NAPEO Quarterly Pulse Survey – Q1 2018 Results

<table>
<thead>
<tr>
<th>WSEs per Client</th>
<th>Clients per FTE*</th>
<th>WSEs per FTE*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Typical PEO</td>
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</tr>
<tr>
<td>20</td>
<td>6</td>
<td>122</td>
</tr>
</tbody>
</table>

* Internal employees excluding sales staff

How did the 1st quarter of 2018 compare with the 1st quarter of 2017?

PEO Revenue

Typical PEO

- Increased Somewhat: 7.3%
- Increased Significantly: 56.1%
- Stayed About the Same: 4.9%
- Decreased Somewhat: 31.7%
- Decreased Significantly: 2.6%

Response Count: 41

Average annual wage per worksite employee (WSE)

Typical PEO

- Increased Somewhat: 36.8%
- Increased Significantly: 5.3%
- Stayed About the Same: 2.6%
- Decreased Somewhat: 5.3%
- Decreased Significantly: 36.8%

Response Count: 38

Note: Throughout this report, the word “Typical” is used to describe the median (middle) value for a given item.
How did the 1st quarter of 2018 compare with the 1st quarter of 2017?

Average number of worksite employees (WSEs) per client company

Typical PEO

- Stayed About the Same

Response Count
41

Gross profit ($)

Typical PEO

- Increased Somewhat

Response Count
41

Operating income ($)

Typical PEO

- Increased Somewhat

Response Count
41
How did the 1st quarter of 2018 compare with the 1st quarter of 2017?

**Number of internal employees (including salespeople)**

**Typical PEO**

- Stayed About the Same

Response Count: 40

**Number of Clients**

**Typical PEO**

- Increased Somewhat

Response Count: 40

**Number of Worker’s Compensation claims reported to carrier**

**Typical PEO**

- Stayed About the Same

Response Count: 38
WSE Projection

How do you anticipate your number of WSEs will change over the next 12 months?

Typical PEO

Increase Somewhat

Response Count

41

- Increase Significantly
- Increase Somewhat
- Stay About the Same
- Decrease Somewhat
- Decrease Significantly

70.7%
26.8%
2.4%