8.3%\*

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

OO

\* This calculation is based on 444,374,752 shares of Common Stock outstanding as of July 31, 2017 as reported in the Issuer's Annual Report on Form 10-K filed on August 4, 2017 for the fiscal year ended June 30, 2017.

CUSIP No. 053015103

1 NAME OF REPORTING PERSON

2 William A. Ackman  
CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

(a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS (SEE INSTRUCTIONS)

5 OO (See Item 3)  
CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

United States  
NUMBER OF 7 SOLE VOTING POWER

SHARES

BENEFICIALLY NONE  
8 SHARED VOTING POWER

OWNED BY

EACH

36,803,675  
REPORTING 9 SOLE DISPOSITIVE POWER

PERSON

WITH

NONE  
10 SHARED DISPOSITIVE POWER



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36,803,675

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14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

IN

\* This calculation is based on 444,374,752 shares of Common Stock outstanding as of July 31, 2017 as reported in the Issuer's Annual Report on Form 10-K filed on August 4, 2017 for the fiscal year ended June 30, 2017.

## Item 1. Security and Issuer

This statement on Schedule 13D relates to the common stock, par value \$0.10 per share (the Common Stock ), of Automatic Data Processing, Inc., a Delaware corporation (the Issuer ). The principal executive offices of the Issuer are located at One ADP Boulevard, Roseland, New Jersey, 07068.

The Reporting Persons (as defined below) beneficially own 36,803,675 shares of Common Stock (the Subject Shares ), which number includes: 1,750,867 shares of Common Stock, 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 Subject Shares represent approximately 8.3% of the outstanding shares of Common Stock based on 444,374,752 shares of Common Stock outstanding as of July 31, 2017 as reported in the Issuer's Annual Report on Form 10-K filed on August 4, 2017 for the fiscal year ended June 30, 2017.

## Item 2. Identity and Background

(a), (f) This statement is being filed by:

(i) Pershing Square Capital Management, L.P., a Delaware limited partnership ( Pershing Square );

(ii) PS Management GP, LLC, a Delaware limited liability company ( PS Management ); and

(iii) William A. Ackman, a citizen of the United States of America (together with Pershing Square and PS Management, the Reporting Persons ).

The Reporting Persons have entered into a joint filing agreement, dated as of August 7, 2017, a copy of which is filed herewith as Exhibit 99.1.

(b) The address of the principal business and principal office of each of the Reporting Persons is 888 Seventh Avenue, 42nd Floor, New York, New York 10019.

(c) Pershing Square's principal business is to serve as investment advisor to certain affiliated funds, including Pershing Square, L.P., a Delaware limited partnership ( PS ), Pershing Square II, L.P., a Delaware limited partnership ( PS II ), Pershing Square International, Ltd., a Cayman Islands exempted company ( PS International ), Pershing Square Holdings, Ltd., a limited liability company incorporated in Guernsey ( PSH ), and Pershing Square VI Master, L.P., a Cayman Islands exempted limited partnership ( PS VI ) and together with PS, PS II, PS International, and PSH, the Pershing Square Funds ).

PS Management's principal business is to serve as the sole general partner of Pershing Square.

The principal occupation of William A. Ackman is to serve as the Chief Executive Officer of Pershing Square and the managing member of PS Management.

(d), (e) During the last five years, none of the Reporting Persons (i) has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) was a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violations with respect to such laws.

### **Item 3. Source and Amount of Funds or Other Consideration**

The source of funding for the transactions pursuant to which the Reporting Persons obtained beneficial ownership of the Subject Shares was derived from the respective capital of the Pershing Square Funds, and from the net proceeds the Pershing Square Funds received from unwinding the various forward purchase contracts described below.

The Pershing Square Funds purchased 1,750,867 shares of Common Stock for aggregate consideration (including brokerage commissions) of \$170,367,505.

The Pershing Square Funds entered into over-the-counter forward purchase contracts, certain of which were unwound generating net proceeds of \$28,017,368. The remaining forward purchase contracts provide for the purchase of 4,044,808 shares of Common Stock for a net purchase price of \$461,243,392 (subject to certain financing payment amounts, as further described in the forward purchase contract filed as Exhibit 99.3 hereto).

The Pershing Square Funds purchased both listed and over-the-counter American-style call options referencing 31,008,000 shares of Common Stock for aggregate consideration of \$1,434,611,919.

PS VI was formed for the purpose of investing all or substantially all of its assets in the Issuer's Common Stock and/or derivatives related to the Issuer's Common Stock.

### **Item 4. Purpose of Transaction**

The Reporting Persons believe that the Issuer's Common Stock is undervalued and is an attractive investment.

The Reporting Persons have engaged in and intend to continue to engage in discussions with the Issuer and Issuer's management and board of directors, other stockholders of the Issuer and other interested parties that may relate to the governance and board composition, business, operations, cost structure, management, assets, capitalization, financial condition, strategic plans, and the future of the Issuer.

Initial discussions with the Issuer to extend the Issuer's August 10, 2017 director nominations deadline have not resulted in an extension. As a result the Reporting Persons are submitting a stockholder proposal and director nomination notice to the Issuer which is attached as Exhibit 99.5 hereto.

On August 7, 2017, certain of the Reporting Persons issued a press release announcing the delivery of the director nomination notice which is attached as Exhibit 99.6 hereto. The Reporting Persons intend to solicit proxies in respect of their director nominees.

In consideration of the agreement of each of the nominees to be a member of the slate of nominees of Pershing Square for election to the board of directors of the Issuer (the Slate), Pershing Square, on behalf of the funds it advises, and each nominee (other than Mr. Ackman) have entered into an Engagement and Indemnification Agreement, pursuant to which Pershing Square has agreed to indemnify each such nominee against any losses suffered, incurred or sustained by such nominee in connection with such nominee's being a member of the Slate or the solicitation of proxies in connection therewith. Pershing Square has further agreed to reimburse each such nominee for reasonable, documented, out-of-pocket expenses incurred as a result of such nominee's being a member of Slate, including, without limitation, travel expenses and expenses in connection with legal counsel retained to represent such nominee in connection with being a member of the Slate. The foregoing is qualified in its entirety by reference to the form of Engagement and Indemnification Agreement, a copy of which is filed herewith as Exhibit H to Exhibit 99.5 and is incorporated herein by reference.

The Reporting Persons may also propose or take one or more of the actions described in subsections (a) through (j) of Item 4 of Schedule 13D and may discuss such actions with the Issuer and Issuer's management and the board of directors, other stockholders of the Issuer and other interested parties.

The Reporting Persons intend to review their investments in the Issuer on a continuing basis. Depending on various factors and subject to the obligations described herein, including, without limitation, the Issuer's financial position and strategic direction, actions taken by the board of directors, price levels of shares of Common Stock, other investment opportunities available to the Reporting Persons, concentration of positions in the portfolios managed by the Reporting Persons, tax considerations for investors in the Pershing Square Funds, market conditions and general economic and industry conditions, the Reporting Persons may take such actions with respect to their investments in the Issuer as they deem appropriate, including, without limitation, purchasing additional shares of Common Stock or other financial instruments related to the Issuer or selling some or all of their beneficial or economic holdings, engaging in hedging or similar transactions with respect to the securities relating to the Issuer and/or otherwise changing their intention with respect to any and all matters referred to in Item 4 of Schedule 13D.

**Item 5. Interest in Securities of the Issuer**

(a), (b) Information about the number and percentage of shares of Common Stock beneficially owned by the Reporting Persons is set forth in Item 1, and that information is incorporated by reference herein.

Pershing Square, as the investment adviser to the Pershing Square Funds, may be deemed to have the shared power to vote or direct the vote of (and the shared power to dispose or direct the disposition of) the Subject Shares. As the general partner of Pershing Square, PS Management may be deemed to have the shared power to vote or to direct the vote of (and the shared power to dispose or direct the disposition of) the Subject Shares. By virtue of William A. Ackman's position as the Chief Executive Officer of Pershing Square and managing member of PS Management, William A. Ackman may be deemed to have the shared power to vote or direct the vote of (and the shared power to dispose or direct the disposition of) the Subject Shares and, therefore, William A. Ackman may be deemed to be a beneficial owner of the Subject Shares.

(c) Exhibit 99.2, which is filed herewith and incorporated by reference into this Item 5(c) as if restated in full, describes all of the transactions in the Common Stock or derivatives relating to Common Stock that were effected in the past 60 days by the Reporting Persons for the benefit of the Pershing Square Funds. Except as set forth in Exhibit 99.2, no reportable transactions were effected by any Reporting Person within the last 60 days.

(d) The Pershing Square Funds have the right to receive dividends from, and the proceeds from the sale of, the shares of the Common Stock covered by this Schedule 13D. No other person is known to the Reporting Persons to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the shares of the Common Stock covered by this Schedule 13D.

(e) Not applicable.

**Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.**

The information set forth in Item 4 is incorporated by reference herein.

As of August 7, 2017, the Pershing Square Funds own over-the-counter forward purchase contracts and over-the-counter American-style call options, the counterparty to which are certain entities affiliated with and guaranteed by Nomura Holdings, Inc. (Nomura).

As of August 7, 2017, the Pershing Square Funds own (a) 4,044,808 over-the-counter forward purchase contracts having a net purchase price of \$461,243,392 (subject to certain financing payment amounts, as further described in the forward purchase contract filed as Exhibit 99.3 hereto), and (b) 25,000,000 over-the-counter American-style call options. In addition, the Pershing Square Funds own 60,080 listed American-style call options referencing 6,008,000 shares (with each contract having a 100 multiplier). The strike prices and expirations of all the options are detailed in Exhibit 99.2 hereto.

None of the forward purchase contracts or the options gives the Reporting Persons direct or indirect voting, investment or dispositive control over any securities of the Issuer or requires the counterparty thereto to acquire, hold, vote or dispose of any securities of the Issuer.

The foregoing summary of the over-the-counter forward purchase contracts and the over-the-counter American-style call options is qualified in its entirety by reference to the actual language of such contracts, the forms of which are filed as Exhibits 99.3 and 99.4, respectively, and which are incorporated herein by reference. Supplemental financial terms of these contracts are detailed in Exhibit 99.2 for transactions in the last 60 days.

Except as described herein, the Reporting Persons have no contracts, arrangements, understandings or relationships (legal or otherwise) with respect to any securities of the Issuer.

**Item 7. Material to be Filed as Exhibits**

- |              |   |
|--------------|---|
| Exhibit 99.1 | Joint Filing Agreement, dated as of August 7, 2017, among Pershing Square, PS Management and William A. Ackman. |
| Exhibit 99.2 | Trading data.   |
| Exhibit 99.3 | Form of Confirmation for Forward Purchase Contracts.  |
| Exhibit 99.4 | Form of Confirmation for Call Options.  |
| Exhibit 99.5 | Notification Letter, dated as of August 7, 2017.  |
| Exhibit 99.6 | Press Release, dated as of August 7, 2017.  |

**SIGNATURE**

After reasonable inquiry and to the best of each of the undersigned's knowledge and belief, each of the undersigned certify that the information set forth in this statement is true, complete and correct.

Dated: August 7, 2017

**PERSHING SQUARE CAPITAL  
MANAGEMENT, L.P.**

By: PS Management GP, LLC, its General  
Partner

By /s/ William A. Ackman

William A. Ackman  
Managing Member

**PS MANAGEMENT GP, LLC**

By /s/ William A. Ackman

William A. Ackman  
Managing Member

/s/ William A. Ackman  
William A. Ackman

**INDEX TO EXHIBITS**

<b>Exhibit</b>	<b>Description</b>
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