NAPEO Quarterly Pulse Survey – Q4 2016 Results

<table>
<thead>
<tr>
<th>WSEs per Client</th>
<th>Clients per FTE (Internal)</th>
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</thead>
<tbody>
<tr>
<td>Typical PEO</td>
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<tr>
<td>22</td>
<td>6</td>
<td>120</td>
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</tbody>
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How did the 4th quarter of 2016 compare with the 4th quarter of 2015?

PEO Revenue

Typical PEO

Increased Somewhat

Response Count

53

Average annual wage per worksite employee (WSE)

Typical PEO

Stayed About the Same

Response Count

53

Note: Throughout this report, the word “Typical” is used to describe the median (middle) value for a given item.
How did the 4th quarter of 2016 compare with the 4th quarter of 2015?

Average number of worksite employees (WSEs) per client company

Typical PEO

- Increased Somewhat

Response Count: 53

Gross profit ($)

Typical PEO

- Increased Somewhat

Response Count: 53

Operating income ($)

Typical PEO

- Increased Somewhat

Response Count: 53
How did the 4th quarter of 2016 compare with the 4th quarter of 2015?

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

Typical PEO

- Stayed About the Same 7%
- Increased Somewhat 31%
- Increased Significantly 54%
- Decreased Somewhat 7%
- Decreased Significantly 3%

Response Count: 54

**Number of Clients**

Typical PEO

- Increased Somewhat 19%
- Increased Significantly 26%
- Stayed About the Same 8%
- Decreased Somewhat 2%
- Decreased Significantly 6%

Response Count: 53

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

Typical PEO

- Stayed About the Same 15%
- Increased Somewhat 47%
- Increased Significantly 23%
- Decreased Somewhat 2%
- Decreased Significantly 4%

Response Count: 47
How do you anticipate your number of WSEs will change over the next 12 months?

Typical PEO

Increase Somewhat

Response Count

53